

Whitefish Credit Union Association

TABLE OF CONTENTS

Article I. Name - Purposes.....	2
Article II. Qualifications for Membership	2
Article III. Shares of Members	4
Article IV. Meetings of Members	5
Article V. Elections.....	6
Article VI. Board of Directors	7
Article VII. Board Officers, Management Officials and Executive Committee	10
Article VIII. Option Credit Manager	12
Article IX. Supervisory Committee	12
Article X. Loans and Lines of Credit to Members.....	14
Article XI. Dividends.....	14
Article XII. Expulsion and Withdrawal	15
Article XIII. Commercial Loans and Commercial Loan Committee.....	15
Article XIV. General.....	16
Article XV. Amendments of Bylaws and Charter	17

2020 Amended BYLAWS

Whitefish Credit Union Association

(A credit union chartered under the laws of Montana)

Article I. Name - Purposes

Section 1. *Name.* The name of this credit union is Whitefish Credit Union Association.

Section 2. *Purposes.* The purpose of the credit union is to promote thrift among its members by affording them an 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 its members to use and control their money in order to improve their economic and social condition.

Section 3. *General definitions.* When used in these bylaws the terms:

- (a) “Act” means the Montana Credit Union Act, as amended.
- (b) “Applicable law and regulations” means the Montana Credit Union Act and rules and regulations issued thereunder or other applicable federal and state statutes and rules and regulations issued thereunder as the context indicates.
- (c) “Board” means Board of Directors of the credit union.
- (d) “Division” means the Montana Division of Banking and Financial Institutions.
- (e) “Immediate family member” means spouse, child, sibling, parent, grandparent, grandchild, stepparents, stepchildren, stepsiblings, and adoptive relationships.
- (f) “Rule” or “regulation” means rules and regulations issued by the Division and NCUA which have made applicable to state-chartered credit unions.
- (g) “Share” or “shares” means all classes of shares and share certificates that may be held in accordance with applicable law and regulations.

Section 4. *Location.* The main office of the Whitefish Credit Union Association shall be in Whitefish, Flathead County, Montana, and at such a location as the Board of Directors may prescribe. Branch office and member service locations may be established with the membership areas as the Directors may deem appropriate.

Article II. Qualifications for Membership

Section 1. *Field of membership.* The establishment of membership of this credit union shall be limited to persons, trusts, organizations, partnerships, and corporations who live, work, operate, own property, worship, participate in an association, or go to school within fifty (50) air miles of Whitefish Montana or within Flathead County, Lake County, Lincoln County, Sanders County,

Missoula County, Ravalli County, Lewis and Clark County, Broadwater County and Gallatin County.

Section 2. *Membership application procedures.* Applications for membership from persons eligible for membership must be signed by the applicant on forms provided by Whitefish Credit Union Association. The applicant is admitted to membership after approval of an application by the Board of Directors or their designee(s) after subscription to at least one share of this credit union and paid the initial installment on at least one share of the credit union, and the payment of a uniform entrance fee if required by the Board. If a person whose membership application is denied makes a written request, the credit union must explain the reasons for the denial in writing.

Section 3. *Maintenance of membership share required.* A member who withdraws all shareholdings, fails to pay the full amount of one share of the credit union or fails to comply with the time requirements for restoring his or her account balance to par value in Article III, Section 3, ceases to be a member. By resolution, the Board may require persons readmitted to membership to pay another entrance fee.

Section 4. *Continuation of membership.* Once a member becomes a member that person may remain a member until the person or organization chooses to withdraw or is expelled in of these bylaws. A member who is disruptive to credit union operations may be subject to limitations on services and access to credit union facilities.

Section 5. *Members who leave the field.* An established member of this Credit Union having met all membership requirements, who subsequently moves out of the field of membership, may maintain continuous membership in this Credit Union. This is referred to as the "Once a member, always a member" policy.

Section 6. *Minors.* Minors may be accepted into membership with all the rights and privileges of an adult, within the limits of the laws of the State of Montana and any restrictions the Board may impose.

Section 7. *Immediate Family.* Members of the immediate family of credit union members are also entitled to credit union membership.

