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Murray N. Ross,

Executive Director.

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NATIONAL CREDIT UNION ADMINISTRATION

Federal Credit Union Bylaws

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice and request for comment.

SUMMARY: The proposed changes consolidate the two manuals which currently contain the federal credit union (FCU) bylaws into one manual and eliminate or modernize several bylaws. This action is necessary because several of the bylaws had become outdated or obsolete. The proposal is intended to update and clarify the FCU bylaws.

DATES: Comments must be received by April 5, 1999.

ADDRESSES: Comments should be directed to Becky Baker, Secretary of the Board.

Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428. You may Fax comments to (703) 518-6319 or E-mail comments to boardmail@ncua.gov. *Please send comments by one method only.*

FOR FURTHER INFORMATION CONTACT: Mary F. Rupp, Staff Attorney, Office of General Counsel, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428 or telephone: (703) 518-6553.

SUPPLEMENTARY INFORMATION:

Background

Section 108 of the Federal Credit Union Act (the Act) requires the NCUA Board to prepare bylaws to be used by all federal credit unions (FCUs). 12 U.S.C. 1758. The FCU bylaws are contained in two manuals entitled Federal Credit Union Bylaws (FCU Bylaws) and Federal Credit Union Standard Bylaw Amendments and Guidelines (Standard Amendments). These manuals were last updated in December 1987 and October 1991, respectively. The bylaws contained in the two manuals may be adopted by an FCU without approval from NCUA. An FCU must obtain approval from its Regional Director to adopt a bylaw not contained in the manuals.

On March 7, 1997, the NCUA Board issued a request for comments on the

FCU Bylaws and Standard Amendments. 62 FR 11778 (March 13, 1997). The purpose of the request was to solicit comments to help guide the preparation of revised bylaws that would clarify and reorganize existing FCU bylaws. The Board received 29 comments.

Summary of Comments

The Board requested comment on four specific issues, as well as any additional comments that would assist the Board in streamlining and modernizing the FCU Bylaws. The four specific issues and the comments are as follows:

1. Should the bylaws be published as a regulation? Twenty of the twenty-three commenters that responded to this question opposed publishing the bylaws as a regulation. These commenters noted that: it is rare for NCUA to get involved in a bylaw dispute; NCUA should not be enforcing the bylaws, because they are a contract between the FCU and its members; NCUA would have to go through the rulemaking process for an FCU to change its bylaws; and bylaws are primarily for internal self governance and don't raise safety and soundness issues.

Because the commenters were overwhelmingly opposed to publishing the bylaws as a regulation and made a persuasive argument in support of this position, the NCUA Board will publish the bylaws as a manual. Although the Act requires FCUs to use the bylaws published by NCUA, FCUs will continue to have the flexibility to request a nonstandard bylaw amendments if the need arises.

2. Should the bylaws be consolidated in one publication? We asked for comment on whether the FCU Bylaws and Standard Amendments should be published in one place with alternative provisions side by side when necessary. Sixteen of the seventeen commenters that responded to this question said yes. The recurring reason given in support of consolidation was that it would provide for easier reference and improve efficiency. The California Credit Union League advised that it works well for California state chartered credit unions and provided a copy of the California bylaws. This document was very helpful in drafting the proposed consolidated bylaws.

3. Should outdated bylaws be eliminated? Sixteen of the nineteen commenters that responded to this question answered yes. Some of the bylaws frequently suggested for deletion were those addressing share accounts, lost/stolen passbook procedures, stipulation on loans, late fees, prepayments, cash funds and operations

following an attack on the United States. It was suggested that a FCU that wishes to retain a bylaw that is outdated for most FCUs could adopt a policy. It was also suggested that a committee be formed to help decide which bylaws are outdated.

The proposal deletes several outdated provisions. As several of the commenters suggested, NCUA staff worked closely with the credit union trade groups to ensure that FCUs' voices were heard before deleting a provision.

4. Should FCUs be required to adopt the revised bylaws? Eighteen of the twenty-two commenters that responded to this question answered no. The reasons cited for this response were that credit unions should have maximum flexibility; uniformity is not necessary; forcing FCUs to change the way they do business will create an unnecessary regulatory burden; and current bylaws work well for a large number of FCUs. Because of the overwhelming opposition to this requirement, FCUs, although strongly encouraged to adopt the revised bylaws, are not required to do so and may continue to use their previously approved FCU Bylaws.

Proposed FCU Bylaws

The bylaws have been revised so that they are more user friendly for FCUs. All of the information is now in one place; plain English is used; provisions that are outdated are deleted; and provisions that are operational or covered in the Accounting Manual or regulations are deleted, unless it was determined that because of their importance they should also be included in the bylaws. An index will be provided with the final version of the bylaws. Currently, there is only an index for the FCU Bylaws and not the Standard Amendments.

Article by Article Analysis

The following articles and sections have no substantive changes. There may be some minor editing or technical corrections:

- Article I, Sections 1 and 2;
- Article II, Sections 1, 2, and 4 (renumbered 3);
- Article III, Sections 1, 2 and 5 a, b, d (renumbered c) and e (renumbered d);
- Article V (renumbered Article IV), Sections 1, 4 and 5;
- Article VI (renumbered Article V), Sections 3, 4, 5 and 6;
- Article VII (renumbered Article VI), Sections 1, 2 (renumbered Section 3), 6 (renumbered Section 7) and 8 (renumbered Section 9);
- Article VIII (renumbered Article VII), Sections 1, 2, 4 (renumbered 5) a, c

(renumbered b), e and f
(renumbered d and e), 7, 8, 9, and
10 (renumbered 8, 9, 10, and 11);
Article X (renumbered Article IX),
Sections 2-6;
Article XI, (renumbered Article X),
Sections 1-3;
Article XII (renumbered Article XI),
Section 8 (renumbered Section 3);
Article XIV (renumbered Article XII),
Section 1;
Article XVI (renumbered Article XIV),
Section 1;
Article XVII (renumbered Article XV),
Section 1;
Article XVIII (renumbered Article XVI),
Section 1;
Article XIX (renumbered Article XVII),
Sections 1, 2, 5 and 6; and
Article XXI (renumbered Article XVIII),
Section 1.

The following articles and sections
have substantive changes:

Article II, Qualifications for Membership

Section 3 has been deleted. It required
a credit union to assign each member a
number as a means of identifying the
member's account. This is an
operational matter that does not belong
in the bylaws.

Section 5 has been deleted because
the "once a member always a member"
policy is now addressed in the Act.

Article III, Shares of Members

In Section 3, the requirement that the
credit union allow at least six months
for a member to pay one share has been
deleted. Section 1 of this Article and the
Act require credit unions to allow for
the payment of shares in installments.
12 U.S.C. 1759.

The \$1 fee limitation on share
transfers has been deleted from Section
4.

Section 5(c) addressed withdrawal of
shares pledged as security. This has
been deleted because it should be
addressed in the loan agreement. The
first paragraph of Section 5(e) has been
deleted because it referenced Article II,
Section 5 which has been deleted.
Section 5(f) addressed fees for excessive
share withdrawals. This is covered by
our Truth in Savings Act regulation and
has been deleted. 12 CFR 707. Section
6(a) and (b) have been combined for
easier reading and (c) has been deleted.

