

**CREDIT UNION NATIONAL ASSOCIATION, INC.
OFFICIAL BALLOT
PROPOSED BYLAW RESTATEMENT**

«id»

Attn: CEO or Manager

«cunam»

«addr»

«city», «st» «zip»-«zipex»

Question:

Shall the Bylaws (Articles I – VIII) of
Credit Union National Association, Inc.,
as restated and attached hereto, be adopted in total,
as recommended by the Board of Directors?

YES

NO

Signature

Date

Print NAME and TITLE of authorized credit union official submitting this ballot.

DO NOT RETURN TO CUNA – Only return in the provided envelope or an envelope addressed to:
Intelliscan, Inc., P. O. Box 743, Phoenixville, PA 19460-9937. All ballots must be received at
Intelliscan, Inc., on or before Friday, March 18, 2016.

February 8, 2016

Dear Valued CUNA Member:

Credit union pioneers from around the country gathered in Estes Park, Colorado in 1934 to form the Credit Union National Association (CUNA). Those leaders thoughtfully constructed an enduring governance structure by drafting a constitution and bylaws. We are forever grateful for their efforts, which empowered the CUNA/League System to become an effective advocate for credit unions at the national and state levels for a very long time.

Over the course of 82 years, however, numerous amendments to our bylaws have created a patchwork of overlapping rules that make our governance structure cumbersome, overly complex and unsuited to the challenges we face today.

That is why the CUNA Board of Directors is recommending our members adopt a completely new set of bylaws to provide effective, open and transparent governance of your association. While a summary of the changes from the previous bylaws is attached, the main issues addressed in these changes are:

- **Membership** The proposed bylaws provide credit unions with a choice of whether to belong to their league, CUNA or to both. While we firmly believe that belonging to both your state league and CUNA provides the most value to members, we also believe that it is your prerogative to make that decision.
- **Dues** The CUNA Board will establish the dues formula. The current Board intends to implement a dues formula that will favor neither large nor small credit unions.
- **Board Structure and Governance** The proposed bylaws allow the CUNA Board to adjust its membership from its current maximum of 24 to a minimum of 12. Any change to the size of the Board would require a two-thirds vote of all CUNA's elected directors.

The three documents attached for your review are:

- Addendum I – Proposed Restated Bylaws
- Addendum II – Comparison of the Current and Proposed Bylaws
- Addendum III – Current Bylaws, for your reference

Please review the proposed bylaws and supporting documents carefully and cast your vote no later than 5 PM Eastern on Friday, March 18. Results will be announced March 21.

This new governance structure will allow CUNA to modernize and become more open, responsive and accountable to all of our members. These proposed bylaws are an important component of that.

Please let me know if I can answer any questions about the proposal or the process currently underway for the membership to review and vote for its approval. For additional information, email bylaws@cuna.coop.

Regards,



Patrick S. Jury, Chairman
CUNA Corporate Governance Committee

BYLAWS
CREDIT UNION NATIONAL ASSOCIATION, INC.
January 27, 2016

Article I – General

1. **Name.** The name of the organization is the Credit Union National Association, Inc. hereinafter (“CUNA”), and it is a nonprofit corporation incorporated in the state of Wisconsin.
2. **Location.** The principal office is in the location determined by the Board of Directors.
3. **Purposes.** The purpose of CUNA is to promote the common interests of an interdependent credit union system.
4. **Restrictions.** All policies and activities of CUNA shall be consistent with applicable federal, state and local requirements.

Article II – Membership

1. **Membership Eligibility.** Membership is composed of those who have a common business interest with CUNA, who support its purpose, who agree to abide by its bylaws and who pay dues and meet eligibility criteria established by the Board of Directors, from time to time, in written policies.
2. **Voting Membership.** Voting membership is limited to a) natural person credit unions that are defined as cooperative credit organizations chartered as credit unions under United States federal or state law, or organized and operating under the jurisdiction of the National Credit Union Administration that are serving American military and civilian personnel at overseas installations; and b) credit union leagues defined as membership organizations primarily for credit unions (each a and b referred to as “Voting Members”).
3. **Non-Voting Membership.** The Board of Directors may establish other membership categories that have no voting rights and that are ineligible to serve as directors or officers. These other categories, including their rights and obligations of membership, shall be set out in a written policy adopted by the Board of Directors.
4. **Application for Membership.** The application for voting or non-voting membership shall be in the form prescribed by the Board of Directors. Voting Members who are already members of CUNA as of the date of this bylaw adoption shall not be required to make an application, but shall continue as members.
5. **Withdrawal.** Both voting and non-voting members may withdraw from CUNA. Voting Members may do so by providing a written withdrawal notice to the chair of CUNA no later than December 31 of the year prior to the year of withdrawal. Failure to provide required notice shall cause membership to renew and dues to remain payable. A Voting Member who does not provide notice, and whose dues remain unpaid by a date set by the board, shall be considered to have withdrawn. A non-voting member will be considered to have withdrawn from CUNA by choosing not to pay the following year’s annual dues. Withdrawal does not relieve any member from liability to pay the full annual dues for any year for which it was a member. Withdrawal of a Voting Member shall trigger the automatic withdrawal from office of any directorship in, or appointment by, CUNA held by any person whose qualification for such positions rests on that person’s position with the withdrawing Voting Member.
6. **Expulsion.** A Voting Member may be expelled from CUNA by a three-fourths (3/4) vote of all CUNA’s elected directors, but only for cause and after a hearing. “Cause” may include, but is not limited to, a failure to abide by CUNA’s bylaws or the written policies of its Board of Directors. Expulsion of a Voting Member shall trigger the automatic expulsion from office of any directorship in, or appointment by, CUNA held by any person whose qualification for such positions rests on that person’s position with the expelled Voting Member. Non-voting members may be expelled by the Board of Directors for any or no reason and at any time.
7. **Dues.** The dues to be paid by the members of CUNA shall be fixed by the Board of Directors. The Board of Directors may fix different rates of dues for different types of members. Notwithstanding the general dues requirement, the Board of Directors may direct that a member’s dues be waived for a specific period of time for good cause as defined by the Board of Directors in written policy.

