

**STATE OF ILLINOIS
DEPARTMENT OF FINANCIAL & PROFESSIONAL REGULATION
DIVISION OF FINANCIAL INSTITUTIONS
CREDIT UNION SECTION**

**STANDARD BYLAWS
ILLINOIS STATE-CHARTERED CREDIT UNIONS**

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ARTICLE I -- NAME AND LOCATION

The name of this corporation shall be _____ Credit Union. It shall be located in the City of _____, County of _____, in the State of Illinois.

ARTICLE II -- PURPOSE AND POWERS

The purpose and powers of this credit union shall be to encourage thrift among its members, to create a source of credit at a reasonable rate of interest, and to provide an opportunity for its members to use and control their own money in order to improve their economic and social conditions and to exercise such powers as are granted and allowed credit unions under "The Illinois Credit Union Act" approved August 30, 1979, in force January 1, 1980, as now or hereafter amended.

ARTICLE III -- MEMBERSHIP

Section 1.

Any _____ of the _____

who qualifies as a person within the common bond of membership as set forth in the credit union's Articles of Incorporation and who upon election to membership subscribes to one or more shares and pays the initial installment thereon and pays the required entrance fee and/or membership fee, if any, shall become a member of this credit union. Membership shall be limited to the group of people defined above and, if approved by Board resolution, to the members of their immediate families, and employees of the credit union. The Board may by resolution determine the extent of the immediate family that will be eligible for membership. However, the immediate family may not extend beyond any relative by blood or marriage and foster or adopted children. Within 6 months of a member's death, the surviving spouse may, by resolution of the Board, be admitted to membership if, after election to membership, he or she subscribes to one or more shares and pays the initial installment thereon, and pays the required entrance fee and/or membership fee, if any.

Section 2.

Societies, associations, clubs, the majority of whose members are eligible for credit union membership, partnerships in which the majority of the partners are individuals who are eligible for credit union membership, and corporations, the majority of whose stockholders are individuals who are eligible for credit union membership, may be admitted to membership in this credit union in the same manner and under the same conditions as individuals, subject to such rules as the Director of the Division of Financial Institutions may promulgate.

Section 3.

Each application for membership must be in writing on a form approved by the Board of Directors, signed by the applicant, and dated. In the case of an organization, the application must be signed by an official of the organization. All applications for membership must be acted upon by the Membership Committee. Majority approval of the Membership Committee is required for admittance to membership.

Section 4.

The members of the credit union shall not be personally or individually liable for payment of its debts except under the provisions of Section 305/45 (Reduction in Shares) of the Illinois Credit Union Act.

Section 5.

The credit union, subject to resolution by the Board, may retain as a member a person, who subsequent to becoming a member, leaves the credit union's common bond or undergoes a change in marital status.

Section 6.

A member may terminate membership at any time by giving notice to the credit union. Any member who withdraws all his shareholdings ceases to be a member. No member may withdraw shareholdings that are pledged as required security on loans without the written approval of the Credit Committee or loan officer except to the extent that such shares exceed the member's total primary and contingent liabilities to the credit union.

Section 7.

The Board may by resolution at any time require that members give not more than 60 days written notice of intention to withdraw any or all shares. Such resolution shall apply equally to all members.

Section 8.

A member may be expelled by a two-thirds vote of the members present at any regular or special meeting called to consider the matter, but only after proper notice of the meeting, pursuant to Article IV of these Bylaws, has been given and only after the member has been given an opportunity to be heard.

Section 9.

A member who has caused a loss to the credit union may be expelled by a majority vote of a quorum of directors if the board has adopted a policy providing for expulsion under those circumstances. In maintaining and enforcing this policy, the board may consider, without limitation, a member's failure to pay amounts due under a loan, failure to provide collected funds to cover withdrawals or personal share drafts or credit union drafts where the member is a remitter, or failure to pay fees or charges due the credit union. If the policy is adopted, written notice of the policy and the effective date of the policy shall be mailed to each member of the credit union at the member's current address appearing on the records of the credit union. The policy shall be mailed to members not fewer than 30 days prior to the effective date of the policy. In addition, new members shall be provided written notice of the policy prior to or upon applying for membership.

Section 10.

All amounts paid in shares of a terminating or expelled member, together with any declared dividends, shall be paid to the members in order of their withdrawal or expulsion but only after deducting all amounts due from the member including obligations as a borrower, co-maker, co-signer, or guarantor.

Section 11.

Expulsion or withdrawal shall not relieve the member of any liability to the credit union.

Section 12.

No official or employee of the credit union may disclose to any person, except to the member or his duly authorized agent, any financial records relating to that member of the credit union, unless:

- a. The member has authorized disclosure to the person;
- b. The financial records are disclosed in response to a lawful subpoena, summons, warrant or court order which meets the requirements of Section 305/10(3)(d) of the Illinois Credit Union Act; or
- c. The credit union is attempting to collect an obligation owed to the credit union and the credit union complies with the provisions of Section 21 of the Consumer Fraud and Deceptive Business Practices Act.

ARTICLE IV -- MEETINGS OF MEMBERS

Section 1.

