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July 12, 1991

91 JUL 15 AM 11:14

Federal Election Commission
Office of General Counsel
999 E St , N W
Washington, DC 20463

Re Advisory Opinion Request of Credit Union National
Association, Inc and Wisconsin Credit Union
League

AOR 1991-24

Dear Sirs

On behalf of the Credit Union National Association, Inc ("CUNA") and the Wisconsin Credit Union League, (the "Wisconsin League") and pursuant to 2 U S C §437f and 11 C F R §112.1. et seq, we seek an advisory opinion concerning the application of the Federal Election Campaign Act of 1971, as amended, to communications by CUNA and the Wisconsin League to their members recommending that they support and/or oppose the election of certain candidates for federal office

CUNA is a trade association, incorporated in the State of Wisconsin as a non-profit, non-stock corporation with members (Copies of CUNA's articles of incorporation and bylaws are attached) CUNA has been recognized as an organization exempt from federal taxation under §501(c)(6) of the Internal Revenue Code CUNA was organized, among other things, to promote and improve business conditions relating to the operation of state and federal credit unions CUNA has 52 members The 52 members ("Leagues") are state trade associations (representing the 50 states, the District of Columbia and Puerto Rico), all of the members of which are state chartered or federally chartered credit unions. Each state League is incorporated and has been recognized as exempt from taxation under §501(c)(6) of the Internal Revenue Code. (A copy of the Wisconsin League's articles of incorporation and bylaws are attached. Every other League's articles of incorporation and bylaws are similar to those of the Wisconsin League.) The state and federally chartered credit unions, that are members of the state Leagues, each have individual members that maintain accounts in the credit unions

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Among its other activities, CUNA promotes credit union membership, use of credit union services, and the organization of new credit unions. CUNA seeks to perfect credit union laws, aids in the development of new credit union services, such as new payments systems techniques, and aids in the training and education of credit union officials and employees. CUNA is the principal source of educational tools for new credit unions and publishes a number of periodicals containing information on trends in the credit union industry, including management concepts, statistical studies, and legislative and regulatory matters. CUNA administers and sponsors the Credit Union Legislative Action Committee ("CULAC") which is a separate segregated fund that receives contributions from individual members of credit unions. The activities in which CUNA proposes to engage pursuant to this advisory opinion request will be separate and apart from any activities of CULAC and this request only pertains to the permissibility of the proposed activities if they are sponsored and funded solely by CUNA. The proposed activities of the Wisconsin League will be funded from its own corporate treasury.

CUNA's Bylaws provide for three categories of members: (1) leagues, the geographic areas of which are entirely within the geographic area of the United States, and (2) credit unions located within the geographic area of the United States but outside the geographic area of member leagues, and (3) credit unions organized and operating under the jurisdiction of the National Credit Union Administration which are serving American military and civilian personnel at overseas installations (Article II, Section 2.1). For the purposes of this advisory opinion request, CUNA intends to communicate only with the 52 state Leagues that are members of CUNA. The Wisconsin League will communicate only with its credit union members.

Each League is an incorporated membership organization primarily for credit unions (Article I, Section 1.2(c)). The Wisconsin League is a nonstock membership organization incorporated in the State of Wisconsin. Its purposes are to foster the growth of the credit union movement and to promote cooperation in all matters of common concern to credit unions located in Wisconsin and to cooperate with CUNA. All of the Wisconsin League's members are credit unions located in the State of Wisconsin. A credit union is a member-owned nonprofit institution formed to encourage saving and to offer low interest loans to members, usually people working for the same employer, belonging to the same association, or living in the same community. (An example of a federally chartered credit union was considered by the Commission in Advisory Opinion 1990-18. State chartered credit unions are organized and operated on virtually the same basis as the credit union in that advisory opinion.)

All League members of CUNA, who are not in default of the payment of required dues and fees, have the following rights in regard to the operation and governance of CUNA: (1) Each member League is entitled to voting representation on the CUNA National Board through the election or appointment of a specified number of CUNA National Directors, the number of such Directors being based on the number of affiliated credit union members belonging to each League (Article III, Section 3.2), (2) All CUNA National Board Directors

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have the right to attend conventions and membership meetings and to participate and vote on matters raised at such meetings (Article III, Sections 3 9 to 3 11), (3) Each League is eligible to have a representative nominated and elected to the CUNA Board of Directors through a system whereby the Leagues are allocated to nine Districts, with each District being guaranteed one or more voting representatives on the CUNA Board of Directors (Article III, Section 3.12), (4) All CUNA Leagues receive the publications and other materials produced by CUNA.

CUNA's Leagues operate in a fashion similar to CUNA in that all credit union members of the Leagues have voting rights, have the right to elect officers and directors of the Leagues, have the right to attend and participate in conventions and meetings of the Leagues, and receive the publications of the Leagues All of the credit union members of the Wisconsin League have the right to attend and vote at membership meetings and are vested with the "ultimate powers in the administration of this League " (Wisconsin League Bylaws, Article VIII, Section 1) Additionally, the credit union members are entitled to representation on the Wisconsin League's Board of Directors on a geographical basis (Wisconsin League Bylaws, Articles V, X and XI)

The credit union members of the Leagues also operate similarly Their members are individuals who are, in essence, the "owners" of the credit unions and have full voting and governance rights in the credit unions (The rights and privileges of all federally and state chartered credit unions are similar or identical to the rights and privileges of the members of the credit union involved in Advisory Opinion 1990-18)

CUNA proposes to communicate with its members recommending that they support and/or oppose certain specified candidates for Federal office and encouraging the members to communicate with their members recommending that they support and/or oppose those candidates and that they, in turn, communicate with their members The recipients of the communications from CUNA will be the representatives of the incorporated state Leagues with whom CUNA normally conducts the association's activities The communications will be made at the sole expense of CUNA The communications will consist of an expression of CUNA's views and will not consist solely of a reproduction in whole or part of the campaign materials of a candidate, a candidate's campaign committee, or a candidate's authorized agents. CUNA will not provide a means for the recipients of the communications to make contributions to any candidate, his campaign committee, or authorized agents and will not otherwise serve as a conduit for such contributions

CUNA will not subsidize or contribute to the costs of any of its member Leagues that, in response to CUNA's recommendations, determine to communicate with their members advocating the election or defeat of candidates for Federal office and encouraging the recipients to engage in similar communications with their members

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Upon receipt of such communications from CUNA, the Wisconsin League proposes to communicate with its credit union members recommending that they support and/or oppose the specified candidates for Federal office and encouraging the members to communicate with their members recommending that they support and/or oppose those candidates. The recipients of the communications from the Wisconsin League will be the representatives of the incorporated credit unions with whom the Wisconsin League normally conducts the association's activities. The communications will be made at the sole expense of the Wisconsin League. The communications will consist of an expression of the Wisconsin League's views and will not consist solely of a reproduction in whole or part of the campaign materials of a candidate, a candidate's campaign committee, or a candidate's authorized agents. The Wisconsin League will not provide a means for the recipients of the communications to make contributions to any candidate, his campaign committee, or authorized agents and will not otherwise serve as a conduit for such contributions.

The Wisconsin League will not subsidize or contribute to the costs of any of its member credit unions that, in response to the Wisconsin League's recommendations, determine to communicate with their members advocating the election or defeat of candidates for Federal office.

In essence, CUNA and the Wisconsin League intend to engage in partisan communications with their members in much the same manner as was approved in Advisory Opinion 1982-2. The only substantive factual differences between CUNA's and the Wisconsin League's proposed activities and the activities in Advisory Opinion 1982-2 are (1) CUNA has no associate members (The Wisconsin League does have associate members but, in connection with the activities outlined in this advisory opinion request, it will only communicate with its credit union members), (2) all of CUNA's and the Wisconsin League's credit union members are corporations, and (3) beyond advocating the election or defeat of certain candidates for Federal office, CUNA and the Wisconsin League will encourage their members to communicate (in a manner similar to CUNA's communications) with their members.

Based on the proposed activities outlined above, CUNA and the Wisconsin League seek an advisory opinion addressing the following questions:

1. Will CUNA's proposed partisan communications to the Wisconsin League and other League members of CUNA constitute "contributions" or "expenditures" prohibited by 2 U.S.C. §441b?

2. Will the Wisconsin League's proposed partisan communications to its credit union members, in response to CUNA's recommendations, constitute "contributions" or "expenditures" prohibited by 2 U.S.C. §441b?

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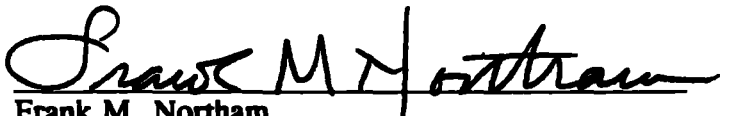
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3 Under relevant statutory and regulatory provisions, may the credit union members of the Wisconsin League disseminate partisan communications (advocating the election or defeat of candidates for Federal office) to their individual members, as a result of recommendations communicated through CUNA to the Wisconsin League and through the Wisconsin League to its credit union members?