Article III – Membership Meetings and Voting

1. **Membership Meetings.**
 - A. **Annual Meeting.** The annual meeting of the members shall be held each year during CUNA’s Governmental Affairs Conference, or if no conference is held, on the first Tuesday in April at 12 pm at the principal office of CUNA, unless the Board of Directors designates some other time and place by notice to the members.

- B. Special Meetings. The Board of Directors may call special meetings of the members at such times and places as it so determines. Voting Members may also initiate the call of a special meeting as set out by Wisconsin law.
- 2. Eligibility. Each CUNA member in good standing, as defined by the Board of Directors in written policy, shall be entitled to be represented at such meetings. No paid employee of CUNA may serve as a representative of any member at any meeting.
- 3. Voting. Each Voting Member shall have a single vote. CUNA shall presume that the chief executive officer of the Voting Member is entitled to vote unless the Voting Member has designated another representative by written notice prior to any vote. Voting Members shall vote on all matters by written ballot sent to the Voting Member's address of record, including electronic ballot, according to voting procedures established by the Board of Directors, rather than in person at any meeting. Majority vote of votes cast carries an action except as otherwise required by these bylaws. Proxy voting is not permitted.
- 4. Notice. Notice of membership meetings shall be provided to Voting Members at least thirty (30) days before the meetings and may be by postal or other delivery including by electronic means. The notice shall include an agenda. Only matters set out in the agenda may be discussed at the meeting. Voting members may request inclusion of an item for discussion on the agenda as set out by Wisconsin law.
- 5. Quorum. Fifty (50) Voting Members shall constitute a quorum. Voting Members constituting less than a quorum may take action to adjourn a meeting when a quorum is not present.

Article IV – Board of Directors

- 1. Directors.
 - A. Number. The governing body of CUNA is the Board of Directors. There shall be no fewer than twelve (12) and no more than twenty-four (24) elected directors. The Board of Directors may change the number of elected directors, within that range, by a two-thirds (2/3) vote of all CUNA's elected directors.
 - B. Powers. The Board of Directors shall have the full and complete authority granted under Wisconsin law. The Board of Directors shall establish policy and monitor implementation of and adherence to such policy.
 - C. Election and Qualification.
 - I. Voting Member Classes. Voting Members shall be divided into Classes A, B, C and D. Classes A, B and C shall be comprised of credit union Voting Members and Class D shall be comprised of league Voting Members. Whether a credit union shall be in Class A, B or C shall be based on the natural person membership size of the credit union. Class C credit unions shall have the largest membership size and Class A the smallest. Membership thresholds shall be set by the Board of Directors and adjusted from time to time. Each class shall elect an equal number of directors, of between three (3) and six (6) depending on the overall size of the Board of Directors. Each A, B and C director shall be an employee or voting director of a Voting Member in the respective class. Each D director shall be a chief executive officer of a league Voting Member.
 - II. Districting and At Large. The Board of Directors has the authority to determine whether any or no classes shall be divided geographically into districts for purposes of director election. When so divided, the Board of Directors shall set district boundaries in a way that meets the Board of Director's goal of similar representation for all members of a class. Classes not divided into districts shall have elections at large on a national basis.
 - III. Election procedures. The Board of Directors shall set out, by written policy, the board voting and election procedures.
- 2. Ex-Officio. The Board of Directors may appoint non-voting, ex-officio board members.
- 3. Terms. Each class of directors shall have seats with staggered three (3)-year terms. Directors may serve no more than three (3) consecutive full terms in addition to any partial terms they serve due to vacancy. An ex-officio director has no limit on terms. Terms shall be from the date of their election at the annual meeting until the date of the adjournment of the third succeeding annual meeting. A maximum of 10 percent of the credit union directors from Class A, B or C may be from any one (1) state and no director may hold more than one (1) CUNA director position simultaneously. A maximum of one (1) director may be from any one (1) credit union.
- 4. Vacancies. The Board of Directors may direct that a vacancy among directors be filled by special election within the class/district where the vacancy occurs, or may leave the vacancy unfilled for the remaining term if the Board of Directors determines the remaining term is of a short enough duration to make the filling of the vacancy unnecessary. Replacement directors shall serve for the remainder of the unexpired term.

5. Removal. A member of the Board of Directors may be removed by a three-fourths (3/4) vote of all CUNA's elected directors at any time and for any reason. Any director proposed to be removed is prohibited from voting or participating in the deliberation on the matter. Such director shall be given advanced written notice including the reason for the proposed removal, an opportunity to contest the proposed removal in writing or in person at a meeting of the Board of Directors, and final written notice of the Board of Director's decision. Such final written decision shall be binding on all parties.
6. Indemnification. Directors are indemnified by CUNA to the full extent permitted by Wisconsin law.
7. Governance. The Board of Directors shall hold itself to the highest principles to govern with excellence. It shall direct, control, and inspire CUNA through the careful establishment of clear written policies reflecting its values and perspectives.

Article V – Board Meetings and Voting

1. Board Meetings. Meetings of the Board of Directors are called by the chair.
2. Notice. Notwithstanding a general requirement for seven (7) days advance notice of an in person meeting, a telephone conference meeting may be held upon shorter notice provided that each person eligible to participate in the meeting is given at least 24 hours' notice. The Board of Directors may take immediate good faith action necessary to conduct CUNA's ordinary business affairs in advance of, or during, an emergency such as a natural disaster, attack or declaration of a state of emergency without advanced notice.
3. Voting and Quorum. 50% of voting directors forms a quorum. A majority of votes cast is required to carry a matter where a quorum is present. Proxy voting is not permitted.