The annual meeting of members for the election of directors and the transaction of such other business as may properly come before the meeting shall be held at a place designated by the Board of Directors during the months of January, February, or March, or such other month as may be approved by the Department of Financial Institutions.

Section 2.

Any special meetings of the members of the credit union shall be held at the time, place and in the manner set forth in the bylaws. Unless otherwise set forth in this Act, quorum requirements for meetings of members shall be established by a credit union in its bylaws.

Section 3.

Notice of all meetings must be given by the Secretary of the credit union at least 7 days before the day of such meeting, by handing a written or printed notice to each member of the credit union, by mailing a notice to the member at his address as listed on the books and records of the credit union, or by posting a notice of the meeting in three conspicuous places, including the office of the credit union, providing that the credit union maintains an office that is readily accessible to members and wherein regular business hours are maintained.

Section 4.

The record date to be used for the purpose of determining the members who are entitled to notice of or to vote at any meeting of members may be fixed in advance by the Board of Directors on a date not more than 90 days nor less than 10 days prior to the date of the meeting. If no record date is fixed by the Board, the first day on which notice of the meeting is given, mailed, or posted is the record date.

Section 5.

_____ members shall constitute a quorum. However, a majority of the shares entitled to vote shall be represented either in person or by proxy for the election of directors. If a quorum is not present at the time of the meeting, the meeting shall be adjourned for a period of not less than 10 days. The members shall be notified in the way and manner provided in Section 3 of this Article of the time and place of the adjourned meeting. The members present at the adjourned meeting shall constitute a quorum. Robert's Rules of Order shall apply as to procedure in conducting members' meetings.

Section 6.

On all questions and at all elections except for the election of directors, a member shall have a single vote regardless of the number of his shareholdings.

Section 7.

There shall be no voting by proxy except on the election of Directors and proposals for merger or voluntary dissolution. A member may appoint a proxy by signing an appointment form and delivering it to the person so appointed, provided that the person is a member of this credit union. Appointment of proxy shall be subject to the following conditions:

- a. No proxy shall be valid after the expiration of eight months from the date thereof unless otherwise provided in the proxy.
- b. Every unexpired proxy continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto.
- c. An appointment of a proxy by a member shall be revocable. Revocation of a proxy may be effected by the person giving it by any one of the following means:
 - i. Delivery to the credit union of a statement in writing that the proxy is revoked.
 - ii. Execution of a subsequent dated proxy.
 - iii. Attendance at a meeting and voting in person.
- d. The death or incapacity of the member appointing a proxy does not revoke the proxy's authority unless notice of the death or incapacity is received by the credit union before the proxy exercises his or her authority under the appointment.
- e. The proxy appointment form shall contain an express limitation of the proxy's authority to act for the member. Such statement of authority to act shall not exceed the limitations on such authority set forth in the Illinois Credit Union Act.

Section 8.

All voting on the election of directors shall be by ballot, except when there is no contest--written ballots need not be cast. On elections of directors, every shareholder has the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate the shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal; or distribute them on the same principle among as many candidates as he shall desire, except that a member other than a natural person may cast only a single vote through a delegated agent. All elections shall be determined by plurality vote and shall be by ballot except where there is no contest. In case of failure to elect, the meeting shall be adjourned from time to time.

Section 9.

A society, association, club, partnership, other credit union or corporation having membership in the credit union shall be entitled to cast only one vote regardless of the number of shares owned and may be represented and have its vote cast by its designated agent acting on its behalf pursuant to a resolution adopted by the organization's Board of Directors or similar governing authority. A certified copy of the resolution shall be forwarded to the credit union before such vote may be cast. Non-member shareholders are not entitled to vote.

Section 10.

The order of business of annual meetings of members shall include the following:

- a. Determination of a quorum by roll call or other methods
- b. Reading and approval of the minutes of the last meeting
- c. Report of the Chairman
- d. Report of the President
- e. Report of the Credit Committee
- f. Report of the Supervisory Committee
- g. Report of the Membership Committee
- h. Report of any amendments to the bylaws adopted by the Board
- i. Unfinished business
- j. New business
- k. Elections
- l. Adjournment

ARTICLE V -- DIRECTORS

Section 1.

The number of directors of this credit union shall be _____. The directors shall be elected each year at the annual meeting of the members held in accordance with Article IV of these bylaws. The directors, unless sooner disqualified or removed, shall hold office for the term of office for which elected and until their successors are elected and shall have been qualified.

Section 2.

An organizational meeting of the duly elected members of the new Board of Directors shall be held within 30 days after their election. Each director shall wholly take and subscribe to an oath that says "he/she will so far as the duty devolves upon him/her, diligently and honestly perform his/her duties in administering the affairs of such Credit Union, and that, while he/she may delegate to another the performance of those administrative duties, he/she is not thereby relieved from his/her responsibility for their performance, that he/she will not willingly permit to be violated any of the provisions of the law applicable to such Credit Union, and that he/she is the owner in good faith and in his/her own right of at least one share, subscribed by for him/her or standing in his/her name on the books of such Credit Union."