Article IV, Receipting for Money— Passbooks

This Article has been deleted. It
covered operational procedures of the
credit union and does not belong in the
bylaws.

Article V—Renumbered Article IV, Meetings of Members

In Section 2, the time frame for
notification of the annual meeting has
been changed from "at least 7 days" to
"at least 30 but no longer than 75 days."

Section 3 has been revised to allow
directors to call a special meeting. This
is currently a standard amendment. In
addition, the maximum number of
members necessary to call a special
meeting has been changed from 200 to
500.

Article VI—Renumbered Article V, Elections

An FCU elects the voting method it
wishes to follow by checking the
appropriate box. The choices provided
are currently contained in the FCU
Bylaws and Standard Amendments. An
additional electronic voting option has
been added. In addition, the absentee
ballot provision from the Standard
Amendments has been included as an
option the FCU may elect by checking
the box.

In Section 7, the age to vote has been
changed from "not greater than 16" to
"not greater than 18" because this is the
age of legal majority in most states.

Article VII—Renumbered Article VI, Board of Directors

Section 2 has been added. This
provision allows a credit union to elect
an option currently available in the
Standard Amendments limiting the
number of directors and family
members of directors who can be paid
employees of the credit union and
electing whether or not the management
official and assistant management
official may serve on the board.

Section 3 is renumbered Section 4
and the phrase "within a reasonable
time" has been added to the provision
requiring the board to fill vacancies on
the board and committees until the next
annual meeting.

Section 4 is renumbered Section 5. It
adopts the Standard Amendment
requirement of at a minimum one face-
to-face board meeting each calendar
quarter. The FCU Bylaws require
monthly, in person board meetings.

Section 5 is renumbered Section 6. It
combines the Standard Amendment
option of no credit committee with the
FCU Bylaw of a credit committee. The
no credit committee option adds a new
provision allowing the board to appoint
a mid-level loan review committee but,
in compliance with the Act, still
requires the board to review all appeals
of loan denials. The mid-level loan
review committee is currently being
used by some FCUs through a
nonstandard bylaw amendment.

Section 7 is renumbered Section 8. It
allows the board to declare a position
vacant if a director or credit committee
member misses 3 consecutive meetings
or 4 meetings within a calendar year.
This is a combination of the FCU
Bylaws and the Standard Amendments.

Article VIII—Renumbered Article VII, Board Officers, Management Officials and Executive Committee

The requirement that the executive
officer countersign all notes, etc. has
been deleted from Section 3 and a new
Section 4 has been added that requires
the board to approve all individuals
authorized to sign notes, etc.

Section 5 is renumbered Section 6.
Subsection (b) is deleted because it is
covered by the addition of Section 4.
Subsection (d) is renumbered (c) and the
time frame is changed from 7 to 20 days,
an option available in the standard
amendment.

Section 6 is renumbered Section 7.
The prohibition against the manager and
assistant manager serving on the board
is deleted because it is now addressed
in Article VI, Section 2.

The suggested titles have been deleted
from the Addendum and the board has
been directed to identify the positions.
In an effort to be consistent throughout
the bylaws, the following terms have
been replaced: "executive officers" with
"board officers", "executive officer"
with "chair", "assistant executive
officer" with "vice chair" and
"recording officer" with "secretary".

Article IX—Renumbered Article VIII, Option 1 Credit Committee or Option 2 Loan Officers

An FCU selects Option 1 if it has a
credit committee and Option 2 if it
doesn't. The Options mirror the current
FCU Bylaws and Standard
Amendments.

Article X—Renumbered Article IX, Supervisory Committee

Section 1 is modified slightly to allow
the terms of the supervisory committee
to be staggered in the same way that the
terms of the credit committee are.

Article XII—Renumbered Article XI, Loans and Lines of Credit to Members

Section 1 is taken from the standard
amendment that allows FCUs to make
loans to nonnatural persons under
certain limited circumstances. The FCU
Bylaws only allow loans to nonnatural
persons if the loan is share secured.
Some of the commenters asked the
Board to expand this provision beyond
the standard amendment. The Board has
safety and soundness concerns with
expanding this provision beyond what

is allowed in the standard amendment but is interested in receiving additional comment on this issue.

Sections 2-7 have been deleted and replaced with the requirement that the FCU follow applicable law and regulations. All of the requirements in deleted Sections 2-7 were either operational or set forth in NCUA's regulations.

Article XIII. Reserves

This provision has been deleted because it is covered in the Act and regulations.

Article XIV—Renumbered Article XII. Dividends

Sections 2 and 3 have been deleted because they are covered in the Act and regulations.

Article XV—Renumbered Article XIII. Deposit and Disbursement of Funds—Investments and Borrowings

Retitled Deposit of Funds. Section 1 is modernized by allowing FCUs to fill in the number of days and the amounts. Sections 2-5 are deleted because they are operational.

Article XVIII—Renumbered Article XVI. Definitions

Section 2(a) is deleted because "members of their immediate families" will be defined in NCUA's regulations.

Article XIX—Renumbered Article XVII. General

Section 3 follows the standard amendment which limits the membership's authority to remove to directors, committee members or officers and does not provide the authority to remove employees.

Section 4 is the conflict of interest provision for directors, committee members, officers and employees. It has been expanded to prohibit participation not only in matters affecting their pecuniary interest but also matters affecting their personal interest. Personal interest is intended to include matters affecting their family members.

Section 7 requires the member to keep the board informed of his current address but deletes the discussion on permissible fees.

Section 8 adds the provision from the standard amendments that allows the board to indemnify officials and employees in accordance with the laws of the state or the Model Business Corporation Act.

Article XX. Operations Following an Attack on the United States

This provision is deleted from the bylaws. FCUs may adopt a board policy

setting forth the FCU's policy in the event of an attack.

Request for Comment

The Board is interested in receiving comments on the proposed format of the FCU Bylaws, as well as any substantive issues the commenters wish to see addressed in the final bylaws.

By the National Credit Union Administration Board on December 17, 1998.

Becky Baker,

Secretary of the Board.

BYLAWS

Federal Credit Union, Charter No. _____

(A corporation chartered under the laws of the United States)

Article I. Name—Purposes

Section 1. The name of this credit union is as stated in section 1 of the charter (approved organization certificate) of this credit union.

Section 2. The purpose of this credit union is to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident or productive purposes.

Article II. Qualifications for Membership

Section 1. The field of membership of this credit union is limited to that stated in section 5 of its charter.

Section 2. Applications for membership from persons eligible for membership under section 5 of the charter must be signed by the applicant on forms approved by the board. Upon approval of an application by a majority of the directors, or a majority of the members of a duly authorized executive committee or by a membership officer, and upon subscription to at least one share of this credit union and the payment of the initial installment, and the payment of a uniform entrance fee if required by the board, the applicant is admitted to membership. If a membership application is denied, the reasons must be furnished in writing to the person whose application is denied, upon written request.