Article VI – Officers

1. Officers. The officers of the corporation, elected by the Board of Directors from their own number, may consists of:
 - A. Chair. The chair shall serve as chair of CUNA and of its Executive Committee. The chair shall preside over all meetings of the members, the Board of Directors and the Executive Committee. The chair shall have authority to lead CUNA as permitted under governing law and these bylaws and to perform such duties applicable to the office.
 - B. Vice Chair. The vice chair shall serve as vice chair of CUNA and of its Executive Committee. The vice chair shall act as chair in the absence or disability of the chair. The vice chair shall perform such other duties as may be assigned by the Board of Directors.
 - C. Secretary. The secretary shall be the custodian of CUNA's records, responsible for causing to be kept necessary papers, records and documents pertaining to the business. The secretary shall be responsible for seeing that necessary notice of all member, Board of Director and Executive Committee meetings is given; and seeing that complete and accurate records of those meetings are kept. The secretary shall countersign deeds, leases and conveyances, and shall perform such other duties as may be assigned by the Board of Directors.
 - D. Treasurer. The treasurer shall have responsibility for CUNA's financial matters, including those relating to money, credit and property belonging to CUNA. The treasurer shall be responsible for seeing that necessary accounting takes place for funds received and disbursed. The treasurer shall be responsible for ensuring that all CUNA funds are kept in financial institutions approved by the Board of Directors, and are subject to withdrawal only in such manner approved or directed by the Board of Directors. The treasurer shall cause to be rendered accounts, statements and inventories of moneys and property received, disbursed, and in hand. The treasurer shall perform such other duties as may be assigned by the Board of Directors, and shall perform in consultation with the Audit Committee.
 - E. President. The president shall be the chief executive officer under the direction of the Board of Directors and the Executive Committee; shall appoint and delegate authority to such management and other personnel as may be necessary; shall establish compensation and benefits within approved guidelines; shall consult frequently with the Board of Directors and Executive Committee; and shall carry out faithfully the purposes of the Board of Directors. The president shall perform such other duties as may be assigned by the Board of Directors.
 - F. Other. The Board of Directors may establish and appoint other officers with such duties and powers as it deems appropriate.
 - G. Officer Changes. Officer designations, other than the President, may be reassigned by a majority vote of the Board of Directors for any reason.

2. Terms. Officers, other than the president, serve one (1)-year terms. Such officers may not serve more than two (2) successive terms in the same office, however may serve preceding or succeeding partial terms.
3. Vacancies. Vacancies among the officers, other than the president, are filled by the Board of Directors from their own number.

Article VII – Committees and Miscellaneous

1. Executive Committee. When the Board of Directors is not in session, the Executive Committee, consisting of the chair, vice chair, secretary, treasurer and one additional member of the Board of Directors elected by the full Board of Directors shall have and exercise the powers of the Board of Directors, except that the Executive Committee shall not have authority without the full Board of Directors to do any of the following:
 - A. Elect officers of CUNA
 - B. Address vacancies on the Board of Directors or Executive Committee
 - C. Select, evaluate or dismiss the president
 - D. Approve the budget
 - E. Approve the long-range direction of CUNA
 - F. Approve changes that fundamentally affect CUNA's operations
 - G. Approve mergers that result in a change of control of CUNA
 - H. Dissolve CUNA
 - I. Exercise any other power that the Board of Directors specifically reserves for itself by resolution

All lawful acts of the Executive Committee shall be effective for all purposes as the act or authorization of the Board of Directors. 50% of the Executive Committee forms a quorum. A majority of votes of the entire Executive Committee is required to carry a matter where a quorum is present.

2. Audit Committee. The Board of Directors shall establish an Audit Committee whose role is to provide oversight and ensure the adequacy of CUNA's financial reporting and accounting compliance, risk and other control systems and practices. The Board shall elect members to the Audit Committee, who shall not also be members of the Executive Committee.
3. Other Committees. The chair may establish and appoint members to other committees as deemed necessary.
4. Indemnification. Committee members are indemnified by CUNA to the full extent permitted by Wisconsin law.
5. Delegates to Other Organizations. The Board of Directors shall have the authority to elect delegate(s) and assign committee members to any organization for which CUNA is entitled to hold a position.

Article VIII – Amendments

1. General. Amendments to these bylaws may be made by the Voting Members upon a two-thirds (2/3) vote of votes cast. The Board of Directors may amend the bylaws upon a two-thirds (2/3) vote of all CUNA's elected directors, but only with regard to administrative or operational amendments which do not impact the members' fundamental rights of membership or representation. The Board of Directors must provide sixty (60) days advance notice to the Voting Members in a broadly disseminated CUNA membership publication prior to Voting Members voting on any amendment. Any bylaw amendment which requires voting by class under Wisconsin law shall be presented for vote in such manner.

CUNA BYLAW RESTATEMENT MEMBERSHIP SUMMARY

January 22, 2016

The CUNA Board of Directors approved modernization and restatement of CUNA's bylaws in their entirety at its September 2015 meeting. The following summary highlights the restatement's material changes from the existing bylaws.

RESTATED ARTICLE I - GENERAL

Article I of the existing bylaws omits certain information that would typically appear in an introductory bylaw article. It also contains, in its definition section, detail that is more appropriately housed in either the body of the bylaw to which it applies or in the policy manual that currently supplements the bylaws. Therefore, Article I of the restated bylaws is created with Name, Location, Purpose and Restrictions sections. Definitions have been relocated or deleted as appropriate. CUNA's purpose has been updated to reflect the goal of system interdependence.

RESTATED ARTICLE II - MEMBERSHIP

Article II of the existing bylaws sets out membership eligibility, associate membership, application for membership, withdrawal from membership, expulsion from membership and examination and inspection of books and records. The restated Article II contains the following material clarifications and revisions.

Membership Eligibility. Members must be only those who have a common business interest with CUNA. Members must pay dues, abide by CUNA bylaws and meet eligibility criteria set by the Board policy.

Voting Membership. Members can be voting or non-voting. Unchanged is the fact that only leagues and credit unions may be voting members. However, there is no longer a tie between voting membership in CUNA and membership in a league.

Non-voting Membership. The Board may establish non-voting membership classes in their discretion. There is no longer an Associate Member classification and ACCU, CUNA's only Associate Member, would be considered a non-voting member under the new bylaws.

