

BYLAWS
OF

ARTICLE I
NAME AND PURPOSE

Section 1. The name of this credit union shall be _____ Credit Union.

Section 2. The purpose of this credit union is to promote thrift among its members by affording them the opportunity for accumulating their savings, to create for them a source of credit at a fair and reasonable rate of interest, and to provide the opportunity for the members to use and control their money in order to improve their economic and social condition.

ARTICLE II
QUALIFICATIONS FOR MEMBERSHIP

Section 1. The field of membership shall be limited to:

Section 2. An applicant shall not be admitted to membership until (a) it shall have been determined that the applicant is eligible for membership; (b) the applicant's application for membership shall have been approved by the board of directors or an authorized membership officer; (c) the applicant shall have paid any membership fee established by the board of directors, and (d) the applicant has purchased one or more shares.

Section 3. A member who withdraws all shareholdings thereby ceases to be a member.

Section 4. Subject to such conditions as the board of directors may establish, a member who ceases to be within the field of membership may retain full membership privileges.

Section 5. Business and nonbusiness organizations composed of individuals who are eligible for membership or whose employees are eligible for membership may be admitted to membership in the same manner and under the same conditions as individuals.

ARTICLE III
SHARES, DEPOSITS AND LIABILITY

Section 1. The par value of each share shall be \$ _____. If the member's share balance falls below the par value, the membership shall lapse unless the balance is increased to or above the par value within _____ months of dropping below par value. Subscription to shares are payable at the time of subscription.

Section 2. The maximum amount in shares, deposits, or other thrift accounts, which may be owned by any one member, shall be established from time to time by the board of directors.

Section 3. Money paid in on shares, deposits, or installments of shares may be withdrawn or transferred as provided in these bylaws on any day when payment of shares may be made, subject to any limitations imposed by the board or through any agreement with the members. In any case, the board of directors shall have the right at any time to require members to give sixty (60) days' notice of intention to withdraw the whole or any part of the amounts so paid.

Section 4. The board of directors may establish rules, classes, and conditions under which deposit accounts may be established with the credit union in accordance with the provisions of the Oregon Credit Union Act.

Section 5. A member who fails to complete payment of one share within _____ of his or her admission to membership or within _____ from the increase in the par value of shares may be terminated from membership. **(Specify a period of at least six months and insert the same period in each blank.)**

Section 6. Money paid in or paid out, on account of shares, deposits, fees or charges shall be evidenced by a form of receipt or statement of accounts to be determined by the board of directors.

ARTICLE IV
MEETINGS OF MEMBERS

Section 1. The annual meeting of the members shall be held at least once each calendar year at such time and place as the board of directors shall designate.

Section 2. At least seven (7) days before the date of any annual or special meeting of the members, the secretary shall cause written notice thereof to be handed to each member in person, or mailed to each member's household at the address as the same appears on the records of this credit union; except that if this credit union maintains an office that is readily accessible to members and wherein regular business hours are maintained, and the board so determines, notice of the annual meeting may be given by posting the notice thereof, in a conspicuous place in the office of this credit union where it may be read by the members at least fourteen (14) days prior to such meeting. Notice of any special meeting shall state the purpose for which it is to be held, and no business other than that related to this purpose shall be transacted at the meeting. To vote on any matter brought before any meeting of the members, the member must meet the same qualification standards for voting as contained in Article V.

Section 3. Special meetings of the members may be called by the board of directors or by the supervisory committee if authorized by a majority vote of its members; and shall be called by the chair within 30 days of the receipt of a written request of 25 members or two percent of the membership as of the date of the request, whichever number is greater. The notice of such special meeting shall be given as provided in Section 2 of this article.

Section 4. The order of business at annual meetings of members shall be:

- (a) Ascertainment that a quorum is present;
- (b) Reading approval (or correction) of the minutes of the last meeting;
- (c) Report of directors;
- (d) Report of the treasurer;
- (e) Report of the [*credit committee*] [*credit manager*];
- (f) Report of the supervisory committee;
- (g) Unfinished business;
- (h) New business other than elections;
- (i) Elections;
- (j) Adjournment.