Section 8. *Business Accounts.* Societies, associations, partnerships and corporations whose members, partners, or stockholders are composed primarily of individuals eligible for membership in the credit union may be admitted to membership in the same manner and under the same conditions as individuals.

Article III. Shares of Members

Section 1. *Par value.* The par value of each share will be \$5.00.

Section 2. *Cap on shares held by one person.* The Board may establish, by resolution, the maximum amount of shares that any one member may hold.

Section 3. *Time periods for payment and maintenance of membership share.* A member who reduces the share balance below the par value of one share or does not pay the full amount of the subscription of one share of the credit union and does not increase the balance to at least the par value of one share within 30 days of the reduction will be terminated from membership.

Section 4. *Transferability.* Shares may only be transferred from one member to another by an instrument in a form as the Board may prescribe. Shares that accrue credits for unpaid dividends retain those credits when transferred.

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

- (a) The Board has the right, at any time, to require members to give up to 60-days written notice of intention to withdraw the whole or any part of the amounts paid in by them.
- (b) No member may withdraw any shareholdings below the amount of the member's primary or contingent liability to the credit union if the member is delinquent as a borrower, or if borrowers for whom the member is co-maker, endorser, or guarantor are delinquent, without the written approval of Chief Lending Officer or his/her designee(s). Coverage of overdrafts under an overdraft protection policy does not constitute delinquency for purposes of this paragraph. Shares issued in an irrevocable trust as provided in Section 6 of this article are not subject to withdrawal restrictions except as stated in the trust agreement.
- (c) The share account of a deceased member (other than one held in joint tenancy with another member) may be continued until the close of the dividend period in which the administration of the deceased's estate is completed.
- (d) The Board will have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject to a fee and the amount of the fee will be established by Board resolution and will be subject to regulations applicable to the advertising and disclosure of terms and conditions on member accounts.

Section 6. *Trusts.* Shares may be issued in a revocable or irrevocable trust, subject to the following rules. When shares are issued in a revocable trust, the settlor must be a member of this credit union in his or her own right. When shares are issued in an irrevocable trust, either the settlor or the beneficiary must be a member of this credit union. The name of the beneficiary must be stated in both a revocable and irrevocable trust. A trust may be a member of the credit union as an entity if all parties to the trust, including all settlors, beneficiaries and trustees, are within the credit union's field of membership. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations will be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.

Section 7. *Joint accounts and membership requirements.* Each member must purchase and maintain at least one share in a share account that names the member as the sole or primary

owner. Being named as a joint owner of a joint account is insufficient to establish membership.

Article IV. Meetings of Members

Section 1. *Annual meeting.* The annual meeting of the members must be held no later than 180 days after the close of the fiscal year in the county in which any office of the credit union is located or within a radius of 100 miles of an office, at the time and place conveniently accessible to the majority of the members as the Board determines and announces in the notice of the annual meeting.

The Board of Directors may change the general time of the annual meeting by 2/3 majority vote but an annual meeting must be held no later than 18 months from the previous meeting.

Section 2. *Notice of meetings required.*

(a) At least 30 but no more than 75 days before the date of any annual meeting or at least 7 days before the date of any special meeting of the members, the Secretary must give written notice to each member. The Secretary must give written notice to each member at least 7 days before the date of any special meeting of the members and at least 45 but no more than 90 days before the date of any meeting to vote on a merger with another credit union. Notice may be by written notice delivered in person or by mail to the member's address, or, for members who have opted to receive statements and notices electronically, by electronic mail. Notice of the annual meeting may also be given by posting the notice in a conspicuous place in the office of this credit union where it may be read by the members, at least 30 days before the meeting. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote, who are not present at the meeting, waive notice in writing, before, during, or after the meeting. The Secretary must also prominently display the notice on the credit union's website, if the credit union maintains a website.

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

Section 3. *Special meetings.*

(a) Special meetings of the members may be called by the Chair or the Board of Directors upon a majority vote, or by the Supervisory Committee as provided in these bylaws. The Chair must call a special meeting, meaning the meeting must be held, within 30 days of the receipt of a written request of 25 members or 5% of the members as of the date of the request, whichever number is larger. However, a request of no more than 750 members may be required to call a special meeting.