Application for Membership. Details of the process for application for new membership will be moved to policy. There will not be a need for credit unions who are currently members of CUNA, due to their league affiliation, to re-apply for CUNA membership after the new bylaws become effective.

Withdrawal & Expulsion. Because there is no league/CU membership tie, withdrawal from a league no longer triggers withdrawal from CUNA. Details as to withdrawal and expulsion of non-voting members are added.

Dues. Relocated from existing Article V to the new Article II is a section on dues which states that all members will pay dues. The Board will address the amount and conditions of dues payments, as well as availability of waivers.

RESTATED ARTICLE III – MEMBERSHIP MEETINGS AND VOTING

Article III of the existing bylaws addresses various administrative topics such as membership meetings and matters relating to the board of directors. The restated bylaws divide this content into Articles III - VII.

Membership Meetings. The annual meeting is typically held during the GAC and that fact is now clearly stated in restated Article III. A meeting default date has been added.

Eligibility, Voting and Quorum sections largely carry over from the existing bylaws.

Notice. The advanced notice to members of special meetings has been increased from 20 days to 30 days and a requirement to provide an agenda of meeting topics to members has been added. Member's ability to add items to meeting agendas is now made clear in the bylaws.

RESTATED ARTICLE IV – BOARD OF DIRECTORS

Directors. New Article IV sets out a more flexible board structure of between 12 and 24 members, rather than the static 24 contained in the existing bylaws. To alter the number of Board seats requires a 2/3 vote of all elected members of the Board.

Statutory details, such as Board powers, governed by law need not be duplicated in the bylaws and have been removed.

Under the existing bylaws, all 4 classes of voting members have a static number of 6 board seats. Under the restated bylaws, those 4 classes may each have between 3 and 6 seats based on the overall board size. However, each class will continue to have an equal number of board seats. Detail as to how classes are determined will be located in policies supplemental to the bylaws.

Currently, all voting classes are divided into 6 districts. The restated bylaws allow voting classes to be divided into districts for board representation purposes or to be elected at large nationwide. Detail on board elections is more appropriately housed in, and will be moved to, policy.

Ex-Officio. Under the restated bylaws, the Board has the flexibility to determine ex-officio directors. In the existing bylaws they are specifically identified.

Terms. Director terms remain unchanged. The limit of how many directors can be from any one state is stated, Class D directors are not considered in that limitation. There is a limit that no more than one director may be from any single credit union.

Vacancies. The restated bylaws permit a vacancy to remain unfilled when the Board determines the remaining term is reasonably limited in duration.

Removal. Directors may be removed by $\frac{3}{4}$ vote of all elected Directors.

Indemnification. Statutory details, such as indemnification limits, governed by law need not be duplicated in the bylaws and have been removed.

Governance. This section has been added to the restated bylaws to evidence the Board's commitment to governance excellence.

RESTATED ARTICLE V – BOARD MEETINGS AND VOTING

The information in these sections of the restated Article V largely carries over from the existing bylaws. Added is an ability for the Board to act swiftly in the event of an emergent situation.

RESTATED ARTICLE VI - OFFICERS

The information in these sections of restated Article VI largely carries over from existing bylaws. A limit of two successive terms in office is an increase over the current 1 year limit. The new bylaws contain a method for re-designation of officers.

RESTATED ARTICLE VII – COMMITTEES AND MISCELLANEOUS

The restated bylaws continue to authorize the establishment of committees. The Executive Committee has the power to act when the Board is not in session except as to powers specifically retained by the Board. The powers the Board retains for itself currently appear in part in the bylaws and in part in the policies. Revised Article VII explicitly sets out the complete set of retained powers in the bylaws.

Reference to delegates to other organizations, such as WOCCU, has been moved to this section.

RESTATED ARTICLE VIII - AMENDMENTS

The bylaws currently require a vote of membership to amend the bylaws in any way. The restated bylaws add the ability of $\frac{2}{3}$ of the full elected Board to amend the bylaws as well, but only for operational or administrative changes. The restated provision preserves the rights of only members, and not the Board, to vote on amendments that touch on member's fundamental rights of membership.

ADDITIONAL CHANGES

Existing Article IV International detail is more appropriate as simple resolutions of the Board not contained in the bylaws. As such resolutions have been previously made, those bylaw sections are removed.

Existing Article V Finance detail has been relocated to other sections or will instead be incorporated into the policy manual as appropriate.

The Standing Rules materials are more appropriately housed in policy when necessary and appropriate.

BYLAWS OF CREDIT UNION NATIONAL ASSOCIATION, INC.
(As Amended January 27, 2015)

ARTICLE I - PURPOSE AND DEFINITIONS

SECTION 1.1 **PURPOSE**

The purpose of this corporation is to promote the common interests of leagues and credit unions in such manner as determined by the members and the Board of Directors.

SECTION 1.2 **DEFINITIONS**

As used in these bylaws, unless the context otherwise requires, the term:

- (a) "Credit Union" means any cooperative credit organization chartered as a credit union under federal or state law and operating for the purpose of serving natural persons in the manner of credit unions as determined by the members. "Corporate credit union" means any credit union that is operated primarily for the purpose of serving other credit unions.
- (b) "League" means a membership organization primarily for credit unions whose geographic area is approved or established by the Board of Directors of this corporation at the time the application for membership is accepted under Section 2.2 of Article II, provided that each such geographic area shall be entirely within the geographic area of the United States, which includes its territories, possessions and the Commonwealth of Puerto Rico, and shall not overlap the geographic area of any other member league of this corporation. To qualify as such, a league may accept and retain in membership only such credit unions with a significant presence, as defined by the Board of Directors of this corporation, within that league's geographic area; except that a league may retain in membership any credit union that has been a member of the league continuously since May 15, 1954, and any credit union that was located within the league's geographic area at the time it became a member of the league. Each of a member league's member credit unions is also automatically a member of this corporation. For credit unions who are members of multiple leagues, any reference in these bylaws, or their related documents, to a credit unions' league shall be references to the league in the geographic region where the credit union has its principal corporate office, as recognized by such credit union's regulatory agency.
- (c) "Meeting" means an official occasion for the transaction of business in a deliberative fashion. A meeting may take the form of a gathering in one room or area, a telephone conference call, or any other setting or mode of communication that affords participants the opportunity to contemporaneously exchange ideas.
- (d) "Notice" means a communication in person, by telephone, facsimile, electronic or other form of wire or wireless communication, or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation among the group to be notified, the corporation's website, or by such other form of public broadcast or electronic communication. Oral notice is deemed given when communicated. Notice by mail is deemed given upon deposit in the U.S. mail if mailed postpaid to the last known address of the recipient. All other personal notice is deemed given upon initiation by a generally accepted method of communication in a manner reasonably calculated to reach the recipient at least as fast as the U.S. mail.