4 Other than the reporting requirements set forth in 2 U S C §431(9)(B)(iii) and 11 C.F R §100.8(b)(4), is there any provision of the Federal Election Campaign Act of 1971, as amended, or the regulations thereunder, that would prohibit or restrict CUNA's, the state Leagues', or the state Leagues' member credit unions from utilizing corporate treasury funds to communicate with each of their members advocating the election or defeat of candidates for federal office and urging the recipients of those communications to make similar communications to their members?

Respectfully submitted.


Arthur L Herold


Frank M Northam

ALH/FMN dla

FMNL 012

(09/19/90)

ARTICLES OF INCORPORATION
OF
CREDIT UNION NATIONAL ASSOCIATION, INC.
(As Amended May 7, 1981)

BYLAWS
OF
CREDIT UNION NATIONAL ASSOCIATION, INC.
(As Amended September 29, 1989)

(Adopted May 14, 1970)

**ARTICLES OF INCORPORATION
OF
CREDIT UNION NATIONAL ASSOCIATION, INC.**

(As Amended May 7, 1981)

We, the undersigned natural persons of the age of 21 years or more, acting as incorporators of a corporation under the Wisconsin Nonstock Corporation Law (Chapter 181 of the Wisconsin Statutes) adopt the following Articles of Incorporation for such corporation:

Article 1. The name of the corporation shall be CREDIT UNION NATIONAL ASSOCIATION, INC.

Article 2. The period of existence of the corporation shall be perpetual.

Article 3. The purpose of the corporation shall be to engage in any lawful activity within the purposes for which corporations may be organized under Chapter 181 of the Wisconsin Statutes.

Article 4. The principal office of the corporation shall be located at 1617 Sherman Avenue, Madison, Wisconsin.

Article 5. The name of the initial registered agent of the corporation is J. Orrin Shipe.

Article 6. The address of the initial registered agent of the corporation is 1617 Sherman Avenue, Madison, Wisconsin.

Article 7. The number of directors of the corporation may be fixed by bylaw but shall not be less than three (3).

Article 8. The number of directors constituting the initial board of the corporation shall be 260.

Article 9. The corporation may have one or more classes of members and the designation of the class or classes and the qualifications and rights of the members of each class shall be provided in the bylaws.

Article 10. The right of any member or class or classes of members to vote may be limited, enlarged or denied to the extent specified in the bylaws.

Article 11. Members may be expelled or withdraw in the manner provided in the bylaws.

Article 12. The manner of the election or appointment of directors of the corporation shall be provided in the bylaws.

Article 13. These Articles may be amended in the manner authorized by law at the time of amendment.

Article 14. The Board of Directors shall have the power to select from its own number an executive committee in the manner and form as provided for by the bylaws of the corporation and assign and delegate to such executive committee all such power as may be necessary to carry out and perform the purposes of this corporation and all such actions as may be required to be taken in the interests of the corporation and the conduct of its business.

Article 15. The names and addresses of the initial directors of the corporation are as follows: (Names of Directors Inserted)

Article 16. The names and addresses of the incorporators of this corporation are as follows: (Names of Incorporators Inserted)

These Articles are hereby executed in duplicate this 14th day of May, 1970.

(Under Wisconsin law, a corporation may change its principal office and registered agent without amending the Articles of Incorporation. This corporation has made such changes without amending the Articles of Incorporation.)

**INDEX TO BYLAWS OF
CREDIT UNION NATIONAL ASSOCIATION, INC.
(As amended September 29, 1989)**

(09/19/90)

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(09/19/90)

BYLAWS OF CREDIT UNION NATIONAL ASSOCIATION, INC.

(As Amended September 29, 1989)

ARTICLE I

PURPOSE AND DEFINITIONS

SECTION 1.1 PURPOSE

The purpose of this corporation is to promote the common interests of leagues and credit unions in such manner as determined by the CUNA National Board and the Board of Directors.

SECTION 1.2 DEFINITIONS

As used in these bylaws, unless the context otherwise requires, the term:

(a) "Affiliated" means, with respect to a credit union, a member of this corporation or a member of a league which is a member of this corporation.

(b) "Credit Union" means any cooperative credit organization operating in the manner of credit unions as determined by the CUNA National Board of this corporation.

(c) "Geographic area of the United States" includes the geographic areas of the states of the United States, the District of Columbia, and the several territories and possessions of the United States and the Commonwealth of Puerto Rico.

(d) "League" means a membership organization primarily for credit unions whose geographic area is approved or established by the Board of Directors of this corporation at the time the application for membership is accepted under Section 2.2 of Article II, provided that each such geographic area shall be entirely within the geographic area of the United States and shall not overlap the geographic area of any other member league of this corporation. To qualify as such, a league must accept and retain in membership only such credit unions as are located within its geographic area.

(e) "Located" means, with respect to a credit union, the geographic area in which the principal office specified in its charter is found.

(f) "Meeting" means an official occasion for the transaction of business in a deliberative fashion. A meeting may take the form of a gathering in one room or area, a telephone conference call, or any other setting or mode of communication that affords participants the opportunity to contemporaneously exchange ideas.

ARTICLE II

MEMBERSHIP

SECTION 2.1 ELIGIBILITY

Membership in this corporation shall include (1) leagues, the geographic areas of which are entirely within the geographic area of the United States, and (2) credit unions located within the geographic area of the United States but outside the geographic area of member leagues, and (3) credit unions organized and operating under the jurisdiction of the National Credit Union Administration which are serving American military and civilian personnel at overseas installations.

SECTION 2.2 APPLICATION BY A LEAGUE

Application for membership in this corporation by leagues shall be made to the Board of Directors in writing; shall contain an acceptance and an agreement to abide by the bylaws of this corporation and the bylaws of the district to which assigned; shall have been made pursuant to a resolution adopted by a majority of the board of directors of the league; and shall be accompanied by a copy of the constitution and bylaws of the league which shall be acceptable to the Board of Directors of this corporation. If the application is approved by a majority of the Board of Directors of this corporation, the league shall, upon payment of dues hereinafter provided for, become a member of this corporation.

SECTION 2.3 APPLICATION BY THE INDIVIDUAL CREDIT UNION

An individual credit union that is located within the geographic area of the United States, but outside the geographic area of member leagues, or an individual credit union organized and operating under the jurisdiction of the National Credit Union Administration which is serving American military and civilian personnel at overseas installations may file an application for membership with the president of this corporation. The application of an individual credit union shall follow the usual procedure provided for the application by a league for membership, and shall be governed by the same regulations. The application shall be in the form provided by this corporation.

Individual credit unions may not vote or be represented by voting representatives or CUNA National Directors.

SECTION 2.4 WITHDRAWAL

A member may withdraw at any time, except that for purposes of dues liability, no withdrawal shall become effective until the end of the year in which the withdrawal occurs. Where a league has withdrawn from membership, this corporation reserves the right to accept into membership credit unions located within the geographic area of such league.

The withdrawal of a league shall in every case include the withdrawal and termination of office of the voting representatives and of the CUNA National Directors representing said league. The withdrawal shall also include the withdrawal and termination of office as CUNA director and ex officio member of the CUNA National Board of the league president of such a league who is serving in those capacities at the time of withdrawal.

Dues for the year in which a withdrawal occurs are payable in full regardless of the cause of such withdrawal.

SECTION 2.5 EXPULSION

A member may be expelled from this corporation by a four-fifths vote of the CUNA National Board at any annual or special meeting called for the purpose, but only for cause and after a hearing. Where a league has been expelled from membership, this corporation reserves the right to accept into membership credit unions located within the geographic area of such league. The expulsion of a league shall in every case include the withdrawal and termination of office of the voting representatives and CUNA National Directors representing said league. The expulsion shall also include the withdrawal and termination of office as CUNA director and ex officio member of the CUNA National Board of the league president of such a league who is serving in those capacities at the time of expulsion.

SECTION 2.6 EXAMINATION AND INSPECTION

The books, records and files of each member shall at all times be open to inspection and examination by this corporation when such inspection and examination have been authorized by the Board of Directors.

ARTICLE III

ADMINISTRATION

SECTION 3.1 POWERS

The powers, affairs, and property of this corporation shall be exercised, conducted, controlled and managed by the CUNA National Board, Board of Directors, Executive Committee and Table Officers, as specified in these bylaws.

