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## DEPARTMENT OF LABOR

### Pension and Welfare Benefits Administration

#### Working Group Studying Issues Surrounding the Trend in the Defined Benefit Plan Market With a Focus on Employer-Sponsored Hybrid Plans, Advisory Council on Employee Welfare and Pension Benefits Plans; Notice of Meeting

Pursuant to the authority contained in section 512 of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. 1142, a public meeting by teleconference will be held on October 28, 1999, by the Working Group Studying Issues Surrounding the Trend in the Defined Benefit Plan Market With a Focus on Employer-Sponsored Hybrid Plans of the Advisory Council on Employee Welfare and Pension Benefit Plans.

The purpose of the open meeting by teleconference, which will run from 9:30 a.m. to approximately 11:00 a.m. in the Conference Room N-5677, U.S. Department of Labor Building, Second and Constitution Avenue, NW, Washington, DC 20210, is for Working Group members to review the group's draft report to the Secretary of Labor before it meets again in Washington for its full and final session for the year on November 9.

Members of the public are encouraged to file a written statement pertaining to the topic by submitting 20 copies on or before October 21, 1999, to Sharon Morrissey, Executive Secretary, ERISA Advisory Council, U.S. Department of Labor, Room N-5677, 200 Constitution Avenue, NW, Washington, DC 20210. Individuals or representatives of organizations wishing to address the Working Group should forward their request to the Executive Secretary or telephone (202) 219-8753. Oral presentations will be limited to 10 minutes, but an extended statement may be submitted for the record. Individuals with disabilities, who need special accommodations, should contact Sharon Morrissey by October 21, at the address indicated in this notice.

Organizations or individuals also may submit statements for the record without testifying. Twenty (20) copies of such statements should be sent to the Executive Secretary of the Advisory Council at the above address. Papers will be accepted and included in the record of the meeting if received on or before October 21.

Signed at Washington, DC this 7th day of September 1999.

**Richard McGahey,**

*Assistant Secretary, Pension and Welfare Benefits Administration.*

[FR Doc. 99-26768 Filed 10-13-99; 8:45 am]  
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## NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

### Sunshine Act Meeting

The U.S. National Commission on Libraries and Information Science (NCLIS) Sunshine Act Meeting:

*Date:* November 4, 1999.

*Time:* 12:30 a.m.-5:00 p.m.

*Location:* Ronald Reagan Building, Room 6.4b, U.S. Customs Service entrance, 14th and Constitution Avenue, NW, Washington, DC.

#### *Matters to be discussed:*

Administrative Matters

Status of current programs and projects Program plans, FY 2000-01

Executive Committee Report; NCLIS

Committee Reports

Discussion, National Forum on Library and Information Services

Update, Library Statistics Program

Update, Sister Libraries: A White House

Millennium Council Project

Discussion, National Award for Library Service

*Date:* November 5, 1999.

*Time:* 9:00 a.m.-12:00 noon.

*Location:* 1575 I Street, NW, Washington, DC.

*Matters to be discussed:* NCLIS/National Museum Services Board Annual Joint Meeting.

For security reasons, the Ronald Reagan Building requires pre-registration for attendance. To attend the meeting on November 4, please notify Barbara Whiteleather no later than November 1, 1999.

To request further information, please contact Barbara Whiteleather. To make special arrangements for persons with disabilities, contact Barbara Whiteleather (202-606-9200; fax 202-606-9203; e-mail <bwhiteleather@nclis.gov>) no later than November 1, 1999.

Dated: October 6, 1999.

**Robert S. Willard,**

*NCLIS Executive Director.*

[FR Doc. 99-26879 Filed 10-8-99; 5:00 pm]

BILLING CODE 7527--\$-M

## NATIONAL CREDIT UNION ADMINISTRATION

### Federal Credit Union Bylaws

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Notice of Federal Credit Union Bylaws.

**SUMMARY:** This notice advises the public of the final changes to the federal credit union (FCU) bylaws. The changes consolidate the two manuals which currently contain the FCU bylaws into one manual and eliminate or modernize several bylaws. This action is necessary because several of the bylaws had become outdated or obsolete.

**DATES:** The Federal Credit Union Bylaws are effective October 14, 1999.

**FOR FURTHER INFORMATION CONTACT:** Mary F. Rupp, Staff Attorney, Office of General Counsel, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428 or telephone: (703) 518-6553.

#### SUPPLEMENTARY INFORMATION:

#### Background

On December 17, 1998, the NCUA Board issued a Notice and Request for Comment on proposed Federal Credit Union (FCU) Bylaws. 64 FR 187 (January 4, 1999). The proposed bylaws were drafted after reviewing comments in response to a Request for Comment. 62 FR 11778 (March 13, 1997). Those commenters supported the bylaws being published as a manual rather than a regulation, consolidating the bylaws into one publication, deleting outdated and obsolete bylaws, and not requiring FCUs to adopt the revised bylaws.

The proposal was drafted in accordance with those comments. As a result, the proposed bylaws are more user friendly for FCUs. All of the information is now in one place; plain English is used; provisions that are outdated are deleted; and provisions that are operational or covered in the Accounting Manual or regulations are deleted, unless it was determined that because of their importance they should also be included in the bylaws.

#### Summary of Comments

The Board received 24 comments in response to its proposal. The seven commenters that specifically comment on the revised format of consolidating the bylaws in one publication applaud the Board's effort to make the bylaws more user friendly. Several commenters also comment favorably on the Board's decision to remove operational issues from the bylaws. Some of those commenters suggest other areas that could be removed because they are operational. These are discussed below. Overall the comments were favorable.

#### Article by Article Analysis of Comments

##### Article I, Name—Purposes

*Section 2.* This provision states the purpose of the credit union is "to

promote thrift among its members \* \* \* and to create for them a source of credit for provident or productive purposes." One commenter suggests changing it to "provident, productive or business purposes" because the member business loan rule exempts from its limitations credit unions that are chartered for the purpose of making business loans.

The Board agrees that, if an FCU determines that in compliance with the Federal Credit Union Act (the Act) one of its purposes is to make member business loans, it should be permitted to add this language to its bylaws. 12 U.S.C. 1757a(b)(1). This provision is optional. The final bylaws indicate that FCUs wishing to include the "business purposes" language in their bylaws may do so.

#### *Article II, Qualifications for Membership*

*Sections 2 and 3.* These provisions discuss application for membership and withdrawal from membership. Four commenters state that these provisions are operational and should be deleted. One commenter objects to the withdrawal from membership provision on the basis that it is inconsistent with the Federal Credit Union Act which states two grounds for expulsion. 12 U.S.C. 1764(a) and (b). The commenter fails to distinguish between withdrawal and expulsion. One commenter wants the provision expanded to include the criteria for membership in the Chartering Manual.

Although operational, the Board believes that including these provisions in the bylaws offers useful guidance to FCUs and their members without placing any additional burdens on them.

*Section 5.* This provision was deleted because the "once a member always a member" policy is now addressed in the Act. 12 U.S.C. 1759(e)(2). Two commenters suggest that the bylaw be retained with language allowing FCUs to restrict services to members no longer within the field of membership.

The Board agrees that the bylaws are an appropriate place for this provision to be included. The bylaw will repeat the statutory language and note that FCUs that want to restrict services should state the restrictions in this bylaw provision. This provision is now Article II, Section 4.