ARTICLE II - MEMBERSHIP

SECTION 2.1 **ELIGIBILITY**

(a) Membership

Eligibility for membership in this corporation shall be limited to (1) leagues; (2) credit unions that are members of member leagues; (3) credit unions located within the geographic area of the United States but outside the geographic area of member leagues; and (4) credit unions organized and operating under the jurisdiction of the National Credit Union Administration that are serving American military and civilian personnel at overseas installations.

(b) Associate Membership

Eligibility for associate membership in this corporation shall be limited to the Association of Corporate Credit Unions (ACCU) so long as the corporation provides comprehensive management services to ACCU. The associate member and its member corporate credit unions shall have all the rights and privileges of a member, without the right to vote. The chair of ACCU shall have the right to attend and participate in any annual general or special meeting of members, without the right to vote. Natural person credit unions are eligible for membership and its rights and privileges only pursuant to Section 2.1(a) of this Article II.

SECTION 2.2 **APPLICATION BY A LEAGUE**

Application for membership in this corporation by leagues shall be made to the Board of Directors in writing; shall contain an acceptance and an agreement to abide by the bylaws of this corporation; shall have been made pursuant to a resolution adopted by a majority of the board of directors of the league; and shall be accompanied by a copy of the constitution and bylaws of the league which shall be acceptable to the Board of Directors of this corporation. If the application is approved by a majority of the Board of Directors of this corporation, the league shall, upon payment of dues hereinafter provided for, become a member of this corporation.

SECTION 2.3 **APPLICATION BY THE CREDIT UNION**

A credit union that is a member of a member league of this corporation is automatically a member of this corporation. A credit union that is located within the geographic area of the United States, but outside the geographic area of member leagues, or a credit union organized and operating under the jurisdiction of the National Credit Union Administration that is serving American military and civilian personnel at overseas installations may file an application for membership with the Board of Directors. The application of such a credit union shall be in the form

provided by this corporation. If the application is approved by a majority of the Board of Directors of this corporation, the credit union shall, upon payment of dues hereinafter provided for, become a member of this corporation.

SECTION 2.4 WITHDRAWAL

A member may withdraw at any time, except that for purposes of dues liability, no withdrawal shall become effective until the end of the year in which the withdrawal occurs. A credit union that withdraws from membership in a member league also automatically withdraws from membership in this corporation. Where a league has withdrawn from membership, this corporation reserves the right to maintain in membership credit unions located within the geographic area of such league.

The withdrawal of a member shall include the withdrawal and termination of office of any CUNA director or the appointment of any person from such a member who is serving on a CUNA committee or other committee or organization at CUNA's request.

ACCU may withdraw from associate membership at any time, except that for purposes of dues liability, no withdrawal shall become effective until the end of the year in which the withdrawal occurs. The Board of Directors may consider ACCU to have withdrawn from associate membership if the corporation no longer provides comprehensive management services to ACCU.

Dues for the year in which a withdrawal occurs are payable in full regardless of the cause of such withdrawal.

SECTION 2.5 EXPULSION

A member may be expelled from this corporation by a three-fourths (3/4) vote of the Board of Directors, but only for cause and after a hearing. Where a league has been expelled from membership, this corporation reserves the right to maintain in membership credit unions located within the geographic area of such league. The expulsion of a member shall include the withdrawal and termination of any CUNA director or the appointment of any person from such a member who is serving on a CUNA committee or other committee or organization at CUNA's request.

SECTION 2.6 EXAMINATION AND INSPECTION

The books, records and files of each member league shall at all times be open to inspection and examination by this corporation when such inspection and examination have been authorized by the Board of Directors.

ARTICLE III - ADMINISTRATION

SECTION 3.1 POWERS

The powers, affairs, and property of this corporation shall be exercised, conducted, controlled and managed by the members, Board of Directors and Executive Committee, as specified in these bylaws.

MEETINGS OF MEMBERS

SECTION 3.2 ATTENDANCE OF MEMBER

Each member of this corporation shall be entitled to be represented at an annual general or special meeting of members. The corporation shall presume that the chief executive officer of the member is entitled to vote or to otherwise participate in any annual general or special meeting on behalf of the member unless the member notifies the corporation that it has designated another representative. A member may not be seated, vote or otherwise participate in any annual general or special meeting if the dues of the member are delinquent under Article V, Section 5.2, unless special permission is granted by the members in session at such meeting.

This corporation does not permit voting by proxy. No paid employee of this corporation may serve as a representative of a member at a meeting.

SECTION 3.3 THE ANNUAL GENERAL MEETING OF MEMBERS

The annual general meeting of the members shall convene at such time and place in each year as the Board of Directors may determine, at the home office of the corporation or at such other place as the Board of Directors may designate. Notice of the annual general meeting of members shall be given to each member of this corporation at least thirty (30) days before the date of the meeting, which notice shall designate the date, place and hour of the meeting. The purpose of the annual general meeting is to receive reports of officers, receive special reports, act on recommendations to the Board of Directors and originate proposals related to dues or bylaw amendments. Members shall vote on matters such as determination of dues, and amendment of bylaws by ballot according to voting procedures established by the Board of Directors, rather than in person at a meeting. Alternative ways of voting may include voting by mail or by electronic ballot. See Article VI, Section 6.1 for additional provisions on amending these bylaws.

