

IOWA

STANDARD BYLAWS FOR STATE-CHARTERED CREDIT UNIONS

Iowa Division of Credit Unions

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STANDARD BYLAWS FOR IOWA STATE-CHARTERED CREDIT UNIONS

Article I: Name and Place of Business

The name of this corporation shall be _____ and its principal place of business shall be in the City or Town of _____, County of _____, and State of Iowa.

Article II: Purpose and Powers

Section 2.1: The purposes of this credit union shall be to create a source of credit at a fair and reasonable rate of interest, encourage habits of thrift among its members, and provide the opportunity for its members to use and control their savings for their mutual benefit. In this regard, credit unions organized in this State shall have all the rights, powers, and privileges conferred by the laws of Iowa and shall be subject to the limitation and restrictions of the laws of Iowa.

Section 2.2: Loans may be made for purposes permitted by Iowa law, Iowa Division of Credit Unions' rules, these Bylaws, and policies of the credit union.

Section 2.3: The credit union may make any investments authorized by Iowa law and made in accordance with policies approved by the Board.

Section 2.4: The credit union may borrow from any source in accordance with policies established by the Board of Directors in a total amount which shall not exceed 50% of the sum of the credit union's share and deposit account balances. All authorizations for borrowings, lines of credit, or other indebtedness must be approved by a majority of the Board of Directors and recorded in a Board resolution or Board-approved policy.

Article III: Membership

Section 3.1: Membership of this credit union shall consist of, and be limited to such natural persons and entities as approved from time to time by, and recorded at the office of, the Superintendent of Credit Unions. All such approvals are recorded within these Bylaws and on the following Page _____.

Section 3.2: Each application for membership must be in writing, signed, and dated by the applicant as an individual or organizational representative. The application for membership must indicate the eligibility for membership. In the case of a member other than an individual, the application for membership must be signed by an organizational representative.

Section 3.3: The field of membership includes employees of the credit union.

Article IV: Requirements and Limitations of Membership:

Section 4.1: The credit union may expel a member or restrict services to members in accordance with Iowa law. Expulsion or withdrawal from membership shall not relieve the member of any liability to the credit union.

Section 4.2: A member may terminate membership at any time by giving notice to the credit union. Any member who withdraws all shareholdings ceases to be a member. No member may withdraw shareholdings which are pledged as required security on loans without the written approval of a credit union representative, except to the extent that such shares exceed the member's total primary and contingent liabilities to the credit union.

Section 4.3: Persons who have previously been expelled from membership, violated the credit union's membership agreement, or whose services were restricted may be denied future membership in the credit union at the discretion of the credit union.

Section 4.4: No shares of the credit union may be sold at a discount either directly or indirectly, or be purchased from another member.

Section 4.5: The credit union may charge an entrance fee and, from time to time, may establish and impose fees which, in the opinion of the Board of Directors are necessary or required.

Section 4.6: Money paid into or out of member accounts shall be evidenced by an appropriate record maintained by the credit union. The member's official permanent record for transactions shall be the statement or other account record maintained by the credit union. Statements of account shall be issued to members at such intervals as the credit union may determine, except that annual statements of account shall be issued to all members following the close of the fiscal year.

Article V: Meeting of the Membership

Section 5.1: The annual meeting of the membership shall be held each year in the manner and at such date and time as the Board determines to be convenient to the membership. Notice of the annual meeting shall be provided to each member at least seven days before the meeting. Notice may be provided electronically to members who have elected to receive notices electronically. When a vote of the membership will be conducted in connection with the annual meeting, notice shall also comply with applicable Iowa law and administrative rules governing membership voting.

Section 5.2: _____ members shall constitute a quorum for annual or special meetings of the credit union; provided that the number stated shall be no fewer than twice the number of members of the Board of Directors, plus two. If a quorum is not present on the date first designated for an annual or special meeting of the credit union, the meeting shall be adjourned for not more than 15 days, and a second notice shall be provided to all members stating the time and place of the adjourned meeting. Those members present at the adjourned meeting shall constitute a quorum for the transaction of business; provided, however, that a membership vote may not be conducted unless the quorum required by the first sentence of this section is present.

Section 5.3: Subject to such rules as the Superintendent may adopt, the Board may elect to allow absentee ballots for the election of directors at the annual meeting

Section 5.4: The chairperson or the Board of Directors by the affirmative vote of at least one-third of its members, or the auditing committee by a majority vote of its members, may call a special meeting of the credit union. The chairperson shall call a special meeting within 30 days after receipt of a written request from 25 members or 2 percent of the members eligible to vote as of the date of the request, whichever number is greater; provided, however, that no more than 500 members eligible to vote shall be required to request a special meeting. Notice of a special meeting shall clearly state the purpose of the meeting, and no business other than that stated in the notice shall be transacted at the meeting. Notice shall be provided in accordance with Section 5.1 and any applicable requirements of Iowa law.