CUNA NATIONAL DIRECTORS

SECTION 3.2 ELECTIONS OR APPOINTMENT AND ELIGIBILITY

(a) CUNA National Directors

Each member league of this corporation shall be entitled to be represented on the CUNA National Board by the indicated number of CUNA National Directors and votes in accordance with the following schedule. A league's entitlement shall be based on the number of affiliated credit union members (1) for which dues are due or paid by such league for the current year and (2) for which dues are

not payable by such league for the current year because of the maximum dues provision specified in Article VI, Section 6.3:

<u>Affiliated Credit Union Members (in thousands)</u>	<u>Number of CUNA National Directors and votes to which entitled</u>
Less than 25	1
25 to 45	2
45 to 67.5	3
67.5 to 95	4
95 to 132.5	5
132.5 to 185	6
185 to 257.5	7
257.5 to 355	8
355 to 482.5	9
482.5 to 645	10
645 to 847.5	11
847.5 to 1,095	12
1,095 to 1,345	13
1,345 to 1,595	14
1,595 to 1,845	15
1,845 to 2,095	16
2,095 to 2,345	17
2,345 to 2,595	18
2,595 to 2,845	19
2,845 to 3,095	20

A CUNA National Director may not be seated, vote or otherwise participate in any annual or special meeting if the dues of the member league he represents are delinquent under Article VI, Section 6.3, unless special permission is granted by the CUNA National Board in session at such meeting.

Each member league shall have the right, by means of annual elections or otherwise, to change its CUNA National Directors in accordance with this Article. No paid employee of this corporation may serve as a CUNA National Director.

Each member league may seat the number of CUNA National Directors that the league had elected or otherwise designated to be in office at the beginning of the 1986 annual meeting (then known as CUNA Directors) as long as that number does not exceed the number of CUNA National Directors to which the league is entitled. A league may increase the number of CUNA National Directors it may seat up to its full quota of votes, or decrease the number of seats it intends to use, by notifying the president of this corporation in writing at least ninety (90) days prior to the meeting for which the increase or decrease is requested. If at any time during an annual or special meeting of the CUNA National Board the number of CUNA National Directors present and voting of a member league is less than the number of CUNA National Directors to which such league is entitled, a majority of such league's CUNA National Directors present and voting may cast the votes of the absent CUNA National Directors to which such league is entitled. The votes of the absent CUNA National Directors to which a league is entitled may be divided so that, for example, some are "aye" and some are "no." For purposes of this section, "absent CUNA National Directors" means those CUNA National Director positions whose

incumbents are not present and those having no incumbents. Each member league shall designate one of its CUNA National Directors as chairman.

(b) Honorary CUNA National Directors

All past presidents of this corporation whose term of office expired on or before May 13, 1977, all past chairmen of the Board of this corporation and all past presidents of CUNA International, Inc. (now known as World Council of Credit Unions, Inc.) who served as presidents of such corporation prior to May, 1970, shall, as long as they maintain membership in an affiliated credit union, be honorary CUNA National Directors with all the rights and privileges of CUNA National Directors other than the right to vote. The chairman of the Association of Credit Union League Executives (ACULE), a voluntary association of chief operating executive officers, shall also be an honorary CUNA National Director with all rights and privileges of a CUNA National Director other than the right to vote.

SECTION 3.3 ALTERNATE CUNA NATIONAL DIRECTORS

Each member league may elect or otherwise designate one Alternate CUNA National Director for each CUNA National Director to which it is entitled, under the same conditions as govern the elections of a CUNA National Director. Each member league shall have the right to be represented by an Alternate CUNA National Director in the event of the absence of a CUNA National Director at any annual or special meeting of the CUNA National Board, upon certifying to the secretary before any such meeting the name and address of the alternate duly elected. When this shall have been done the alternate shall have all the rights and powers of a duly elected CUNA National Director.

SECTION 3.4 TERM OF OFFICE

CUNA National Directors shall be elected or otherwise designated to serve for terms of not more than three (3) years and until their successors have been elected or otherwise designated. They shall take office at the beginning of the next annual meeting of the CUNA National Board following their election, except where a CUNA National Director is elected or otherwise designated to fill a vacancy in the unexpired term of another CUNA National Director. Under such circumstances his term of office shall begin immediately upon his election or designation.

For the purposes of this section, the word "year" shall be defined as the period beginning on the day of the annual meeting of the CUNA National Board and until and including the day preceding opening of the next such annual meeting.

SECTION 3.5 NOTICE OF ELECTION OF CUNA NATIONAL DIRECTORS OR ALTERNATE CUNA NATIONAL DIRECTORS

Within ten (10) days after the election of a CUNA National Director or Alternate CUNA National Director, the president of this corporation shall be notified in writing by the league member of the name and address of said CUNA National Director-elect or Alternate CUNA National Director-elect.

SECTION 3.6 ELIGIBILITY

Each CUNA National Director and Alternate CUNA National Director must be a member of an affiliated credit union.

SECTION 3.7 REMOVAL AND VACANCIES

A CUNA National Director or Alternate CUNA National Director may be removed from office at any time by the member league entitled to elect or otherwise designate such CUNA National Director or Alternate CUNA National Director

A vacancy shall occur in the office of a CUNA National Director or an Alternate CUNA National Director upon resignation, death or removal, or at such time as such CUNA National Director or Alternate CUNA National Director ceases to be a member of an affiliated credit union. Whenever a vacancy shall occur in the office of a CUNA National Director or Alternate CUNA National Director, the member league entitled to elect or otherwise designate such CUNA National Director or Alternate CUNA National Director may fill the vacancy.

SECTION 3.8 REPRESENTATIVES OF MEMBERS

The persons elected as CUNA National Directors under the provisions of this Article shall also be deemed to be representatives of the members, and all meetings and actions of the CUNA National Board held and promulgated under the provisions of this Article shall be deemed to be the meetings and actions of the representatives.

SECTION 3.9 THE ANNUAL MEETING OF THE CUNA NATIONAL BOARD

The annual meeting of the CUNA National Board of this corporation shall convene at such time and place in each year as the Board of Directors may determine, at the home office of the corporation or at such other place as the Board of Directors may designate. Notice of the annual meeting of the CUNA National Board shall be mailed by first class mail to the last known address of each CUNA National Director and member league of this corporation at least thirty (30) days before the date of the meeting, which notice shall designate the date, place and hour of the meeting.

SECTION 3.10 SPECIAL MEETINGS OF THE CUNA NATIONAL BOARD

The chairman of the Board shall call a special meeting of the CUNA National Board on the request of the Board of Directors, or upon the request in writing from one-third or more of the member leagues who certify that the majority of their CUNA National Directors favor the request. The purpose of a special meeting shall be clearly contained in the call for the meeting, and the business of the meeting shall be confined to that purpose. Notice of special meetings shall be issued at least twenty (20) days before the date of the meeting.

SECTION 3.11 QUORUM AND EXPENSES

(a) At all meetings of the CUNA National Board a majority of the member leagues who in the aggregate are entitled to a majority of the total number of CUNA National Directors to which all member leagues are entitled shall constitute a quorum.

(b) CUNA National Directors shall be reimbursed to the extent of expenses involved in attending meetings (other than district meetings), except that such expenses must be within guidelines established by the Board of Directors and shall not be paid for more than five (5) CUNA National Directors representing a member league at any meeting of the CUNA National Board. The maximum of five (5) that this corporation reimburses includes those who serve as table officers, ex officio CUNA National Directors, CUNA Directors or committee members.

DISTRICTS, BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND BOARD OFFICERS

SECTION 3.12 PERSONNEL AND METHOD OF ELECTION

(a) The CUNA National Board shall elect by and from their own number a chairman of the Board, a vice chairman of the Board, a secretary and a treasurer, no two of whom at the time of their election shall be from the same member league, who with the CUNA directors elected as hereinafter provided, shall together constitute the Board of Directors. The president, the immediate past chairman of the Board, the chairman of ACULE, and the president of CUNA Mutual Insurance Society shall be members ex officio of the Board of Directors, without vote. The Board of Directors shall elect by and from their own number an Executive Committee consisting of the table officers and nine (9) other CUNA directors so that each district is represented by at least one CUNA director. The Board of Directors shall honor each district's designation of one of its CUNA directors to the Executive Committee of this corporation and one to the Executive Committee of CUNA Service Group, Inc., but no CUNA director, other than the table officers, shall serve at one time on both. The chairman of ACULE shall be a member ex officio of the Executive Committee, without vote.

For the purpose of distribution of the CUNA director representation on an equitable and proportionate basis, the member leagues wherever located shall be divided into nine (9) districts, numbered one (1) through nine (9), the boundaries of which may be set by the CUNA National Board at any annual meeting and which shall then so remain set until changed in a like manner; provided that the boundaries as established in 1970 and the boundary numbers as established in 1983 shall be the boundaries and numbers of the districts of this corporation until otherwise set by the CUNA National Board of this corporation in accordance with this section, and provided further that the CUNA National Board shall review the boundaries of the districts of this corporation whenever the Board of Directors calls for a review for the purpose of setting such boundaries on a fair and equitable basis. Three (3) CUNA directors as well as additional CUNA directors, if any, to which the district is entitled, shall be elected from each district as provided in Section 3.12(b). One (1) CUNA director from each district, but only one (1), shall be a president of a league within the district. Any president of a league who is

elected as a CUNA director but is not a CUNA National Director shall be an ex officio member of the CUNA National Board, without vote.

The election of officers of this corporation shall be by virtue of secret ballot, except where there is only one nominee for the office, and the majority of the ballots cast shall be necessary to a choice.