SECTION 3.4 SPECIAL MEETINGS OF THE MEMBERS

The chair of the Board shall call a special meeting of the members on the request of the Board of Directors, or upon the request in writing from five percent (5%) or more of the members. The purpose of a special meeting shall be clearly contained in the call for the meeting, and the business of the meeting shall be confined to that purpose. Notice of special meetings shall be given at least twenty (20) days before the date of the meeting.

SECTION 3.5 QUORUM

At all meetings of the members fifty (50) members shall constitute a quorum.

BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND ELECTED OFFICERS

SECTION 3.6 PERSONNEL AND METHOD OF ELECTION

(a) For the purpose of electing the twenty-four (24) voting CUNA directors, the members, wherever located, shall be divided into six (6) districts numbered one (1) through six (6), the boundaries of which, initially set by the members, shall be reviewed by the Board of Directors no less frequently than every five (5) years after each review to ensure that each district represents a similar number of natural person members of credit unions.

Four (4) CUNA directors shall be elected from each district. Three (3) directors from each district shall be elected by and from each of three (3) credit union size groups and shall be designated as a Class A, Class B or Class C director. A Class A, B, or C CUNA director must be an employee or voting board member of a credit union in the group that is eligible to elect the director. The Board of Directors shall specify the manner in which it will determine the size group of a credit union in its voting and election procedures. The Board of Directors shall establish the size groups based on the number of natural person members of credit unions so that each size group represents a substantially similar proportion of the total number of natural person members. In establishing size groups, the Board may take into consideration the number of credit unions needed to maintain a desired minimum percentage of the total membership in a class. The Board shall review the three (3) size groups no less frequently than every five (5) years after each review to ensure that each size group represents a similar number of natural person members of credit unions. One (1) CUNA director from each district shall be a league president who is elected by the member leagues in the same district and shall be designated as a Class D director. The one vote each member credit union has may be cast only for the CUNA director position to be elected by member credit unions in its size group located in its district. The one vote each member league has may be cast only for the CUNA director position to be elected by member leagues in its district.

The president of this corporation, the chair of American Association of Credit Union Leagues ("AACUL"), the chair of the Association of Corporate Credit Unions ("ACCU"), and the president of CUNA Mutual Insurance Society shall be members ex officio of the Board of Directors without vote.

No more than two (2) of the voting CUNA directors shall be from members located in any one (1) state. No individual may hold more than one (1) CUNA director position. Any individual who is elected as a CUNA director but is not the designated representative of a member at any meeting of the membership shall be able to attend and participate in the meeting, without vote. The election of CUNA directors shall be by virtue of secret ballot, and the election procedures and the vote required shall be determined by the Board of Directors. The election procedures shall permit members to vote in elections in a manner other than in person at a meeting.

(b) In each year that the term of office of the CUNA director elected by the leagues within a district expires, the leagues shall elect a CUNA director to serve a three (3) year term of office in accordance with this Article. The election shall be in accordance with election procedures established by the Board of Directors.

In each year that the term of office of one of the CUNA directors elected by the credit unions of a size group within a district expires, the credit unions shall elect a CUNA director to serve a three (3) year term of office in accordance with this Article. The election shall be in accordance with election procedures established by the Board of Directors.

(c) A vacancy in the office of a CUNA director shall result from death or resignation, or from expiration of a CUNA director's term of office without election of a successor. A vacancy shall also immediately result whenever a CUNA director who is a league president ceases to be a president of a league within the district or when a Class A, B or C CUNA director ceases to be an employee or voting board member of a credit union in the size group and district that elected the director. A Class A, B or C CUNA director's position does not become vacant solely because a change in the size of the director's credit union's membership, or change in the district boundaries, or a change in the size groups pursuant to Section 3.6 (a) moves the credit union to a different size group or district. A vacancy in the office of a CUNA director may be filled by an election at a duly constituted meeting of the CUNA Board of Directors held after fourteen (14) days written notice, and said CUNA director shall serve only until the date directors newly-elected by the members take office, or by a special election for the district and class of the vacant office called by the Board of Directors. Said CUNA director shall serve for the unexpired term of the office.

(d) The meeting each year on or immediately following the date the newly-elected directors take office shall be the organizational meeting, and the Board of Directors shall elect from their own number a chair of the Board, a vice chair of the Board, a secretary and a treasurer. At such meeting, the Board shall also elect an Executive Committee consisting of the four (4) officers and one (1) additional Board member. The president of this corporation shall be a member ex officio of the Executive Committee without vote. To facilitate continuity, communication and coordination, the Executive Committee may invite the immediate past chair of this corporation and the chair of AACUL to attend meetings of the Executive Committee. Each invitee shall be afforded the opportunity to observe and speak at the meeting, but may not make or second motions or vote.

SECTION 3.7 TERM OF OFFICE

(a) The chair of the Board, vice chair, secretary and treasurer shall be elected for a period of one (1) year commencing at the organizational meeting and shall serve until their successors are elected and qualified. In the event of a vacancy in the office of vice chair, secretary or treasurer, a successor shall be elected by the Board of Directors to serve for the unexpired term of office. In the event of a vacancy in the office of chair of the Board, the vice chair shall serve as chair for the unexpired term of office.

(b) Except as otherwise provided in this paragraph, the term of office of CUNA directors shall be three (3) years and shall commence upon adjournment of the next annual general meeting of the members which follows their election in their district or such alternate date set by the Board of Directors and shall continue until adjournment of the third succeeding annual general meeting of the members held thereafter, or such alternate date set by the Board of Directors three (3) years thereafter. In the event the annual general meeting is not held during the second half of the calendar year, the term of office of the newly-elected directors shall be deemed to begin on October 1st or such alternate date set by the Board of Directors. No CUNA director shall serve as such for more than three (3) consecutive full three (3) year terms or twelve (12) consecutive years. No person shall run for an office that would exceed the term limits.

