

CORNERSTONE CREDIT UNION LEAGUE

BYLAWS

ARTICLE I: PURPOSES; OFFICES

SECTION 1: **Purposes.** The purpose of the Cornerstone Credit Union League (“League”), a non-profit corporation organized in accordance with the laws of the State of Texas, is the advancement and success of credit unions and credit union operations; to operate as a trade association; and to transact any and all lawful business for which a nonprofit corporation may be organized under the Texas Business Organizations Code.

SECTION 2: **Offices.** The League may have, in addition to its registered office, offices and places of business at such places both within and outside the State of Texas as the board of directors may from time to time determine or the business and affairs of the League may require. The League shall maintain a presence in each state that the League serves as the principal trade association for credit unions (“League Area”).

ARTICLE II: MEMBERS

SECTION 1: **Credit Unions (Class A).** Any credit union organized and operating in accordance with state or federal credit union laws, whether located in the League Area or elsewhere, shall be eligible to become a member of the League if it complies with admission requirements as may be determined by the League board of directors and upon payment of dues in accordance with the then current dues schedule approved as provided in these Bylaws. Class A members are sometimes referred to herein as “member credit unions.”

SECTION 2: **Associate Members (Class B).** A credit union with its principal office outside the League Area that has a branch located in the League Area shall be eligible to become an associate member of the League if it complies with admission requirements as may be determined by the League board of directors.

An associate member shall pay such dues, and upon such terms, as are determined by the board and shall receive League member services as determined by the board, but shall have no power to vote, to participate in discussions, or any other power. The board may remove an associate member by an affirmative vote of two-thirds of the total number of directors set by these Bylaws at any duly called meeting, at which a quorum is present.

SECTION 3: **System Members (Class C).** Any organization that has a common interest to the League and is considered part of the credit union system, such as a corporate credit union or other credit union organization, shall be eligible to become a system member of the League if it complies with admission requirements as may be determined by the League board of directors.

A system member shall pay such dues, and upon such terms, as are determined by the board and shall receive League member services as determined by the board, but shall have no power to vote, to participate in discussions, or any other power. The board may remove a system member by an affirmative vote of two-thirds of the total number of directors set by these Bylaws at any duly called meeting, at which a quorum is present.

SECTION 4: **Honorary Members.** Honorary members may be admitted to the League upon unanimous vote of its board of directors; they shall have the power to participate in discussions but shall have no power to vote or any other power. The board may remove a

honorary member by an affirmative vote of two-thirds of the total number of directors set by these Bylaws at any duly called meeting, at which a quorum is present.

SECTION 5: Removal for Non-Payment of Dues. Any member credit union which fails to pay, prior to March 1 of any year, the dues specified in accordance with Section 2 of Article X, shall be suspended automatically without the necessity for any further action whatsoever; provided the board of directors or the chairman of the board shall have the power, in the discretion of either of them, by written statement executed prior to March 1, to extend the time for such automatic suspension to any date prior to December 1 of the current year.

SECTION 6: Removal.

(a) Board Action. The board may remove a Class A member credit union by an affirmative vote of two-thirds of the total number of directors set by these Bylaws at any duly called meeting, at which a quorum is present, and any credit union so removed shall have the right to be reinstated by appeal to the Class A members if the appealing credit union receives a two-thirds affirmative vote of the votes cast by those members at the next duly called League meeting at which a quorum is present.

(b) Membership Action. The Class A member credit unions may remove any Class A member credit union for cause by an affirmative vote of two-thirds of the votes cast at a duly called League meeting at which a quorum is present.

SECTION 7: Resignation of Member. A member credit union desiring to resign from the League shall give thirty (30) days' notice of such intent in writing to the Chief Executive Officer of the League ("hereinafter sometimes referred to as the CEO"), such notice to contain a certified copy of the resolution by the board of directors of said member credit union authorizing the resignation. No refund of dues will be paid.

SECTION 8: Obligations of Member. Each member credit union, by accepting membership in the League, is bound to comply with, and does agree to observe in good faith and to abide by, the bylaws, resolutions, rules and regulations of the League and its board of directors in effect from time to time, and to pay all fees, dues and assessments properly and lawfully determined.

ARTICLE III: CHAPTERS

SECTION 1: Purpose of Chapters. Chapters are unincorporated associations formed in specific geographic areas. Chapters are recognized by the League, but are not subdivisions or agents of the League. The purpose of a chapter is to support the League, promote cooperation among credit unions, sponsor educational programs, and undertake other activities consistent with proper credit union and community development.

SECTION 2: Organization of Chapters. The League shall cooperate from time to time in the organization of local chapters of credit unions in accordance with such rules and procedures as the board of directors may from time to time determine.