(b) The member leagues in each district as created under these bylaws may organize, conduct meetings and adopt bylaws or other rules of procedure, provided, however, that such shall at no time conflict with the articles of incorporation, bylaws or rules and regulations approved and adopted by this corporation. In each year that the term of office of one of the CUNA directors from a district expires, the district shall elect a CUNA director to serve a three-year term of office in accordance with this Article; the election shall be held at a duly constituted meeting of the CUNA National Directors of said district held after fourteen (14) days' written notice, and said CUNA director shall be elected by the CUNA National Directors of said district and from the qualified and accredited CUNA National Directors or, as appropriate, from the league presidents of said district; provided that such CUNA director must receive the majority vote of all the CUNA National Directors to which leagues of said district are entitled whether present or not at said meeting; provided further, that if at any given time it shall be determined by a league to send less than its quota of CUNA National Directors to any district meeting, it may so certify to the district meeting and send a lesser number who shall, however, be permitted to cast the number of votes equal to the quota of the league.

Each district which has a member league with 2.5 million or more affiliated credit union members for which dues are paid for the current year in accordance with Article VI, Section 6.3, shall be entitled to an additional CUNA director for each such league in the district. The procedure for electing such an additional CUNA director shall be in accordance with the first paragraph of this subsection. However, the candidate or candidates for the office of such additional CUNA director shall be nominated from the CUNA National Directors of the league whose number of affiliated credit union members entitles the district to that additional CUNA director and by a majority of said CUNA National Directors or, if appropriate, shall be the president of such league. In case no candidate nominated for the office of additional CUNA director is elected, such league may nominate another candidate or candidates for election at the same district meeting. Such additional CUNA director shall be elected every three (3) years to serve a three-year term of office in accordance with Section 3.13(c) of this Article.

If, prior to the beginning of a district meeting, a league makes its report to this corporation of the number of members of affiliated credit unions and pays not less than one-half of all dues due and payable for the current year under Article VI, Section 6.3, and if such league is entitled to be represented by an additional CUNA National Director or CUNA National Directors on the basis of such report, the persons elected or otherwise designated by the league as such additional CUNA National Director or CUNA National Directors shall be entitled to participate in such district meeting with all the rights, powers and privileges of a qualified and accredited CUNA National Director. Such additional CUNA National Director or CUNA National Directors shall be included in the league's quota of CUNA National Directors for purposes of permitting

the league to cast the number of votes equal to its quota in accordance with the provisions of this section.

(c) A vacancy in the office of a CUNA director shall result from death or resignation, or from expiration of a CUNA director's term of office without election of a successor. A vacancy shall also result at the adjournment of the next annual meeting of the CUNA National Board following the time a CUNA director from a district ceases to be a CUNA National Director, except where he ceases to be a CUNA National Director before the expiration of his term as such, in which event his office as CUNA director shall immediately become vacant. A vacancy shall also immediately result whenever a CUNA director who is a league president ceases to be a league president. A vacancy in the office of a CUNA director from a district shall be filled (but is not required to be filled if there is an alternate CUNA director from such district serving as acting CUNA director) by an election at a duly constituted meeting of the CUNA National Directors of said district held after fourteen (14) days' written notice, and said CUNA director shall be elected by the CUNA National Directors of said district and from the qualified and accredited CUNA National Directors or, as appropriate, from the league presidents of said district; provided that such CUNA director to fill the vacancy must receive the majority vote of all the CUNA National Directors of said district whether present or not. A vacancy in the office of an additional CUNA director from a district shall be filled (but is not required to be filled if there is an alternate CUNA director for such additional CUNA director serving as acting CUNA director) in the manner set forth above. However, the candidate or candidates for the office of said additional CUNA director shall be nominated from the CUNA National Directors of the league whose number of affiliated credit union members entitles the district to that additional CUNA director and by a majority of said CUNA National Directors, or if appropriate, shall be the president of such league. In case no candidate nominated to fill a vacancy in the office of additional CUNA director is elected, such league may nominate another candidate or candidates for election at the same district meeting.

If a CUNA director submits a contingent resignation, the district may conduct an election to fill the contingent vacancy in the same manner as an election to fill an actual vacancy. In such case, the person elected to fill the contingent vacancy shall take office only if the contingency actually occurs.

(d) Each district may elect an alternate CUNA director under the same conditions as govern the election of the CUNA director for whose office the alternate is being elected. Each district shall have the right to be represented by the alternate CUNA director in the event of the inability of the CUNA director to serve at any regular or special meeting of the Board of Directors, or the Executive Committee (if the CUNA director who is unable to serve is a member of that body), upon certifying to the secretary before any such meeting the name and address of the alternate duly elected. When this shall have been done the alternate shall have all the rights and powers of a duly elected CUNA director.

(e) In the event of a vacancy in the office of a CUNA director, the alternate CUNA director for that CUNA director from that district shall serve as acting CUNA director upon certification by the district to the secretary of the name and address of the alternate CUNA director. An alternate CUNA director so serving shall have all the rights and powers of a duly elected

CUNA director, until a successor CUNA director is elected as provided in Section 3.12(c).

SECTION 3.13 TERM OF OFFICE

(a) The chairman of the board, vice chairman, secretary and treasurer shall be elected for a period of one (1) year commencing at the adjournment of the meeting at which they are elected and shall serve until their successors are elected and qualified. In the event of a vacancy in the office of vice chairman, secretary or treasurer, a successor shall be elected by the Board of Directors from the CUNA National Directors to serve for the unexpired term of office. In the event of a vacancy in the office of chairman of the Board, the vice chairman shall serve as chairman for the unexpired term of office.

(c) The term of office of the CUNA directors shall be three (3) years and shall commence upon adjournment of the next annual meeting of the CUNA National Board which follows their election in their district and shall continue until adjournment of the third succeeding annual meeting of the CUNA National Board held thereafter. The term of any CUNA director elected following a vacancy shall commence with his election and continue for the balance of the term.

The CUNA directors of this corporation are divided into three (3) classes, Class A, Class B and Class C. The terms of Class A CUNA directors expire at the adjournment of the annual meetings of the CUNA National Board in 1987 and every third year thereafter, their successors to be elected for three-year terms. The terms of Class B CUNA directors expire at the adjournment of the annual meetings of the CUNA National Board in 1988 and every third year thereafter, their successors to be elected for three-year terms. The terms of Class C CUNA directors expire at the adjournment of the annual meetings of the CUNA National Board in 1989 and every third year thereafter, their successors to be elected for three-year terms. Notwithstanding the general provision for a three-year term of office, when a district first becomes entitled to another CUNA director, the person elected to the new office shall serve for either a one-year, two-year or three year term depending on whether the position is Class A, Class B or Class C.

The Board of Directors shall stagger the terms of office of any CUNA directors whose offices are created after 1981 so as to achieve a balance among the number of Class A, Class B and Class C regular CUNA directors and, as closely as possible, a balance among the number of Class A, Class B and Class C additional CUNA directors.

SECTION 3.14 POWERS

The duties and responsibilities of the Board of Directors shall include the following:

(a) To appoint a president whenever a vacancy occurs, who shall be answerable to and serve at the pleasure of the Board of Directors. The tenure of the president shall be of indefinite duration and shall continue until he is removed or the office is vacated for any reason.

- (b) To receive and act upon all applications for membership in this corporation.
- (c) To select the depository for the funds of the corporation and to determine the manner of withdrawal of the same.
- (d) To establish the compensation of the president; to ratify union agreements; and to approve guidelines for rates of compensation and fringe benefits for all employees of the corporation.
- (e) To approve the annual budget.
- (f) To propose amendments to the articles of incorporation and bylaws to the CUNA National Board.
- (g) To borrow money.
- (h) To mortgage real property owned by this corporation.
- (i) To employ such auditors as are necessary to make an audit or audits of all accounts of the corporation, including the departmental activities of the corporation.
- (j) To authorize such inspection or examination of the books, records and files of a member league as it may deem necessary.
- (k) To appoint an assistant secretary and an assistant treasurer.
- (l) To establish a national coordinating council consisting of the chief elected official and the chief executive officer of those national credit union service organizations as the Board of Directors shall deem appropriate. The purposes of the national coordinating council shall include facilitation of inter-organizational communication and coordination. The chairman of this corporation shall preside over meetings of the national coordinating council.

SECTION 3.15 MEETINGS

A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of the CUNA National Board, and each adjourned session thereof. The Board of Directors may provide, by resolution, the time and place either within or without other notice than such resolution. The chairman may call a special meeting of the Board by giving at least seven (7) days advance notice. The Executive Committee shall meet as often as the chairman of the Board or a majority of the committee deems necessary. All meetings of the Executive Committee of this corporation shall be held independently from meetings of the Executive Committee of CUNA Service Group, Inc. The members of the Board of Directors and of the Executive Committee shall be reimbursed to the extent of the expense involved in attending their respective meetings. When required, the secretary shall issue, or cause to be issued, the notice of each meeting of the Board of Directors and of the Executive Committee at least seven (7) days prior thereto. Notwithstanding the general requirement for seven (7) days advance notice of a meeting, a telephone conference meeting may be held

upon shorter notice provided that each person eligible to participate in the meeting is given notice at least seventy-two (72) hours before the meeting by telephone call, telegram or any other means of instantaneous communication.