All officers and committee members shall serve terms of one year unless sooner disqualified or removed, and until their successors are elected and qualified.

The following officers and committees shall be elected or appointed at this organizational meeting:

- a. The Board of Directors shall elect from among their own number, a Chairman, a Vice Chairman, a Secretary and a Treasurer.
- b. The directors shall, by majority approval of the Board, appoint a President and may appoint one or more Vice Presidents. The President shall be the chief operating officer of the credit union. The President and Vice President may, but need not be, directors.
- c. Any 2 or more offices may be held by the same person, if eligible to hold these offices, except that the President may not also hold the office of Vice President or Secretary.
- d. The Board of Directors shall, by majority approval of the Board, appoint from the members of the credit union a Credit Committee consisting of _____ members. Members of the Credit Committee may, but need not be directors or officers of the credit union, but shall not be members of the Supervisory Committee.
- e. The Board of Directors shall, by majority approval of the Board, appoint from among the members of the credit union a Membership Committee of _____ members, who need not be directors.
- f. The Board of Directors shall, by approval of a majority of the Board, appoint from among the members of the credit union, a Supervisory Committee of _____ members. Members of the Supervisory Committee may, but need not be directors, but shall not be officers of the credit union nor members of the Credit Committee.
- g. The Board of Directors may, by majority approval of the Board, appoint an Executive Committee of _____ directors who may be authorized to act for the Board in all respects subject to such conditions and limitations as are prescribed by the Board. A majority of the Executive Committee shall constitute a quorum. The Executive Committee shall report to the Board on any meetings held and any actions taken between Board meetings.
- h. Within 30 days after the organizational meeting the Board of Directors shall report to the Director of Financial Institutions the names and addresses of all directors, officers and committee members of the credit union on a form as so provided by the Department.

Any changes in the directors, officers or committees shall be reported within 30 days to the Department.

- i. When a member of any of the committees established under these bylaws is absent, disqualified or otherwise unable to perform the duties of his office, the Board may by resolution designate another member of the credit union to act temporarily in his place. Any changes in the directors, officers or committees shall be reported within 30 days to the Department of Financial Institutions.

Section 3.

The Board of Directors shall meet as often as necessary but shall meet at least monthly except if an Executive Committee has been appointed and meets at least monthly, then the Board shall meet at least quarterly. A majority of the whole Board of Directors shall constitute a quorum. Special meetings of the Board may be called by the Chairman of the Board or by the Supervisory Committee acting under the provisions of Section 305/36 of the Illinois Credit Union Act, or upon the written requests of a majority of the Board. Meetings of the directors shall be held at the credit union's place of business or at such other place and time as the directors may choose by resolution.

Section 4.

Unless specifically prohibited by the articles of incorporation or bylaws, directors and committee members may participate in and act at any meeting of the board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in the meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 5.

Unless specifically prohibited by the articles of incorporation or bylaws, any action required by this Act to be taken at a meeting of the board of directors or a committee and any other action that may be taken at a meeting of the board of directors or a committee may be taken without a meeting if a consent in writing setting forth the action taken is signed by all the directors entitled to vote with respect to the subject matter thereof, or by all members of the committee, as the case may be. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signatures of one or more directors or committee members. All the approvals evidencing the consent shall be delivered to the secretary to be filed in the corporate records of the credit union. The action taken shall be effective when all the directors or committee members have approved the consent unless the consent specifies a different effective date. A consent signed by all the directors or all the members of a committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Director under this Act

Section 6.

The Board of Directors shall be charged with and have control over the general management of the operations, funds and records of the credit union pursuant to provisions outlined in the Illinois Credit Union Act and the Division's Rules and Regulations. The Board of Directors in discharging its general responsibilities may delegate duties, but may not relinquish, waive nor surrender any of its responsibilities. It shall be the duty of the directors to:

- a. Review all applications for membership acted upon by the Membership Committee. A person denied membership by the Committee may appeal the denial to the Board.
- b. Purchase a fidelity bond to protect the credit union against losses in accordance with Rules and Regulations promulgated by the Director of Financial Institutions.
- c. Establish interest rates and interest rebates, if any, in accordance with the Illinois Credit Union Act and Department's Rules and Regulations promulgated thereunder.
- d. Fix the maximum amount which may be loaned with and without security to a member subject to Rules and Regulations promulgated by the Director of Financial Institutions.
- e. Declare dividends on the various classes of shares established in accordance with Article XI of these bylaws subject to Rules and Regulations promulgated by the Director of Financial Institutions.
- f. Establish the maximum individual shareholding.
- g. Supervise the investment of funds in accordance with Section 305/30 (7) of the Illinois Credit Union Act and Division's Rules and Regulations promulgated thereunder.
- h. Authorize the employment of or contracting with such persons or organizations as may be necessary to efficiently carry on the operations of the credit union and set the compensation, if any, of the officers within policies established by the Board.
- i. Authorize the conveyance of property.
- j. Borrow or lend money consistent with the provisions of the Illinois Credit Union Act and Division's Rules and Regulations promulgated thereunder.
- k. Designate a depository or depositories for the funds of the credit union.
- l. Recommend amendments to these bylaws to the membership, or adopt amendments to these bylaws by Board action and submit a report to the membership on all Board adopted amendments at the next annual meeting.
- m. Fill vacancies occurring on the Board or in any office or committee elected or appointed by the Board until a successor is elected and qualified at the next annual meeting of members or organization meeting of the Board.