Section 3. A member who withdraws all shareholdings or fails to comply with the time requirements in article III, section 3, ceases to be a member. By resolution, the board may require persons readmitted to membership to pay another entrance fee.

Article III. Shares of Members

Section 1. The par value of each share shall be \$____. Subscription to shares are payable at the time of subscription,

or in installments of at least \$____ per month.

Section 2. The maximum amount of shares that may be held by any one member shall be established from time to time by resolution of the board.

Section 3. A member who fails to complete payment of one share within ____ of admission to membership, or within ____ from the increase in the par value of shares, or a member who reduces the share balance below the par value of one share and does not increase the balance to at least the par value of one share within ____ of the reduction may be terminated from membership.

Section 4. Shares may only be transferred from one member to another by a written instrument in a form as the board may prescribe. Such transfer will carry dividend credits with it.

Section 5. Money paid in on shares or installments of shares may be withdrawn as provided in these bylaws or regulation on any day when payment on shares may be made: *Provided, however,* That

(a) The board has the right, at any time, to require members to give, in writing, not more than 60 days notice of intention to withdraw the whole or any part of the amounts so paid in by them.

(b) The board may determine that, if shares are paid in under an accumulated payroll deduction plan as prescribed in the Accounting Manual for Federal Credit Unions, they may not be withdrawn until credited to members' accounts.

(c) No member may withdraw any shareholdings below the amount of his primary or contingent liability to the credit union if he is delinquent as a borrower, or if borrowers for whom he is comaker, endorser, or guarantor are delinquent, without the written approval of the credit committee or loan officer; except that shares issued in an irrevocable trust as provided in section 6 of this article are not subject to restrictions upon withdrawal except as stated in the trust agreement.

(d) The share account of a deceased member (other than one held in joint tenancy with another member) may be continued until the close of the dividend period in which the administration of the deceased's estate is completed, but not to exceed a period of 4 years.

Section 6. Shares may be issued in a revocable or irrevocable trust, subject to the following:

When shares are issued in a revocable trust, the settlor must be a member of this credit union in his own right. When shares are issued in an irrevocable trust, the settlor or the beneficiary must be a member of this credit union in his own

right. The name of the beneficiary must be stated in both a revocable and irrevocable trust. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations shall be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.

Article IV. Meetings of Members

Section 1. The annual meeting of the members must be held within the period authorized in the Act, in the county in which the office of the credit union is located or within a radius of 100 miles of such office, at the time and place as the board determines and announces in the notice of the annual meeting.

Section 2. At least 30 but no more than 75 days before the date of any annual meeting or at least 7 days before the date of any special meeting of the members, the secretary must give written notice to each member by in person delivery, or by mailing the written notice to each member at the address that appears on the records of this credit union. Notice of the annual meeting may be given by posting the notice in a conspicuous place in the office of this credit union where it may be read by the members, at least 30 days prior to such meeting, if the annual meeting is to be held during the same month as that of the previous annual meeting and if this credit union maintains an office that is readily accessible to members where regular business hours are maintained. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote, who are not present at the meeting, waive notice in writing, before, during, or after the meeting.

Notice of any special meeting must state the purpose for which it is to be held, and no business other than that related to this purpose may be transacted at the meeting.

Section 3. Special meetings of the members may be called by the chair or the board of directors upon a majority vote, or by the supervisory committee as provided in these bylaws, and may be held at any location permitted for the annual meeting. A special meeting must be called by the chair within 30 days of the receipt of a written request of 25 members or 5% of the members as of the date of the request, whichever number is larger. However, a request of no more than 500 members may be required for such meeting. The notice of a special meeting must be given as provided in section 2 of this article.

Section 4. The order of business at annual meetings of members must be—

- (a) Ascertainment that a quorum is present.
- (b) Reading and approval or correction of the minutes of the last meeting.
- (c) Report of directors.
- (d) Report of the financial officer or the chief management official.
- (e) Report of the credit committee, if there is one.
- (f) Report of the supervisory committee.
- (g) Unfinished business.
- (h) New business other than elections.
- (i) Elections.
- (j) Adjournment.

The members assembled at any annual meeting may suspend the above order of business upon a two-thirds vote of the members present at the meeting.

Section 5. Except as otherwise provided, 15 members constitutes a quorum at annual or special meetings. If no quorum is present, an adjournment may be taken to a date not fewer than 7 nor more than 14 days thereafter. The members present at any such adjourned meeting will constitute a quorum, regardless of the number of members present. The same notice must be given for the adjourned meeting as is prescribed in section 2 of this article for the original meeting, except that such notice must be given not fewer than 5 days previous to the date of the meeting as fixed in the adjournment.

Article V. Elections

The Credit Union must select one of the four voting options. This may be done by printing the credit union's bylaws with the option selected or retaining this copy and checking the box of the option selected.

Option A1—In-person elections; nominating committee and nominations from floor

Section 1. At least 30 days prior to each annual meeting, the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected.

Section 2. After the nominations of the nominating committee have been placed before the members, the chair calls for nominations from the floor. When nominations are closed, tellers are appointed by the chair, ballots are distributed, the vote is taken and tallied

by the tellers, and the results announced. All elections are determined by plurality vote and will be by ballot except where there is only one nominee for the office.

Option A2—In-person elections; nominating committee and nominations by petition

Section 1. At least 120 days prior to each annual meeting the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee files its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary notifies in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date that the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, such nominations must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations must be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition along with those of the nominating committee are posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All persons nominated by either the nominating committee or by

petition must be placed before the members. When nominations are closed, tellers are appointed by the chair, ballots are distributed, the vote is taken and tallied by the tellers, and the results announced. All elections are determined by plurality vote and will be by ballot except where there is only one nominee for each position to be filled.

Nominations cannot be made from the floor unless insufficient nominations have been made by the nominating committee or by petition to provide for one nominee for each position to be filled or circumstances prevent the candidacy of the one nominee for a position to be filled. Only those positions without a nominee are subject to nominations from the floor. In the event nominations from the floor are permitted and result in more than one nominee for a position to be filled, when nominations have been closed, tellers are appointed by the chair, ballots are distributed, the vote is taken and tallied by the tellers, and the results announced. When only one member is nominated for each position to be filled, the chair may take a voice vote or declare each nominee elected by general consent or acclamation at the annual meeting.