SECTION 3.16 **QUORUM**

Fifty (50) percent of the voting membership of the Board of Directors shall constitute a quorum at all meetings. Fifty (50) percent of the voting membership of the Executive Committee shall constitute a quorum at all meetings.

SECTION 3.17 **DUTIES OF THE OFFICERS AND EXECUTIVES**

(a) **The Chairman of the Board**

The chairman of the Board of Directors shall also serve as chairman of the CUNA National Board and the Executive Committee. He shall preside over all meetings of the members, the Board of Directors, and of the Executive Committee and shall perform such other duties as may be assigned to him by the Board of Directors or the Executive Committee. The chairman shall have authority to refer resolutions and directives from the CUNA National Board, the Board of Directors and the Executive Committee to proper committees, refer requests from leagues to proper committees and interpret motions of the CUNA National Board, the Board of Directors and the Executive Committee.

(b) **The Vice Chairman**

The vice chairman of the Board shall serve as vice chairman of the CUNA National Board and the Executive Committee and shall act as chairman in the absence or disability of the chairman. He shall perform such other duties as may be assigned to him by the Board of Directors.

(c) **The Secretary**

The secretary shall, with the chairman or other designated officer, countersign all deeds, leases and conveyances executed by this corporation, keep or cause to be kept a complete and accurate record of all the meetings of the CUNA National Board, the Board of Directors and the Executive Committee, safely and systematically keep or cause to be kept all papers, records and documents belonging to the corporation or in any wise pertaining to the business thereof, and shall perform such other duties as may be assigned to him by the Board of Directors or the Executive Committee. The secretary shall also issue, or cause to be issued, the notice of all meetings.

(d) **The Treasurer**

The treasurer shall cause to be kept and accounted for all moneys, credit and property of the corporation of any kind and every nature which shall come into its possession, and keep or cause to be kept an accurate account of all money received and disbursed, and proper vouchers for money so disbursed. He shall require that the funds of the corporation be collected and disbursed in the manner prescribed by the Board of Directors or the Executive Committee. He shall keep or cause to be kept all funds in a financial institution or institutions approved by the Board of Directors or the Executive Committee and in the name of the corporation, subject to withdrawals in such a manner as may

be directed by the Board of Directors or the Executive Committee. The treasurer shall render or cause to be rendered such accounts, statements and inventories of moneys received and disbursed, and of money and property in hand, and generally of all matters pertaining to his office as shall be required by the Board of Directors, the Executive Committee and the Audit Committee. He shall cooperate with any officers or committees who are in charge of the raising of revenue for the corporation. He shall serve as chairman of the Audit Committee. He shall perform such duties as may be assigned to him by the Board of Directors and the Executive Committee.

(e) Assistant Treasurer

The assistant treasurer shall, under the general supervision of the treasurer, assist the treasurer in the performance of his duties and functions; the assistant treasurer shall also have full power and authority to act for and in place of and instead of the treasurer at such time as the treasurer is absent from the principal office of the corporation.

(f) President

The president shall be the chief executive officer of the corporation under the direction of the Board of Directors and the Executive Committee; shall appoint such executive vice presidents and such other staff vice presidents and other personnel as may be necessary; shall establish rates of compensation and fringe benefits within guidelines approved by the Executive Committee; shall consult frequently with the Executive Committee; shall report not less frequently than annually in writing to the Board of Directors and shall carry out faithfully the purposes of the Board of Directors and the Executive Committee.

(h) Executive Committee

Between meetings of the Board of Directors, the Executive Committee shall perform such acts as may be assigned to it by the Board of Directors, and said acts of the Executive Committee shall be effective for all purposes as the act or authorization of the Board of Directors.

(i) Table Officers

The table officers shall be the chairman of the Board, the vice chairman of the Board, the secretary and the treasurer. The president and immediate past chairman of the Board shall be ex officio table officers without vote. Between meetings of the Executive Committee, the table officers shall perform such acts as may be assigned to them by the Board of Directors or the Executive Committee, and said acts of the table officers shall be effective for all purposes as the act or authorization of the Board of Directors or the Executive Committee as the case may be.

SECTION 3.18 BONDS OF OFFICERS AND EMPLOYEES

The Board of Directors shall bond the treasurer and any other officer or employee of the corporation it deems necessary, in such manner and amount as it shall prescribe.

SECTION 3.19

INDEMNIFICATION

(a) As used in this section, unless the context otherwise requires, the terms:

1. "Indemnitee" means any of the following:

a. A natural person who is a CUNA National Director, CUNA director, officer, employee, agent, or committee member of this corporation.

b. A natural person who, while a CUNA National Director, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving at this corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

c. A natural person who, while a CUNA National Director, CUNA director, officer, employee, agent or committee member of this corporation, is or was serving an employee benefit plan because his or her duties to this corporation also imposed duties on, or otherwise involved services by, the person to the plan or to participants in or beneficiaries of the plan.

d. Unless the context requires otherwise, the estate or personal representative of a CUNA National Director, CUNA director, officer, employee, agent or committee member of this corporation.

2. "Expenses" include fees, costs, charges, disbursements, attorney fees and any other expenses incurred in connection with a proceeding.

3. "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including any excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

4. "Party" means a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

5. "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of this corporation or by any other person.

(b) This corporation shall indemnify an indemnitee to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the indemnitee was a party because he or she is an indemnitee as defined in subsection (a) 1 above.

(c) In cases where an indemnitee has not been successful on the merits or otherwise in the defense of a proceeding to which the indemnitee was a party

because he or she is an indemnitee as defined in subsection (a) 1 above, this corporation shall indemnify the indemnitee against liability incurred by the indemnitee in the proceeding unless liability was incurred because the indemnitee breached or failed to perform a duty he or she owes to this corporation and the breach or failure to perform constitutes any of the following:

1. A wilful failure to deal fairly with this corporation or its members in connection with a matter in which the indemnitee has a material conflict of interest.
2. A violation of criminal law, unless the indemnitee had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.
3. A transaction from which the indemnitee derived an improper personal profit.
4. Wilful misconduct.

(d) Determination of whether indemnification is required under this section shall be made by either one of the following means:

1. By majority vote of a quorum of the board of directors consisting of CUNA directors not at the time parties to the same or related proceedings. If a quorum of disinterested CUNA directors cannot be obtained, the determination shall be made by majority vote of a committee duly appointed by the board of directors and consisting solely of two or more CUNA directors not at the time parties to the same or related proceedings. CUNA directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

2. By independent legal counsel selected by a quorum of the board of directors or its committee in the manner prescribed in subsection (d)1 above, or, if unable to obtain such a quorum or committee, by a majority vote of the full board of directors, including CUNA directors who are parties to the same or related proceedings.

(e) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the indemnitee is not required under this section.

(f) An indemnitee who seeks indemnification under this section shall make a written request to this corporation.

(g) Indemnification under this section is not required if the indemnitee has previously received indemnification or allowance of expenses from any person, including this corporation, in connection with the same proceeding.

(h) Upon written request by an indemnitee who is a party to a proceeding, this corporation may pay or reimburse his or her reasonable expenses as incurred if the indemnitee provides the corporation with all of the following:

1. A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

2. A written undertaking, executed personally or on his or her behalf, to repay the allowance and, if required by this corporation, to pay reasonable interest on the allowance to the extent it is ultimately determined that indemnification is not required. The undertaking under this subsection shall be an unlimited general obligation of the indemnitee and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

(i) Unless the indemnitee has knowledge that makes reliance unwarranted, an indemnitee, in discharging his or her duties to the corporation, may rely on information, opinions, reports or statements, any of which may be written or oral, formal or informal, including financial statements and other financial data, if prepared or presented by any of the following:

1. An officer or employee of this corporation whom the indemnitee believes in good faith to be reliable and competent in the matters presented.

2. Legal counsel, public accountants or other persons as to matters the indemnitee believes in good faith are within the person's professional or expert competence.

3. A committee of this corporation of which the indemnitee is not a member if the indemnitee believes in good faith that the committee merits confidence.

ARTICLE IV

INTERNATIONAL

SECTION 4.1 FOUNDERS AND RECOGNITION OF THEIR CONTRIBUTION TO GLOBAL CREDIT UNION MOVEMENT

In recognition of the fact that Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene are the founders of the worldwide cooperative, thrift and credit movement, and in order that there might be a sustained development of cooperative credit throughout the world--in free acknowledgement of the unique debt which we and succeeding generations of credit union members owe and will always owe to them; we make a part of these our bylaws this acknowledgement--and we designate them Founders of the world credit union movement.