(b) The notice of a special meeting must be given as provided in Section 2 of this article. Special meetings may be held at any location permitted for the annual meeting.

Section 4. *Items of business for annual meeting and rules of order for annual and special meetings.* The suggested order of business at annual meetings of members is:

(a) Determination that a quorum is present.

- (b) Reading and approval or correction of the minutes of the last meeting.
- (c) Report of Directors.
- (d) Report of the Treasurer or the chief management official.
- (e) Report of the credit committee, if there is one.
- (f) Report of the Supervisory Committee.
- (g) Unfinished business.
- (h) New business other than elections.
- (i) Elections.
- (j) Adjournment.
- (k) To the extent consistent with these bylaws, all meetings of the members will be conducted according to Robert's Rules or Order (Classic 1915 Edition 1979 Marrow Quill Paperback). The order of business for the annual meeting may vary from the suggested order, provided it includes all required items and complies with the rules of procedure adopted by the credit union.

Section 5. *Quorum.* Except as otherwise provided, 50 members constitute a quorum at annual or special meetings. If no quorum is present, an adjournment may be taken to a date at least 7 but not more than 14 days thereafter. The members present at any adjourned meeting will constitute a quorum, regardless of the number of members present. The same notice must be given for the adjourned meeting as is prescribed in Section 2 of this article for the original meeting, except that the notice must be given at least 5 days before the date of the meeting as fixed in the adjournment.

Article V. Elections

Section 1. Nomination procedures. At least 30 days before each annual meeting, the Chair will appoint a nominating committee of three or more members. The nominating committee will nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee will widely publicize the call for nominations to all members by any medium, including a notice on the credit union's website, and interview each member that meets any qualifications established by the nominating committee.

Section 2. Election procedures. After placing the nominations of the nominating committee before the members, the Chair calls for nominations from the floor. When nominations are closed, the Chair appoints election tellers. The election tellers distribute the ballots, collect the ballots and tally the votes, and the Chair announces the results. Except when there is only one nominee for each open office, all elections are by ballot and determined by the plurality of vote. If there is only one nominee for each open office, the Chair may take a voice vote or declare the election of each nominee by general consent or acclamation.

Section 3. *Order of nominations.* Nominations may be in the following order:

- (a) Nominations for Directors.

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

Section 4. *Proxy and agent voting.* Members cannot vote by proxy. A member other than a natural person may vote through an agent designated in writing for the purpose.

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

Section 6. *Submission of information regarding credit union officials to the Division.* The names and addresses of members of the Board, Board Officers, Executive Committee, and members of the Supervisory Committee must be forwarded to the Division within 30 days after their election or appointment.

Section 7. *Minimum age requirement.* Members must be at least 18 years of age by the date of the meeting (or for appointed offices, the date of appointment) in order to vote at meetings of the members, hold elective or appointive office, sign nominating petitions, or sign petitions requesting special meetings.

Section 8. *Fiscal year.* The fiscal year of the credit union shall end the last day of December.

Article VI. Board of Directors

Section 1. *Number of members.* The Board consists of 7 members, all of whom must be members of this credit union. The number of Directors may be changed to an odd number not fewer than 5 nor more than 15 by resolution of the Board. No reduction in the number of Directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the Board covering any increase or decrease in the number of Directors must be filed with the official copy of the bylaws of this credit union.

The term of office of the Board members shall be 3 years and until the election and qualification of their successor.

If the term length specified above is for more than one year, terms shall be staggered, with an approximately equal number of Board terms expiring at each annual meeting. This will provide that an approximately equal number of Board terms will expire at each annual meeting. At subsequent annual meetings Directors shall be elected to the term specified above, or to other terms as specified by these bylaws, law, or rule.

Section 2. *Composition of Board.* The Board of Directors may employ an officer in charge of operations, whose title must be either President or General Manager or President and General Manager, or the Board of Directors may designate the Treasurer or an Assistant Treasurer to act as General Manager and be in active charge of the affairs of the credit union. Credit union employees will not be eligible to serve on the Board.

Section 3. *Terms of office.* Regular terms of office for Directors must be for periods of 3 years.

All regular terms must be for the same number of years and until the election and qualification of successors.