#### *Article III, Shares of Members*

*Sections 1 and 3.* One commenter likes the proposal's approach of allowing the FCU to fill in the par value amount of a share and the time frame to complete payment of one share.

*Section 2.* One commenter suggests that the requirement that the "maximum amount of shares that may be held by

any one member shall be established from time to time by resolution of the board" should say "may" instead of "shall." The commenter notes that large FCUs have no need for the limitation. The Act requires the board to set the maximum amount and so, this provision must remain. 12 U.S.C. 1761b(7).

One commenter suggests that the requirement that both owners of a joint account each purchase a share if they both want to be a member should be stated in the bylaw. The Board agrees that the bylaws are the appropriate place to clarify that for joint account holders to both be members, the account must have at least two shares in it. This provision is added as Section 7 of this Article.

*Section 4.* This section permits transfer from one member to another by "a written instrument" and requires the transfer to "carry dividend credits with it." Five commenters state that this provision is confusing because membership shares generally can't be transferred. The intent of this provision is to show that a member can only transfer shares to members and that the shares function like stock in a corporation.

Some commenters note that the requirement that it be written is outdated. The Board agrees and is deleting the "written" requirement.

*Section 5.* This section sets forth the requirements for withdrawing shares from a member's account. Three commenters note that several of these provisions are operational and should be deleted. One of the commenters notes that, although section 5(d) allowing deceased members' accounts to remain open for a period of four years is operational, it should remain because there is no other authority for it. The Board agrees that all of the Section 5 provisions are operational but they provide useful guidance to the FCU and notice to the member and so, the Board will retain them.

Two commenters suggest that the bylaws include a provision for statutory liens because NCUA's proposed rule on statutory liens references a bylaw as authority for a statutory lien. 63 FR 57943 (October 29, 1998). The bylaws do contain a provision for statutory liens. It is proposed section 5(c) which is currently Article III, Section 5(d) of the FCU Bylaws.

Four commenters object to deleting Section 5(f). This provision allows boards to impose fees for excessive share withdrawals. Commenters note that although the Truth in Savings Act (TISA) requires FCUs to disclose fees it does not authorize fees. The Board

agrees and will reinstate this provision in the final bylaws as Section 5(e).

#### *Article IV, Meetings of Members*

*Section 1.* This section requires the annual meeting to be held within 100 miles of the office of the credit union. Four commenters suggest adding "any" before office to allow FCUs greater flexibility. The Board agrees that since the intent is to allow FCUs the maximum flexibility possible that "any" should be placed before office. One commenter suggests that the requirement of an annual meeting be eliminated. This requirement is statutory and cannot be eliminated. 12 U.S.C. 1760.

*Section 2.* This section states the time frames for notice of annual and special meetings. Under the current bylaws, notice of the annual meeting must be given at least 7 days prior to the annual meeting. The proposal changes the time to at least 30 days but not more than 75 days. Five commenters object to the change. The reasons cited were that there is more flexibility with 7 days and the new time frame may require an additional mailing which would be costly because, in the past, the notice was sent with the quarterly statement. The Board believes that the requirement of at least 30 days notice to the member is not an undue hardship on an FCU and that the notice can still be mailed with the quarterly statement. However, 7 days notice could be an undue hardship on the membership and does not facilitate maximum member participation at the annual meeting. The notice requirements for a special meeting are still only 7 days because there is often a need to act promptly when scheduling a special meeting. However, that same need is not generally associated with the scheduling of the annual meeting.

*Section 3.* This section states the number of members necessary to request a special meeting. The current bylaws require 25 members or 5%, whichever is greater, not to exceed 200. The proposal only changes the not-to-exceed number from 200 to 500. Three commenters object to the change. It is unclear whether the commenters understood the change since one said a percentage is fairer and two said small credit unions are penalized. All three commenters ignored the fact that the 5% limit still exists. The Board is going to keep the 500 maximum. The intent of the increase is to prevent a small number of members in a very large credit union from requesting a special meeting every time they don't agree with management. The increase has no effect on a small credit union.

*Section 4.* This section sets forth the order of business at the annual meeting. Two commenters suggest moving the elections to after the report by the supervisory committee and one commenter suggests deleting this provision because it is operational. The Board agrees that this provision is operational, but rather than delete the provision, the order of business will no longer be required, but rather suggested, with the requirement that, whatever order of business an FCU chooses, it must comply with "Robert's Rules of Order."

One commenter suggests that proxy voting be allowed. This is prohibited by the Act. 12 U.S.C. 1760.

#### *Article V, Elections*

The proposal lists four election options: (1) In person elections with nominating committee and nominations from floor; (2) In person elections with nominating committee and nominations by petition; (3) Ballot boxes or voting machines with nominating committee and nominations by petition; and (4) Electronic device or mail ballot with nominating committee and nominations by petition. One commenter suggests a fifth option that would allow an individual to place himself on the ballot in lieu of nominations from the floor or nomination by petition. The Board rejects this suggestion because it is contrary to standard business practice. One commenter likes the four options and the guidance they offer.

Two commenters suggest nominations from the floor be deleted because they're archaic and one of those commenters also suggests that nominations by petition be deleted. The Board recognizes that very few FCUs still have nominations from the floor but sees no reason to preclude FCUs from conducting their elections in that manner if they choose to.

One commenter opposes FCUs checking a box to select their voting method. The commenter is concerned that an FCU may forget to check a box or check too many boxes. The commenter suggests that all FCUs reprint the bylaws with only the method selected printed. The Board believes that FCUs will take the responsibility of selecting their bylaws seriously and will follow the appropriate instructions. Therefore, FCUs have the option of adopting their bylaws by checking the appropriate boxes or reprinting the bylaws with only the provisions that apply to them.

Two commenters note that the revised bylaws allow a combined ballot and identification form but require the ballot and identification form to be kept in

separate places. The commenters are correct that these provisions are inconsistent and so, the requirement that the ballot and identification form be kept in separate places has been deleted.

One commenter objects to the requirement for prepaid postage with the mail and absentee ballots. The Board has required this in the past and will continue to require it. The rationale behind the requirement is to elicit as large of a response as possible. In addition, depending on the type of postage, an FCU is often not required to pay if the prepaid envelope is not returned.

One commenter objects to the requirement that electronic ballots be received 5 calendar days prior to the meeting because other ballots are not handled in the same manner. The commenter is wrong. Mail and absentee ballots have the same requirements. This enables the FCU to tally the votes prior to the annual meeting when the results are announced.

*Section 3.* Two commenters suggest deleting the order of nominations because they are operational. The Board agrees, but rather than delete the order because it provides guidance to some FCUs, it has replaced "shall" with "may."

Two commenters suggest adding to the nominating committee's responsibilities the duty to determine that the nominees meet the criteria for the position. The Board does not agree that this requirement should be part of the FCU Bylaws but rather, the board of directors in its discretion could make that a responsibility of the nominating committee.