- n. Designate persons who may sign or countersign checks.
- o. Suspend or remove, or both, for cause, by a two-thirds vote of the Board, any or all officers or any members of the Membership, Credit, Supervisory, Executive or other Committees for failure to perform their duties, but only after that person has been given an opportunity to be heard. If a director or committee member fails to attend three consecutive regular meetings of the Board or Committee, respectively, without good cause, his office may be declared vacant by the Board and the vacancy filled as herein provided.
- p. Appoint any special committee(s) deemed necessary.
- q. Perform such other duties as the members may direct, and perform or authorize any actions not inconsistent with the Illinois Credit Union Act, Rules and Regulations and the bylaws of the credit union.

Section 7.

Pursuant and in accordance with Section 305/24 of the Illinois Credit Union Act, no director, officer, committee member, agent or employee of the credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his pecuniary interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union, other credit unions or credit union organizations) in which he is directly or indirectly interested, unless such interest is disclosed to the Board of Directors and recorded in the minutes prior to such deliberation or determination.

Section 8.

Within the limitations of Section 305/25 (Indemnification) of the Illinois Credit Union Act, a credit union may indemnify any and all of its directors, officers, committee members or employees or former directors, officers, committee members or employees for actual and necessary expenses incurred by them in defense or settlement of any action, suit or proceeding brought against them as a result of serving in the above capacity.

Section 9.

The Board of Directors may change the credit union's principal place of business by resolution, after due notice to the members, subject to prior written approval of the Division of Financial Institutions.

Section 10.

The Board of Directors shall establish and maintain books, records, accounting systems and procedures which accurately reflect its operations and which enable the Division of Financial Institutions to readily ascertain the true financial condition of the credit union and its compliance with the Illinois Credit Union Act and Division Rules and Regulations as promulgated and the credit union bylaws.

Section 11.

No director or committee member may be compensated for his services as such. Reimbursement for reasonable and necessary out-of-pocket expenses and providing reasonable life, health, accident and similar insurance for said officials shall not be considered compensation. The Board of Directors may establish compensation for officers of the credit union.

Section 12.

The business of the meetings of the Board of Directors shall include but not be limited to the following:

- a. Roll call
- b. Reading and approving the minutes of the last meeting
- c. Report of the Secretary
- d. Report of the Credit Committee
- e. Report of the Supervisory Committee
- f. Report of the Membership Committee
- g. Report of the Treasurer
- h. Report of the President
- i. Reading and approval of bills and expenditures
- j. Report on delinquent loans
- k. Unfinished business
- l. New business
- m. Adjournment

Section 13.

In the event that any director reduces his share balance to an amount less than the par value of one (1) share, he shall cease to be a director.

ARTICLE VI -- OFFICERS AND THEIR DUTIES

Section 1.

The executive officers of this credit union shall consist of a Chairman, Vice Chairman, a Secretary and Treasurer who shall be elected from the Board. The directors shall appoint a President and may appoint one or more Vice Presidents who may, but need not be directors. The President shall be the chief operating officer of the credit union.

Section 2.

The Chairman shall preside at all meetings of the members and of the Board. He may countersign drafts and notes drawn by the credit union and such other papers as may require his signature. He shall also perform such other duties as customarily are connected with the office or as he may be authorized by resolution of the Board.

Section 3.

The Vice Chairman shall, in the absence or disability of the Chairman, perform the duties of the Chairman and other duties as the Board may, from time to time, prescribe.

Section 4.

The Secretary shall promptly prepare and maintain correct minutes of all meetings of the members and of the Board. He shall give notice of all meetings of the members in the manner prescribed in the bylaws and shall perform all other duties incident to his office or as may be prescribed by the Board.

Section 5.

The Treasurer shall be the chief financial officer of the credit union and shall be responsible for reconciliation of the credit union's bank accounts and presentation of all financial reports to the Board, Division of Financial Institutions and other organizations, requiring same, and such other duties as the Board may prescribe.

Section 6.

The President shall be the chief operating officer of the credit union and shall be the custodian of the funds, securities, books of account and all other valuable papers of the credit union. He shall keep or cause to be kept a set of books of entry, containing in detail the financial transactions of the credit union and provide full and complete records of all assets and liabilities of the credit union. He shall sign all drafts and notes drawn by the credit union. He shall make and render reports to the Division of Financial Institutions as required by the Illinois Credit Union Act, Rules and Regulations, or the Director. He shall prepare a monthly financial statement showing the condition of the credit union including a summary of delinquent loans for the Board and such other reports as may be requested by the Board. He shall be responsible for the administrative operations of the credit union and shall perform such other duties as prescribed by the Board. He shall post in a prominent position in the credit union office each month, a copy of the balance sheet and statement of income and expenses for the previous month.

Section 7.