Section 4. *Vacancies.* Any vacancy on the Board, credit committee, or Supervisory Committee will be filled as soon as possible but within 60 days at the latest by vote of a majority of the Directors then holding office. If all director positions become vacant simultaneously, the Supervisory Committee immediately becomes the temporary Board of Directors and must follow the procedures in Article IX, Section 3. Directors and credit committee members appointed to fill a vacancy will hold office only until the next annual meeting, at which any unexpired terms will be filled by vote of the members, and until the qualification of their successors. Members of the Supervisory Committee appointed to fill a vacancy will hold office until the first regular meeting of the Board following the next annual meeting of members, at which the regular term expires, and until the appointment and qualification of their successors.

Section 5. *Regular and special meetings.* A regular meeting of the Board must be held each month at the time and place fixed by resolution of the Board. One regular meeting each calendar year must be conducted in person. The other regular meetings may be conducted using audio or video teleconference methods. The Chair, or in the Chair's absence the ranking Vice Chair, may call a special meeting of the Board at any time and must do so upon written request of a majority of the Directors then holding office. Unless the Board prescribes otherwise, the Chair, or in the Chair's absence the ranking Vice Chair, will fix the time and place of special meetings. Notice of all meetings will be given in the manner the Board may from time to time by resolution prescribe. Special meetings may be conducted using audio or video teleconference methods. The Board may take action and vote on resolutions without a meeting. The Board must first obtain unanimous consent for the action in writing or by electronically recorded means.

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

- (a) Directing the affairs of the credit union in accordance with the Act, these bylaws, the rules and regulations and sound business practices.
- (b) Establishing programs to achieve the purposes of this credit union as stated in Article I, Section 2, of these bylaws.
- (c) Establishing a loan collection program and authorizing the charge-off of un-collectible loans.
- (d) Establish guidelines to address training for newly elected and incumbent Directors and volunteer officials, in areas such as ethics and fiduciary responsibility, regulatory compliance, and accounting and determining that all persons appointed or elected by this credit union to any position requiring the receipt, payment or custody of money or other property of this credit union, or in its custody or control as collateral or otherwise, are properly bonded in accordance with the Act and regulations.
- (e) Performing additional acts and exercising additional powers as may be required or authorized by applicable law.
- (f) Reviewing denied loan applications of members who file written requests for review.
- (g) Appointing a credit manager as provided in Article VIII of these bylaws.
- (h) Within the limitations prescribed by the Act and rules, 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, the maximum amount that may be loaned, with and without security, to any member.

Section 7. *Quorum.* A majority of the number of Directors, including any vacant positions, constitutes a quorum for the transaction of business at any meeting, except that vacancies may be filled by a quorum consisting of a majority of the Directors holding office as provided in Section 4 of this article. Fewer than a quorum may adjourn from time to time until a quorum is in attendance.

Section 8. *Attendance and removal.*

- (a) If a director or a credit committee member, if applicable, fails to attend regular meetings of the Board for 3 consecutive months, or 4 meetings within a calendar year, or otherwise fails to perform any of the duties as a director or a credit committee member, the office may be declared vacant by the Board and the vacancy filled as provided in the bylaws.
- (b) The Board may remove any Board officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

When any Board officer, membership officer, executive committee member or investment committee member is absent, disqualified, or otherwise unable to perform the duties of the office, the Board may by resolution designate another member of this credit union to fill the position temporarily.

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

Article VII. Board Officers, Management Officials and Executive Committee

Section 1. *Board officers.* The Board officers of this credit union are comprised of a Chair, one or more Vice Chairs, a Treasurer, and a Secretary, all of whom are elected by the Board and from their number. The Board determines the title and rank of each Board Officer and records them in the addendum to this article. If more than one Vice Chair is elected, the Board determines their rank as First Vice Chair, Second Vice Chair, and so on.

The offices of the Treasurer and Secretary may be held by the same person. Unless removed as provided in these bylaws, the Board Officers elected at the first meeting of the Board hold office until the first meeting of the Board following the first annual meeting of the members and until the election and qualification of their respective successors.

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

Section 3. *Duties of Chair.* The Chair presides at all meetings of the members and at all meetings of the Board, unless disqualified through suspension by the Supervisory Committee. The Chair also performs other duties customarily assigned to the Office of the Chair or duties he or she is directed to perform by resolution of the Board not inconsistent with the Act and regulations and these bylaws.