#### *Article VI, Board of Directors*

*Section 2.* The proposal allows an FCU to limit the number of directors and their immediate family members that can be paid employees of the FCU to 0, 1 or 2. The current bylaws place no limits and the standard amendments allow an FCU to select any number. Two commenters object to the two limitation. They suggest the number be left to the discretion of the FCU. Two other commenters suggest NCUA prohibit any director or their immediate family member from being a paid employee. Although the Board would prefer to see an FCU limit the number of directors and immediate family members that can be paid employees of the FCU, the Board agrees with the commenters that the ultimate decision should be made by the board of directors. The final bylaws allow the FCU to select the number of paid employees that may serve on the board or are relatives of board members but

retain the limitation in the proposal that it is not a majority of the board.

*Section 4.* This provision directs the board to fill any vacancies on the board, credit committee or supervisory committee "within a reasonable time." Four commenters object to "within a reasonable time." Some suggestions were to define "reasonable time," put a time certain in the bylaw or leave it to the board's discretion.

The final bylaw will maintain the "within a reasonable time requirement." This provision allows the board the flexibility to deal with different situations and determine what is reasonable under the circumstances.

*Section 5.* This section requires one face-to-face board meeting a quarter. Six commenters object to this requirement and two commenters noted their approval. The objectors state that NCUA should allow the board to determine how it wishes to conduct its meetings. The Board agrees that NCUA should not dictate how a board conducts its meetings. However, the Board does believe that it is important for a board to have personal interaction at least once a year, and so, will require one face-to-face meeting a year. The only requirement for the annual face-to-face meeting is that a quorum be physically present. Board members not necessary to obtain a quorum, who wish to participate, may do so by one of the other approved methods.

Two commenters suggest that the bylaws allow telephone and notation voting. The revised bylaws allow audio teleconference meetings which is the same as telephone voting.

*Section 6(c).* One commenter suggests that this provision be clarified to state that the board is required to charge off uncollectible loans. The Board believes this bylaw is self explanatory and does not need further clarification.

*Section 8.* This section addresses removal of directors and credit committee members for missing 3 consecutive meetings or 4 meetings in a calendar year. One commenter suggests adding "unexcused" before meeting. This is not necessary because the bylaw does not require removal, but says the board may remove.

#### *Article VII, Board Officers, Management Officials and Executive Committee*

*Section 3.* This section provides that the chair presides at all meetings of the board unless suspended by the supervisory committee. The commenter suggests a 2/3 majority of the board also have the power to suspend the chair. The Board does not agree. There is no authority for the board to suspend the chair. There is statutory authority for

the supervisory committee to suspend any board member. 12 U.S.C. 1761d.

*Section 4.* This section states that the board must approve all individuals who are authorized to sign notes, checks, drafts and other orders of disbursement. The commenter suggests that the board have the authority to delegate approval authority to the Chief Executive Officer. The Board believes that this function should remain within the purview of the board of directors.

*Section 6.* One commenter objects to the use of the term "general manager." The commenter suggested a more modern term such as, CEO or president. The Addendum to this Article of the bylaws allows an FCU to determine the title and rank of each management official and to use those titles throughout its bylaws. There is no need to modify this provision.

*Section 6(c).* This section requires the FCU to post in its office in a conspicuous place the FCU's monthly financial statement. Two commenters object to this requirement. One said it should be deleted because it's operational and the other suggested that the FCU may want to post it on the Internet. An FCU may, in addition to posting the monthly financial statement in its office, post it on the Internet but because not everyone has access to the Internet, the Board is going to keep the requirement of posting in the FCU's offices. One commenter likes the increase from 7 to 20 days to prepare the financial statement.

*Section 6(f).* One commenter recommends changing the language in this section that authorizes the board to "employ" to "the board may designate, appoint or elect." The Board prefers the term "employ" to the suggested language and notes that the bylaw authorizes the financial officer and not the board as stated by the commenter.

One commenter suggests adding a provision that authorizes the board to appoint a committee of not less than 3 directors to serve at its pleasure. This addition is not necessary because section 10 of this Article allows the board to appoint an executive committee that serves the same function as the commenter has suggested.

One commenter commends NCUA for allowing FCUs to determine the title and rank of each board officer and management official.

*Article VIII, Option 1 Credit Committee or Option 2 Loan Officers (No Credit Committee)*

*Option 1, Section 8 and Option 2, Section 4.* These sections require preference be given to smaller loans if all other factors are nearly equal. Two

commenters object to this provision because FCUs should be able to make this decision on a case-by-case basis. Although, there is no specific statute or regulation requiring a preference for small loans, one of the purposes of an FCU is "creating a source of credit for provident or productive purposes." 12 U.S.C. 1752(1). Because this provision enables small credit unions to serve more members, the Board is retaining it, but changing the language from "will" to "should" in recognition that it is voluntary.

*Option 1, Section 6 and Option 2, Section 2.* Two commenters object to the requirement that the credit committee and loan officers "endeavor diligently to assist applicants in solving their financial problems." Commenters state that the requirement sets a standard that is difficult to quantify or achieve and unnecessary and out of place in the bylaws. Recognizing that one of the purposes of an FCU is to promote thrift among its members, the Board is retaining this provision but changing the language from "will" to "should" in recognition that it is voluntary. 12 U.S.C. 1752(1).

*Article IX, Supervisory Committee*

*Section 1.* This provision states that the supervisory committee shall consist of not less than 3 nor more than the maximum number permitted by the Act. One commenter suggests that it say "5" since that's the maximum number permitted by the Act. The Board agrees and has changed the language in the bylaw to "5."

*Section 4.* This section requires the supervisory committee to verify the accounts of all members. One commenter suggests it require the supervisory committee to "cause the verification." The Board agrees and has modified the language so that it is consistent with the Act. 12 U.S.C. 1761d. In addition, the commenter suggested "all accounts" may be unnecessary and that a "representative sampling" may be more appropriate.

Since NCUA's regulations set forth the specific requirements for the supervisory committee audit and verification, they do not need to be repeated in the bylaws. 12 CFR 701.12.

*Section 5.* One commenter objects to the requirement that the supervisory committee call a special meeting to vote on the removal of a suspended director. This requirement is statutory. 12 U.S.C. 1761d.

One commenter suggests holding supervisory committee members to the same attendance requirements as directors and credit committee members. Unlike the board of directors

and credit committee, there is no requirement that the supervisory committee hold monthly meetings and so, the same attendance requirements are not appropriate.

*Article XI, Loans and Lines of Credit to Members*

*Section 1.* The proposal tracks the current FCU bylaws and requires that a loan to a nonnatural person be either share secured or personally guaranteed. Fourteen commenters object to this requirement. The commenters note that loans to nonnatural persons are currently covered in the business loan regulation and that there is no need or justification for additional requirements in the bylaw. The commenters note that because of this bylaw federally-insured state-chartered credit unions have an unfair advantage over FCUs in this area.

The Board agrees that because the requirements for loans to nonnatural persons are set forth in NCUA's regulations there is no justification for placing additional requirements for these loans in the bylaws. 12 CFR part 723. This provision is deleted from the final bylaws.

*Section 2.* Five commenters state that this section should be eliminated because it repeats the requirement in section 1 that the credit union follow all applicable law and regulations. The Board agrees and has deleted this provision.

*Section 3.* This section requires members to pay a late charge as determined by the board. One commenter suggests that it be deleted. The Act requires this section to be in the bylaws. 12 U.S.C. 1757(10).