SECTION 3: Limitation. No chapter is an agent of, or attorney in fact for, the League. The actions of any chapter shall be binding solely upon the chapter, not upon the League. A chapter may not assert that it is the League or that it has the authority to act for the League in any matter.

ARTICLE IV: MEETINGS OF MEMBERS

SECTION 1: **Annual Meeting.** The League annual meeting of member credit unions shall be held at such time and place each year as the board of directors may determine.

SECTION 2: **Special Meetings.**

- (a) The board of directors may, by a two-thirds vote of directors present at any duly called meeting, at which a quorum is present, call a special League meeting, and
- (b) The board of directors shall, within ninety (90) days after a written request of one tenth or more member credit unions, call a special League meeting.

Such special meeting shall be held at such time and place as the board of directors may determine.

SECTION 3: **Notice of Meetings.** At least ten (10) days but not more than sixty (60) days prior to each League annual or special meeting, the CEO shall cause written notice thereof to be sent to each member credit union. The written notice shall state the place, day and time of the meeting and the form of any remote communication system that the board of directors may determine to be used for the meeting and the means by which member credit unions may access the remote communication system and be considered present and may vote at the meeting. Written notice shall be given personally, by electronic transmission (if consented to by a member credit union), or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each member credit union entitled to vote at the meeting. If mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the member credit union at the member credit union's address as it appears on the records of the League, with postage prepaid. The notice of each special meeting shall contain a statement of the purpose(s) for which the meeting has been called, and no business shall be transacted at the meeting which does not pertain to such purpose(s).

Every member credit union shall for all purposes be deemed to have been duly notified of any meeting if represented at the meeting or if it waives notice in writing either before or after the meeting. Provided, however, if a member credit union is represented at a meeting solely to object to the transaction of business at the meeting on the grounds that the meeting was not lawfully called or convened, then such member credit union is not deemed to have received notice simply by being present at the meeting and cannot be counted for purposes of a quorum.

With the consent of the member credit union, notice may be given to the member credit union by electronic transmission. The member credit union may revoke this consent by written notice to the League.

Notice by electronic transmission is deemed given when the notice is:

- (a) Transmitted to a fax number provided by the member credit union for the purpose of receiving notice.
- (b) Transmitted to an email address provided by the member credit union for the purpose of receiving notice.

SECTION 4: **Quorum.** At League meetings of the members, a representation of one tenth or more member credit unions shall constitute a quorum. If a quorum is not present, the meeting may be adjourned to a date not less than seven (7) nor more than fifteen (15) days thereafter by vote of the delegates of member credit unions who are present. The same notice shall be given for the reconvened meeting not less than five (5) days prior to the date set for the reconvened meeting.

SECTION 5: **No Proxies.** Members may not vote by proxies. Delegates may not represent more than one credit union.

SECTION 6: **Record Date.** For purposes of determining member credit unions entitled to notice of and to vote at a League meeting, the board may fix in advance a record date for determination of member credit unions for such purpose, such date to be not more than sixty (60) days and not less than fifteen (15) days prior to the date of such meeting. Except as the board may provide otherwise, if no record date is fixed for the purpose of determining member credit unions entitled to notice of and to vote at a meeting, the close of business on the last business day before notice is mailed or sent by electronic transmission shall be the record date for such purpose. A determination of credit union members entitled to notice and to vote at a meeting shall apply to any adjournment thereof unless otherwise provided by the board.

ARTICLE V: VOTING BY MEMBERS - REPRESENTATION

SECTION 1: **Votes.** Each member credit union of the League shall be entitled to one vote on each voting matter at each League annual or special meeting. The vote of a majority of votes entitled to be cast by members present in person or by remote communication pursuant to Section 5 of this Article at a meeting at which a quorum is present is the act of the members unless a greater vote is required by law, the Certificate of Formation or these bylaws.

SECTION 2: **Delegates.** Each member credit union of the League shall be entitled to be represented at each League annual and special meeting, and to vote on any action taken without a meeting pursuant to Section 6 of this Article IV, by one voting delegate who shall be presumed to be the chief executive officer of the member credit union unless the chief executive officer notifies the League that the member credit union has designated another representative.

SECTION 3: **Credentials.** If the member credit union notifies the League that a representative other than the chief executive officer will be the voting delegate at the annual or special meeting or by written ballot for an action taken without a meeting, the member credit union shall certify to the League the name and address of the delegate promptly after his/her selection and at such other times as the League board of directors may reasonably request.