Article VI: Board of Directors Elections

Section 6.1 The Board of Directors (hereinafter sometimes referred to as "Board") shall have general management responsibility for the affairs, funds, and records of the credit union and shall be empowered to do all things prescribed by the laws of Iowa with respect to the management of this credit union. The Board shall consist of _____ members, which shall be an odd number of not

fewer than seven. At the organization meeting there shall be ____ directors elected to serve until the first annual meeting, _____ directors elected to serve until the second annual meeting, and _____ directors elected to serve until the third annual meeting.

Section 6.2: At each annual meeting a director shall be elected to fill each expiring term and directors so elected shall serve until the third annual meeting following their election. Any vacancies occurring between annual meetings, by resignation or otherwise shall be filled by majority vote of the remaining directors until the next annual meeting at which meeting a member shall be elected to fill the remaining unexpired term.

Section 6.3: Regular or special meetings of the Board of Directors shall be held at such times and places as designated by the Board of Directors.

Section 6.4: If a director fails to attend regular meetings of the Board of Directors for three consecutive meetings, or otherwise fails to perform any of the duties devolving upon the position as a director, that office shall be declared vacant, unless excused for cause by the Board.

Section 6.5: A meeting among directors utilizing a means of communication through which the directors may simultaneously hear and speak to each other during the meeting shall constitute a meeting of the board, provided there is a quorum of the board.

Section 6.6: The Board of Directors shall publish and make available to the members an annual report which shall consist of, but not be limited to, the following:

- (a) Report of chairperson
- (b) Report of financial officer
- (c) Report of credit committee
- (d) Report of auditing committee
- (e) Report of other committees
- (f) Year-end financial statements (as of the end of the fiscal year).

Section 6.7: Voting for the election of directors shall be conducted in accordance with Iowa law and applicable rules. No member may vote by proxy. An organization, incorporated or otherwise, shall have one vote.

Section 6.8: Each Director shall hold office until the earlier of (1) the Director's successor being elected or appointed and qualified, or (2) the Director's death, resignation, or removal. A Director may resign at any time by filing a resignation with the Secretary.

Article VII: Board of Director positions and restrictions

Section 7.1: The officers of this credit union shall be a chairperson, vice chairperson, financial officer, secretary, and such other officers including any membership officer and loan officer as may be appointed, elected, employed or authorized by the Board. The officers of the credit union shall have, subject to approval by the Board of Directors, responsibility for seeing that the credit union and its affairs are conducted according to the laws of this State and any rules or regulations duly promulgated by the Superintendent.

Section 7.2: The Board of Directors shall designate such committee or committees as they deem necessary and appropriate or be required by law or rule for conducting the affairs of the credit union.

Section 7.3: The Board of Directors shall, within five days following the organizational meeting or the annual meeting, as the case may be, appoint a credit committee which committee shall choose

from their number a chairperson and secretary. The secretary shall maintain a full and correct record of all action taken by the committee.

Section 7.4: The Board of Directors shall, within five days from their organizational meeting or the annual meeting, as the case may be, appoint an auditing committee, which committee shall choose from their number a chairperson and secretary. The secretary shall maintain a full and correct record of all action taken by the committee. The auditing committee shall cause the accounts of the members to be verified with the records of the credit union from time to time, but not less frequently than once every two years. No officer of the credit union, as defined in Section 7.1 of these Bylaws, or a member or alternate member of the credit committee shall serve on the auditing committee.

Section 7.5: Each Director shall take and subscribe to an oath of directors in the form approved by the Superintendent. Any changes in the Board of Directors, officers, or committees shall be submitted to the Superintendent on the appropriate form within 10 days.

Section 7.6: The Board of Directors holds the authority and responsibility for the general direction and control of the business affairs, funds and records of the credit union, and the responsibility to ensure the overall safety and soundness of the credit union.

Section 7.7: The Board of Directors shall ensure that dividends are considered a normal operating expense of the credit union and shall not declare dividends in excess of funds available for that purpose. Nothing in this section shall be construed to preclude the Superintendent from restricting or prohibiting the payment of a dividend or interest when an impairment of capital exists.