The Vice President, if appointed by the Board, shall assume the duties of the President in his absence or disability, and such other duties as may be prescribed by the Board or President.

ARTICLE VII -- CREDIT COMMITTEE

Section 1.

The Credit Committee shall be chosen from the members of the credit union as provided under Article V of these bylaws. Annually the Credit Committee shall choose from its members a Chairman and a Secretary. The Secretary shall prepare and maintain correct minutes of all actions taken by the committee. The office of Secretary and Chairman may be held by the same person.

Section 2.

The Credit Committee shall have the general supervision of all loans and lines of credit to members subject to resolutions of the Board consistent with the Illinois Credit Union Act, Rules and Regulations and the credit union's bylaws. All loan applications must be in writing on a form in compliance with State and Federal lending laws and signed by the applicant. Each application shall state the purpose of the loan and security offered, if any. Unless a credit manager or loan officer has been appointed no loan shall be made unless it has the majority approval, in writing, of those members of the committee present when it was considered and a majority of that committee must have been in attendance at the meeting.

Section 3.

The Credit Committee shall hold meetings as often as required but not less frequently than once a month to consider applications for loans and lines of credit. The Chairman of the Credit Committee shall notify each member in advance of every meeting of the committee. A record of the Committee's actions shall be kept and reported monthly by the Secretary to the Board or Executive Committee.

Section 4.

The Credit Committee may appoint a Credit Manager who shall be empowered to approve or disapprove loans and lines of credit under policies adopted by the Board.

Section 5.

The Credit Committee or Credit Manager if so authorized, may appoint one or more loan officers with the power to approve loans and lines of credit subject to such limitations or conditions as may be adopted by the Board. Applications for loans or lines of credit not approved by a loan officer shall be reviewed and acted upon by the Credit Committee or Credit Manager.

Section 6.

The Credit Manager or any loan officers shall keep records of all transactions and shall report same each month to the Credit Committee before the next monthly meeting of the Board or Executive Committee as appropriate. The Credit Committee will furnish a monthly written report to the Board of these transactions as provided in Section 3 of this Article

ARTICLE VIII -- SUPERVISORY COMMITTEE

Section 1.

The Supervisory Committee shall be chosen from the members of the credit union as provided in Article V of these bylaws. A majority of the members of the Supervisory Committee shall constitute a quorum.

Section 2.

The Supervisory Committee shall choose from among their number a Chairman and a Secretary. The Secretary of the Committee shall prepare, maintain and have custody of complete records of all actions taken by it. The offices of Chairman and Secretary may be held by the same person.

Section 3.

The Supervisory Committee shall meet as often as required but at least every three months and shall make or cause to be made such audits and to prepare and submit such written reports on forms furnished by the Division as are required by the Illinois Credit Union Act and Rules and Regulations promulgated thereunder. It shall make or cause to be made such supplementary audits as it deems necessary or as are required by the Board. The Committee shall retain its tapes and working papers of each audit for inspection by the Department.

Section 4.

The Supervisory Committee shall inspect the securities, cash and accounts of this credit union and scrutinize the acts of all officers, committees and employees of the credit union to determine compliance with resolutions of the Board, the Illinois Credit Union Act, Rules and Regulations promulgated thereunder and its bylaws.

Section 5.

The Supervisory Committee shall make or cause to be made a verification of the loan and share accounts of the members, in accordance with the Illinois Credit Union Act and Rules and Regulations promulgated thereunder. The results of the verification will be reported on forms provided by the Division.

Section 6.

The Supervisory Committee may, by a unanimous vote of the whole Committee, suspend any member of the Credit Committee and shall report such action to the Board for appropriate action.

Section 7.

The Supervisory Committee may, by a unanimous vote of the whole Committee, suspend any officer or member of the Board until the next members' meeting, which shall be held not less than 7 nor more than 21 days after such suspension. At such meeting, the suspension shall be acted upon by the members, who shall either confirm or reject it by a majority vote of those persons present.

Section 8.

The Supervisory Committee may, by a majority vote and after written notice of its intended action is given to the Board and the Division, call a special meeting of the members to consider any violation of the Illinois Credit Union Act, Rules and Regulations, the credit union's Articles of Incorporation, bylaws, or any practice of the credit union deemed by the Committee to be unsafe or unauthorized.

ARTICLE IX - MEMBERSHIP COMMITTEE

Section 1.

The Membership Committee shall be chosen from the members of the credit union as provided in Article V of these bylaws.

Section 2.

If more than one member is appointed to the Committee, one member shall be appointed Chairman and shall be responsible for calling the meetings of the Committee and reporting its actions to the Board at the next meeting of the Board. A majority of the Committee shall be required for approval of membership applications.

Section 3.

The Membership Committee shall meet as often as required but at least monthly and shall act on all applications for membership as received and submit a signed written report of their actions to the Board at its next meeting for review. The report shall contain the name, address and social security number of all approved applicants and list the name and address of all applicants rejected with the specific reason for each rejection. This report shall become a part of the Board's minutes. All applications whether approved or denied shall be maintained in a permanent place by the credit union.