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

Section 5. Except as hereinafter provided, at annual or special meetings, 15 members shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not fewer than seven nor more than 15 days thereafter; and the members present at any such adjournment meeting shall constitute a quorum, regardless of the numbers of members present. The same notice shall be given for the adjourned meeting as is prescribed in Section 2 of this article for an annual meeting, and such notice shall be provided not fewer than five days previous to the date of the meeting as fixed in the adjournment.

ARTICLE V ELECTIONS

Option 1:

Section 1. At least 30 days prior to each annual meeting, the chair shall appoint a nominating committee of not fewer than three members. It shall be the duty of the nominating committee to nominate at the annual meeting at least one member for each vacancy on the board of directors, including any unexpired term vacancy, for which elections are being held.

Section 2. After the nominations of the nominating committee have been placed before the members, the chair shall call for nominations from the floor. When nominations are closed, tellers shall be appointed by the chair, ballots shall be distributed, the vote shall be taken and tallied by the tellers, and results announced. All elections shall be determined by plurality vote and shall be by ballot except where there is only one nominee for the office.

Option 2:

Section 1. At least _____ days prior to each annual meeting, the chair shall appoint a nominating committee of not less than three members of the credit union. The nominating committee's duty shall be to nominate at least one member for each vacancy, including any vacancies caused by a member fulfilling an unexpired term, for which elections will be held at that annual meeting.

Section 2. Not less than _____ days prior to the annual meeting, the secretary shall ensure that a notice containing the conditions and procedures for nominations, including the names of the nominating committee members, is mailed to each member at that member's last known address.

Section 3. Nominations for those vacancies to be fulfilled by election at the annual meeting may be made by a petition, the form and manner of which may be prescribed by the nominating committee, signed by not less than _____ members. The nominating committee shall determine that each nominee selected by it or nominated by petition meets the qualifications for a director.

Section 4. All nominations shall be filed with the secretary not less than _____ days prior to the annual meeting.

Section 5. The secretary shall ensure that a notice containing the names of all the nominees is mailed to each member at that member's last known address not less than _____ days prior to the annual meeting. No nominations shall be made from the floor at the annual meeting unless circumstances prevent one or more of the nominees listed in the notice to serve the term of office for which the nominee is a candidate.

Section 6. All elections shall be determined by a majority of the members voting in that election, except that if there is only one nominee for each vacancy, all nominees may be elected by acclamation at the annual meeting.

Options 1 and 2:

Section 3 or 7. No member shall be entitled to vote by proxy except that the board may establish policies for elections by mail.

Section 4 or 8. A business or nonbusiness organization having membership in the credit union may be represented and have its vote cast by one of its agents or shareholders, provided such person has been authorized by that organization's governing body. A member other than a natural person may vote through an agent designated in writing for the purpose. A trustee or other person acting in a representative capacity shall not, as such, be entitled to vote.

Section 5 or 9. Irrespective of the number of shares held by a member, no member shall have more than one vote.

Section 6 or 10. The board of directors may, from time to time, establish a minimum age as a qualification for voting, which in no event may be higher than 21 years old.

Section 7 or 11. Within 15 days after their election or appointment, a record of the names and addresses of the members of the board, the executive officers, the *[credit committee]* *[credit manager]* and the supervisory committee shall be forwarded to the director of the Department of Consumer and Business Services, in such manner as shall be required by the director.

ARTICLE VI
BOARD OF DIRECTORS

Section 1. All of the directors shall be members of this credit union and of legal age. The number of directors shall be _____, and shall be changed only by amendment of these bylaws. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expirations of terms of office, or other action provided by these bylaws. A copy of the amendment covering any increase or decrease in the number of directors shall be filed with the director of the Department of Consumer and Business Services.

Section 2. Regular terms of office for directors shall be for periods of three years; provided that directors shall hold office until the election and qualification of their successors. The regular terms shall be so fixed at the beginning, or upon any increase or decrease in the number of directors, that approximately an equal number of regular terms shall expire at each annual meeting.

Section 3. Any vacancy on the board, [*credit committee*] [*office of credit manager*] or supervisory committee shall be filled by a vote of a majority of the directors then holding office. Directors so appointed shall hold office only until the next annual meeting, at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors.