*Article XIII, Deposit of Funds*

Two commenters object to including this provision in the bylaws because it's operational. One commenter approves of this provision because it grants an FCU the discretion to select the number of days within which to make its deposits. Although this provision is operational, the Board believes it is helpful for smaller credit unions and so, it will remain.

*Article XV, Minors*

This provision states that shares may be issued in the name of a minor. One commenter states that it should be deleted because it's already in the Act. 12 U.S.C. 1765. The Board thinks this provision is important and should be repeated in the bylaws.

*Article XVI, Definitions*

Four commenters suggest that the definitions be moved to the front because it's more user friendly. The

Board agrees that the definitions should not be in the middle of the bylaws, but rather than place them in the front where they are a distraction to the reader, the Board has placed them at the end for easy reference.

*Section 1(f).* One commenter suggests that "applicable law and regulations" also include "state law." The Board agrees and has changed the definition to include "state law."

#### *Article XVII, General*

*Section 2.* This provision states the requirements for officers, directors, committee members and employees of the FCU to keep member transactions confidential. The provision lists some specific exceptions to the confidentiality requirements. Seven commenters object to this provision as it's currently drafted. It should be noted that Congress is currently considering financial reform legislation that will require NCUA and the other financial institution regulators to issue regulations governing release of financial information. The commenters suggest that rather than list specific exceptions that may become outdated in light of the changing law in this area or may not include all permissible exceptions, the bylaw should prohibit disclosure except when permitted by state or federal law. The Board agrees and has modified the bylaw accordingly.

*Section 3.* This provision states the authority of the members to remove officers, committee members and directors. Several commenters like the deletion of the authority of members to remove employees. Four commenters suggest that the bylaws either delete the authority of members to remove officers or define the term "officer." The Board agrees that the term "officer" should be deleted.

Two commenters suggest that a higher number than 15 be required for a quorum at a special meeting to remove officers and directors. The Board believes that the number required for a quorum for a meeting of the members should be consistent throughout the bylaws and has retained 15.

*Section 7.* One commenter suggests eliminating the requirement that members keep the FCU informed of their current address. The Board believes that the bylaws are an appropriate place for this requirement.

*Section 8.* One commenter suggests using the indemnification language from the Ohio indemnification statute. The proposal allows an FCU to indemnify to the extent allowed by state law or the Model Business Corporation Act. The

Board sees no reason to limit an FCU to one state's law.

#### *Miscellaneous*

Two commenters suggest that the bylaws be redrafted to remove all gender specific references. The Board agrees and has made the appropriate changes throughout the bylaws.

Two commenters suggest that the bylaws contain the requirement that an FCU's organization certificate and field of membership amendments be an appendix to the bylaws. Although Article XVII, Section 5 of the proposal requires that the FCU keep these documents in a place of safekeeping, the Board agrees that these documents should be kept with the bylaws. Section 5 is revised to include this requirement.

Six commenters suggest that the definitions of "immediate family member" and "household" be included in the bylaws. The commenters note that this is particularly important for FCUs that choose to have more restrictive definitions than those in the regulation. The Board agrees and has added these terms to the definition section of the bylaws.

#### *FCUs Adopting Revised Bylaws*

There is some confusion about whether the revised bylaws will be mandatory. Although the proposal stated that "[b]ecause of the overwhelming opposition to this requirement, FCUs although strongly encouraged to adopt the revised bylaws, are not required to do so and may continue to use their previously approved bylaws," a few commenters objected to the revised bylaws being mandatory. 64 FR at 187. The Board reiterates that the revised FCU Bylaws are not mandatory.

An issue that has not been addressed is whether FCUs will be allowed to adopt just part of the revised bylaws. This is particularly important for FCUs that have nonstandard amendments that are not addressed in the revised bylaws. The Board, in an effort to achieve maximum participation by FCUs, will allow them to adopt portions of the revised bylaws, if an FCU finds that adoption of the entire revised bylaws is impracticable. The Board cautions FCUs adopting only a portion of the revised bylaws to use extreme care because they run the risk of having inconsistent or conflicting bylaw provisions.

In addition, although the Act requires FCUs to use the bylaws published by NCUA, FCUs will continue to have the flexibility to request a nonstandard bylaw amendment if the need arises. 12 U.S.C. 1758.

#### *Final Bylaws*

The final bylaws are identical to the proposed bylaws unless noted above in the summary of comments. They will be published as a manual entitled Federal Credit Union Bylaws. The document will contain an index that will make it easier to use than the current bylaws that only have an index for the FCU Bylaws and not the Standard Amendments.

By the National Credit Union Administration Board on October 6, 1999.

**Becky Baker,**  
*Secretary of the Board.*

#### *Bylaws*

### **Federal Credit Union, Charter No. \_\_\_\_\_ (A corporation chartered under the laws of the United States)**

#### **Article I. Name—Purposes**

Section 1. The name of this credit union is as stated in section 1 of the charter (approved organization certificate) of this credit union.

Section 2. The purpose of this credit union is to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident or productive purposes.  
**The credit union may add business as one of its purposes by placing a comma after "provident" and inserting "business."**

#### **Article II. Qualifications for Membership**

Section 1. The field of membership of this credit union is limited to that stated in section 5 of its charter.

Section 2. Applications for membership from persons eligible for membership under section 5 of the charter must be signed by the applicant on forms approved by the board. Upon approval of an application by a majority of the directors, or a majority of the members of a duly authorized executive committee or by a membership officer, and upon subscription to at least one share of this credit union and the payment of the initial installment, and the payment of a uniform entrance fee if required by the board, the applicant is admitted to membership. If a membership application is denied, the reasons must be furnished in writing to the person whose application is denied, upon written request.

Section 3. A member who withdraws all shareholdings or fails to comply with the time requirements in article III, section 3, ceases to be a member. By resolution, the board may require persons readmitted to membership to pay another entrance fee.

Section 4. Once a member becomes a member that person may remain a member until the person or organization chooses to withdraw or is expelled in accordance with the Act. **A credit union that wishes to restrict services to members no longer within the field of membership should specify the restrictions in this section.**

### Article III. Shares of Members

Section 1. The par value of each share will be \$\_\_\_\_\_. Subscription to shares are payable at the time of subscription, or in installments of at least \$\_\_\_\_\_ per month.

Section 2. The maximum amount of shares that may be held by any one member will be established from time to time by resolution of the board.

Section 3. A member who fails to complete payment of one share within \_\_\_\_\_ of admission to membership, or within \_\_\_\_\_ from the increase in the par value of shares, or a member who reduces the share balance below the par value of one share and does not increase the balance to at least the par value of one share within \_\_\_\_\_ of the reduction may be terminated from membership.

Section 4. Shares may only be transferred from one member to another by an instrument in a form as the board may prescribe. Such transfer will carry dividend credits with it.

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

(a) The board has the right, at any time, to require members to give, in writing, not more than 60 days notice of intention to withdraw the whole or any part of the amounts paid in by them.

(b) The board may determine that, if shares are paid in under an accumulated payroll deduction plan as prescribed in the Accounting Manual for Federal Credit Unions, they may not be withdrawn until credited to members' accounts.