For purposes of terms of office, the CUNA directors of this corporation are divided into three (3) groups of eight (8) directors each and their terms are staggered. One group representing one-third (1/3) of the directors will be elected each year for a three (3) year term. The last two digits of the year in which a term expires shall be used to designate the CUNA directors in the group (for example, Class A.03 or Class D.05).

SECTION 3.8 POWERS

The management of the corporation shall be vested in the Board of Directors. The Board of Directors shall be granted the authority to manage the corporation to the extent provided by Wisconsin law. The duties and responsibilities of the Board of Directors shall include, without limitation, the following:

- (a) To appoint a president whenever a vacancy occurs, who shall be answerable to and serve at the pleasure of the Board of Directors.
- (b) To receive and act upon all applications for membership in this corporation.
- (c) To select the depository for the funds of the corporation and to determine the manner of withdrawal of the same.
- (d) To establish the compensation of the president; to ratify union agreements; and to approve guidelines for rates of compensation and fringe benefits for all employees of the corporation.
- (e) To approve the annual budget.
- (f) To establish voting and election procedures; to propose amendments to the articles of incorporation, bylaws and Standing Rules to the members.
- (g) To borrow money.
- (h) To mortgage real property owned by this corporation.
- (i) To employ, at the instruction of or with the concurrence of the Audit Committee, such auditors as are necessary to make an audit or audits of all accounts of the corporation, including the departmental activities of the corporation.
- (j) To authorize such inspection or examination of the books, records and files of a member league as it may deem necessary.
- (k) To appoint one or more assistant secretaries and assistant treasurers.
- (l) To establish equitable procedures for the assessment and collection of dues in accordance with the rates fixed by the members.
- (m) To designate such official emblem, emblems or logos of the corporation.

SECTION 3.9 MEETINGS

A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual general meeting of the members, and each adjourned session thereof. If, for any reason, the annual meeting is not held in the second half of the calendar year, the first regular meeting, which shall be the organizational meeting, of the Board of Directors shall be held on or immediately after October 1st or the alternate date established by the Board of Directors for the terms of the newly-elected directors to begin. The Board of Directors may provide, by resolution, the time and place either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution. The chair may call a special meeting of the Board by giving at least seven (7) days advance notice. The Executive Committee shall meet as often as the chair of the Board or a majority of the committee deems necessary. The members of the Board of Directors and of the Executive Committee shall be reimbursed to the extent of the expenses involved in attending their respective meetings. When required, the secretary shall give, or cause to be given, the notice of each meeting of the Board of Directors and of the Executive Committee at least seven (7) days prior thereto. Notwithstanding the general requirement for seven (7) days advance notice of a meeting, a telephone conference meeting may be held upon shorter notice provided that each person eligible to participate in the meeting is given notice at least forty-eight (48) hours before the meeting in person, by telephone, facsimile, electronic or other form of wire or wireless instantaneous communication.

SECTION 3.10 QUORUM

Fifty percent (50%) of the voting membership of the Board of Directors shall constitute a quorum at all meetings. Fifty percent (50%) of the voting membership of the Executive Committee shall constitute a quorum at all meetings.

SECTION 3.11 DUTIES OF THE ELECTED OFFICERS AND EXECUTIVES

(a) The Chair of the Board

The chair of the Board of Directors shall also serve as chair of this corporation and the Executive Committee. The chair shall preside over all meetings of the members, the Board of Directors, and the Executive Committee and shall perform such other duties as may be assigned by the Board of Directors or the Executive Committee. The chair shall have authority to refer resolutions and directives from the members, the Board of Directors and the Executive Committee to proper committees, refer requests from members to proper committees, and interpret motions of the members, the Board of Directors and the Executive Committee.

(b) The Vice Chair

The vice chair of the Board shall serve as vice chair of this corporation and the Executive Committee and shall act as chair in the absence or disability of the chair. The vice chair shall perform such other duties as may be assigned by the Board of Directors.

(c) The Secretary

The secretary shall, with the chair or other designated officer, countersign all deeds, leases and conveyances executed by this corporation; keep or cause to be kept a complete and accurate record of all the meetings of the members, the Board of Directors and the Executive Committee; safely and systematically keep or cause to be kept all papers, records and documents belonging to the corporation or in any way pertaining to the business thereof; and shall perform such other duties as may be assigned by the Board of Directors or the Executive Committee. The secretary shall also give, or cause to be given, the notice of all meetings.

(d) The Treasurer

The treasurer shall cause to be kept and accounted for all moneys, credit and property of the corporation of any kind and every nature, which shall come into its possession, and keep or cause to be kept an accurate account of all money received and disbursed, and proper vouchers for money so disbursed. The treasurer shall require that the funds of the corporation be collected and disbursed in the manner prescribed by the Board of Directors or the Executive Committee. The treasurer shall keep or cause to be kept all funds in a financial institution or institutions approved by the Board of Directors or the Executive Committee and in the name of the corporation, subject to withdrawals in such a manner as may be directed by the Board of Directors or the Executive Committee. The treasurer shall render or cause to be rendered such accounts, statements and inventories of moneys received and disbursed, and of money and property in hand, and generally of all matters pertaining to the treasurer's office as shall be required by the Board of Directors, the Executive Committee and the Audit Committee. The treasurer shall cooperate with any officers or committees who are in charge of the raising of revenue for the corporation. The treasurer shall perform such duties as may be assigned to him or her by the Board of Directors and the Executive Committee.

(e) Assistant Treasurer

The assistant treasurer shall, under the general supervision of the treasurer, assist the treasurer in the performance of the treasurer's duties and functions. The assistant treasurer shall also have full power and authority to act for and in place of and instead of the treasurer at such time as the treasurer is absent from the principal office of the corporation.

(f) President

The president shall be the chief executive officer of the corporation under the direction of the Board of Directors and the Executive Committee; shall appoint such executive vice presidents and such other staff vice presidents and other personnel as may be necessary; shall establish rates of compensation and fringe benefits within guidelines approved by the Executive Committee; shall consult frequently with the Executive Committee; shall report not less frequently than annually in writing to the Board of Directors; and shall carry out faithfully the purposes of the Board of Directors and the Executive Committee.