ARTICLE X -- SHARES

Section 1. - Shares

- a. The number of shares which may be issued by this credit union shall be unlimited, except that it shall not permit any member to become the owner, directly or indirectly, individually or in trust by purchase, transfer or otherwise, of shares having a par value of more than the maximum individual share-holdings fixed by the directors.
- b. Shares shall be issued in the name of the owner and may be issued in the names of two or more persons in joint tenancy, or in survivorship, provided that an agreement permitting such payment was signed and dated by all persons when the shares were issued or thereafter; in which case, in the event of the death of either or any of them, the credit union shall be liable thereon only to the survivor or survivors and while the others are living, payment to any of them shall discharge the liability to the others. Only one of such persons need have the common bond of interest as specified under Article III of these bylaws, and only that person may vote in the credit union.
- c. Shares may be issued subject to a payable on death agreement signed by the person or persons opening or holding the share account.
- d. Shares may be issued in the name of a minor or in the name of a custodian under the Illinois Uniform Transfers to Minors Act, or in trust subject to the following:
 - i. Under an Individual Retirement Trust Account the grantor must be a member of this credit union and the trustee if other than this credit union, must be a bank or trust company to which shares may be issued in trust as provided for in Section 305/42 of the Illinois Credit Union Act ("qualified bank or trust company").
 - ii. Under a "Totten Trust" account established with this credit union the person or persons establishing such account must be a member of this credit union and must be the trustee or trustees.
 - iii. Under a living trust, other than a "Totten Trust" account, the grantor must be a member of this credit union and the trustee may be either a qualified bank or trust company or an individual who need not be a member of this credit union.
 - iv. Under the will of a deceased member the trustee may be either a qualified bank or trust company or an individual who need not be a member of this credit union.
 - v. Whenever shares are issued in trust, the name or names of the beneficiary or beneficiaries must be disclosed to this credit union.
 - vi. The issuance of shares in trust in the manner provided for herein to an individual or corporate trustee not a member of this credit union shall not preclude the member establishing such trust from voting the shares.
 - vii. Shares may be issued in trust under the Illinois Funeral or Burial Funds Act, for or in respect to a member of this credit union, to a trustee licensed under said Act.

- viii. Shares may be issued to another credit union as provided under Section 305/59(4) of the Illinois Credit Union Act.
- ix. The par value of each share shall be \$_____.
- x. The Board may by resolution require at any time that all members equally must give up to 60 days notice in writing of their intentions to withdraw the whole or any part of the amount paid by them on their share accounts, together with such dividends or interest as have been credited thereto, less any lawful fines or other obligations due the credit union. Withdrawals shall be paid in the order of their filing as funds become available. After filing of notice of withdrawal, shares shall continue to participate in the dividends until they are redeemed.
- xi. A member may be expelled and shares repaid in accordance with Article III, Section 9 of these bylaws.
- xii. No officer, director, attorney, committee member, clerk or agent of this credit union shall, as an individual, discount either directly or indirectly, or purchase from another member a share in this credit union, whether filed for withdrawal or not.

Section 2. -- Common Shares

The credit union shall offer common shares which may be paid for in full at the time of subscription or may be paid in regular periodic installments. However, the entrance fee and/or membership fee, if any, must be paid and the Board of Directors may require ownership of one fully paid common share before a member may be eligible to participate in any rights or privileges of membership. The money credited on one or more common shares may be withdrawn on any day when payments for common shares may be received, unless the Board has required written notice of withdrawal as set forth in this Article.

Section 3. -- Special Purpose Share Accounts

In accordance with Rules and Regulations, the Board may establish Christmas clubs, vacation clubs and other special purpose share accounts for its members under conditions and restrictions approved by resolution of a majority of the Board.

Section 4. -- Shares from Non-Members

- a. In accordance with the Illinois Credit Union Act, credit unions serving predominantly low-income members may receive savings from non-members in the form of shares or share accounts. The term "low-income members" means those members whose annual income falls at or below the lower level standard of living classification as established by the Bureau of Labor Statistics and updated by the Employment and Training Administration of the U.S. Department of Labor.
- b. A credit union may receive funds from non-member units of federal, state and local governments.

Section 5. -- Classes of Shares

In addition to common shares, the Board of Directors may establish different classes of share accounts, classified in relation to different rights, restrictions, and dividend rates, in accordance with the Rules and Regulations.

Section 6. -- Share Drafts

The Board of Directors in accordance with the Rules and Regulations may establish a share draft program for its members.

Section 7. -- Restrictions on Shares

- a. Pursuant to Section 305/43 of the Illinois Credit Union Act, the credit union shall have a lien on the shares, accumulated dividends or interest of a member in his individual, joint or trust account for any sum due the credit union from said member or for any loan co-signed or guaranteed by him; provided, however, that a credit union shall not have a lien on the funds in an individual retirement account or an account established pursuant to Section 401(d) or (f), or Section 406(a) of the Internal Revenue Code or similar provisions of any future Internal Revenue law of the United States.
- b. The credit union may refuse to allow the withdrawal of the member's shares during the term of any obligation due the credit union. Such shares may be offset against any sum due to the credit union.
- c. Whenever the losses of any credit union, resulting from a depreciation in value of its loans or investments or otherwise, exceed its undivided earnings and reserve fund so that the estimated value of its assets is less than the total amount due the shareholders, a ratable reduction in the individual share accounts value may be ordered under the provisions of Section 305/45 of the Illinois Credit Union Act.