(c) No member may withdraw any shareholdings below the amount of the member's primary or contingent liability to the credit union if the member is delinquent as a borrower, or if borrowers for whom the member is comaker, endorser, or guarantor are delinquent, without the written approval of the credit committee or loan officer; except that shares issued in an irrevocable trust as provided in section 6 of this article are not subject to restrictions upon withdrawal except as stated in the trust agreement.

(d) The share account of a deceased member (other than one held in joint

tenancy with another member) may be continued until the close of the dividend period in which the administration of the deceased's estate is completed, but not to exceed a period of 4 years.

(e) The board will have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject to a fee and the amount of the fee will be established by board resolution and will be subject to regulations applicable to the advertising and disclosure of terms and conditions on member accounts.

Section 6. Shares may be issued in a revocable or irrevocable trust, subject to the following: When shares are issued in a revocable trust, the settlor must be a member of this credit union in his own right. When shares are issued in an irrevocable trust, either the settlor or the beneficiary must be a member of this credit union. The name of the beneficiary must be stated in both a revocable and irrevocable trust. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations will be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.

Section 7. Owners of a joint account may both be members of the credit union without opening separate accounts. For joint membership, both owners are required to fulfill all of the membership requirements including each member purchasing and maintaining at least one share in the account.

### Article IV. Meetings of Members

Section 1. The annual meeting of the members must be held within the period authorized in the Act, in the county in which any office of the credit union is located or within a radius of 100 miles of such office, at the time and place as the board determines and announces in the notice of the annual meeting.

Section 2. At least 30 but no more than 75 days before the date of any annual meeting or at least 7 days before the date of any special meeting of the members, the secretary must give written notice to each member by in person delivery, or by mailing the written notice to each member at the address that appears on the records of this credit union. Notice of the annual meeting may be given by posting the notice in a conspicuous place in the office of this credit union where it may be read by the members, at least 30 days prior to such meeting, if the annual meeting is to be held during the same

month as that of the previous annual meeting and if this credit union maintains an office that is readily accessible to members where regular business hours are maintained. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote, who are not present at the meeting, waive notice in writing, before, during, or after the meeting.

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

Section 3. Special meetings of the members may be called by the chair or the board of directors upon a majority vote, or by the supervisory committee as provided in these bylaws, and may be held at any location permitted for the annual meeting. A special meeting must be called by the chair within 30 days of the receipt of a written request of 25 members or 5% of the members as of the date of the request, whichever number is larger. However, a request of no more than 500 members may be required for such meeting. The notice of a special meeting must be given as provided in section 2 of this article.

Section 4. The suggested order of business at annual meetings of members is—

- (a) Ascertainment that a quorum is present.
- (b) Reading and approval or correction of the minutes of the last meeting.
- (c) Report of directors, if there is one.
- (d) Report of the financial officer or the chief management official.
- (e) Report of the credit committee, if there is one.
- (f) Report of the supervisory committee.
- (g) Unfinished business.
- (h) New business other than elections.
- (i) Elections.
- (j) Adjournment.

The order of business must comply with "Robert's Rules of Order."

Section 5. Except as otherwise provided, 15 members constitute a quorum at annual or special meetings. If no quorum is present, an adjournment may be taken to a date not fewer than 7 nor more than 14 days thereafter. The members present at any such adjourned meeting will constitute a quorum, regardless of the number of members present. The same notice must be given for the adjourned meeting as is prescribed in section 2 of this article for the original meeting, except that such notice must be given not fewer than 5

days previous to the date of the meeting as fixed in the adjournment.

#### Article V. Elections

**The Credit Union must select one of the four voting options. This may be done by printing the credit union's bylaws with the option selected or retaining this copy and checking the box of the option selected.**

##### **Option A1—In-Person Elections; Nominating Committee and Nominations From Floor**

Section 1. At least 30 days prior to each annual meeting, the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected.

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

##### **Option A2—In-Person Elections; Nominating Committee and Nominations by Petition**

Section 1. At least 120 days prior to each annual meeting the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee files its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary notifies in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled.

A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date that the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, such nominations must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations must be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition along with those of the nominating committee are posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All persons nominated by either the nominating committee or by petition must be placed before the members. When nominations are closed, tellers are appointed by the chair, ballots are distributed, the vote is taken and tallied by the tellers, and the results announced. All elections are determined by plurality vote and will be by ballot except where there is only one nominee for each position to be filled.

Nominations cannot be made from the floor unless insufficient nominations have been made by the nominating committee or by petition to provide for one nominee for each position to be filled or circumstances prevent the candidacy of the one nominee for a position to be filled. Only those positions without a nominee are subject to nominations from the floor. In the event nominations from the floor are permitted and result in more than one nominee for a position to be filled, when nominations have been closed, tellers are appointed by the chair, ballots are distributed, the vote is taken and tallied by the tellers, and the results announced. When only one member is nominated for each position to be filled, the chair may take a voice vote or declare each nominee elected by general consent or acclamation at the annual meeting.

##### **Option A3—Election by Ballot Boxes or Voting Machine; Nominating Committee and Nomination by Petition**

Section 1. At least 120 days prior to each annual meeting, the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee files its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary notifies in writing all members eligible to vote at least 75 days prior to the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date of the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, such nominations must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations must be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition along with those of the nominating committee are posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All elections are determined by plurality vote. The election will be conducted by ballot boxes or voting machines, subject to the following conditions:

(a) The election tellers will be appointed by the board of directors;

(b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 10 days prior to the annual meeting, will cause ballot boxes and printed ballots, or voting machines, to be placed in conspicuous locations, as determined by the board of directors with the names of the candidates posted near the boxes or voting machines. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;

(c) After the members have been given 24 hours to vote at conspicuous locations as determined by the board of directors, the ballot boxes or voting machines will be opened, the vote tallied by the tellers, the tallies placed in the ballot boxes, and the ballot boxes resealed. The tellers are responsible at all times for the ballot boxes or voting machines and the integrity of the vote. A record must be kept of all persons voting and the tellers must assure themselves that each person so voting is entitled to vote; and

(d) The ballot boxes will be taken to the annual meeting by the tellers. At the annual meeting, printed ballots will be distributed to those in attendance who have not voted and their votes will be deposited in the ballot boxes placed by the tellers, before the beginning of the meeting, in conspicuous locations with the names of the candidates posted near them. After such members have been given an opportunity to vote at the annual meeting, balloting will be closed, the ballot boxes opened, the vote tallied by the tellers and added to the previous count, and the chair will announce the result of the vote.

**□ Option A4—Election by Electronic Device (Including But Not Limited to Telephone and Electronic Mail) or Mail Ballot; Nominating Committee and Nominations by Petition**

Section 1. At least 120 days prior to each annual meeting, the chair will appoint a nominating committee of not fewer than three members. It is the duty of the nominating committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee files its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary notifies in writing all members eligible to vote at least 75 days

prior to the annual meeting that nominations for vacancies may also be made by petition signed by 1% of the members with a minimum of 20 and a maximum of 500.

The written notice must indicate that the election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A brief statement of qualifications and biographical data in a form approved by the board of directors will be included for each nominee submitted by the nominating committee with the written notice to all eligible members. Each nominee by petition must submit a similar statement of qualifications and biographical data with the petition. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least 30 days from the date of the petition requirement and the list of nominating committee's nominees are mailed to all members. To be effective, such nominations must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office. Such nominations must be filed with the secretary of the credit union at least 40 days prior to the annual meeting and the secretary will ensure that nominations by petition along with those of the nominating committee are posted in a conspicuous place in each credit union office at least 35 days prior to the annual meeting.