Section 4. Except as provided in Section 5 of this article, regular meetings of the board of directors shall be held each month; the date, time, place and manner to be selected by the directors. The chair, or in the chair's absence, the vice chair, may call a special meeting of the board of directors at any time and shall do so upon written request of any three directors. The chair, or in the chair's absence, the vice chair, shall fix the time, place and manner of special meetings unless the board prescribes otherwise. Notice of all meetings of the board of directors shall be given in such manner as the board of directors may from time to time prescribe.

Section 5. A majority of the number of directors specified in the bylaws (inclusive of any vacancies) shall constitute a quorum for the transaction of business at any meeting thereof but fewer than a quorum may adjourn from time to time until a quorum is in attendance. Written notice of an adjourned meeting need not be given to the directors.

Section 6. The board of directors may appoint from its own members an executive committee of not less than three persons to act for it on any of its duties the board chooses to delegate to the executive committee.

Section 7. The board of directors shall appoint membership officers to approve the applications for membership.

Section 8. The board of directors shall have the general management of the affairs, funds, and records of the credit union. In addition to these duties customarily performed by the board of directors and those set forth elsewhere in these bylaws, the board of directors shall:

- (a) Within the limitations prescribed by the Oregon Credit Union Act and regulations of the director of the Department of Consumer and Business Services, determine from time to time the interest rate on loans, the rate of interest refund, if any, to be made to members; the maximum maturities and terms of payment or amortization of loans to members; and the maximum amount that may be loaned, with and without security, to any member. The board shall supervise the collection of loans and authorize the charge-off of uncollectible loans.
- (b) Have authority to declare and authorize the payment of dividends on shares of members; and determine the rate of return which will be paid on deposit accounts;
- (c) Have charge of the investments of this credit union other than loans to members, except to the extent that the board may have appointed an executive committee, an investment committee or any qualified person to act for it in the purchase and sale of securities or the making of loans to other credit unions, or both;
- (d) Provide for compensation, if any, of the treasurer, [*a credit manager,*] a general manager, and of any loan officer appointed by the credit [*committee*] [*manager*], and of necessary clerical and auditing assistance employed or utilized by the supervisory committee; authorize the employment and establish guidelines for the compensation of such additional employees necessary to carry on the business of the credit union;
- (e) Periodically review and fix the fidelity bond coverage, which shall be required of the officers, employees, members of official committees, attorneys at law and other agents, to ascertain that the bond coverage in force is in compliance with the provisions of the Oregon Credit Union Act and the rules and regulations of the director of the Department of Consumer and Business Services, and authorize the payment of the premium therefore from the funds of the credit union;

- (f) Authorize the conveyance of real property owned by the credit union;
- (g) Authorize the borrowing and discounting operations on behalf of the credit union within limitations prescribed by the act;
- (h) Designate a depository or depositories for the funds of the credit union;
- (I) If deemed necessary or advisable, adopt a common seal and alter the same;
- (j) Provide for the disposition of dormant accounts;
- (k) Fulfill such other duties as the members may from time to time require or any action consistent with the Oregon Credit Union Act and these bylaws, not specifically reserved to the members.

Section 9. If a director, executive officer, or member of the supervisory *[or credit]* committee fails to attend regular meetings of the board or committee for _____ consecutive meetings, or _____ in a calendar year, or otherwise fails to perform any required official duties, such person may be suspended from that office by the board of directors. After giving the suspended official reasonable notice and opportunity to be heard, such person's office may be declared vacant by the board and the vacancy filled as herein provided.

ARTICLE VII EXECUTIVE OFFICERS, ASSISTANT TREASURERS, AND THEIR DUTIES

Section 1. The executive officers of a credit union shall be a chair, one or more vice chairs, a treasurer, and a secretary, all of whom shall be elected by the board. The chair and vice chairs shall be elected by the board of directors from their number. If more than one vice chair is elected, the board shall determine their rank as first vice chair, second vice chair, etc. The secretary and treasurer shall be elected at the option of the board of directors either from its members or from the membership of the credit union. Only the offices of treasurer and secretary may be held by the same person. Unless sooner removed as herein provided, the officers elected at the first meeting of the board shall hold office until the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors.

Section 2. Officers elected at the meeting of the board following the annual meeting of the members shall hold office for a term of one year and until the election and qualification of their respective successors; provided that any person elected to fill a vacancy caused by the death, resignation, or removal of an officer shall be elected by the board to serve the unexpired term of such officer and until such officer's successor is duly elected and qualified.