Section 7.8: The credit committee shall have responsibility for the general supervision of all loans to members. A majority of the members of the credit committee shall review and act on loan applications, except that the credit committee, with the prior approval of the Board of Directors, may authorize one or more loan officers to approve or reject loans subject to written conditions adopted by the credit committee.

Section 7.9: The chairperson shall preside at meetings of the members and of the Board of Directors. The chairperson shall perform all other duties customarily appertaining to the office of chairperson as may be directed by resolution of the Board not inconsistent with the provisions of law or these bylaws.

Section 7.10: The vice chairperson shall, in the absence or disability of the chairperson, perform the duties of the chairperson and such other duties as the Board may from time to time prescribe.

Section 7.11: The financial officer shall be the custodian of the funds, securities, books of account and all other valuable papers of the credit union. The financial officer shall keep or cause to be kept a set of books containing in detail all of the financial transactions of the credit union. Within 15 working days after the end of each month, the financial officer shall prepare or cause to be prepared a detailed report showing the condition of the credit union as of the close of business on the last business day of such month and submit it at its next regular meeting. Said statement shall be posted in a conspicuous place in the office of the credit union where it shall remain until replaced by the report of the succeeding month. The financial officer shall sign all notes executed by the credit union. In the absence or temporary inability of the financial officer to act, the duties of the financial officer shall be performed during such period of absence or disability by another director, officer or member qualified to act and duly authorized by the Board of Directors except that the membership officer or other person serving in the capacity of membership officer may not be so appointed.

Section 7.12: The Board may appoint or employ or authorize the financial officer to appoint or employ one or more assistants to perform, at the direction of the financial officer, the duties

devolving upon the office of financial officer. Any such person so appointed or employed may also hold title as a loan officer or perform the functions of a loan officer upon appointment or designation by the credit committee with the approval of the Board but no such person shall also hold the office of chairperson, vice chairperson, or membership officer or perform the functions of the membership officer.

Section 7.13: The secretary shall keep or cause to be kept correct records of all regular and special meetings of the members and of the Board of Directors and such minutes shall be signed by the secretary and attested by the chairperson when approved by the Board. The secretary shall give notice of all meetings of the members in the way and manner hereinbefore provided, and shall perform or cause to be performed all other duties incident to that office. In the event of the absence or disability of the secretary, the presiding officer shall appoint a temporary secretary who shall take minutes of the meeting and file them with the minutes of the credit union meetings.

Section 7.14: Each Director shall have a working familiarity with basic finance and accounting practices consistent with the size and complexity of the credit union's operations.

Section 7.15: Each Director is subject to the Director liability provision pursuant to the requirements of Iowa law.

Section 7.16: Except as otherwise provided in these Bylaws and permitted by Iowa law, no Director or committee member may be compensated for their role and services as such. A Director or committee member may be reimbursed for reasonable and necessary out-of-pocket expenses. Providing reasonable life, health, accident, and similar insurance for Directors and committee members shall not be considered compensation.

Article VIII: Meetings of the Board of Directors

Section 8.1: The Board shall conduct regular meetings in such a frequency as required by Iowa law, unless additional meetings are required by the Superintendent, or requested by a majority of the Board of Directors. In any month the Board does not have a regular meeting, the Board shall be provided with such financial and other information as may be required or desired by the Board to carry out its fiduciary and other duties.

Section 8.2: All meetings of the Board shall be governed by the current version of Robert's Rules of Order Newly Revised. A minimum of two days' notice must be provided to each director, unless waived by all directors.

Section 8.3: A quorum of the Board shall consist of a majority of the Board members authorized by these Bylaws. If there is no quorum at any regular or special meeting, the directors shall adjourn until a quorum is in attendance.

Section 8.4: Subject to the requirements of Iowa law, a conference among directors through any means by which the directors may simultaneously hear and speak to each other may constitute a Board meeting.

Section 8.5: Unless otherwise prohibited or upon the direction of Superintendent, any actions required to be taken at a meeting of the Board or a committee or any other actions of the Board 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 setting out the matter in question or the action to be taken, the grant or denial of approval, and physical or electronic evidence of signature. Written consent documents must be delivered to the Board Secretary and filed in the corporate records of the credit union.

Section 8.6: The officers and directors shall hold in confidence all matters presented to the board for deliberation or determination, except when permitted by applicable law or discussing with the Division of Credit Unions or NCUA.

Article IX: Legal Reserve

Section 9.1: The credit union shall maintain legal reserves in accordance with Iowa Code section 533.303.