Section 2. All elections will be by electronic device or mail ballot, subject to the following conditions:

(a) The election tellers will be appointed by the board of directors;

(b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 30 days prior to the annual meeting, will cause either a printed ballot or notice of ballot to be mailed to all members eligible to vote;

(c) If the credit union is conducting its elections electronically, the secretary will cause the following materials to be mailed to each eligible voter and the following procedures will be followed:

(1) One notice of balloting stating the names of the candidates for the board of directors and the candidates for other separately identified offices or committees. The name of each candidate must be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors.

(2) One instruction sheet stating specific instructions for the electronic

election procedure, including how to access and use the system, and the period of time in which votes will be taken. The instruction will state that members without the requisite electronic device necessary to vote on the system may vote by mail ballot upon written or telephone request and specify the date the request must be received by the credit union.

(3) It is the duty of the tellers of election to verify, or cause to be verified the name of the voter and the credit union account number as they are registered in the electronic balloting system. It is the duty of the teller to test the integrity of the balloting system at regular intervals during the election period.

(4) Ballots must be received no later than midnight 5 calendar days prior to the annual meeting.

(5) Voting will be closed at the midnight deadline specified in subsection (4) hereof and the vote will be tallied by the tellers. The result must be verified at the annual meeting and the chair will make the result of the vote public at the annual meeting.

(6) In the event of malfunction of the electronic balloting system, the board of directors may in its discretion order elections be held by mail ballot only. Such mail ballots must conform to section 2(d) of this Article and must be mailed to all eligible members 30 days prior to the annual meeting. The board may make reasonable adjustments to the voting time frames above, or postpone the annual meeting when necessary, to complete the elections prior to the annual meeting.

(d) If the credit union is conducting its election by mail ballot, the secretary will cause the following materials to be mailed to each member and the following procedures will be followed:

(1) One ballot, clearly identified as such, on which the names of the candidates for the board of directors and the candidates for other separately identified offices or committees are printed in order as determined by the draw of lots. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;

(2) One ballot envelope clearly marked with instructions that the completed ballot must be placed in that envelope and sealed;

(3) One identification form to be completed so as to include the name, address, signature and credit union account number of the voter;

(4) One mailing envelope in which the voter, pursuant to instructions provided with the mailing envelope,



must insert the sealed ballot envelope and the identification form, and which must have postage prepaid and be preaddressed for return to the tellers;

(5) When properly designed, one form can be printed that represents a combined ballot and identification form, and postage prepaid and preaddressed return envelope;

(6) It is the duty of the tellers to verify, or cause to be verified, the name and credit union account number of the voter as appearing on the identification form; to place the verified identification form and the sealed ballot envelope in a place of safekeeping pending the count of the vote; in the case of a questionable or challenged identification form, to retain the identification form and sealed ballot envelope together until the verification or challenge has been resolved;

(7) Ballots mailed to the tellers must be received by the tellers no later than midnight 5 days prior to the date of the annual meeting;

(8) Voting will be closed at the midnight deadline specified in subsection (7) hereof and the vote will be tallied by the tellers. The result will be verified at the annual meeting and the chair will make the result of the vote public at the annual meeting.

Section 3. Nominations may be in the following order:

(a) Nominations for directors.

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

Section 4. Members cannot vote by proxy, but a member other than a natural person may vote through an agent designated in writing for the purpose. A trustee, or other person acting in a representative capacity, is not, as such, entitled to vote.

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

Section 6. The names and addresses of members of the board, board officers, executive committee, and members of the credit committee, if applicable, and supervisory committees must be forwarded to the Administration in accordance with the Act and regulations in the manner as may be required by the Administration.

Section 7. The board may establish by resolution a minimum age, not greater than 18 years of age, as a qualification for eligibility to vote at meetings of the members, or to hold elective or appointive office, or both.

**The Credit Union may select the absentee ballot provision in conjunction**

**with the voting procedure it has selected. This may be done by printing the credit union's bylaws with this provision or by retaining this copy and checking the box.**

Section 8 The board of directors may authorize the use of absentee ballots in conjunction with the other procedures authorized in this article, subject to the following conditions:

(a) The election tellers will be appointed by the board of directors;

(b) If sufficient nominations are made by the nominating committee or by petition to provide more than one nominee for any position to be filled, the secretary, at least 30 days prior to the annual meeting, will cause printed ballots to be mailed to all members of the credit union who are eligible to vote and who have submitted a written request for an absentee ballot;

(c) The secretary will cause the following materials to be mailed to each such eligible voter who has submitted a written request for an absentee ballot:

(1) One ballot, clearly identified as such, on which the names of the candidates for the board of directors and the candidates for other separately identified offices or committees are printed in order as determined by the draw of the lots. The name of each candidate will be followed by a brief statement of qualifications and biographical data in a form approved by the board of directors;

(2) One ballot envelope clearly marked with instructions that the completed ballot must be placed in that envelope and sealed;

(3) One identification form to be completed so as to include the name, address, signature and credit union account number of the voter;

(4) One mailing envelope in which the voter, pursuant to instructions provided with the envelope, must insert the sealed ballot envelope and the identification form, and which must have postage prepaid and be preaddressed for return to the tellers;

(5) When properly designed, one form can be printed that represents a combined ballot and identification form, and postage prepaid and preaddressed return envelope;

(d) It is the duty of the tellers of election to verify, or cause to be verified, the name and credit union account number of the voter as appearing on the identification form; to place the verified identification and the sealed ballot envelope in a place of safekeeping pending the count of the vote; in the case of a questionable or challenged identification form, to retain the identification form and the sealed ballot envelope together until the

verification or challenge has been resolved; and in the event that more than one voting procedure is used, to verify that no eligible voter has voted more than one time;

(e) Ballots mailed to the tellers pursuant to subsection (b) hereof, must be received by the tellers no later than midnight 5 days prior to the date of the annual meeting; and

(f) After the expiration of the period of time specified in the preceding subsection (e), the voting by absentee ballot will be closed and absentee ballots deposited in the ballot boxes to be taken to the annual meeting or included in a precourt in accordance with procedures specified in Article V, Section 2.

#### Article VI. Board of Directors

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

Section 2. \_\_\_\_\_ (Fill in the number) directors or committee members may be a paid employee of the credit union. \_\_\_\_\_ (Fill in the number) immediate family members of a director or committee member may be a paid employee of the credit union. In no case may employees and family members constitute a majority of the board. The board may appoint a management official who \_\_\_\_\_ (may or may not) be a member of the board and one or more assistant management officials who \_\_\_\_\_ (may or may not) be a member of the board. If the management official or assistant management official is permitted to serve on the board, he or she may not serve as the chair.

Section 3. Regular terms of office for directors must be for periods of either 2 or 3 years as the board determines; provided, however, that all regular terms must be for the same number of years and until the election and qualification of successors. The regular terms must be fixed at the beginning, or upon any increase or decrease in the number of directors, that approximately an equal number of regular terms must expire at each annual meeting.