Section 3. The chair shall preside at meetings of the members and at meetings of the board of directors unless disqualified through suspension by the supervisory committee. The chair shall perform such other duties as customarily appertain to the office of chair or as directed to perform by the board of directors not inconsistent with the provisions of the Oregon Credit Union Act or these bylaws.

Section 4. The ranking vice chair shall exercise the duties of the chair during the chair's absence or inability to act.

Section 5. Except where the board of directors otherwise provides, the treasurer shall be the *[general manager]* *[president]* of the credit union under the control and direction of the board of directors. Before entering upon the duties of the office, the treasurer shall give a proper bond with good and sufficient surety, as otherwise therein provided, conditioned upon the faithful performance of the duties of the office. Subject to such limitation and control as may be imposed by the board of directors,

the treasurer shall have custody of all funds, securities, valuable papers, and other assets of the credit union. Except as provided in Section 6 of this article, the treasurer shall sign all checks, drafts, notes and other obligations of the credit union. The treasurer shall provide and maintain full and complete records of all assets, liabilities, income and expenses of the credit union. Within fifteen days after the close of each month, the treasurer shall prepare and submit to the board of directors, a financial statement showing the condition of the credit union as of the end of such month, and shall promptly post a copy of such monthly financial statement in a conspicuous place in the main office of the credit union, where it shall remain posted until replaced by the financial statement for the next succeeding month. The treasurer shall prepare and forward such financial reports as the director of the Department of Consumer and Business Services may require.

Section 6. The board of directors may appoint one or more assistant treasurers, none of whom may also hold any other office, and authorize them, under the direction of the treasurer, to perform any of the duties devolving on the treasurer, including the signing of checks. When designated by the board, any assistant treasurer may also act as treasurer during the absence of the treasurer or in the event of the treasurer's inability to act. Surety bond coverage for assistant treasurers shall be the same as that for the treasurer.

Section 7. The secretary shall prepare and maintain complete minutes of all meetings of the members and of the board of directors. The secretary shall give or cause to be given, in the manner provided by these bylaws, proper notice of all of the meetings of the members and shall perform all duties assigned to the secretary by the board of directors not inconsistent with the provisions of law or these bylaws.

ARTICLE VIII SECURITY OFFICER

Section 1. The board shall authorize the appointment of a security officer who shall have the primary responsibility for the installation, maintenance, and operation of security devices and for the development and administration of a security program which equals or exceeds the standards prescribed by applicable law or regulation.

Section 2. The responsibilities of the security officer shall include, but not be limited to, assurances that (1) security and safety precautions are implemented to minimize the probability for loss, and (2) emergency planning is developed to minimize the effects of adverse situations that may occur.

ARTICLE IX

Option 1:

CREDIT MANAGER

Section 1. The credit manager shall be appointed by the board. The credit manager may appoint one or more loan officers and delegate to said loan officer or officers, the power to approve loans, subject to such limitations or conditions as the credit manager prescribes. All loans not approved by a loan officer may be reviewed by the credit manager.

Section 2. No loan shall be made unless it is approved by the loan officer or by the credit manager.

Section 3. Subject to the limits imposed by these bylaws and general policies of the board, the credit manager or a loan officer shall determine the security, if any, which shall be required for each loan, and the terms upon which it shall be repaid.

Option 2:

CREDIT COMMITTEE

Section 1. The credit committee shall be *[appointed by the board]* *[elected by the members]* and shall consist of _____ members. The number of the credit committee may be changed to not fewer than three by amendment of these bylaws. No reduction in the number of members may be made unless corresponding vacancies exist as a result of deaths, resignations, expirations of terms of office, or other action provided by these bylaws. A copy of the amendment covering any increase or decrease in the number of committee members shall be filed with the director of the Department of Consumer and Business Services.

Section 2. Regular terms of office for credit committee members shall be for three years; provided, however, that credit committee members' regular terms shall be so fixed at the beginning, or upon any increase or decrease in the number of committee members, that approximately an equal number of regular terms shall expire at each annual meeting.

Section 3. The credit committee shall choose from their number a chair and a secretary. The secretary shall prepare and maintain complete records of all meetings which shall be prepared within three days thereafter. The offices of chair and secretary may be held by the same person.