SECTION 4: **Loss of Voting Rights.** If any member credit union fails to comply with Section 3 of this Article V, the delegate of such credit union may be denied the privilege of voting at any meeting by the presiding officer of the meeting. However, if so denied, the delegate of such credit union may regain the privilege by an affirmative vote of two-thirds of the votes cast by the delegates present.

SECTION 5: **Meetings of Member Credit Unions by Remote Communication.** If authorized by the board of directors, and subject to any guidelines and procedures adopted by the board of directors, any League annual or special meeting of the member credit unions may be held, or member credit unions not physically present at a League annual or special meeting

may participate in the meeting, by means of conference telephone or similar remote communication equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination of the foregoing, if the remote communication equipment permits all persons participating in the meeting to communicate with each other and all persons participating in the meeting by such remote communication equipment will be considered present in person at the meeting for the purpose of determining the presence of a quorum and for all other voting purposes, whether held at a designated place or solely by means of remote communication, subject to the conditions imposed by applicable law. If voting is to take place at a meeting held by remote communication equipment or where member credit unions are participating in the meeting by remote communication equipment, there shall be reasonable measures in place to verify that every person voting at the meeting by means of remote communications is sufficiently identified and to keep a record of any vote or other action taken.

SECTION 6. Member Action by Written Ballot Without a Meeting. Any action which may be taken at any regular or special meeting of member credit unions may be taken without a meeting if the League distributes a written ballot to every member credit union otherwise entitled to vote on the matter. The written ballot may be sent by mail or be an electronic ballot as determined by the board of directors. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the League. Approval by written ballot pursuant to this

Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Notwithstanding the foregoing, with respect to the ballots for the election of directors Article VI, Section 3 shall govern.

All such ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The ballot solicitation must specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked.

ARTICLE VI: BOARD OF DIRECTORS

SECTION 1: Management. The affairs of the League shall be managed by the board of directors.

SECTION 2. Composition. The board of directors shall consist of no fewer than eleven (11) and no more than eighteen (18) directors. The board of directors may change the number of directors within that range as provided in paragraph (d) of Section 3 of this Article VI. The terms of directors shall be staggered so that a portion of the terms of the directors shall expire each year except that the terms of directors designated pursuant to paragraph (d) of Section 3 of this Article VI may not be staggered as determined by the board of directors. Except for directors selected to fill a vacancy as provided in paragraph (i) of Section 3 of this Article VI and directors designated pursuant to paragraph (d) of Section 3 of this Article VI, the term of a director shall begin immediately after the adjournment of the League annual meeting following his/her election.

SECTION 3: **Election Procedures and Qualification of Directors.**

- (a) Number and Classes of Directors. The board shall consist of no fewer than eleven (11) and no more than eighteen (18) directors elected or designated pursuant to paragraph(d) of Section 3 of this Article VI:
- (1) at-large in designated asset categories; and
 - (2) at-large from designated states in the League Area.
- (b) Election of Board of Directors. There will be two (2) directors elected at-large from each of four (4) asset categories and one (1) director elected at-large from Arkansas, Oklahoma and Texas. Commencing with the 2026 annual election there will be one (1)director elected at-large from Missouri and Kansas. Additional directors may be designated at-large to serve for the terms set by the board pursuant to paragraph (d) of Section 3 of this Article VI below and the board of directors shall amend this paragraph to add new directorships that will be elected upon expiration of the designated new directorship terms.
- (c) Category Formula. Directors will be elected from four (4) asset categories based on dues. Commencing with the 2020 elections the asset categories will be determined by a formula ("Category Formula") as follows:
- (1) Divide the total amount of dues that could be paid by affiliated and non-affiliated credit unions in the League area plus Class A members outside the League Area ("Potential Credit Unions") by four (4) to determine the amount of dues to be included in each asset category ("Category Total").
 - (2) Next, rank the Potential Credit Unions in order from the credit union paying the largest amount of dues to the credit union paying the least amount of dues.
 - (3) Finally, determine the number of credit unions in each asset category by beginning at the top of the list of Potential Credit Unions and go down totaling the dues to be paid by each credit union until the amount equal to the Category Total is reached. That will determine the credit unions in the first asset category. Repeat this process as you continue down the list until all four (4) asset categories have been determined. The asset categories will be adjusted by applying the Category Formula every three years with the first adjustment being for elections in 2023.
- (d) Increase in League Area. From time to time an opportunity may occur to add a state or states ("New States") to the League Area by merger or other business combination ("Business Combination") with another state league or otherwise. In the event of a Business Combination, the board of directors may increase the total number of directorships within the range set forth in Section 2 of this Article VI and, subject to the qualification requirements in paragraph (f) of Section 2 of this Article VI, designate the individuals to fill the newly created directorships and set the terms for such new directorships by a two-thirds (2/3) vote of all directors. Within thirty (30) days following the board of directors' approval to increase directorships and set the terms, members will receive written notification of the increase, the terms and reasons therefore.