Section 9.2: In the event that an examination by the Superintendent, Credit Union Division, or by a representative of the Superintendent should disclose that a loss has occurred the said Superintendent, after at least ninety days' notice to the Board of Directors of the credit union, may require the loss to be charged to the legal reserve account unless within such ninety day period the credit union shall have shown good cause that the loan or other item is collectible. Nothing in this article shall be construed to preclude or delay the Superintendent from acting in accordance with Iowa Code Section 533.113.

Article X: Organizational

Section 10.1: The fiscal year of the credit union shall end on December 31 of each year.

Section 10.2: Any and all amendments to the bylaws must be approved by the Superintendent of Credit Unions before they become operative.

Section 10.3: Pursuant to and in accordance with Iowa Code section 533.209, no director, committee member, officer, or employee of the credit union shall directly or indirectly participate in either the deliberation upon or the determination of any matter in which that person has a direct or indirect interest. An interest may include, but is not limited to, a pecuniary or familial interest.

Optional considerations – not included in standard bylaws, but possible additions on an individual basis.

Section 2.5: Pursuant to applicable Iowa law, the credit union may receive funds from federal, state, county, and city governments.

Section 2.9: The credit union may purchase and maintain insurance on behalf of its directors, officers, employees, and committee members against liabilities and expenses incurred by them in their official capacities and arising out of the performance of their official duties, to the extent permitted by Iowa law.

Section 3.3: Organizations, a majority of whose members are part of the same general group as the credit union membership, may be members of the credit union.

Section 3.4: State-chartered and federally chartered credit unions may be members of the credit union.

Section 3.5: Persons who are receiving retirement, pension, or other benefits as a result of prior employment by any business or organization included within the field of membership may be members of the credit union.

Section 3.6: Societies, associations, and clubs, a majority of whose members are eligible for credit union membership; partnerships in which a majority of the partners are individuals eligible for credit union membership; and corporations, a majority of whose stockholders are eligible for credit union membership, may be admitted to membership in the credit union in the same manner and under the same conditions as individuals, subject to applicable requirements of the Iowa Division of Credit Unions.

Section 3.7: The immediate family and household members of an individual directly eligible for membership in the credit union may become members without the directly eligible individual first becoming a member. Eligibility under this section extends only from the directly eligible individual to that individual's immediate family and household members. An immediate family or household member may not independently extend membership eligibility to that individual's own family or household unless the immediate family or household member first becomes a member of the credit union. For purposes of this section, "immediate family" includes a spouse, child, sibling, parent, grandparent, or grandchild, including step, adoptive, and foster relationships.

Section 3.8: Within six (6) months of a member's death, the eligible family and household members may join the membership of the credit union.

Section 3.10: Minors may be admitted to membership under the same conditions applicable to adults, but a member must be at least 16 years of age to vote and at least 18 years of age to hold an elected or appointed position.

Section 4.7: Pursuant to and in accordance with Iowa Code section 533.301(27), the credit union shall have a lien on the shares and deposits of a member for any sum due to the credit union from the member or for any loan endorsed by the member, except to the extent prohibited by applicable state or federal law.

Section 4.10: The Board may require members to give 60 days' notice of intention to withdraw any or all shares. Any such requirement shall be applied equally to all members.

(Alternative) Section 7.16: Elected Board of Director members will be compensated up to [\$8,000 or \$16,000] per board member per year for their roles and services as Directors. Directors may also be reimbursed for reasonable and necessary expenses. Compensation and benefits may not

be paid if prohibited by the Superintendent of Credit Unions or the credit union's net worth is undercapitalized, subject to the Superintendent's regular review of the credit union's financial condition.

Section 8.7: The Board of Directors may appoint from its own members an executive committee of not less than three (3) persons to act between meetings of the Board. Authority shall be specifically delegated to the executive committee by the Board. The executive committee shall report to the Board of Directors the activities it has taken between meetings of the Board and a report of such activities shall be placed in the minutes of the Board of Directors. The Chief Executive Officer (manager/president) may not serve on the executive committee. The executive committee shall not have the authority to alter, rescind, or modify any action previously taken by the Board of Directors, without the express consent of the Board.

Section 8.8: The Board of Directors may appoint not more than three honorary or advisory directors who serve at the pleasure of the Board and who advise and consult with the Board and aid the Board in carrying out its duties and responsibilities. An honorary or advisory director is not considered a member of the Board and is not entitled to vote on any matter before the Board, but may participate in deliberations of the Board in accordance with Board policies. Honorary or advisory directors are bound by the same confidentiality responsibilities applicable to Directors.