SECTION 4.2 INTERNATIONAL CREDIT UNION WEEK

In honor of Frederick Raiffeisen, Alphonse Desjardins and Edward A. Filene, this corporation shall observe International Credit Union Week as designated by the World Council of Credit Unions, Inc. During this week, there shall be appropriate widespread publicity in the form of all possible observance meetings and activities of credit union organizations.

SECTION 4.3 WORLD COUNCIL DELEGATES AND DIRECTORS

Delegates and alternate delegates of this corporation to World Council of Credit Unions, Inc. shall be elected as provided in this section.

All delegates and alternate delegate(s) to the World Council of Credit Unions, Inc. shall be elected by the Board of Directors to serve a term of office specified by the Board of Directors, but not to exceed two (2) years.

The Board of Directors shall determine which of the persons who serve as delegates and alternate delegates shall constitute the persons designated by this corporation as directors and alternate directors of the World Council of Credit Unions, Inc. and shall determine their term of office. The Board of Directors shall ensure that there is no more than one such director from each district of this corporation. However, if this corporation becomes entitled to a number of such directors that exceeds the number of districts, the Board of Directors shall ensure that there is at least one such director from each district.

ARTICLE V

EMBLEM

SECTION 5.1 OFFICIAL EMBLEM OR EMBLEMS

There shall be such official emblem or emblems of this corporation as may be designated by the Board of Directors.

ARTICLE VI

FINANCE

SECTION 6.1 SOURCES OF FINANCIAL SUPPORT

This corporation shall be supported by (a) dues assessed and collected in the manner provided by the CUNA National Board and in accordance with these bylaws; (b) payments received for services rendered or goods provided; and (c) such grants, gifts, and bequests as are received by the corporation, but no grants, gifts or bequests may be accepted from any source other than the World Council of Credit Unions, Inc. without the approval of the Board of Directors or Executive Committee.

SECTION 6.2 PROVISION FOR A SURPLUS

Each year, an amount equal to at least two and one-half (2½) percent of the dues income shall be set aside as a surplus, which said surplus may be used only in the way and manner determined by a two-thirds vote of the Board of Directors.

SECTION 6.3 DETERMINATION OF DUES

The rate of dues to be paid by the members of this corporation for the ensuing year or years, in no case, however, to exceed a period of three (3) years, shall be fixed at the annual meeting of the CUNA National Board immediately preceding the expiration of a period for which the dues have been previously fixed. The rate of dues to this corporation shall be determined on the basis of a specified amount per member of an affiliated credit union. However, the maximum dues payable by a member for any credit union shall be one percent (1%) of the total dues paid to this corporation by all members in the preceding year. Dues shall be payable at 100% of the amount determined under this section for all credit unions that were affiliated as of the end of the previous year and remain affiliated during the current year. Dues shall be payable for all credit unions that were not affiliated in the previous year and become affiliated during the current year as follows: for those that become affiliated before the last day of February, 100% of the amount determined under this section; for those that become affiliated on or after March 1 but before May 1, 75%; for those that become affiliated on or after May 1 but before October 1, 50%; and for those that become affiliated on or after October 1, 25%. The date to be used for determining the number of members of credit unions shall be the thirty-first day of December of the previous year. A report of the total number of affiliated credit union members as determined above shall be made to this corporation on or before March 1st. The method of collecting dues payable to the corporation shall be determined by each member, and all dues shall be due and payable as follows:

One-quarter on March 1
Additional one-quarter on May 1
Additional one-quarter on July 1
Balance on September 1

Once a member has made its report of affiliated credit union members and participated in a district, annual or special meeting with a number of CUNA National Directors based on that report, the member shall not be permitted to amend its report to reduce the number of affiliated credit union members. Dues not paid on the dates required by this section shall become and remain delinquent until paid.

A member shall be considered to have withdrawn under Section 2.4 of Article II if any dues installment of such member is not paid on or before the date on which such installment is due and payable (including any changed date on which due and payable under this paragraph), and the effective date of such withdrawal shall be the date (or changed date) on which such installment was due and payable; provided that the date on which any dues installment is due and payable by a member (including a changed date on which due and payable under this paragraph) may be changed by the CUNA National Board or the Board of Directors to a later date.

SECTION 6.4 BUDGET

The Board of Directors shall adopt a budget for the fiscal year. The Executive Committee shall have authority to make adjustments in the budgeted

items by transferring amounts from one item to another within the amounts budgeted as it may deem beneficial to the corporation.

SECTION 6.5 THE FISCAL YEAR

The fiscal year of the corporation shall end on the last day of December of each year.

SECTION 6.6 AUDIT COMMITTEE

The Board of Directors shall elect by and from their own number an Audit Committee consisting of the treasurer and five (5) other members; provided that, no member of the Audit Committee other than the treasurer shall be a member of the Executive Committees of this corporation or CUNA Service Group, Inc. The treasurer shall serve as chairman of the Audit Committee. The Audit Committee members shall be elected for a term of one (1) year and until their successors have been elected or otherwise designated.

Any vacancy on the Audit Committee (except a vacancy in the office of CUNA treasurer) shall be filled through appointment by the chairman of the Board of Directors. The books and records of accounts shall be audited at least annually by a licensed certified public accountant selected by the Audit Committee, and a report of such audit shall be submitted to the Board of Directors.

ARTICLE VII

AMENDMENTS

SECTION 7.1 PROCEDURE IN MAKING AMENDMENTS

These bylaws may be amended, altered, or repealed by a two-thirds vote of the votes cast at any meeting of the CUNA National Board, if the call for the meeting sets forth the purpose of the meeting and includes a description of the subject matter to be considered for bylaw amendment at such meeting. There shall be included in the call for any annual meeting any amendment which has been proposed by the Board of Directors or by the boards of directors of any five (5) member leagues.

ARTICLES OF AMENDMENT
AND
RESTATED ARTICLES OF INCORPORATION
OF
WISCONSIN CREDIT UNION LEAGUE

By action of the voting members of the Wisconsin Credit Union League, taken pursuant to Chapter 181 of the Wisconsin Statutes and the Articles and Bylaws of said Corporation on April 24, 1982, the following Articles of Amendment and Restated Articles of Incorporation of said Corporation were duly adopted:

FIRST: The name of the Corporation is Wisconsin Credit Union League.

SECOND: The Amendment and Restated Articles of Incorporation so adopted are as set forth on Exhibit A attached hereto and made a part hereof.

THIRD: Pursuant to its Articles of Incorporation, this Corporation has only one class of voting members. As of April 24, 1982, there were 872 voting members of the Corporation. The foregoing Amendment and Restatement of the Articles of Incorporation of Wisconsin Credit Union League were duly adopted by the affirmative vote of 872 voting members. No member voted against the Amendment and Restatement of the Articles of Incorporation.

IN WITNESS WHEREOF, the undersigned officers of
the Wisconsin Credit Union League have hereunto set their
hands at Milwaukee, Wisconsin this 29th day of April, 1983.

WISCONSIN CREDIT UNION LEAGUE

By John P. Hill
John P. Hill, President

Richard H.E. Smith
Richard H.E. Smith, Secretary

STATE OF WISCONSIN
FILED

MAY 11 1983

DOUGLAS LA FOLLETTE
SECRETARY OF STATE

This document was drafted by:
Frank J. Pelisek, Attorney at Law.

Record in Milwaukee County, Wisconsin

RESTATED ARTICLES OF INCORPORATION
WISCONSIN CREDIT UNION LEAGUE

ARTICLE FIRST

The business and purpose of such corporation shall be: To foster the growth of the Credit Union Movement, and to promote cooperation in all matters of common concern by and between credit unions located in Wisconsin.

It shall be the further purpose of this League to cooperate with the Credit Union National Association, or any other association advantageous to the League and to carry on such other functions for and in behalf of its members as may make for their common benefit.

ARTICLE SECOND

The name of said corporation shall be WISCONSIN CREDIT UNION LEAGUE and its principal office shall be located at 10025 West Greenfield Avenue, West Allis, Wisconsin 53214. Its registered agent shall be John Patrick Hill, 10025 West Greenfield Avenue, West Allis, Wisconsin 53214.

ARTICLE THIRD

The corporation shall be nonstock and no dividends or pecuniary profits shall be declared to the members thereof.

ARTICLE FOURTH

The general officers of said corporation shall be a Chairman, First Vice-Chairman, Second Vice-Chairman, Secretary and Treasurer, and the Board of Directors, which shall consist of such number as may be provided by the bylaws.

ARTICLE FIFTH

The officers, consisting of the Chairman, First Vice-Chairman, Second Vice-Chairman, Secretary and Treasurer, shall be elected by the directors who shall first be elected by the members of said corporation.

ARTICLE SIXTH

The duties of the officers shall be those as prescribed in the bylaws for each officer.

ARTICLE SEVENTH

Any credit union in the State of Wisconsin shall be eligible for membership in this League. Any newly organized credit union shall automatically be a member of this League upon receipt of its charter from the State Office of the Commissioner of Credit Unions, and shall not be required to pay any dues for the first year of membership. Other credit unions desiring to obtain membership in the League shall indicate such intention by notifying the Secretary of the League or the League office. Upon the receipt of said application, such credit unions shall be accepted as members of the Wisconsin Credit Union League with all the rights and privileges belonging to members of the League, unless such application should be rejected by the Executive Committee. Other conditions of membership, payment of dues, etc., shall be in accordance with the provisions as set forth in the bylaws.