(e) Determination of Asset Category. For purposes of applying the Category Formula, the data reported as of the June 30 preceding such election by each member credit union to its regulatory agency, or if such report is not reasonably available, on such other information source as determined by the League board of directors, will be used.

(f) Director Qualifications. Each director elected must be:

- (1) either senior level management staff, or voting board member of the member credit union which he/she is representing, and
- (2) a member of a member credit union.

Notwithstanding any other provisions in these bylaws, once elected, a director's office does not become vacant because the Category Formula changes the asset category of the credit union in which such director is an employee or official or the credit union changes to a new asset category after the election.

(g) Election Process. The nominations and elections of directors shall be conducted in accordance with policies, procedures and forms to be established by the League board of directors, which shall include the following requirements:

- (1) The elections are to be completed after January 1, but prior to the adjournment of the League annual meeting.
- (2) To nominate a candidate, the person making such nomination must be either a senior level manager or a voting board member of a member credit union within the asset category or state of the nominee.
- (3) Voting will be accomplished by mail or electronic ballot as may be determined by the League board and is to be tabulated by an independent entity.
- (4) Each member credit union may only vote for a candidate within that credit union's asset category or a state candidate within that credit union's state.
- (5) The candidate receiving the most votes in each at-large state election will be elected, and a majority vote is not required. Any tie votes shall be resolved in accordance with policies, procedures, and forms to be established by the League board.
- (6) In each asset category election the candidates will be ranked by the number of votes received and each director position up for election will be filled in order of votes received.
- (7) During any election, if the number of candidates nominated for asset category or state director positions do not exceed the number of positions to be filled, such nominees shall be deemed elected.
- (8) If member credit unions fail, for any reason, to elect a director for any director position up for election prior to the adjournment of the next annual meeting of League members, the board may then elect a person from within such asset category or state to serve in that director position in accordance with the policies and procedures established by the League board.

- (h) Director Terms. Except for directors selected to fill a vacancy as provided in paragraph (i) of Section 3 of this Article VI, directors will be elected or designated as provided in paragraph (d) of Section 3 of this Article VI, for a term of three years. Upon expiration of their terms, all directors will continue to serve until their successors are elected as provided herein.
- (i) Director Vacancies. If a director position becomes vacant, it shall be filled as follows:
- (1) If a vacancy occurs prior to the December 1 immediately prior to the year in which the term of the vacant director position will expire, the vacancy shall be filled within sixty (60) days from the date notice of such resignation is received by the League chairman or CEO, or within sixty (60) days from the occurrence of a vacancy otherwise created, by conducting a special election to elect a qualified person from a credit union within the same asset category or state to fill such vacancy for the un-expired term being filled. The special election shall be conducted in accordance with policies, procedures and forms established by the League board, as provided in Section 3 of this Article VI.
 - (2) If a vacancy occurs on or after December 1 immediately prior to the year in which the term of the vacant director position will expire the vacancy will be filled by the person elected to that director position during the elections that take place annually as provided herein. The term of such newly elected director shall begin immediately upon the completion of the elections and shall continue after the adjournment of the League annual meeting following such election for a term of three years or until his or her successor is elected as provided herein.
- (j) Representation. No member credit union shall be entitled to be represented by more than one director and no director can represent more than one credit union
- (k) Definitions. For purposes of these bylaws, the following definitions shall apply to individual credit union officers:
- (1) "Senior level management staff" means an individual having authority to approve matters that affect the overall operations of the credit union and may include, but is not limited to, those having a title of general manager, CFO, president, CEO or similar positions at the credit union.
 - (2) "President or CEO" means a credit union president or chief executive officer regardless of whether elected or appointed.
 - (3) "Represent" or "representing" means being senior level management staff or voting board member at the present time, and any individual is still qualified to be elected and to continue to hold office as a director even if representing a different member credit union from the credit union he/she was representing when nominated or when elected, so long as the credit union he/she is representing is within the same asset category or state and he/she has a qualifying position with the credit union.

SECTION 4: Ex-Officio Directors.