Section 4. Any vacancy on the board, credit committee, if applicable, or supervisory committee will be filled within a reasonable time by vote of a majority of the directors then holding office. Directors and credit committee members so appointed will hold office only until the next annual meeting, at which any unexpired terms will be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee so appointed will hold office until the first regular meeting of the board following the next annual meeting of members, at which the regular term expires, and until the appointment and qualification of their successors.

Section 5. A regular meeting of the board must be held each month at the time and place fixed by resolution of the board. One regular meeting each calendar year must be conducted in person. If a quorum is present in person for the annual in person meeting, the remaining board members may participate using audio or video teleconference methods. The other regular meetings may be conducted using audio or video teleconference methods. The chair, or in the chair's absence the ranking vice chair, may call a special meeting of the board at any time and must do so upon written request of a majority of the directors then holding office. Unless the board prescribes otherwise, the chair, or in the chair's absence the ranking vice chair, will fix the time and place of special meetings. Notice of all meetings will be given in such manner as the board may from time to time by resolution prescribe. Special meetings may be conducted using audio or video teleconference methods.

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

(a) Directing the affairs of the credit union in accordance with the Act, these bylaws, the rules and regulations and sound business practices.

(b) Establishing programs to achieve the purposes of this credit union as stated in Article 1, section 2, of these bylaws.

(c) Establishing a loan collection program and authorizing the chargeoff of uncollectible loans.

(d) Determining that all persons appointed or elected by this credit union to any position requiring the receipt, payment or custody of money or other property of this credit union, or in its custody or control as collateral or

otherwise, are properly bonded in accordance with the Act and regulations.

(e) Performing additional acts and exercising additional powers as may be required or authorized by applicable law.

**If the credit union has an elected credit committee, you do not need to check a box. If the credit union has no credit committee check Option 1 and if it has an appointed credit committee check Option 2.**

**Option 1—No Credit Committee**

(f) Reviewing denied loan applications of members who file written requests for such review.

(g) Appointing one or more loan officers and delegating to those officers the power to approve or disapprove loans, lines of credit or advances from lines of credit.

(h) In its discretion, appointing a loan review committee to review loan denials and delegating to the committee the power to overturn denials of loan applications. The committee will function as a mid-level appeal committee for the board. Any denial of a loan by the committee must be reviewed by the board upon written request of the member. The committee must consist of three members and the regular term of office of the committee member will be for two years. Not more than one member of the committee may be appointed as a loan officer.

**Option 2—Appointed Credit Committee.**

(f) Appointing an odd number of credit committee members as provided in Article VIII of these bylaws.

Section 7. A majority of the number of directors, including any vacant positions, constitutes a quorum for the transaction of business at any meeting; but fewer than a quorum may adjourn from time to time until a quorum is in attendance.

Section 8. If a director or a credit committee member, if applicable, fails to attend regular meetings of the board or credit committee, respectively, for 3 consecutive months, or 4 meetings within a calendar year, or otherwise fails to perform any of the duties as a director or a credit committee member, the office may be declared vacant by the board and the vacancy filled as provided in the bylaws. The board may remove any board officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

When any board officer, membership officer, executive committee member or investment committee member is

absent, disqualified, or otherwise unable to perform the duties of the office, the board may by resolution designate another member of this credit union to fill the position temporarily. The board may also, by resolution, designate another member or members of this credit union to act on the credit committee when necessary in order to obtain a quorum.

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

**Article VII. Board Officers, Management Officials and Executive Committee**

Section 1. The board officers of this credit union are comprised of a chair, one or more vice chairs, a financial officer, and a secretary, all of whom are elected by the board and from their number. The board determines the title and rank of each board officer and records them in the addendum to this Article. One board officer, the \_\_\_\_\_, may be compensated for services as determined by the board. If more than one vice chair is elected, the board determines their rank as first vice chair, second vice chair, and so on. The offices of the financial officer and secretary may be held by the same person. Unless removed as provided in these bylaws, the board officers elected at the first meeting of the board hold office until the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors.

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

Section 3. The chair presides at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the supervisory committee. The chair also performs such other duties as customarily appertain to the office of

the chair or as may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

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

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

Section 6. The financial officer manages this credit union under the control and direction of the board unless the board has appointed a management official to act as general manager. Subject to such limitations, controls and delegations as may be imposed by the board, the financial officer will:

(a) Have custody of all funds, securities, valuable papers and other assets of this credit union.

(b) Provide and maintain full and complete records of all the assets and liabilities of this credit union in accordance with forms and procedures prescribed in the Accounting Manual for Federal Credit Unions or otherwise approved by the Administration.

(c) Within 20 days after the close of each month, ensure that a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans is prepared and submitted to the board and post a copy of such statement in a conspicuous place in the office of the credit union where it will remain until replaced by the financial statement for the next succeeding month.

(d) Ensure that such financial and other reports as the Administration may require are prepared and sent.

(e) Within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove such employees.

(f) Perform such other duties as customarily appertain to the office of the financial officer or as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws.

The board may employ one or more assistant financial officers, none of whom may also hold office as chair or vice chair, and may authorize them, under the direction of the financial officer, to perform any of the duties devolving on the financial officer, including the signing of checks. When designated by the board, any assistant financial officer may also act as financial officer during the financial

officer's temporary absence or temporary inability to act.

Section 7. The board may appoint a management official who is under the direction and control of the board or of the financial officer as determined by the board. The management official may be assigned any or all of the responsibilities of the financial officer described in section 6 of this article. The board will determine the title and rank of each management official and record them in the addendum to this article. The board may employ one or more assistant management officials. The board may authorize assistant management officials under the direction of the management official, to perform any of the duties devolving on the management official, including the signing of checks. When designated by the board, any assistant management official may also act as management official during the management official's temporary absence or temporary inability to act.

Section 8. The board employs, fixes the compensation, and prescribes the duties of such employees as may in the discretion of the board be necessary, and has the power to remove such employees, unless it has delegated these powers to the financial officer or management official. Neither the board, the financial officer, nor the management official has the power or duty to employ, prescribe the duties of, or remove necessary clerical and auditing assistance employed or utilized by the supervisory committee and, if there is a credit committee, the power or duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee.

Section 9. The secretary prepares and maintains full and correct records of all meetings of the members and of the board, which records will be prepared within 7 days after the respective meetings. The secretary must promptly inform the Administration in writing of any change in the address of the office of this credit union or the location of its principal records. The secretary will give or cause to be given, in the manner prescribed in these bylaws, proper notice of all meetings of the members, and perform such other duties as may be directed to perform by resolution of the board not inconsistent with the Act, regulations and these bylaws. The board may employ one or more assistant secretaries, none of whom may also hold office as chair, vice chair, or financial officer, and may authorize them under direction of the secretary to perform any of the duties devolving on the secretary.

Section 10. The board may appoint an executive committee of not fewer than three directors to serve at its pleasure, to act for it with respect to specifically delegated functions authorized by the Act and regulations. The board may also authorize such executive committee or a membership officer(s) appointed by the board from the membership other than a board member paid as an officer, the financial officer, any assistant to the paid officer of the board or to the financial officer or any loan officer, to serve at its pleasure to approve applications for membership under such conditions as the board and these bylaws may prescribe. No executive committee member or membership officer may be compensated as such.