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

Section 5. *Vice Chair.* The ranking Vice Chair has and may exercise all the powers, authority, and duties of the Chair during the Chair's absence or inability to act.

Section 6. *Duties of Treasurer.* The Treasurer manages this credit union under the control and direction of the Board unless the Board has appointed a management official to act as general manager. Subject to limitations, controls and delegations the Board may impose, the Treasurer will:

- (a) Have custody of all funds, securities, valuable papers and other assets of this credit union.
- (b) Provide and maintain full and complete records of all the assets and liabilities of this credit union in accordance with forms and procedures prescribed in regulations and other guidance approved by the Division, including, for small credit unions, the Accounting Manual for Federal Credit Unions.
- (c) Within 20 days after the close of each month, ensure that a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans is prepared and submitted to the Board and post a copy of the statement in a conspicuous place in the office of the credit union where it will remain until replaced by the financial statement for the next succeeding month.
- (d) Ensure that financial and other reports the Division may require are prepared and sent.
- (e) Within standards and limitations prescribed by the Board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove these employees.
- (f) Perform other duties customarily assigned to the office of the Treasurer or duties he or she is directed to perform by resolution of the Board not inconsistent with the Act, regulations and these bylaws.

The Board may employ one or more Assistant Treasurers, none of whom may also hold office as Chair or Vice Chair, and may 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 Treasurer's temporary absence or temporary inability to act.

Section 7. *Duties of management official and assistant management official.* The Board may appoint a management official who is under the direction and control of the Board or of the Treasurer as determined by the Board. The management official may be assigned any or all of the responsibilities of the Treasurer described in Section 6 of this article. The Board will determine the title and rank of each management official and record them in the addendum to

this article. The Board may employ one or more assistant management officials. The Board may authorize assistant management officials under the direction of the management official, to perform any of the duties devolving on the management official, including the signing of checks. When designated by the Board, any assistant management official may also act as management official during the management official's temporary absence or temporary inability to act.

Section 8. *Board powers regarding employees.* The Board employs, fixes the compensation, and prescribes the duties of employees as necessary, and has the power to remove employees, unless it has delegated these powers to the Treasurer or management official.

Section 9. *Duties of Secretary.* The Secretary prepares and maintains full and correct records of all meetings of the members and of the Board, which records will be prepared within 7 days after the respective meetings. The Secretary must promptly inform the Division in writing of any change in the address of the office of this credit union or the location of its principal records. The Secretary will give or cause to be given, in the manner prescribed in these bylaws, proper notice of all meetings of the members, and perform other duties he or she may be directed to perform by resolution of the Board not inconsistent with the Act, regulations and these bylaws. The Board may employ one or more assistant secretaries, none of whom may also hold office as Chair, Vice Chair, or Treasurer, and may authorize them under direction of the Secretary to perform any of the duties assigned to the Secretary.

Section 10. *Executive committee.* The Board may appoint an executive committee of not fewer than three Directors to serve at its pleasure, to act for it with respect to the Board's specifically delegated functions. When making delegations to the executive committee, the Board must be specific with regard to the committee's authority and limitations related to the particular delegation. The Board may also authorize any of the following to approve membership applications under conditions the Board and these bylaws may prescribe: an executive committee; a membership officer(s) appointed by the Board from the membership, other than a Board member paid as an officer; the Treasurer; any assistant to the paid officer of the Board or to the Treasurer; or any member service representative.

Section 11. *Investment committee.* The Board may appoint an investment committee composed of not less than two, to serve at its pleasure to have charge of making investments under rules and procedures established by the Board.

Addendum: The Board must list the positions of the Board officers and management officials of this credit union. They are as follows: The officers of the Whitefish Credit Union Association shall be the Chairperson of the Board, 1st Vice Chairperson of the Board, Treasurer, and Secretary. A President will be appointed by the Board. Other administrative positions may be established from time to time by the Board and appointed by the Board with consideration of recommendations from management.