(g) Executive Committee

When the Board of Directors is not in session, the Executive Committee shall have and exercise the powers of the Board of Directors, except that the Executive Committee shall not have authority to elect officers of this corporation, fill vacancies on the Board of Directors or Executive Committee, or exercise any other board power that the Board reserves to itself. All lawful acts of the Executive Committee shall be effective for all purposes as the act or authorization of the Board of Directors.

SECTION 3.12 BONDS OF OFFICERS AND EMPLOYEES

The Board of Directors shall bond the treasurer and any other officer or employee of the corporation it deems necessary, in such manner and amount as it shall prescribe.

SECTION 3.13 INDEMNIFICATION

(a) As used in this section, unless the context otherwise requires, the term "Indemnitee" means any of the following:

1. A natural person who is a representative of a member to this corporation, CUNA director, officer, employee, agent, or committee member of this corporation.
2. A natural person who, while a representative of a member, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving at this corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.
3. A natural person who, while a representative of a member, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving an employee benefit plan because his or her duties to this corporation also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.
4. Unless the context requires otherwise, the estate or personal representative of a representative of a member, CUNA director, officer, employee, agent or committee member of this corporation.

(b) This corporation shall indemnify an Indemnitee to the extent and in accordance with the terms and conditions of the indemnification provided directors, officers, employees and agents under Wisconsin law.

ARTICLE IV - INTERNATIONAL

SECTION 4.1 FOUNDERS AND RECOGNITION OF THEIR CONTRIBUTION TO GLOBAL CREDIT UNION MOVEMENT

In recognition of the fact that Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene are the founders of the worldwide cooperative, thrift and credit movement, and in order that there might be a sustained development of cooperative credit throughout the world--in free acknowledgment of the unique debt which we and succeeding generations of credit union members owe and will always owe to them; we make a part of these our bylaws this acknowledgment--and we designate them Founders of the world credit union movement.

SECTION 4.2 **INTERNATIONAL CREDIT UNION WEEK**

In honor of Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene, this corporation shall observe International Credit Union Week as designated by the World Council of Credit Unions, Inc. During this week, there shall be appropriate widespread publicity in the form of all possible observance meetings and activities of credit union organizations.

SECTION 4.3 **WORLD COUNCIL REPRESENTATION**

Delegates and alternate delegates of this corporation to World Council of Credit Unions, Inc. shall be elected as provided in this section.

All delegates and alternate delegate(s) to the World Council of Credit Unions, Inc. shall be elected by the Board of Directors to serve a term of office specified by the Board of Directors, but not to exceed two (2) years.

The Board of Directors shall determine which of the persons who serve as delegates shall constitute the persons designated by this corporation as members of the Executive Committee of the World Council of Credit Unions, Inc. and shall determine their term of office.

ARTICLE V - FINANCE

SECTION 5.1 **SOURCES OF FINANCIAL SUPPORT**

This corporation shall be supported by (a) dues assessed and collected in the manner provided by the members and in accordance with these bylaws; (b) payments received for services rendered or goods provided; and (c) such grants, gifts, and bequests as are received by the corporation, but no grants, gifts or bequests may be accepted from any source other than the World Council of Credit Unions, Inc. without the approval of the Board of Directors or Executive Committee.

SECTION 5.2 **DETERMINATION OF DUES**

The dues to be paid by the member credit unions of this corporation shall be fixed by the members. The members may fix different rates of dues for different classifications of credit unions. The dues payable by credit unions shall consist of two components: a specified amount per natural person member and a specified amount per One Thousand Dollars (\$1,000.00) of assets. However, the maximum dues payable by any credit union shall be one percent (1%) of the total dues paid to this corporation by all members in the preceding year. The Board of Directors shall establish equitable procedures for the assessment and collection of dues in accordance with the rates fixed by the members.

A member shall be considered to have withdrawn under Section 2.4 of Article II if any dues of such member are not paid on or before the date on which it is due and payable and the effective date of such withdrawal shall be the date on which such installment was due and payable.

Notwithstanding the general dues requirement, this corporation shall waive the dues payable by any member credit union for a specific period of time upon written certification by the league that the league has waived league dues payable by the credit union for the same period of time.

The Board of Directors shall fix the dues to be paid by the ACCU for associate membership. The associate member shall be considered to have withdrawn under Section 2.4 of Article II if it does not pay its dues on or before the date the dues are due and payable.

SECTION 5.3 **BUDGET**

The Board of Directors shall adopt a budget for the fiscal year. The Executive Committee shall have authority to make adjustments in the budgeted items by transferring amounts from one item to another within the amounts budgeted as it may deem beneficial to the corporation.

SECTION 5.4 **THE FISCAL YEAR**

The fiscal year of the corporation shall end on the last day of December of each year.

SECTION 5.5 **AUDIT COMMITTEE**

The Board of Directors shall elect by and from their own number an Audit Committee consisting of five (5) members; provided that, no member of the Audit Committee shall be a member of the Executive Committee of this corporation. The Audit Committee shall elect one of its members to serve as chair of the Audit Committee. The Audit Committee members shall be elected for a term of one (1) year and until their successors have been elected or otherwise designated.

Any vacancy on the Audit Committee shall be filled through appointment by the chair of the Board of Directors. The books and records of accounts shall be audited at least annually by a licensed certified public accountant retained by the Audit Committee, and a report of such audit shall be submitted to the Board of Directors.

ARTICLE VI - AMENDMENTS

SECTION 6.1 **PROCEDURE IN MAKING AMENDMENTS**

These bylaws may be amended, altered, or repealed by a two-thirds (2/3) vote of the votes cast by the membership in accordance with a voting procedure adopted by the Board of Directors. There shall be action on any amendment that has been proposed by the members at an annual general or special meeting, by the Board of Directors or by five percent (5%) of the members.