- (a) Past Chairman of the Board. If not an elected member of the board, the immediate past chairman of the League, upon approval of the board, shall become an ex-officio member of the board of directors and the executive committee. If the immediate past chairman is an elected member of the board, he/she can be elected as a member of the executive committee in accordance with Section 1 of Article VIII or he/she can, upon approval of the board, become an ex-officio member of the executive committee. If serving in an ex-officio capacity, the immediate past chairman shall have the right to participate in discussions, but he/she shall not have the power to vote or any other power. The term of office as ex-officio shall be for a period of one year, but may be extended as the board deems advisable, for additional periods of one year.
- (b) CEO. The CEO, throughout his/her term as such, shall automatically be an ex-officio member of the board of directors and all committees; the CEO shall have the right to participate in discussions, but he/she shall not have the power to vote or any other power.

SECTION 5: Automatic Vacancy. The office of any director shall be automatically vacant upon the failure of the credit union he/she is representing to maintain its membership in the League or upon his/her failure to maintain the qualifications as a director as set forth in paragraph (c) of Section 3 of this Article VI. A director will not have failed to maintain his/her qualifications as a director in the event of a break in service if:

- (a) after such break in service, such director will be representing a member credit union in the same asset category or state to which he/she was elected; and
- (b) such director, prior to any such break in service, provides to the League chairman or CEO, and abides by, a letter from the member credit union which he/she will thereafter represent, which letter must include the following:
 - (1) the effective date that the director will be senior level management staff or voting board member of the member credit union which he/she will thereafter represent; and
 - (2) that the credit union which he/she will thereafter represent is in the same credit union asset category or state to which the director has been elected.

SECTION 6: Resignation. Any director may resign by giving written notice to the League chairman or CEO. The resigning director's office shall be vacant upon receipt of notice by the League chairman or CEO, or at a future date (within the term of office) specified in the resignation notice. The League board of directors shall be notified of such resignation within ten (10) days of receipt of notice.

SECTION 7: Removal. The directors may remove any director for cause by an affirmative vote of two-thirds of the votes cast by the number of directors set by these Bylaws at any duly called regular or special meeting of the directors, at which a quorum is present, but only after such director has been given an opportunity to be heard.

SECTION 8: Organization of the Board. At the first meeting of the board of directors following each annual meeting of member credit unions, the board of directors shall elect board

officers consisting of a chairman of the board (herein also referred to as the “chairman”), a vice-chairman, a secretary and a treasurer, each of whom shall be a director. The vice-chairman shall also serve as chairman of the board of Credit Union Resources, Inc. and the treasurer so elected shall also be treasurer of Credit Union Resources, Inc. The board officers shall serve for a term of one year or until their successors are elected and qualified. In addition to other duties of the chairman prescribed herein, the chairman shall preside at all meetings of the League, the board of directors, and the executive committee and the chairman shall present an annual report to the members. The duties of the chairman shall be performed in his absence or disability by the following officers in the order listed: the vice-chairman, the secretary, and the treasurer. Other board officers shall have such duties as are assigned to them by the board.

SECTION 9: Exercise of Voting Rights. All voting rights to which the League shall be entitled as a shareholder or member, directly or by proxy, shall be exercised in such manner as is determined by a majority of the board.

ARTICLE VII: MEETINGS OF DIRECTORS

SECTION 1: Notice of Directors' Meetings. The board shall, from time to time, fix the date and time for regular directors' meetings and the chairman may call special directors' meetings as often as the chairman deems necessary. The chairman shall call a special meeting of the directors upon the written request of at least one-third of the directors. The CEO shall cause to be given to each director at least ten (10) days written notice prior to regular meetings and at least three (3) days written notice prior to any special meeting. A special meeting may be called on shorter notice provided all directors waive notice in accordance with Section 2 below. Each notice of a special meeting shall contain the purpose(s) of the meeting.

Notice to the member credit unions of the League annual meeting shall constitute notice to all directors that the organizational meeting of the board will be held following the League annual meeting, and no further notice is required.

SECTION 2: Waiver of Notice. Every director shall, for all purposes, be deemed to have been duly notified of any meeting of the board or a committee thereof, if such director shall be present in person at such meeting or shall waive, in writing filed with the records of the meeting, notice thereof, either before or after the meeting. Provided, however, if a director is present at a board or committee meeting solely to object to the transaction of business at the meeting on the grounds that the meeting was not lawfully called or convened, then such director is not deemed to have received notice simply by being present at the meeting and cannot be counted for purposes of a quorum.

SECTION 3: Written Consent. Any action required or permitted to be taken at a meeting of the board of directors or any committee may be taken without a meeting if a consent in writing setting forth the action so taken, is signed by the number of members of the board or committee members, as the case may be, necessary to take such action.