ARTICLE XI -- FEES, CHARGES AND PENALTIES

Section 1.

An entrance fee may, by resolution of the Board, be required upon the initial approval of each member's application.

Section 2.

An annual membership fee may, by resolution of the Board, be assessed each year, as of January 1, on all members.

Section 3.

The Board, in accordance with Sections 305/13(12) and 305/68 of the Illinois Credit Union Act, may, by resolution, establish reasonable charges, fees or fines as may be necessary for the credit union's operations. Such charges, fees or fines may be deducted from the share balance or added to the loan balance of members subject to said charges, fees or fines. The circumstances resulting in such charges, fees or fines, if any and the basis for calculations must be described in writing and given to the member. The members must be given at least 30 days notice in writing of any changes in such charges, fees or fines unless the change is to eliminate same.

ARTICLE XII -- POWER TO BORROW

The credit union may borrow from any source in accordance with policy established by the Board in a total amount which shall not exceed 50% of capital, surplus and reserves of the credit union. All loans, lines of credit and other borrowing must be approved by a majority of the Board and recorded in the minutes of its meetings.

ARTICLE XIII -- LOANS

Section 1.

Loans may be made to any member of the credit union in good standing, except on any loan made to a minor, the indebtedness shall also be assumed by a person of legal age.

Section 2.

Loans may be made to directors, officers, Credit Committee members and Supervisory Committee members provided that the loan is made on the same terms and conditions as those made to the members and that no preferential treatment shall be granted whatsoever. The aggregate amount that may be loaned to or co-signed by directors, officers, Credit Committee members and Supervisory Committee members shall not exceed 20% of the unimpaired capital and surplus of the credit union.

Section 3.

Maximum secured and unsecured lending limits are based upon the asset size of the credit union as outlined in Section 190.160 of the Division Rules and Regulations.

A credit union with total assets greater than \$1.0 million may make loans secured by a first mortgage in real estate as outlined in Section 190.140 of the Rules and Regulations.

The lending limits set forth in Section 190.140 and 190.160 of the Rules and Regulations may be increased by the amount of the member's share account, which must be pledged as security for the loan to the extent of any amount in excess of the loan limits.

Section 4.

Within the meaning of this Article, security on a loan may include but not be limited to; (a) the assignment by a vendor of a contract or contracts in the nature of a security agreement for the conditional sale of personal property; (b) an assignment of shares; (c) the general endorsement of a note; (d) a co-maker's signature on the note; (e) an assignment of wages; and (f) a written security agreement which gives the credit union a security interest in collateral. The credit union shall give each surety, guarantor or co-maker a copy of the instrument evidencing indebtedness. Such surety, guarantor or co-maker may, but not need be, a member of this credit union.

Section 5.

The amount of the loan, the time for which it is granted, the terms of its repayment and the form and value of the security, if any, shall be fixed by the Credit Committee, credit manager, or loan officers, consistent with resolutions of the Board, the Illinois Credit Union Act and Rules and Regulations.

Section 6.

The rates of interest charged upon loans shall be fixed by the Board, but in no event shall the rate exceed those maximum rates established by applicable laws.

Loans may be repaid in equal installments which include interest but the total interest paid may not exceed the amount which would be payable if computed on a direct reduction, simple interest basis not to exceed the maximum monthly rate set by applicable laws or a lesser rate if approved by the Board over the term of the loans.

Section 7.

All loans shall be secured by the promissory note of the borrower.

Section 8.

Applications for loans shall state specifically the purpose for which the money is borrowed. In case the facts as stated in the application are not found to be as represented, or the money borrowed has been used for purposes other than for those which it was granted, or if the borrower shall cease to be a member of this credit union pursuant to any clause or conditions in these bylaws or any amendments thereto, then the Board may deem such loan due and payable. In the event that the Board shall deem any loan not safe for any reason whatsoever, additional security or immediate repayment of the loan may be demanded.

Section 9.

No loan shall be granted, except with the majority approval of the members of the Credit Committee, or with the approval of the credit manager or of a loan officer as appropriate.

Section 10. -- Loans to Other Credit Unions

A credit union may make loans to other credit unions in accordance with Division Rules and Regulations.

Section 11. -- Loans to Organizations

The Board of the credit union may make loans to other credit union organizations and the other organizations under the provisions of Sections 305/51(4) and 305/54 of the Illinois Credit Union Act, and Rules and Regulations.

Section 12. -- Scholarship Loans

If the assets of the credit union are \$500,000 or more, loans may be made to its members under the provisions of the State Scholarship Law or other scholarship programs which are subject to a Federal or State law providing 100% repayment guarantee.

Section 13. -- Participation Loans

A credit union may participate in loans to credit union members jointly with other credit unions, corporations or financial institutions in accordance with Division Rules and Regulations.

Section 14.