□ *Option A3—Election by ballot boxes or voting machine; nominating committee and nomination by petition*

Section 1. At least 120 days prior to each annual meeting the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee files its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary shall notify in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each

nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date of the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, such nominations must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations must be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition along with those of the nominating committee are posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All elections shall be determined by plurality vote. The election will be conducted by ballot boxes or voting machines, subject to the following conditions:

- (a) The election tellers will be appointed by the board of directors;
- (b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 10 days prior to the annual meeting, will cause ballot boxes and printed ballots, or voting machines, to be placed in conspicuous locations, as determined by the board of directors with the names of the candidates posted near the boxes or voting machines. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;
- (c) After the members have been given 24 hours to vote at conspicuous locations as determined by the board of directors, the ballot boxes or voting machines will be opened, the vote tallied by the tellers, the tallies placed in the ballot boxes, and the ballot boxes resealed. The tellers are responsible at all times for the ballot boxes or voting machines and the integrity of the vote. A record must be kept of all persons voting and the tellers must assure themselves that each person so voting is entitled to vote; and

(d) The ballot boxes will be taken to the annual meeting by the tellers. At the annual meeting, printed ballots will be distributed to those in attendance who have not voted and their votes will be deposited in the ballot boxes placed by the tellers, before the beginning of the meeting, in conspicuous locations with

the names of the candidates posted near them. After such members have been given an opportunity to vote at the annual meeting, balloting will be closed, the ballot boxes opened, the vote tallied by the tellers and added to the previous count, and the chair will announce the result of the vote.

Option A4—Election by electronic device (including but not limited to telephone and electronic mail) or mail ballot; nominating committee and nominations by petition

Section 1. At least 120 days prior to each annual meeting the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee files its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary notifies in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date of the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, such nominations must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations must be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition along with those of the nominating committee are posted in a conspicuous

place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All elections will be by electronic device or mail ballot, subject to the following conditions:

(a) The election tellers will be appointed by the board of directors;

(b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 30 days prior to the annual meeting, will cause either a printed ballot or notice of ballot to be mailed to all members eligible to vote;

(c) If the credit union is conducting its elections electronically, the secretary will cause the following materials to be mailed to each eligible voter:

(1) One notice of balloting stating the names of the candidates for the board of directors and the candidates for other separately identified offices or committees. The name of each candidate must be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors.

(2) One instruction sheet stating specific instructions for the electronic election procedure, including how to access and use the system, and the period of time in which votes will be taken. The instruction will state that members without the requisite electronic device necessary to vote on the system may vote by mail ballot upon written or telephone request and specify the date the request must be received by the credit union.

(3) It is the duty of the tellers of election to verify, or cause to be verified the name of the voter and the credit union account number as they are registered in the electronic balloting system. It is the duty of the teller to test the integrity of the balloting system at regular intervals during the election period.

(4) Ballots must be received no later than midnight 5 calendar days prior to the annual meeting.

(5) Voting will be closed at the midnight deadline specified in subsection (4) hereof and the vote will be tallied by the tellers. The result must be verified at the annual meeting and the chair will make the result of the vote public at the annual meeting.

(6) In the event of malfunction of the electronic balloting system, the board of directors may in its discretion order elections be held by mail ballot only. Such mail ballots must conform to

section 2(d) of this Article and must be mailed to all eligible members 30 days prior to the annual meeting. The board may make reasonable adjustments to the voting time frames above, or postpone

the annual meeting when necessary, to complete the elections prior to the annual meeting.

(d) If the credit union is conducting its election by mail ballot, the secretary will cause the following materials to be mailed to each candidate:

(1) One ballot, clearly identified as such, on which the names of the candidates for the board of directors and the candidates for other separately identified offices or committees are printed in order as determined by the draw of lots. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;

(2) One ballot envelope clearly marked with instructions that the completed ballot must be placed in that envelope and sealed;

(3) One identification form to be completed so as to include the name, address, signature and credit union account number of the voter;

(4) One mailing envelope in which the voter, pursuant to instructions provided with the mailing envelope, must insert the sealed ballot envelope and the identification form, and which must have postage prepaid and be preaddressed for return to the tellers;

(5) When properly designed, one form can be printed that represents a combined ballot/identification form, and postage prepaid and preaddressed return envelope;

(6) It is the duty of the tellers to verify, or cause to be verified, the name of the voter and his credit union account number as appearing on the identification form; to place the verified identification form and the sealed ballot envelope in separate places of safekeeping pending the count of the vote; in the case of a questionable or challenged identification form, to retain the identification form and sealed ballot envelope together until the verification or challenge has been resolved;

(7) Ballots mailed to the tellers must be received by the tellers no later than midnight 5 days prior to the date of the annual meeting;

(8) Voting will be closed at the midnight deadline specified in subsection (7) hereof and the vote will be tallied by the tellers. The result will be verified at the annual meeting and the chair will make the result of the vote public at the annual meeting.

Section 3. Nominations shall be in the following order:

(a) Nominations for directors.

(b) Nominations for credit committee members, if applicable. Elections may be by separate ballots following the same order as the above nominations or,

if preferred, may be by one ballot for all offices.

Section 4. Members cannot vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose. A trustee, or other person acting in a representative capacity, is not, as such, entitled to vote.

Section 5. Irrespective of the number of shares, no member has more than one vote.

Section 6. The names and addresses of members of the board, board officers, executive committee, and members of the credit committee, if applicable and supervisory committees must be forwarded to the Administration in accordance with the Act and regulations in the manner as may be required by the Administration.

Section 7. The board may establish by resolution a minimum age, not greater than 18 years of age, as a qualification for eligibility to vote at meetings of the members, or to hold elective or appointive office, or both.

The Credit Union may select the absentee ballot provision in conjunction with the voting procedure it has selected. This may be done by printing the credit union's bylaws with this provision or by retaining this copy and checking the box.

□ *Section 8. The board of directors may authorize the use of absentee ballots in conjunction with the other procedures authorized in this article, subject to the following conditions:*

(a) The election tellers will be appointed by the board of directors;

(b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 30 days prior to the annual meeting, will cause printed ballots to be mailed to all members of the credit union who are eligible to vote and who have submitted a written request for an absentee ballot;

(c) The secretary will cause the following materials to be mailed to each such eligible voter who has submitted a written request for an absentee ballot:

(1) One ballot, clearly identified as such, on which the names of the candidates for the board of directors and the candidates for other separately identified offices or committees are printed in order as determined by the draw of the lots. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;

(2) One ballot envelope clearly marked with instructions that the

completed ballot must be placed in that envelope and sealed;

(3) One identification form to be completed so as to include the name, address, signature and credit union account number of the voter;

(4) One mailing envelope in which the voter, pursuant to instructions provided with the envelope, must insert the sealed ballot envelope and the identification form, and which must have postage prepaid and be preaddressed for return to the tellers;

(5) When properly designed, one form can be printed that represents a combined ballot/identification form, and postage prepaid and preaddressed return envelope;

(d) It shall be the duty of the tellers of election to verify, or cause to be verified, the name of the voter and his credit union account number as appearing on the identification form; to retain in a safe place the verified identification form and to place the sealed ballot envelope in the ballot box in the credit union office; in the case of a questionable or challenged identification form, to retain the identification form and the sealed ballot envelope together until the verification or challenge has been resolved; and in the event that more than one voting procedure is used, to verify that no eligible voter has voted more than one time;

(e) Ballots mailed to the tellers pursuant to subsection (b) hereof, must be received by the tellers no later than midnight 5 days prior to the date of the annual meeting; and

(f) After the expiration of the period of time specified in subsection (e) hereof, the voting by absentee ballot will be closed and absentee ballots deposited in the ballot boxes to be taken to the annual meeting or included in a precount in accordance with procedures specified in Article V, Section 2.