The President shall be the Chief Executive Officer of the credit union and will be directly responsible to the Board for the implementation of the Board's policies and plans. The President is also responsible for the operations of the credit union and will supervise all other officers and employees who shall be the President's subordinates. The direct supervisor of the President shall be the Chairperson of the Board.

Section 12. No member of Board may be compensated for service in that position, however

provided in compliance with regulations, reasonable life, health, accident, and similar insurance protection for a Board Member may not be deemed compensation. Board members may be reimbursed for necessary expenses incidental to the performance of official business of the Credit Union.

Article VIII. Credit Manager

Section 1. *Records of loan officer; prohibition on loan officer disbursing funds.* The credit manager must maintain a record of each approved or not approved transaction within 7 days of the filing of the application or request, and that record becomes a part of the records of the credit union. No individual may disburse funds of this credit union for any application or share withdrawal which the individual has approved as a loan officer.

Section 2. *Duties of loan officer.* For each loan or line of credit, the credit manager must inquire into the character and financial condition of the applicant and the applicant's sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The credit union may use an automated loan processing system to conduct this review, subject to the conditions set forth in Section 3, below. The credit manager and loan officers should endeavor diligently to assist applicants in solving their financial problems.

Section 3. *Unapproved loans prohibited.* No loan or line of credit may be made unless approved by the credit manager in accordance with applicable law and regulations. If the credit union uses an automated lending system, the loan officer must review all loan applications the system has denied, and review at least a sample of approved loans to screen for fraud and ensure the automated system is functioning within the lending policies the Board has established.

Section 4. *Lending procedures.* Subject to the limits imposed by law and regulations, these bylaws, and the general policies of the Board, a Credit Manager determines the security if any required for each application and the terms of repayment. The security furnished must be adequate in quality and character and consistent with sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference should be given, in all cases, to the applications for lesser amounts if the need and credit factors are nearly equal.

Article IX. Supervisory Committee

Section 1. *Appointment and membership.* The Supervisory Committee is appointed by the Board from among the members of this credit union, one of whom may be a Director other than the Treasurer or the compensated officer of the Board. Whitefish Credit Union Association's Supervisory Committee shall consist of 5 members. No member of the Credit Committee, if applicable, or any employee of this credit union may be appointed to the Committee. The terms of office of members of the Supervisory Committee shall be 2 years with staggered terms. 2 members elected by credit union members at the annual meeting one year, and 3 members elected at the annual meeting the next year.

Section 2. *Officers of Supervisory Committee.* The Supervisory Committee members choose from among their number a Chair and a Secretary. The Secretary of the Supervisory Committee prepares, maintains, and has custody of full and correct records of all actions taken

by it. The offices of Chair and Secretary may be held by the same person.

Section 3. *Duties of Supervisory Committee.*

- (a) The Supervisory Committee makes, or causes to be made, the audits, and prepares and submits the written reports required by the Act and regulations. The Committee may employ and use clerical and auditing assistance required to carry out its responsibilities prescribed by this article, and may request the Board to provide compensation for this assistance. It will prepare and forward to the Division required reports.
- (b) If all director positions become vacant simultaneously, the Supervisory Committee immediately assumes the role of the Board of Directors. The Supervisory Committee acting as the Board must generally call and hold a special meeting to elect a Board that will serve until the next annual meeting. The special meeting must occur at least 7 but no more than 14 days after all Director positions became vacant, and candidates for the Board at the special meeting may be nominated by petition or from the floor. However, if the next annual meeting has been scheduled and will occur within 45 days after all the Director positions become vacant, the Supervisory Committee may decide to forego the special meeting and continue serving as the Board until the election of new Directors at the annual meeting.
- (c) If the next annual meeting has not been scheduled, but the month and day of the previous year's meeting plus 7 days falls within 45 days after all the Director positions become vacant, the Supervisory Committee acting as the Board may decide to forego the special meeting to elect new Directors. In this case, the Supervisory Committee must schedule the annual meeting within 7 days before or after the month and day of the previous annual meeting and continue to serve as the Board until Directors are elected at the annual meeting.
- (d) The Supervisory Committee acting as the Board may not act on policy matters. However, Directors elected at a special meeting have the same powers as Directors elected at the annual meeting.