The credit union may make any other type of loan authorized by the Illinois Credit Union Act.

ARTICLE XIV -- STATEMENT OF ACCOUNTS (PASSBOOK)

Money paid in or out on the account of a member, on common shares, classes of shares, special purpose share accounts, and any loans, interest, fines, fees and dividends or interest rebates credited to the member's account shall be evidenced by entries in the member's passbook when presented by the members or by a periodic statement of account itemizing all transactions and furnished at least annually to all members. Classes of shares and special purpose share accounts shall be evidenced by a certificate or other written evidence of ownership.

ARTICLE XV -- REGULAR AND OTHER RESERVES

At least once a year, on or before December 31st, and before the payment of any dividend the gross income shall be determined. From this amount, there shall be set aside, as a Regular Reserve against losses on loans and risk assets, sums in an amount equal to 10% of gross income until the Regular Reserve equals 7 1/2% of outstanding loans and risk assets and then 5% of gross income until the Regular Reserve shall equal 10% of the total loans and risk assets.

Except that if the credit union has been in operation for more than four years and has assets of \$500,000 or more, it shall set aside an amount equal to 10% of gross income until the regular reserve equals 4% of outstanding loans and risk assets and then 5% of gross income until the regular reserve shall equal 6% of the total outstanding loans and risk assets.

Whenever the Regular Reserve falls below the stated per cent of the total outstanding loans and risk assets, it shall be replenished by regular contributions in such amounts as may be needed to maintain the statutory level of reserves.

In addition in the Regular Reserve, the credit union shall establish any other reserves required by the Illinois Credit Union Act and Rules and Regulations. The Board may also establish any other reserves it deems necessary.

ARTICLE XVI -- FISCAL YEAR

The fiscal year of the credit union shall end on December 31 of each year.

ARTICLE XVII -- DIVIDENDS

The Board after having made provisions for the statutory transfer to the Regular Reserve in accordance with Rules and Regulations, may declare a dividend which may be paid periodically, and distributed ratably to the shareholders of the common shares. The declaration and payment of dividends on all classes of shares and special purpose share accounts must be made in accordance with Rules and Regulations.

Dividends may not be declared nor paid at a time when the credit union is insolvent or its net assets less than its stated capital or when the payment thereof would render the credit union insolvent or reduce its net assets below its stated capital or would otherwise jeopardize the solvency of the credit union.

ARTICLE XVIII -- INVESTMENTS

The Board by resolution of a majority of the Board may invest or authorize the investment of the funds of the credit union in accordance with Section 305/59 of the Illinois Credit Union Act and Rules and Regulations.

ARTICLE XIX -- CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1.

Unless otherwise authorized by the Board, all contracts, leases, deeds, deeds of trust, mortgages, powers of attorney and all other documents requiring the seal of the credit union shall be executed for and on behalf of the credit union by the Chairman or the Vice Chairman and the credit union seal shall be affixed and attested by the Secretary or the Treasurer.

Section 2.

No loans shall be contracted on behalf of the credit union and no evidence of indebtedness shall be issued in its name unless authorized by a prior resolution approved by a majority of the Board.

Section 3.

All checks upon receipt by the credit union shall be endorsed by the credit union on the reverse side of the check.

Section 4.

All cash receipts, including checks, of the credit union shall be deposited within 48 hours of the receipt by the credit union in such banks, trust companies, corporate credit unions or other depositories as the Board may select. All deposits shall be made intact.

ARTICLE XX -- OFFICIAL SEAL

The official seal of the credit union shall be a disc with the words: _____
_____ Credit Union" and the name of the city in the margin, and
the words "Corporate Seal" in the center and the Secretary shall be responsible for its custody
and safekeeping.

ARTICLE XXI -- AMENDMENTS TO BYLAWS AND THE ARTICLES OF INCORPORATION

Section 1.

The Articles of Incorporation may be amended by a two-thirds vote of the members present at any annual meeting or at a special meeting called for that purpose, provided such number shall constitute a quorum, and that notice of such meeting containing a true copy of the proposed amendment shall have been given to each member as prescribed in Article IV of these bylaws. Such amendment may not become effective until approved by the Director of Financial Institutions.

Section 2.

These bylaws may be amended by a majority vote of the members at any annual meeting or at a special meeting called for that purpose, provided, such number shall constitute a quorum, and that notice of such meeting containing a true copy of the proposed amendment shall have been given to each member as prescribed in Article IV of these bylaws. Such amendment may not become effective until approved by the Director of Financial Institutions.

Section 3.

These bylaws may also be amended by the Board of the credit union at any regular or special meeting, provided, that the proposed amendment is contained in the call of the meeting and approved by a two-thirds vote of the directors present at the meeting, at which meeting a quorum must be present. If these bylaws have been adopted or amended by a two-thirds majority at a meeting of the Board these amendments or adoptions must be reported to the membership at the next annual or regular meeting of the members. Such amendments may not become effective until approved by the Director of Financial Institutions.

ARTICLE XXII -- REPEAL

All present and existing bylaws, and all amendments thereto of this credit union are hereby expressly repealed and superseded by these bylaws.