Section 4. The credit committee may appoint one or more loan officers to serve at its pleasure and delegate to said loan officer or officers the power to approve the loans within such limitations and upon such conditions as the credit committee specifies. All loans not approved by a loan officer shall be acted upon by the committee.

Section 5. The credit committee shall hold such meetings as the business of the credit union may require, and not less frequently than once a month. Notice of such meetings shall be given to members of the committee in such manner as the committee members may from time to time prescribe.

Section 6. No loan shall be made unless it is approved by a loan officer or by a majority of the members of the credit committee who are present at the meeting at which the application is considered, provided the members present constitute a majority of the committee.

Section 7. Subject to the limits imposed by these bylaws, and the general policies of the board, the credit committee or a loan officer shall determine the security, if any, which shall be required for each loan, and the terms upon which it shall be repaid.

ARTICLE X
SUPERVISORY COMMITTEE

Section 1. The supervisory committee shall be *[appointed by the board]* *[elected by the members]* and shall consist of not fewer than three members of this credit union, one of whom may be a director other than the treasurer. No *[member of the credit committee]* *[credit manager]* or any other employee of this credit union may be appointed to the committee. Regular terms of the committee members shall be for _____ year(s) and until the appointment and qualification of their successors.

Section 2. The supervisory committee members shall choose from among their number a chair who shall prepare and have custody of complete records of all actions taken by it.

Section 3. The supervisory committee shall make or cause to be made an annual audit, a written report of which shall be submitted to the members at the next annual meeting. The committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities prescribed by this article and may request the board to provide compensation for such assistance. It shall prepare and forward to the director of the Department of Consumer and Business Services such reports as the director may require.

Section 4. The supervisory committee shall cause the accounts of all members to be verified with the records of the treasurer in accordance with the requirements of the Oregon Credit Union Act. The committee shall maintain a record of such verifications.

Section 5. By unanimous vote, the supervisory committee may suspend until the next meeting of the members any director or any executive officer. In the event of such suspension, the supervisory committee shall call a special meeting of the members to act on said suspension which meeting shall be held not fewer than seven nor more than 21 days after such suspension. The notice of any such special meeting shall be issued at least seven days before such meeting and shall state the purpose for which it is to be held. The chair of the committee shall act as chair of the meeting unless the members select another person to act as chair.

Section 6. By unanimous vote the supervisory committee may suspend any member of the credit committee. Such suspension shall be reported to the board of directors for appropriate action. **(Delete this section if you have a credit manager.)**

ARTICLE XI INDEMNIFICATION OF VOLUNTEERS AND DIRECTORS

Section 1. Definitions. For purposes of this article;

- a. "Expenses" shall include counsel's fees.
- b. "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding;
- c. "Official capacity" means:
 - (1) when used with respect to a director, the office of director in a credit union;
 - (2) when used with respect to a *[credit committee member,]* supervisory committee member or other volunteer committee position established by the board of directors, the office or position of *[credit committee member,]* supervisory committee member or other volunteer committee position established by the board of directors; and
 - (3) when used with respect to an employee, the employee relationship undertaken by the employee on behalf of the credit union. "Official capacity" does not include service for any other foreign or domestic corporation or any partnership, joint venture, trust, employee benefit plan, or other enterprise.
- d. "Party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.
- e. "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.
- f. "Volunteer" means any member of the board of directors, *[credit committee,]* supervisory committee, or any other volunteer committee position established by the board of directors.

Section 2. Authority to Indemnify and Standard of Conduct. Except as provided below in subsection d., the credit union shall indemnify an individual made a party to a proceeding because he or she is or was a volunteer or employee against liability incurred in the proceeding if he or she met the applicable standard of conduct.

- a. Standard of conduct: non-criminal proceedings. The volunteer or employee must have conducted himself or herself in good faith, and reasonably believed either:
 - (1) in the case of conduct in his or her official capacity with the credit union, that his or her conduct was in the credit union's best interests; or
 - (2) in all other cases, that his or her conduct was at least not opposed to its best interests.
- b. Standard of conduct: criminal proceedings. The volunteer or employee must have conducted himself or herself in good faith, and had no reasonable cause to believe that his or her conduct was unlawful, and reasonably believed either:
 - (1) in the case of conduct in his or her official capacity with the credit union, that his or her conduct was in its best interests; or
 - (2) in all other cases, that his or her conduct was at least not opposed to its best interests.
- c. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the volunteer or employee did not meet the standard of conduct described in this section.
- d. The credit union will not indemnify a volunteer or employee under this section;
 - (1) in connection with a proceeding by or in the right of the credit union in which the volunteer or employee was adjudged liable to the credit union; or
 - (2) in connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her.
- e. Indemnification permitted under this section in connection with a proceeding by or in the right of the credit union is limited to reasonable expenses incurred in connection with the proceeding.