ARTICLE EIGHTH

These articles may be amended by a resolution setting forth such amendment or amendments adopted at any meeting of members by a vote of at least two-thirds (2/3) of the vote entitled to be cast by members present or represented by proxy at such meeting.

The preceding Restated Articles of Incorporation duly adopted pursuant to the authority and provisions of Chapter 181 of the Wisconsin Statutes supersede and take the place of the existing restated articles of incorporation and amendments thereto.

STATE OF WISCONSIN
FILED

MAY 11 1983

DOUGLAS LA FOLLETTE
SECRETARY OF STATE

1990

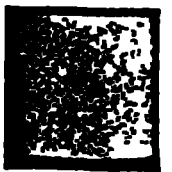
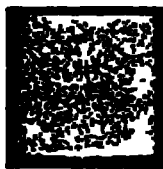
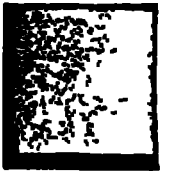
BYLAWS

WISCONSIN

CREDIT

UNION

LEAGUE



BYLAWS
of the
WISCONSIN CREDIT UNION
LEAGUE

ARTICLE I

Name

Section 1. The name of this corporation shall be "Wisconsin Credit Union League "

ARTICLE II

Purpose

Section 1. The purpose of this League shall be to foster the growth of the credit union movement, and to promote cooperation in all matters of common concern by and between credit unions located in Wisconsin

Section 2. It is further the purpose of this League to cooperate with its chapters, the Credit Union National Association, Inc and its affiliates, or any other associations advantageous to the League, and to carry on such other functions for and in behalf of its members as shall make for their common benefit

ARTICLE III

Membership

Section 1. Any credit union located in the State of Wisconsin shall be eligible for membership in this League

Section 2. The League may also accept as associate members,

(a) those organizations, firms and other associations having a service or product purchased by credit unions and/or credit union members, and

(b) branches, located in this state, of state or federally chartered credit unions whose home office is located in another state

Section 3. Associate members shall be without voting rights of any kind

Section 4 Acceptance of any organization, firm or other associations as an associate member shall be in the sole discretion of the Board of Directors of the League which may establish criteria for acceptance

ARTICLE IV

Fiscal Year

Section 1. The fiscal year of this League shall be the calendar year

ARTICLE V

Districts

Section 1. The state shall be divided into not less than ten (10) districts, well distributed geographically as to centers of population The Board of Directors may from time to time, with the approval of the delegates, reestablish the boundaries and establish the number of such districts

Section 2. In the redistricting or the reestablishment of boundaries which may become necessary due to the expansion of our credit union program, districts shall be

apportioned as closely as is reasonably possible within the limits of these bylaws, so that there shall be a director in each district for every thirty (30) credit unions or major fraction thereof

Section 3. Each district shall be entitled to at least one director who shall be elected as provided for in Article XI, Section 2, of these bylaws

ARTICLE VI

Membership Annual Meetings

Section 1. The annual meeting of the delegates shall be held during the month of April or May, beginning in 1976

Section 2. Delegates from fifty (50) or more member credit unions present at the annual meeting shall constitute a quorum

Section 3. The Secretary shall give each member credit union and each chapter not less than thirty (30) days written notice of each meeting

Section 4 Not less than thirty (30) days prior to the date of the annual meeting, the Secretary shall send all member credit unions sufficient copies for its delegates of the proposed agenda, proposed amendments to the bylaws, copies of the current year-end financial reports, copies of the proposed dues schedule, and copies of all other reports where the subject matter contained therein might of necessity require board action of member credit unions

Section 5 The order of business shall be based on an agenda submitted to the members prior to the date of the annual meeting (Article VI, Section 4) It shall be the duty of the presiding officer to submit

this agenda to the delegates for their approval or alteration immediately after the meeting is called to order

ARTICLE VII

Representation

Section 1. Each member credit union shall be entitled to cast one (1) vote at annual or special meetings of the League and at district meetings

Section 2. All member credit unions, at the request of the secretary, shall certify to the credentials committee the names of one (1) delegate and one (1) alternate delegate who shall serve for (1) year or until successors have been duly appointed and certified Delegates and alternates so certified shall be board members, committee members, or employees of the credit union The delegates or alternates shall represent no more than one (1) credit union

Section 3. Member credit unions may seat no more than one (1) delegate and one (1) alternate delegate on the floor at the annual meeting of the League Both the delegate and the alternate delegate shall have the privilege of the floor

ARTICLE VIII

Powers of Delegates

Section 1. The ultimate powers in the administration of this League shall be vested in the delegates at annual or special meetings

Section 2. The delegates shall be empowered to

(a) Enact and amend the bylaws as provided for in Article XX

(b) Determine League policies and programs

(c) Establish dues for member credit unions as provided for in Article XVIII

(d) Establish the district boundaries and fix the number of districts

(e) Affiliate with other organizations aiding the credit union movement

(f) Transact any business duly brought before them

ARTICLE IX

Special Membership Meetings

Section 1. Special meetings of the members may be called by the Chairman of the Board, with the approval of the Board of Directors, or upon written petition of seventy-five (75) member credit unions representing a majority of the districts

Section 2. Member credit unions must be given at least fifteen (15) days written notice of such meeting and notices must state the purpose of the meeting

Section 3. Only such business as is contained in the notice shall be transacted

ARTICLE X

Board of Directors

Section 1. This League shall be managed between delegates' meetings by a Board of Directors in the manner provided for in these bylaws

Section 2. The directors shall be the executive officers of the League for their respective districts and shall perform such duties as may be assigned to them by the Board of Directors

Section 3. No director shall vote on any issue before the board in which such director has a direct or indirect pecuniary interest other than the interest of the individual credit union with which such director may be affiliated

ARTICLE XI

Election of Directors

Section 1. Directors shall be nominated by and from the districts they are to represent. Directors shall be elected by the delegates at a district meeting prior to the League annual meeting by a majority of the votes cast

Section 2. To be eligible for election to the office of director, and to continue as a director or in any office of the League, a person must (a) be a member of a member credit union within the district, and (b) be a director, employee, or committee member of a member credit union within the district such person represents

Section 3. Directors shall be elected for terms of three (3) years. The terms of office shall be so staggered that the terms of one-third (1/3) of the directors shall expire each year insofar as it is deemed practical to do so, provided, however, that in the event the number of directors of any district is decreased because of the provisions contained in these bylaws, the terms of all directors of said district shall terminate at the adjourn-

ment of the next League annual meeting and upon the due election and qualification of their successors. In such event, the proper number of directors for such district shall be elected for a three (3) year term if there shall be one (1) director or for staggered terms of not more than three (3) years if there shall be more than one (1) such director for such district. Elections for such directors shall be held as provided in Section 1 hereof

Section 4. Newly elected directors shall take office immediately following the adjournment of the League annual meeting and shall hold office until their successors have been duly elected and qualified

Section 5. The office of director shall be automatically vacant in the event the director ceases to qualify according to the provisions of Article XI, Section 2

Section 6. Vacancies in League directorships shall be filled at a regularly scheduled or specially called chapter meeting, and such newly elected director shall fill the unexpired term

Section 7. SUSPENSION OR EXPULSION Notwithstanding any provision contained in these bylaws, any director may be suspended or expelled from his office as a director in accordance with the following provisions

Written charges may be filed with the Board of Directors against a director by fifty percent (50%) of the affiliated credit unions in his/her district

When such written charges have been properly preferred against a director, the Board of Directors shall have the power--after hearing said director's defense--to suspend the accused

director until the next regularly scheduled or specially called chapter meeting in the district of the director so involved unless the Board of Directors shall, before such meeting, revoke such suspension and reinstate such director

Any such action by the board suspending a director or revoking such suspension shall require the vote of two-thirds (2/3) of the membership of the Board of Directors

During the period of suspension, the suspended director shall have no vote in the proceedings of the Board of Directors

During such period of suspension, the Board of Directors shall appoint a temporary director to represent the district served by the suspended director DURING THE PERIOD OF HIS/HER SUSPENSION

The matter of the suspension of any director unless sooner revoked shall be presented at the next regularly scheduled or specially called chapter meeting in the district of the director so involved for action as to the expulsion from the Board of Directors of said suspended director. The membership shall at said meeting sustain or reject the action of the Board of Directors with reference to said suspension, and in the event that said suspension is sustained by the membership, said suspended director shall be declared expelled from his office as a director and such office declared vacant and said vacancy shall be filled immediately by an election at such meeting

ARTICLE XII

Board of Directors Meetings

Section 1. The Board of Directors shall hold at least three (3) regular meetings between annual meetings

Section 2. The Secretary shall send a written notice to each director at least ten (10) days in advance of all such meetings