Section 4. *Verification of accounts.* The Supervisory Committee will cause the verification of the accounts of members with the records of the Treasurer from time to time and not less frequently than as required by the Act and regulations. The committee must maintain a record of this verification.

Section 5. *Powers of Supervisory Committee - removal of Directors.* By unanimous vote, the Supervisory Committee may suspend until the next meeting of the members any director or Board officer. In the event of any suspension, the Supervisory Committee must call a special meeting of the members to act on the suspension, which meeting must be held not fewer than 7 nor more than 14 days after the suspension. The Chair of the committee acts as Chair of the meeting unless the members select another person to act as Chair.

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

Section 7. *Compensation.* No member of the Supervisory Committee may be compensated for services in that position, however, provided in compliance with regulations, reasonable life, health, accident, and similar protection for a Supervisory Committee member may not be deemed compensation. Supervisory Committee members may be reimbursed for necessary expenses incidental to the performance of official business of the credit union.

Section 8. *Removal.* If a Supervisory Committee member fails to perform duties as a member of this Committee, such member may be suspended by the Board. Such suspended member shall be entitled to a hearing before the Board not less than 7 or more than 14 days after the suspension. At the hearing the Board shall act upon the suspension by removal of the member from the Supervisory Committee, or as may otherwise be determined by the Board.

Article X. Loans and Lines of Credit to Members

Section 1. *Loan purposes.* Loans shall be made only to members, and each loan shall be made upon such security and terms as the credit committee, credit manager, or a loan officer shall have approved.

Section 2. *Delinquency.* Any member whose loan is delinquent may be required to pay a late charge as determined by the Board of Directors.

Section 3. *Insiders Loans.* Directors, employees, loan officers, the credit manager, and members of the Supervisory Committee may be accepted as co-makers, guarantors, or endorsers of loans to other members. When any such loan standing alone or when added to any outstanding loan or loans to the co-maker, guarantor, or endorser exceeds twenty thousand dollars (\$20,000), the loan shall be reported to the Board of Directors.

Article XI. Dividends

Section 1. *Power of Board to declare dividends.* The Board establishes dividend periods and declares dividends as permitted by the Act and applicable regulations.

Article XII. Expulsion and Withdrawal

Section 1. *Expulsion procedure; expulsion or withdrawal does not affect members' liability or shares.* A member may be expelled by a two-thirds vote of the members present at special meeting called for that purpose, but only after the member has been given the opportunity to be heard. A member also may be expelled under an abusive member policy adopted by the Board of Directors and provided to each member in accordance with the Act. Expulsion or withdrawal will not operate to relieve a member of any liability to this credit union. All amounts paid in on shares by expelled or withdrawing members, before their expulsion or withdrawal, will be paid to them in the order of their withdrawal or expulsion, but only as funds become available and only after deducting any amounts due to this credit union.

Article XIII. General

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

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

Section 2. *Confidentiality.* The officers, Directors, members of committees and employees of this credit union must hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except when permitted by state or federal law.

Section 3. *Removal of Directors and committee members.* Notwithstanding any other provisions in these bylaws, any director or committee member of this credit union may be removed from office by the affirmative vote of a majority of the members present at a special meeting called for the purpose, but only after an opportunity has been given to be heard. If member votes at a special meeting result in the removal of all Directors, the Supervisory Committee immediately becomes the temporary Board of Directors and must follow the procedures in Article IX, Section 3.

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

Section 5. *Records.* Copies of the organization certificate of this credit union, its bylaws and any amendments to the bylaws, and any special authorizations by the Division must be preserved in a place of safekeeping. Copies of the organization certificate and field of membership amendments should be attached as an appendix to these bylaws. Returns of nominations and elections and proceedings of all regular and special meetings of the members and Directors must be recorded in the minute books of this credit union. The minutes of the meetings of the members, the Board, and the committees must be signed by their respective Chairmen or presiding officers and by the persons who serve as secretaries of those meetings. All copies and records maintained under this section may be stored physically or electronically provided that the information is readily accessible to the Directors, committee members of this credit union, members, and the Division. Moreover, signatures may be provided electronically where permissible under federal or state law.

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

Section 7. *Member contact information.* Members must keep the credit union informed of their current address.

Article XIV. Amendments of Bylaws and Charter

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