Article VI. Board of Directors

Section 1. The board consists of ____ members, all of whom must be members of this credit union. The number of directors may be changed to an odd number not fewer than 5 nor more than 15 by resolution of the board. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of directors must be filed with the official copy of the bylaws of this credit union.

Section 2. ____ (No, one or two) directors or committee members may be

a paid employee of the credit union.

____ (No, one or two) immediate family members of a director or committee member may be a paid employee of the credit union. In no case may employees and family members constitute a majority of the board. The board may appoint a management official who ____ (may or may not) be a member of the board and one or more assistant management officials who ____ (may or may not) be a member of the board. If the management official or assistant management official is permitted to serve on the board, he or she may not serve as the chair.

Section 3. Regular terms of office for directors must be for periods of either 2 or 3 years as the board determines: Provided, however, that all regular terms must be for the same number of years and until the election and qualification of successors. The regular terms must be fixed at the beginning, or upon any increase or decrease in the number of directors, that approximately an equal number of regular terms must expire at each annual meeting.

Section 4. Any vacancy on the board, credit committee (if applicable), or supervisory committee will be filled within a reasonable time by vote of a majority of the directors then holding office. Directors and credit committee members (if applicable) so appointed will hold office only until the next annual meeting, at which any unexpired terms will be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee so appointed will hold office until the first regular meeting of the board following the next annual meeting of members at which the regular term expires and until the appointment and qualification of their successors.

Section 5. A regular meeting of the board must be held each month at the time and place fixed by resolution of the board. One regular meeting each calendar quarter must be conducted in person. The other regular meetings may be conducted using audio or video teleconference methods. The chair, or in his absence the ranking vice chair, may call a special meeting of the board at any time; and must do so upon written request of a majority of the directors then holding office. Unless the board prescribes otherwise, the chair, or in his absence the ranking vice chair, will fix the time and place of special meetings. Notice of all meetings will be given in such manner as the board may from time to time by resolution prescribe. Special meetings may be conducted using audio or video teleconference methods.

Section 6. The board has the general direction and control of the affairs of this credit union and is responsible for performing all the duties customarily performed by boards of directors. This includes but is not limited to the following:

(a) Directing the affairs of the credit union in accordance with the Act, these bylaws, the rules and regulations and sound business practices.

(b) Establishing programs to achieve the purposes of this credit union as stated in article 1, section 2, of these bylaws.

(c) Establishing a loan collection program and authorizing the chargeoff of uncollectible loans.

(d) Determining that all persons appointed or elected by this credit union to any position requiring the receipt, payment or custody of money or other property of this credit union, or in its custody or control as collateral or otherwise, are properly bonded in accordance with the Act and regulations.

(e) Performing additional acts and exercising additional powers as may be required or authorized by applicable law.

If the credit union has an elected credit committee, you do not need to check a box. If the credit union has no credit committee check Option 1 and if it has an appointed credit committee check Option 2.

Option 1 No Credit Committee.

(f) Reviewing denied loan applications of members who file written requests for such review.

(g) Appointing one or more loan officers and delegating to those officers the power to approve or disapprove loans, lines of credit or advances from lines of credit.

(h) In its discretion, appointing a loan review committee to review loan denials and delegating to the committee the power to overturn denials of loan applications. The committee will function as a mid-level appeal committee for the board. Any denial of a loan by the committee must be reviewed by the board upon written request of the member. The committee must consist of three members and the regular term of office of the committee member will be for two years. Not more than one member of the committee may be appointed as a loan officer.

Option 2 Appointed Credit Committee.

(f) Appointing an odd number of credit committee members as provided in Article VIII of these bylaws.

Section 7. A majority of the number of directors, including any vacant positions, constitutes a quorum for the transaction of business at any meeting thereof; but fewer than a quorum may adjourn from time to time until a quorum is in attendance.

Section 8. If a director or a credit committee member, if applicable, fails to attend regular meetings of the board or credit committee, respectively, for 3 consecutive months, or 4 meetings within a calendar year, or otherwise fails to perform any of the duties devolving upon him as a director or a credit committee member, the office may be declared vacant by the board and the vacancy filled as herein provided. The board may remove any board officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

When any board officer, membership officer, executive committee member or investment committee member is absent, disqualified, or otherwise unable to perform the duties of the office, the board may by resolution designate another member of this credit union to act temporarily in his place. The board may also, by resolution, designate another member or members of this credit union to act on the credit committee when necessary in order to obtain a quorum.

Section 9. Any member of the supervisory committee may be suspended by a majority vote of the board of directors. The members of this credit union will decide, at a special meeting held not fewer than 7 nor more than 14 days after any such suspension, whether the suspended committee member will be removed from or restored to the supervisory committee.

Article VII. Board Officers, Management Officials and Executive Committee

Section 1. The board officers of this credit union are comprised of a chair, one or more vice chairs, a financial officer, and a secretary, all of whom are elected by the board and from their number. The board determines the title and rank of each board officer and records them in the addendum to this article. One board officer, the _____, may be compensated for services as determined by the board. If more than one vice chair is elected, the board determines their rank as first vice chair, second vice chair, and so on. The offices of the financial officer and secretary may be held by the same person. Unless removed as provided in these bylaws, the board officers elected at the first meeting of the board hold office until

the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors.

Section 2. Board officers elected at the meeting of the board next following the annual meeting of the members, which must be held not later than 7 days after the annual meeting, hold office for a term of 1 year and until the election and qualification of their respective successors: Provided, however, That any person elected to fill a vacancy caused by the death, resignation, or removal of an officer is elected by the board to serve only for the unexpired term of such officer and until a successor is duly elected and qualified.

Section 3. The chair presides at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. The chair also performs such other duties as customarily appertain to the office of the chair or as may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

Section 4. The board must approve all individuals who are authorized to sign all notes of this credit union and all checks, drafts and other orders for disbursement of credit union funds.

Section 5. The ranking vice chair has and may exercise all the powers, authority, and duties of the chair during the absence of the latter or his inability to act.

Section 6. The financial officer manages this credit union under the control and direction of the board unless the board has appointed a management official to act as general manager. Subject to such limitations, controls and delegations as may be imposed by the board, the financial officer will:

(a) Have custody of all funds, securities, valuable papers and other assets of this credit union.

(b) Provide and maintain full and complete records of all the assets and liabilities of this credit union in accordance with forms and procedures prescribed in the Accounting Manual for Federal Credit Unions or otherwise approved by the Administration.

(c) Within 20 days after the close of each month, ensure that a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans is prepared and submitted to the board and post a copy of such statement in a conspicuous place in the office of the credit union where it will remain until replaced by the financial statement for the next succeeding month.

(e) Ensure that such financial and other reports as the Administration may require are prepared and sent.

(f) Within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove such employees.

(g) Perform such other duties as customarily appertain to the office of the financial officer or as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws.