SECTION 4: Meetings by Remote Communications. Any meeting of the board of directors or any committee designated by the board may be held by telephone conference call or similar communications equipment or other suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, only if a majority of persons entitled to participate in the meeting consents to the meeting being held by means of that system and the system provides access to the meeting in a manner or using a method by which each person participating in the meeting, but not physically present at the meeting, can communicate concurrently with each other participant. If voting is to take place at the meeting there must be reasonable measures in place to verify that every person voting at the meeting by

means of remote communication is sufficiently identified, and to keep a record of any vote or other action taken. Participation in such meeting shall constitute presence in person at such meeting for the purpose of determining the presence of a quorum and for all other voting purposes. Provided, however, if a director or committee member is present at a meeting solely to object to the transaction of business at the meeting on the grounds that the meeting was not lawfully called or convened, then such director or committee member is not deemed to have received notice simply by being present at the meeting and cannot be counted for purposes of a quorum.

SECTION 5: Quorum/Voting/No Proxies. A quorum for the transaction of business by the board of directors shall be a majority of the number of directors then serving. The vote of a majority of directors present at a duly called meeting at which a quorum is present is the act of the board unless a greater vote is required by law, the certificate of formation or these bylaws. In the event of a vacancy or a defect in the election of any member of the board of directors or executive committee, the other duly elected directors may nevertheless act, and all acts done by them shall be valid as if the vacancy or defect had not existed. Directors may not vote by proxies.

ARTICLE VIII: COMMITTEES

SECTION 1: Executive Committee. The executive committee shall have a total of five members consisting of the chairman of the board, the vice-chairman, the secretary, the treasurer, and one other member elected at-large from among the directors. In addition, upon approval of the board and subject to the following provisions, the immediate past chairman of the board may serve on the executive committee. The immediate past chairman may be elected to fill the at-large position if he/she continues to be a League director or the immediate past chairman may serve as an ex-officio member. If the immediate past chairman is serving in an ex-officio capacity he/she shall not have the power to vote as a member of the committee. The committee members will be elected by the board at the first board meeting following the adjournment of each annual meeting of the members of the League, or as soon thereafter as practical. Vacancies on the executive committee, however occurring, shall be filled by a majority of the board present at a duly called meeting, at which a quorum is present, electing a qualified person to fill such vacancy. All members shall take office immediately after their election.

- (a) Powers of the Executive Committee. The executive committee, except when the board of directors is in session and except as otherwise limited by resolution of the board of directors, shall have and may exercise all the powers granted herein to the board of directors in the management of the business and affairs of the League except where action by the board of directors is required by applicable laws, and provided further that, unless specifically so authorized by resolution of the board of directors, the executive committee shall not have the authority of the board of directors in reference to:
- (1) amending the Certificate of Formation;
 - (2) approving a plan of merger or share exchange of the League;
 - (3) recommending to the member credit unions the sale, lease, or exchange of all or substantially all of the property and assets of the League otherwise than in the usual and regular course of its business;
 - (4) recommending to the member credit unions a voluntary dissolution of the League or a revocation thereof;

- (5) amending, altering, or repealing the bylaws of the League or adopting new bylaws of the League;
- (6) filling vacancies in the board of directors;
- (7) filling vacancies in the executive committee; filling any directorship to be filled by reason of an increase in the number of directors;
- (8) electing or removing officers of the League or members of the executive committee;
- (9) fixing the compensation of any member of the executive committee;
- (10) altering or repealing any resolution of the board of directors unless such resolution provides by its terms that it shall be so amended or repealed; and
- (11) making any decisions regarding personnel, salary, compensation or other benefits of the principal executive officer.

Within a reasonable period of time after the adjournment of each executive committee meeting or prior to the convening of the next regular or special meeting of the directors, whichever comes first, minutes of the meeting shall be furnished to the board.

- (b) Chairman. The chairman shall serve as chairman of the executive committee.
- (c) Meetings. The chairman shall call executive committee meetings as often as necessary. The chairman shall call a special meeting of the executive committee upon the written request of at least a majority of the voting members of such committee.
- (d) Notices. The CEO shall cause notice of executive committee meetings to be given to each member of the committee according to the same provisions as apply to directors' meetings herein.
- (e) Quorum. A majority of the voting members of the executive committee shall constitute a quorum.

SECTION 2: Audit Committee. At the time of the organizational meeting provided for in Article VI, Section 8, the board shall select three members of the board to serve as members of an audit committee. In addition, the board of Credit Union Resources, Inc. shall select two members from the non-league directors serving on the board of Credit Union Resources, Inc. making a total of five (5) members of the audit committee. The audit committee shall have the duties assigned to it under board policies established in accordance with these bylaws.