Section 3. Determination and authorization of indemnification. The credit union shall not indemnify a volunteer or employee under Section 2 of this article unless authorized in the specific case after a determination has been made that indemnification of the volunteer or employee is permissible in the circumstances because he or she has met the applicable standard of conduct set forth in Section 2 of this article.

- a. Determination shall be made:
 - (1) by the board of directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding;
 - (2) if a quorum cannot be obtained under Subsection 1, by majority vote of a committee duly designated by the board of directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;
 - (3) by special legal counsel, who is neither in-house counsel nor regular outside counsel for the credit union;
 - ((a)) selected by the board of directors or its committee in the manner prescribed in Subsection 1 or 2, or
 - ((b)) if a quorum of the board of directors cannot be obtained under Subsection 1 and a committee cannot be designated under Subsection 2, selected by a majority vote of the full board of directors (in which selection directors who are parties may participate); or

- (4) by the members of the credit union, at a special membership meeting called for this purpose, but directors who are at the time parties to the proceeding may not vote on the determination.
- b. Both the authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under Subsection a(3) to select counsel.

Section 4. Advance for expenses.

- a. The credit union may pay for or reimburse the reasonable expenses incurred by a volunteer or employee who is a party to a proceeding in advance of final disposition of the proceeding if:
 - (1) the volunteer or employee furnishes the credit union with a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct described in Section 2 of this article;
 - (2) the volunteer or employee furnishes the credit union with a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the applicable standard of conduct; and
 - (3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this article.
- b. The undertaking required by Subsection a(2) of this article must be an unlimited general obligation of the volunteer or employee, but need not be secured and may be accepted without reference to financial ability to make repayment.
- c. Determinations and authorizations of payments under this section shall be made in the manner specified in Section 3 of this article.

Section 5. Application of this article. Indemnification of or advance for expenses to a volunteer or employee is not exclusive of all other rights to which the volunteer or employee is entitled under the credit union's charter, bylaws, or any other agreement or vote of the board of directors, or insurance purchased by the credit union on behalf of the volunteer or employee.

Section 6. Adherence to Model Business Corporation Act. This article adheres to and adopts the standards established by the Model Business Corporation Act, and in no way controverts the guidelines established for the indemnification of volunteers or employees provided therein.

ARTICLE XII LOANS TO MEMBERS

Section 1. Loans shall be restricted to members, and each loan shall be made upon such security and terms as allowed in the Oregon Credit Union Act and as the *[credit committee]* *[credit manager]* or loan officer shall have approved.

Section 2. The rate of interest shall be fixed from time to time by the board of directors or its designee.

Section 3. Loans may be made to the directors, employees, loan officers, *[credit manager]* and to members of the supervisory *[and credit]* committee[s] of this credit union, provided any such loan complies with the Oregon Credit Union Act.

ARTICLE XIII
RESERVES

Section 1. From the gross earnings of the credit union, the percentage specified by the Oregon Credit Union Act shall be set aside as a reserve fund until such fund is equal to the required percentage.

Section 2. The regular reserve fund shall belong to the credit union and shall not be distributed except on liquidation of the credit union or in accordance with a plan approved by the director of the Department of Consumer and Business Services. The board of directors may increase the proportion of the gross earnings to be set aside and may transfer part or all of the undivided earnings to the reserve fund.

Section 3. In addition to the regular reserve, special reserves may be established from time to time by the board of directors, or as may be required by the director of the Department of Consumer and Business Services, the administrator of the National Credit Union Administration *[if member accounts are insured by the National Credit Union Administration]* or by regulation.

ARTICLE XIV
DIVIDENDS AND INTEREST

Section 1. Dividends may be declared by the board after making provisions for the required reserves from the remaining net and/or undivided earnings at such rates and upon such classes of shares as determined by the board. Interest rates on deposit accounts shall be established by the board or its designee.