The board may employ one or more assistant financial officers, none of whom may also hold office as chair or vice chair, and may authorize them, under the direction of the financial officer, to perform any of the duties devolving on the financial officer, including the signing of checks. When designated by the board, any assistant financial officer may also act as financial officer during the temporary absence of the financial officer or in the event of his/her temporary inability to act.

Section 7. The board may appoint a management official who is under the direction and control of the board or of the financial officer as determined by the board. The management official may be assigned any or all of the responsibilities of the financial officer described in section 6 of this article. The board will determine the title and rank of each management official and record them in the addendum to this article. The board may employ one or more assistant management officials. The board may authorize assistant management officials under the direction of the management official, to perform any of the duties devolving on the management official, including the signing of checks. When designated by the board, any assistant management official may also act as management official during the temporary absence of the management official or in the event of his temporary inability to act.

Section 8. The board employs, fixes the compensation, and prescribes the duties of such employees as may in the discretion of the board be necessary, and has the power to remove such employees, unless it has delegated these powers to the financial officer or management official. Neither the board, the financial officer, nor the management official has the power or duty to employ, prescribe the duties of, or remove necessary clerical and auditing assistance employed or utilized by the supervisory committee and, if there is a credit committee, the power or duty to employ, prescribe the duties

of, or remove any loan officer appointed by the credit committee.

Section 9. The secretary prepares and maintains full and correct records of all meetings of the members and of the board, which records will be prepared within 7 days after the respective meetings. The secretary must promptly inform the Administration in writing of any change in the address of the office of this credit union or the location of its principal records. The secretary will give or cause to be given, in the manner prescribed in these bylaws, proper notice of all meetings of the members, and perform such other duties as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws. The board may employ one or more assistant secretaries, none of whom may also hold office as chair, vice chair, or financial officer, and may authorize them under direction of the secretary to perform any of the duties devolving on the secretary.

Section 10. The board may appoint an executive committee of not fewer than three directors to serve at its pleasure, to act for it with respect to specifically delegated functions authorized by the Act and regulations. The board may also authorize such executive committee or a membership officer(s) appointed by the board from the membership other than a board member paid as an officer, the financial officer, any assistant to the paid officer of the board or to the financial officer or any loan officer, to serve at its pleasure to approve applications for membership under such conditions as the board and these bylaws may prescribe. No executive committee member or membership officer may be compensated as such.

Section 11. The board may appoint an investment committee composed of not less than two, to serve at its pleasure to have charge of making investments under rules and procedures established by the board. No member of the investment committee may be compensated as such.

Addendum: The board shall list the positions of the board officers and management officials of this credit union. They are as follows:

Select Option 1 if the credit union has a credit committee and Option 2 if it does not have a credit committee.

Option 1 Article VIII. Credit Committee

Section 1. The credit committee consists of ___ members. All the members of the credit committee must be members of this credit union. The number of members of the credit

committee must be an odd number and may be changed to not fewer than 3 nor more than 7 by resolution of the board. No reduction in the number of members may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of committee members must be filed with the official copy of the bylaws of this credit union.

Section 2. Regular terms of office for elected credit committee members are for periods of either 2 or 3 years as the board shall determine: Provided, however, That all regular terms are for the same number of years and until the election and qualification of successors. The regular terms are fixed at the beginning, or upon any increase or decrease in the number of committee members, that approximately an equal number of regular terms expire at each annual meeting.

Regular terms of office for appointed credit committee members are for periods as determined by the board and as noted in the board's minutes.

Section 3. The credit committee chooses from their number a chair and a secretary. The secretary of the committee prepares and maintains full and correct records of all actions taken by it, and such records must be prepared within 3 days after the action. The offices of the chair and secretary may be held by the same person.

Section 4. The credit committee may, by majority vote of its members, appoint one or more loan officers to serve at its pleasure, and delegate to him/her or them the power to approve application for loans or lines of credit, share withdrawals, releases and substitutions of security, within limits specified by the committee and within limits of applicable law and regulations. Not more than one member of the committee may be appointed as a loan officer. Each loan officer must furnish to the committee a record of each transaction approved or not approved by him within 7 days of the date of the filing of the application or request, and such record becomes a part of the records of the committee. All applications or requests not approved by a loan officer must be acted upon by the committee. No individual may disburse funds of this credit union for any application or share withdrawal which he has approved as a loan officer.

Section 5. The credit committee holds such meetings as the business of this credit union may require, and not less frequently than once a month. Notice of such meetings will be given to members

of the committee in such a manner as the committee may from time to time, by resolution, prescribe.

Section 6. The credit committee or loan officer must inquire into the character and financial condition of each applicant for a loan or line of credit and his sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The credit committee and its appointed loan officers will endeavor diligently to assist applicants in solving their financial problems.

Section 7. No loan or line of credit may be made unless approved by the committee or a loan officer in accordance with applicable law and regulations.

Section 8. Subject to the limits imposed by applicable law and regulations, these bylaws, and the general policies of the board, the credit committee, or a loan officer, shall determine the security if any required for each application and the terms of repayment. The security furnished must be adequate in quality and character and consistent with sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference will be given, in all cases, to the smaller applications if the need and credit factors are nearly equal.

Option 2 Article VIII. Loan Officers (No Credit Committee)

Section 1. Each loan officer must maintain a record of each transaction approved or not approved by him/her within 7 days of the filing of the application or request, and such records becomes a part of the records of the credit union. No individual may disburse funds of this credit union for any application or share withdrawal which he has approved as a loan officer.

Section 2. The loan officer must inquire into the character and financial condition of each applicant for a loan or line of credit and his sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The loan officers will endeavor diligently to assist applicants in solving their financial problems.

Section 3. No loan or line of credit may be made unless approved by a loan officer in accordance with applicable law and regulations.

Section 4. Subject to the limits imposed by applicable law and

regulations, these bylaws, and the general policies of the board, a loan officer determines the security if any required for each application and the terms of repayment. The security furnished must be adequate in quality and character and consistent with sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference will be given, in all cases, to the smaller applications if the need and credit factors are nearly equal.

Article IX. Supervisory Committee

Section 1. The supervisory committee is appointed by the board from among the members of this credit union, one of whom may be a director other than the financial officer. The board determines the number of members on the committee, which may not be fewer than 3 nor more than the maximum number permitted by the Act. No member of the credit committee, if applicable, or any employee of this credit union may be appointed to the committee. Regular terms of committee members are for periods of 1, 2, or 3 years as the board determines: *Provided, however,* That all regular terms are for the same number of years and until the appointment and qualification of successors. The regular terms are fixed at the beginning, or upon any increase or decrease in the number of committee members, so that approximately an equal number of regular terms expires at each annual meeting.

Section 2. The supervisory committee members choose from among their number a chair and a secretary. The secretary of the supervisory committee prepares, maintains, and has custody of full and correct records of all actions taken by it. The offices of chair and secretary may be held by the same person.

Section 3. The supervisory committee makes, or causes to be made, such audits, and prepares and submits such written reports, as are required by the Act and regulations. The committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities prescribed by this article, and may request the board to provide compensation for such assistance. It will prepare and forward to the Administration such reports as may be required.