- (a) Chairman. The Committee shall elect a chairman and vice-chairman from its members.
- (b) Ex-Officio Members. The chairman of the board of the League, the chairman of the board of the Credit Union Resources, Inc. the treasurer and the CEO shall serve as ex-officio members of the audit committee. While serving in an ex-officio capacity, these individuals shall have the right to participate in discussions, but they shall not have the power to vote or any other power.
- (c) Notices. The CEO shall cause notice of audit committee meetings to be given to each member of the audit committee according to the same provisions as apply to directors' meetings herein.

- (d) Meetings. The chairman of the audit committee shall call audit committee meetings as often as necessary. Notice of audit committee meetings shall be given to all directors and shall be open to all directors at their own expense.
- (e) Quorum. A majority of the voting members of the audit committee shall constitute a quorum.

SECTION 3: **Other Committees**. The board of directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, and to the extent provided in such resolution, the committee(s) shall have and exercise the authority of the board of directors in the management of the League. Each committee shall have two or more directors.

ARTICLE IX: OFFICERS

SECTION 1: **The Chief Executive Officer**. The board of directors shall choose and fix the compensation of an officer to perform the functions of the principal executive officer of the League, who may be designated chief executive officer ("herein sometimes referred to as CEO") or by such other title as the board determines. The CEO shall serve at the pleasure of the board and the CEO may be removed with or without cause by the board at any time. As used in these bylaws the word "CEO" shall refer to the principal executive officer of the League, however titled by the board and shall not refer to a person designated as "president" of a department, division, subsidiary or affiliate of the League.

SECTION 2: **Duties of CEO**. The CEO shall be the principal executive officer of the League with the responsibility and all necessary authority to administer and conduct the affairs of the League. Without limiting the generality of the foregoing, the CEO shall have the specific authorities, responsibilities, and duties set forth in this section and elsewhere in the bylaws, and such powers, authorities, duties, or responsibilities implied thereby. The CEO shall determine all positions to be filled by employees of the League, define the duties and responsibilities attached to such positions, fix the compensation therefor except as limited by applicable laws, and have the power and responsibility for hiring and discharging all employees of the League. The CEO shall cause notice to be given of the meetings of the members, board of directors, and executive committee as required herein. The CEO shall cause to be kept a record of the proceedings of all such meetings and shall cause such other books and records to be kept as the board of directors, the executive committee, or the chairman of the board shall require, and shall perform such other duties as may be required of the CEO by them.

The CEO shall be responsible to cause all monies, funds, and securities of the League to be safely kept in accordance with instructions of the board of directors and cause an accurate account to be kept of all monies received and disbursed. The CEO shall have authority to borrow money on behalf of the League as expressly authorized by the board of directors. The CEO shall furnish to the directors, whenever required by them, such statements and abstracts of records as are necessary for a full exhibit of the financial conditions of the League and shall make an annual report to the members. The CEO may designate another officer or assistant officer to perform the duties of the CEO in his absence.

SECTION 3: **Other Officers**. The CEO shall appoint and fix the compensation and authority of such other officers, including executive officers, assistant officers and agents as the CEO deems necessary for the operation of the League and prescribe their titles. Such officers shall serve at the pleasure of the CEO and may be removed with or without cause by the CEO at any time.

ARTICLE X: FINANCES

SECTION 1: **Fiscal Year.** The fiscal year of the League shall be the calendar year.

SECTION 2: **Dues.**

- (a) Dues Formula. The Class A members of the League shall, upon recommendation of the board of directors, approve a formula for the annual assessment of their dues. Any subsequent changes in the dues formula must be approved by the Class A members at an annual or special meeting of the members of the League prior to any such change in the dues formula becoming effective.
- (b) Time Payable. Dues shall become due and payable on the first day of January for each year.
- (c) Proration. Any credit union which has never been a member of the League and is admitted to membership in the League after the last day of February shall pay the League a prorated amount of dues for the balance of the year, calculated from the first day of the month following admission. The board of directors may approve a prorated or special dues schedule for credit unions that elect to re-affiliate with the League. Upon payment of dues, no refund shall be made, absent error as determined by the board, regardless of cause.
- (d) Dues Waiver. The CEO shall have the authority, at the request of a credit union, to waive payment of dues for the current year, if, in his/her judgment, and after investigation, the CEO determines that payment of such dues would constitute a hardship. Any such waiver of dues shall be reported at the next regular meeting of the board of directors of the League.

SECTION 3: **Budget.** The board of directors shall adopt a budget for each fiscal year.

SECTION 4: **Audits.** The books and accounts of the League shall be audited each fiscal year by a licensed certified public accounting firm appointed by the audit committee. A report of such audit shall be submitted to the board. The audited financial statements shall be available to member credit unions upon request.

SECTION 5: **Books and Records.** The books and records of the League shall be available to the member credit unions as required by applicable law.