ARTICLE XV
DEPOSITS AND INVESTMENTS

Section 1. Funds not used in loans to members may be invested in accordance with the Oregon Credit Union Act.

Section 2. All funds of the credit union, except for petty cash and cash change funds authorized by Sections 3 and 4 of this article shall be deposited in such qualified depository or depositories as the board may from time to time designate.

Section 3. All disbursements of funds of the credit union, except as described in Section 4 below, shall be made by checks or other written instruments signed by the treasurer or a signature duly authorized by the board of directors.

Section 4. Establishment of a cash fund for the purpose of making change, payment of cash share withdrawals, and similar transactions may be authorized by the board. The board may provide for the establishment and replenishment of a petty cash fund.

ARTICLE XVI
WITHDRAWAL AND EXPULSION OF MEMBERS

Section 1. A member may withdraw from the credit union at any time. All amounts paid in on share or deposits of any kind, plus dividends or interest earned thereon, shall be paid to such withdrawing member as funds become available and only after deducting therefrom any amounts due the credit union by such member.

Section 2. Members may be expelled by the board in accordance with the requirements of the Oregon Credit Union Act.

ARTICLE XVII
GENERAL

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

Section 2. The officers, directors, members of committees, and employees of the credit union shall hold in confidence all transactions of the credit union with its members and all information respecting their personal affairs, except that to the extent deemed reasonably necessary, confidential information about members and their affairs may be disclosed.

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

Section 4. When an executive or membership officer is absent, disqualified or otherwise unable to perform the duties of the office, the board may designate another member of this credit union to act temporarily in the officer's place. *[The board may also designate another member or members of the credit union to act on the credit committee when necessary in order to obtain a quorum.]*

Section 5. No director, committee member, officer, agent, or employee of the credit union shall in any manner directly or indirectly participate in the deliberation upon the determination of any question affecting that person's pecuniary interest or the pecuniary interest of any corporation, partnership, or association (other than the credit union) in which that person is directly or indirectly interested. In the event of the disqualification of any director respecting any matter presented to the board for deliberation or determination, such director shall withdraw from such deliberation or determination; and in such event the remaining qualified directors present at the meeting, if constituting a quorum with the disqualified director may exercise with respect to this matter, by majority vote, all the powers of the board. In the event of the disqualification of any member of the *[credit committee or the]* supervisory committee, such committee member shall withdraw from such deliberation or determination.

Section 6. All books of account and other records of the credit union shall at all times be available to the directors and committee members of the credit union. The charter and bylaws of the credit union shall be made available for inspection by any member.

ARTICLE XVIII
AMENDMENTS OF BYLAWS AND ARTICLES

Option 1:

Section 1. The articles of incorporation and these bylaws may be amended by a two-thirds vote of the members of the board present at a meeting.

Section 2. The members of the board shall be given at least seven days written notice of any meeting where amendments will be considered, which notice shall contain a copy of the proposed amendment or amendments.

Section 3. No amendment of the articles or these bylaws shall become effective, however, until approved in writing by the director of the Department of Consumer and Business Services.

Option 2:

The articles of incorporation and these bylaws shall be amended as follows:

Section 1. The board shall adopt, by a two-thirds vote of those present at a meeting called for such purpose, a resolution setting forth the proposed amendment or amendments and directing that it be submitted to the director of the Department of Consumer and Business Services for approval.

Section 2. The members of the board shall be given at least seven days written notice of such meeting, which notice shall contain a copy of the proposed amendment or amendments.

Section 3. The amendment or amendments shall be submitted in writing to the director of the Department of Consumer and Business Services.

Section 4. Upon receipt of the administrator's written approval the board shall submit the amendment or amendments to the members of the credit union at either a regular or special meeting.

Section 5. Notice of the meeting of members of the credit union shall be given in the manner set forth in Article IV, Section 2 of these bylaws.

Section 6. The amendment or amendments shall be adopted upon a two-thirds vote of the members of the credit union present at such meeting.

Section 7. Upon adoption by the members of the credit union the amendment or amendments shall be submitted to the director of the Department of Consumer and Business Services and shall become effective only upon the approval in writing by the director.