Section 4. The supervisory committee must verify the accounts of all members with the records of the financial officer from time to time and not less frequently than as required by the Act

and regulations. The committee must maintain a record of such verification.

Section 5. By unanimous vote, the supervisory committee may suspend until the next meeting of the members any director, board officer, or member of the credit committee. In the event of any such suspension, the supervisory committee must call a special meeting of the members to act on the suspension, which meeting must be held not fewer than 7 nor more than 14 days after the suspension. The chair of the committee acts as chair of the meeting unless the members select another person to act as chair.

Section 6. By the affirmative vote of a majority of its members, the supervisory committee may call a special meeting of the members to consider any violation of the provisions of the Act, the regulations, or of the charter or the bylaws of this credit union, or to consider any practice of this credit union which the committee deems to be unsafe or unauthorized.

Article X. Organization Meeting

Section 1. At the time application is made for a federal credit union charter, the subscribers to the organization certificate must meet for the purpose of electing a board of directors and a credit committee, if applicable. Failure to commence operations within 60 days following receipt of the approved organization certificate is cause for revocation of the charter unless a request for an extension of time has been submitted to and approved by the Regional Director.

Section 2. The subscribers elect a chair and a secretary for the meeting. The subscribers then elect from their number, or from those eligible to become members of this credit union, a board of directors and a credit committee, if applicable, all to hold office until the first annual meeting of the members and until the election and qualification of their respective successors. If not already a member, every person elected under this section or appointed under section 3 of this article, must qualify within 30 days by becoming a member. If any person elected as a director or committee member or appointed as a supervisory committee member does not qualify as a member within 30 days of such an election or appointment, his office will automatically become vacant and be filled by the board.

Section 3. Promptly following the elections held under the provisions of section 2 of this article, the board must meet and elect the board officers who will hold office until the first meeting of the board of directors following the first

annual meeting of the members and until the election and qualification of their respective successors. The board also appoints a supervisory committee at this meeting as provided in article IX, section 1, of these bylaws and a credit committee, if applicable. The members so appointed hold office until the first regular meeting of the board following the first annual meeting of the members and until the appointment and qualification of their respective successors.

Article XI. Loans and Lines of Credit to Members

Section 1. Loans to individuals may only be made to members and for provident or productive purposes in accordance with applicable law and regulations. Loans to a member other than a natural person may not exceed its shareholdings in this credit union, unless the loan is made jointly to one or more natural person members and a business organization in which they have a majority interest, or if the nonnatural person is an association, the loan is made jointly to a majority of the members of the association and to the association in its own right.

Section 2. All loans made by the credit union must follow applicable law and regulations.

Section 3. Any member whose loan is delinquent may be required to pay a late charge as determined by the board of directors.

Article XII. Dividends

Section 1. The board establishes dividend periods and declares dividends as permitted by the Act and applicable regulations.

Article XIII. Deposit of Funds

Section 1. All funds of this credit union, except for petty cash and cash change funds, must be deposited in such qualified depository or depositories from among those authorized by applicable law and regulations as the board may from time to time by resolution designate; and must be so deposited not later than the ___ (fill in number) banking day after their receipt: *Provided, however,* That receipts in the aggregate of \$___ (fill in number) or less may be held as long as 1 week before they are deposited.

Article XIV. Expulsion and Withdrawal

Section 1. A member may be expelled only in the manner provided by the Act. Expulsion or withdrawal will not operate to relieve a member of any liability to this credit union. All amounts paid in on shares by expelled or withdrawing members, prior to their

expulsion or withdrawal, will be paid to them in the order of their withdrawal or expulsion, but only as funds become available and only after deducting any amounts due to this credit union.

Article XV. Minors

Section 1. Shares may be issued in the name of a minor.

Article XVI. Definitions

Section 1. When used in these bylaws the terms:

(a) "Act" means the Federal Credit Union Act, as amended.

(b) "Administration" means the National Credit Union Administration.

(c) "Board" means board of directors of the federal credit union.

(d) "NCUA Board" means the Board of the National Credit Union Administration.

(e) "Regulation" or "regulations" means rules and regulations issued by the NCUA Board.

(f) "Applicable law and regulations" means the Federal Credit Union Act and rules and regulations issued thereunder or other applicable federal statutes and rules and regulations issued thereunder as the context indicates (such as The Higher Education Act of 1965).

(g) "Paid in and unimpaired capital," as of a given date, means the balance of the paid-in share accounts as of such date, less any losses that may have been incurred for which there is no reserve or which have not been charged against undivided earnings.

(h) "Surplus," as of a given date, means the credit balance of the undivided earnings account on such date, after all losses have been provided for and net earnings or net losses have been added thereto or deducted therefrom, as the case may be. Reserves are not considered as a part of the surplus.

(i) "Share" or "shares" means all classes of shares and share certificates that may be held in accordance with applicable law and regulations.

Section 2. If included in the definition of the field of membership in the organization certificate charter of this credit union, the term or expression "Organizations of such persons" means an organization or organizations composed exclusively of persons who are within the field of membership of this credit union.

Article XVII. General

Section 1. All power, authority, duties, and functions of the members, directors, officers, and employees of this credit union, pursuant to the provisions of these bylaws, must be exercised in strict conformity with the provisions of

applicable law and regulations, and of the charter and the bylaws of this credit union.

Section 2. The officers, directors, members of committees and employees of this credit union must hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the board in connection with:

(a) The making of loans and extending lines of credit.

(b) The collection of loans.

(c) The guarantee of member share drafts by third parties.

In accordance with the above, the board of directors may authorize participation in:

(a) A credit reporting agency if it has determined that use of such an agency is essential in the making of loans and extending lines of credit and that information supplied by the credit union concerning its members will be made available only to legitimate members belonging to that agency and persons who have a legitimate business need for information in connection with a business transaction involving a consumer.

(b) A consumer reporting agency if it has determined that information supplied by the credit union is essential to the guarantee of member share drafts by that agency.

Section 3. Notwithstanding any other provisions in these bylaws, any director, committee member or officer of this credit union may be removed from office by the affirmative vote of a majority of the members present at a special meeting called for the purpose, but only after an opportunity has been given to be heard.

Section 4. No director, committee member, officer, agent, or employee of this credit union may participate in any manner, directly or indirectly, in the deliberation upon or the determination of any question affecting his pecuniary or personal interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union) in which he or she is directly or indirectly interested. In the event of the disqualification of any director respecting any matter presented to the board for deliberation or determination, such director must withdraw from such deliberation or determination; and in such event the remaining qualified directors present at the meeting, if constituting a quorum with the disqualified director or directors, may exercise with respect to this matter, by majority vote, all the powers of the board. In the event of the

disqualification of any member of the credit committee, if applicable or the supervisory committee, such committee member must withdraw from such deliberation or determination.