SECTION 6: **Bonds.** All officers and such employees, as the board of directors may direct, shall be covered by bonds for the faithful performance of their respective duties in such amounts and with such sureties as the board of directors may require. The premium on the bonds required herein shall be paid by the League.

ARTICLE XI: ROBERT'S RULES AND WORD USAGE

SECTION 1: **Robert's Rules.** The most current edition of Robert's Rules of Order shall govern all meetings of the League, board of directors and committees in all cases to which they are applicable and in which they are not inconsistent with the certificate of formation, bylaws, or other rules of order of the League.

SECTION 2: **Word Usage.** All pronouns and any other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

SECTION 3: **Number of Days Notice Required.** Whenever a number of days notice is required in these bylaws the number of days is computed by counting all calendar days (including holidays and weekends) excluding the day of the meeting but including the day of sending the notice.

ARTICLE XII: INDEMNIFICATION AND INSURANCE

SECTION 1: **Indemnification.** To the fullest extent permitted by law, the League shall indemnify and advance expenses to:

- (a) persons who are or ever were a director, officer, employee or agent of the League, or
- (b) persons serving at the request of the League as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic company, trust, partnership, joint venture, sole proprietorship, employee benefit plan, or other enterprise, (such persons collectively being referred to herein as "Corporate Functionaries"), against any and all liability and reasonable expense, including, but not limited to, court costs and attorneys' fees, that may be incurred by them at any time in connection with or resulting from (a) any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral, or investigative, (b) an appeal in such an action, suit or proceeding, or (c) any inquiry or investigation that could lead to such an action, suit or proceeding. The League shall pay and reimburse, in advance of the final disposition of the proceeding, to any Corporate Functionary all reasonable expenses incurred by such person who was, is or is threatened to be made a named defendant or respondent in a proceeding to the fullest extent permitted by law.

The rights provided for in this Article XII shall be in addition to all rights to which any Corporate Functionary may be entitled under any agreement or vote of members or as a matter of law or otherwise.

SECTION 2: **Insurance.** The League may purchase or maintain insurance on behalf of any Corporate Functionary against any liability asserted against him and incurred by him in such a capacity or arising out of his status as a Corporate Functionary, whether or not the League would have the power to indemnify him against the liability under any applicable statute or these bylaws. Without limiting the power of the League to procure or maintain any kind of insurance or arrangement, the League may, for the benefit of persons indemnified by the League, (a) create a trust fund, (b) establish any form of self-insurance, (c) secure its indemnification obligation by grant of any security interest or other lien on the assets of the League or (d) establish a letter of credit, guaranty or surety arrangement. Any such insurance or other arrangement may be procured, maintained or established within the League or its affiliates or with any insurer or other person deemed appropriate by the board of directors of the League regardless of whether all or part of the stock or other securities thereof are owned in whole or in part by the League. In the absence of fraud, the judgment of the board of directors of the League as to the terms and conditions of such insurance or other arrangement and the entity of the insurer or other persons participating in an arrangement shall be

conclusive, and the insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether the directors participating in approving such insurance or other arrangement shall be beneficiaries thereof.

ARTICLE XIII: AMENDMENTS

SECTION 1: Amendments by Members. Except as set forth in Section 2 of this Article XIII, the Class A member credit unions shall retain the authority to alter, amend, or repeal the bylaws by a two-thirds affirmative vote of the votes cast at any duly called meeting at which a quorum is present, provided a copy and a summary statement of the proposed amendment endorsed by at least ten Class A member credit unions or the League board of directors has been delivered to the CEO, who shall include the proposed amendment and summary in the next notice of a meeting of the members.

SECTION 2: Amendments by the Board. Amendments by the Board. The board of directors shall have the power to alter, amend, or repeal any provision of Article VII through X of the bylaws, except Article X, Sections 2 (Dues) and 3 (Budget), and shall have the power to alter or amend paragraph (b) of Section 3 of Article VI (adding new directorships to be elected pursuant to a Business Combination), provided the members of the board are notified at least thirty (30) days prior to the meeting at which any change in the bylaws is proposed to be made, the notice contains a brief description of the proposed change, and the change in the bylaws is approved by a two-thirds affirmative vote of the votes cast at a meeting or any adjournment thereof, at which a quorum is present. Such changes shall become operative immediately, shall be promptly reported to the Class A member credit unions and shall remain in effect until altered, amended, or repealed by the board of directors or the member credit unions at a subsequent annual or special meeting; provided that only the Class A member credit unions may repeal amendments made by the board of directors to paragraph (b) of Section 3 of Article VI adding new directorships to be elected pursuant to a Business Combination.