Section 3. Special meetings of the Board of Directors may be called by the Chairman of the Board, with the approval of the Executive Committee, or upon the written request of at least ten (10) directors

Section 4. The Secretary shall notify each director in writing, in advance of such special meeting. If delivered by mail, a 72-hour notice is required. If delivered by telegram, a 24-hour notice is required. Each notice shall state the purpose of the meeting and only the business contained in the notice shall be transacted at such meeting

Section 5. At all regular or special meetings of the Board of Directors, fifty-one percent (51%) of the number of directors then in office shall constitute a quorum

ARTICLE XIII

Powers and Duties of the Board of Directors

Section 1. The business and all affairs of this League shall be managed, conducted, and controlled between annual meetings of the delegates by the Board of Directors

Section 2. While the Board of Directors shall have the power to act for the membership between meetings of the delegates, the board cannot modify any action taken by the membership

Section 3. The board shall have the power to act for the delegates in and during the event of an emergency under which the government would curtail or prohibit a delegates' meeting

Section 4. It shall be considered as a special duty of the Board of Directors to

(a) Elect the officers of the League

(b) Elect an Executive Committee as provided for in Article XV, Section 1

(c) Designate a depository for the League funds and the persons who shall be authorized to issue and sign checks

(d) Elect national directors and representatives to other affiliated organizations

(e) Consider and act upon any legislative matters affecting credit unions

(f) Recommend at least every five (5) years the boundaries for districts to the delegates at the annual meeting for consideration and approval

(g) Hire the President who will be charged with the responsibility of managing the affairs of the League and reporting to the Board of Directors and the Executive Committee of the League

(h) Propose amendments to these bylaws when it is deemed necessary in such manner as provided for in Article XX

(i) Approve the annual budget as presented by League staff

(j) Fix the place of the next annual meeting

ARTICLE XIV

Officers

Section 1. Immediately after the annual meeting, the directors shall convene and elect from their number a Chairman of the Board,

a First Vice Chairman of the Board, a Second Vice Chairman of the Board, a Secretary and a Treasurer

Section 2. Officers shall be elected for one-year terms and they shall take office immediately and shall hold such office until their successors are duly elected and qualified

Section 3. The Chairman of the Board shall preside at all meetings and shall, with the approval of the Executive Committee, appoint the permanent and any additional committees and designate their chairmen. The Chairman of the Board shall further perform any and all duties incidental to the office

Section 4. The First Vice Chairman of the Board shall assume the duties of the Chairman in his/her absence or disability. The Second Vice Chairman of the Board shall assume the duties of the Chairman in the absence or disability of both the Chairman and the First Vice Chairman

Section 5. The Secretary shall

(a) Keep a record of all Board of Directors and delegates' meetings

(b) Keep a record of all policies adopted by the annual meeting, Board of Directors and the Executive Committee

(c) Give an official notice of annual meetings, Board of Directors' meetings, and special meetings as provided for in these bylaws

(d) Perform any other duties incidental to the office

(e) Receive such assistance as is deemed necessary from the office staff

Section 6. The treasurer shall

(a) Collect membership dues and other funds, and make disbursements in accordance with the budget.

(b) Disburse funds for special items and funds in excess of the budget only with the approval of the Executive Committee or the Board of Directors

(c) Prepare and present to the delegates a proposed dues schedule

(d) Prepare and present to the delegates the year-end financial report.

(e) Receive such assistance as is deemed necessary from the office staff

Section 7. Vacancies occurring in the offices of the Chairman of the Board, First Vice Chairman of the Board, Second Vice Chairman of the Board, Secretary or Treasurer shall be filled at the next board meeting at which time an election shall be held for the uncompleted term

ARTICLE XV

Executive Committee

Section 1. An Executive Committee of five (5) directors shall be elected at the first meeting of the Board of Directors following the annual meeting

Section 2. The Executive Committee shall be empowered to act for the Board of Directors between meetings provided, however, that all acts of said committee shall be subject to the approval of the Board of Directors, and provided further that the said committee shall not modify any action theretofore taken by the board

ARTICLE XVI

Committees

Section 1. Permanent committees of the League shall be the Examining and Credentials Committees. These committees shall be appointed and the chairmen designated by the Chairman of the Board of Directors subject to approval of the Executive Committee. The members of both of these committees must be from affiliated credit unions, and the reports of these committees shall be in writing and filed with the Secretary.

Section 2. The Examining Committee consisting of at least three (3) persons shall examine the books and accounts of the League at least annually and shall check to determine if the League is adequately protected by insurance and properly bonded. The committee shall be required to submit an annual report to the delegates at the annual meeting.

Section 3. The Credentials Committee consisting of three (3) persons shall be appointed prior to the annual or any special meeting and they shall examine and certify the credentials of all delegates and shall submit a report to the Secretary immediately before the meeting is called to order.

Section 4. Additional committees as may be deemed necessary for the appropriate operation of the League may be appointed and the chairmen designated by the Chairman of the Board of Directors subject to the approval of the Executive Committee. The members of such committees must be from affiliated credit unions.

ARTICLE XVII

Membership Lists

Section 1. Lists of names and addresses of the directors, officers, committee members and employees of affiliated credit unions shall be used only for the purposes and operation of the League and shall not be released to any third party without specific approval of the Executive Committee, which must establish appropriate guidelines and procedures for the release of such lists.

ARTICLE XVIII

Finances and Dues

Section 1. The League shall be financed by dues paid by member credit unions each year in an amount and by such method of assessment as shall be voted by the delegates.

Section 2. The delegates shall adopt a dues schedule. The dues schedule so established may include various categories of dues payable by member credit unions and associate members.

Section 3. The dues so established shall be due and payable by January 31 of each year. Credit unions paying dues after January 31 shall pay a late payment penalty equal to 1% per month for the number of days the payment is late.

Member credit unions remitting total dues on or before January 15 may receive a discount to be determined by the League Board of Directors.

Section 4. Failure to pay dues within the time specified will automatically disbar a credit union from membership benefits and participation in the activities of the League, the Credit Union National Association, Inc., and its affiliates, unless such credit union be excused by the Executive Committee or the Board of Directors

Section 5. Newly organized credit unions shall be exempt from the payment of dues for the first twelve (12) months of operation

Section 6. Credit union accounts held in a corporate central credit union organized under the provisions of Section 186.32, Wisconsin Statutes, shall not be taken into account for the computation of any dues payable by such corporate central credit union

Section 7. The dues collected annually shall include such amount as may be necessary in any given year to pay the dues of this League in the Credit Union National Association, Inc. In the event of its affiliation with such association and for the period of its affiliation, in conformity with the constitution and bylaws of the Credit Union National Association, Inc.

Section 8. The League may secure any other income as may be properly approved by the Board of Directors

ARTICLE XIX

Chapters

Section 1. No new chapter shall be organized without the approval of a majority of the League Board of Directors or a majority of the delegates at a League annual meeting

Section 2. The League shall encourage the organization of credit union groups whereby educational information and constructive assistance may be readily available to such groups. These organized groups shall be known as chapters

Section 3. The League shall assist and cooperate with chapters in providing as much of the aforementioned service as possible for member credit unions, and shall regularly furnish chapters with up-to-date information relative to credit unions and credit union operation

Section 4. Chapters shall be recognized as a most important medium in the promotion of the credit union movement, and shall be further identified as an integral part of the League

Section 5. To attain a state-wide uniformity in structural operation, chapters shall be guided by chapter bylaws provided by the League

Section 6. When matters pertaining to League functions become an item of business at chapter meetings, such as the election of League directors, the chapter meeting shall be recessed, and a district meeting called to order. Only the delegates from credit unions affiliated with the League shall have the right to vote. The number of votes each credit union is entitled to cast shall be in accordance with Article VII of these bylaws

Section 7. No chapter shall commit itself to expenditures to be borne by the League without proper authorization from the Executive Committee or the Board of Directors of the League

ARTICLE XX

Amendments

Section 1. These bylaws may be altered or amended by a two-thirds (2/3) vote at any annual meeting of the League, or at any special meeting called for that purpose

All proposed amendments, however, shall be presented in writing to the League Secretary at least sixty (60) days prior to the annual meeting, and it shall be the responsibility of the Secretary to forward such amendments to member credit unions at least thirty (30) days prior to the annual meeting

ARTICLE XXI

Indemnification of Officers, Directors and Others

Section 1 Mandatory Indemnification
The League shall, to the maximum extent permitted under Chapter 181, Wisconsin Statutes, as amended, indemnify and allow reasonable expenses of any person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suite or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of or volunteers services to the League, or is or was serving at the request of the League as a member of any committee or a director or officer of any other corporation or enterprise. Such right of indemnification shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person

Section 2. Permissive Supplementary Benefits The League may, but shall not be required to, supplement the mandatory indemnification provided in Section 1 above by (a) the purchase of insurance on behalf of one or more of such persons, (b) individual or group indemnification agreements with one or more of such persons, and (c) advances for related expenses of any such person

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