Section 5. Copies of the organization certificate of this credit union, its bylaws and any amendments thereof, and any special authorizations by the Administration must be preserved in a place of safekeeping. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors must be recorded in the minute books of this credit union. The minutes of the meetings of the members, the board, and the committees must be signed by their respective chairmen or presiding officers and by the persons who serve as secretaries of such meetings.

Section 6. All books of account and other records of this credit union must be available at all times to the directors and committee members of this credit union. The charter and bylaws of this credit union must be made available for inspection by any member and, if the member requests a copy, it will be provided for a reasonable fee.

Section 7. Each member must keep the credit union informed about his current address.

Section 8. (a) The credit union may elect to indemnify to the extent authorized by (check one)

law of the state of ____:

Model Business Corporation Act:

the following individuals from any liability asserted against them and expenses reasonably incurred by them in connection with judicial or administrative proceedings to which they are or may become parties by reason of the performance of their official duties (check as appropriate).

current officials

former officials

current employees

former employees

(b) The credit union may purchase and maintain insurance on behalf of the individuals indicated in (a) above against any liability asserted against them and expenses reasonably incurred by them in their official capacities and arising out of the performance of their official duties to the extent such insurance is permitted by the applicable state law or the Model Business Corporation Act.

(c) The term "official" in this bylaw means a person who is a member of the board of directors, credit committee, supervisory committee, other volunteer committee (including elected or appointed loan officers or membership

officers), established by the board of directors.

Article XVIII. Amendments of Bylaws and Charter

Section 1. Amendments of these bylaws may be adopted and amendments of the charter requested by the affirmative vote of two-thirds of the authorized number of members of the board at any duly held meeting thereof if the members of the board have been given prior written notice of said meeting and the notice has contained a copy of the proposed amendment or amendments. No amendment of these bylaws or of the charter shall become effective, however, until approved in writing by the NCUA Board.

[FR Doc. 98-33947 Filed 12-31-98; 8:45 am]
BILLING CODE 7535-01-U

NATIONAL INSTITUTE FOR LITERACY

Notice of Meeting, Advisory Board

AGENCY: National Institute for Literacy.

ACTION: Notice of meeting.

SUMMARY: This Notice sets forth the schedule and proposed agenda of a forthcoming meeting of the National Institute for Literacy Advisory Board (Board). This notice also describes the function of the Board. Notice of this meeting is required under Section 10 (a)(2) of the Federal Advisory Committee Act. This document is intended to notify the general public of their opportunity to attend the meeting.
DATE AND TIME: January 13, 1999 from 9:00 AM to 5:00 PM.

ADDRESSES: National Institute for Literacy, 800 Connecticut Avenue, NW, Suite 200, Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Shelly Coles, Executive Assistant to the NIFL Director, National Institute for Literacy, 800 Connecticut Avenue, NW, Suite 200, Washington, DC 20006. Telephone (202) 632-1507.

SUPPLEMENTARY INFORMATION: The Board is established under Section 384 of the Adult Education Act, as amended by Title I of Pub. L. 102-73, the National Literacy Act of 1991. The Board consists of ten individuals appointed by the President with the advice and consent of the Senate. To Board is established to advise and make recommendations to the Interagency Group, composed of the Secretaries of Education, Labor, and Health and Human Services, which administers the National Institute for Literacy (Institute). The Interagency Group considers the Board's recommendations in planning the goals

of the Institute and in the implementation of any programs to achieve the goals of the Institute. Specifically, the Board performs the following functions: (a) Makes recommendations concerning the appointment of the Director and the staff of the Institute; (b) provides independent advice on operation of the Institute; and (c) receives reports from the Interagency Group and Director of the Institute. In addition, the Institute consults with the Board on the award of fellowships. The Board will meet in Washington, DC on January 13, 1999 from 9:00 AM to 5:00 PM. The meeting of the NIFL Board is open to the public. This meeting of the Board will focus on the following agenda items: The administrative structure of the NIFL and its staffing; an update of NIFL activities, and its role in carrying out the goals of the Reading Excellence Act. Records are kept of all Board proceedings and are available for public inspection at the National Institute for Literacy, 800 Connecticut Avenue, NW, Suite 200, Washington, DC 20006 from 8:30 AM to 5:00 PM, Monday through Friday.

Dated: December 28, 1998.

Sharyn M. Abbott,

Executive Officer, National Institute for Literacy.

[FR Doc. 98-34823 Filed 12-31-98; 8:45 am]
BILLING CODE 6055-01-M

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-155]

Big Rock Point Plant; Consumers Energy Company; Notice of Partial Withdrawal of Application for Amendment to Facility Operating License

The U.S. Nuclear Regulatory Commission (the Commission) has granted the request of Consumers Energy Company (Consumers or the licensee) to withdraw parts of its September 19, 1997, application, as supplemented October 10 and November 12, 1997, and June 5, July 21 and 27, October 14, November 25 and December 21, 1998, for proposed amendment to Facility Operating License No. DPR-6 for the Big Rock Point (BRP) Plant located in Charlevoix County, Michigan.

The Commission had previously issued a Notice of Consideration of Issuance of Amendment published in the **Federal Register** on December 3, 1997 (62 FR 63974), pursuant to the licensee's September 19, 1997, request, as supplemented. This proposed

amendment was to amend the DPR-6 license and change Appendix A, Technical Specifications (TS), to the license to reflect the permanently shutdown and defueled condition of the BRP facility.

By letters dated November 25 and December 21, 1998, the licensee proposed to withdraw parts of its September 19, 1997, request, as supplemented. As requested in the November 25, 1998, letter, these parts include withdrawal of proposed changes with regard to: (1) storage of spent fuel with a decay time of greater than one year in the outer three rows of the fuel rack adjacent to the south wall of the spent fuel pool; (2) deletion of portions of TS 6.12.1.b regarding the use of a radiation monitoring device which continuously integrates the radiation dose rate in the area and alarms when a preset integrated dose is received; (3) applicability of TS 6.12.2 wording to dose rates equal to 1000 millirem per hour at 30 centimeters but less than 500 rads per hour at 1 meter from the radiation source; (4) replacement of TS 6.12.2 regarding the dose rate levels in the immediate work areas and the maximum stay time for individuals in that area; (5) replacement of TS 13.1.3.1 regarding limitations on dose rate due to radioactive materials released in gaseous effluents; and, (6) deletion of TS 13.1.4.3 regarding dose to a member of the public from tritium and all radionuclides in particulate form with half lives greater than 8 days in gaseous effluents. In its December 21, 1998, letter, Consumers requested to withdraw its proposed revision of the first sentence in paragraph 2.A. of the DPR-6 license that added the phrase "decommissioning of" prior to "Big Rock Point Plant."

For further details with respect to this action, see application for amendment dated September 19, 1997, as supplemented October 10 and November 12, 1997, and June 5, July 21 and 27, October 14, 1998, and letters dated November 25 and December 21, 1998, the last two of which, in part, withdrew certain portions of the proposed amendment request. The above documents are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the North Central Michigan College Library, 1515 Howard Street, Petoskey, MI 49770.

Dated at Rockville, Maryland, this 24th day of December 1998.