Section 11. The board may appoint an investment committee composed of not less than two, to serve at its pleasure to have charge of making investments under rules and procedures established by the board. No member of the investment committee may be compensated as such.

Addendum: The board must list the positions of the board officers and management officials of this credit union. They are as follows:

**Select Option 1 if the credit union has a credit committee and Option 2 if it does not have a credit committee.**

**Option 1—Article VIII. Credit Committee**

Section 1. The credit committee consists of \_\_\_\_\_ members. All the members of the credit committee must be members of this credit union. The number of members of the credit committee must be an odd number and may be changed to not fewer than 3 nor more than 7 by resolution of the board. No reduction in the number of members may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of committee members must be filed with the official copy of the bylaws of this credit union.

Section 2. Regular terms of office for elected credit committee members are for periods of either 2 or 3 years as the board determines: provided, however, that all regular terms are for the same number of years and until the election and qualification of successors. The regular terms are fixed at the beginning, or upon any increase or decrease in the number of committee members, that approximately an equal number of regular terms expire at each annual meeting.

Regular terms of office for appointed credit committee members are for periods as determined by the board and as noted in the board's minutes.

Section 3. The credit committee chooses from their number a chair and a secretary. The secretary of the committee prepares and maintains full and correct records of all actions taken by it, and such records must be prepared within 3 days after the action. The offices of the chair and secretary may be held by the same person.

Section 4. The credit committee may, by majority vote of its members, appoint one or more loan officers to serve at its pleasure, and delegate to them the power to approve application for loans or lines of credit, share withdrawals, releases and substitutions of security, within limits specified by the committee and within limits of applicable law and regulations. Not more than one member of the committee may be appointed as a loan officer. Each loan officer must furnish to the committee a record of each approved or not approved transaction within 7 days of the date of the filing of the application or request, and such record becomes a part of the records of the committee. All applications or requests not approved by a loan officer must be acted upon by the committee. No individual may disburse funds of this credit union for any application or share withdrawal which the individual has approved as a loan officer.

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

Section 6. The credit committee or loan officer must for each loan or line of credit inquire into the character and financial condition of the applicant and the applicant's sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The credit committee and its appointed loan officers should endeavor diligently to assist applicants in solving their financial problems.

Section 7. No loan or line of credit may be made unless approved by the committee or a loan officer in accordance with applicable law and regulations.

Section 8. Subject to the limits imposed by applicable law and regulations, these bylaws, and the general policies of the board, the credit

committee, or a loan officer, determines the security, if any, required for each application and the terms of repayment. The security furnished must be adequate in quality and character and consistent with sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference should be given, in all cases, to the smaller applications if the need and credit factors are nearly equal.

#### □ **Option 2—Article VIII. Loan Officers (No Credit Committee)**

Section 1. Each loan officer must maintain a record of each approved or not approved transaction within 7 days of the filing of the application or request, and such record becomes a part of the records of the credit union. No individual may disburse funds of this credit union for any application or share withdrawal which the individual has approved as a loan officer.

Section 2. The loan officer must for each loan or line of credit inquire into the character and financial condition of the applicant and the applicant's sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan or line of credit will be of probable benefit to the borrower. The loan officers should endeavor diligently to assist applicants in solving their financial problems.

Section 3. No loan or line of credit may be made unless approved by a loan officer in accordance with applicable law and regulations.

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

#### **Article IX. Supervisory Committee**

Section 1. The supervisory committee is appointed by the board from among the members of this credit union, one of whom may be a director other than the financial officer. The board determines the number of members on the committee, which may not be fewer than 3 nor more than 5. No member of the credit committee, if applicable, or any employee of this credit union may

be appointed to the committee. Regular terms of committee members are for periods of 1, 2, or 3 years as the board determines: provided, however, that all regular terms are for the same number of years and until the appointment and qualification of successors. The regular terms are fixed at the beginning, or upon any increase or decrease in the number of committee members, so that approximately an equal number of regular terms expires at each annual meeting.

Section 2. The supervisory committee members choose from among their number a chair and a secretary. The secretary of the supervisory committee prepares, maintains, and has custody of full and correct records of all actions taken by it. The offices of chair and secretary may be held by the same person.

Section 3. The supervisory committee makes, or causes to be made, such audits, and prepares and submits such written reports, as are required by the Act and regulations. The committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities prescribed by this article, and may request the board to provide compensation for such assistance. It will prepare and forward to the Administration such reports as may be required.

Section 4. The supervisory committee will cause the verification of the accounts of all members with the records of the financial officer from time to time and not less frequently than as required by the Act and regulations. The committee must maintain a record of such verification.

Section 5. By unanimous vote, the supervisory committee may suspend until the next meeting of the members any director, board officer, or member of the credit committee. In the event of any such suspension, the supervisory committee must call a special meeting of the members to act on the suspension, which meeting must be held not fewer than 7 nor more than 14 days after the suspension. The chair of the committee acts as chair of the meeting unless the members select another person to act as chair.

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

**Article X. Organization Meeting**

Section 1. At the time application is made for a federal credit union charter, the subscribers to the organization certificate must meet for the purpose of electing a board of directors and a credit committee, if applicable. Failure to commence operations within 60 days following receipt of the approved organization certificate is cause for revocation of the charter unless a request for an extension of time has been submitted to and approved by the Regional Director.

Section 2. The subscribers elect a chair and a secretary for the meeting. The subscribers then elect from their number, or from those eligible to become members of this credit union, a board of directors and a credit committee, if applicable, all to hold office until the first annual meeting of the members and until the election and qualification of their respective successors. If not already a member, every person elected under this section or appointed under section 3 of this article, must qualify within 30 days by becoming a member. If any person elected as a director or committee member or appointed as a supervisory committee member does not qualify as a member within 30 days of such an election or appointment, the office will automatically become vacant and be filled by the board.

Section 3. Promptly following the elections held under the provisions of section 2 of this article, the board must meet and elect the board officers who will hold office until the first meeting of the board of directors following the first annual meeting of the members and until the election and qualification of their respective successors. The board also appoints a supervisory committee at this meeting as provided in Article IX, section 1, of these bylaws and a credit committee, if applicable. The members so appointed hold office until the first regular meeting of the board following the first annual meeting of the members and until the appointment and qualification of their respective successors.

**Article XI. Loans and Lines of Credit to Members**

Section 1. Loans may only be made to members and for provident or productive purposes in accordance with applicable law and regulations.

Section 2. Any member whose loan is delinquent may be required to pay a late charge as determined by the board of directors.

**Article XII. Dividends**

Section 1. The board establishes dividend periods and declares dividends as permitted by the Act and applicable regulations.

**Article XIII. Deposit of Funds**

Section 1. All funds of this credit union, except for petty cash and cash change funds, must be deposited in such qualified depository or depositories from among those authorized by applicable law and regulations as the board may from time to time by resolution designate; and must be so deposited not later than the \_\_\_\_\_ (fill in number) banking day after their receipt: provided, however, that receipts in the aggregate of \$\_\_\_\_\_ (fill in number) or less may be held as long as 1 week before they are deposited.

**Article XIV. Expulsion and Withdrawal**

Section 1. A member may be expelled only in the manner provided by the Act. Expulsion or withdrawal will not operate to relieve a member of any liability to this credit union. All amounts paid in on shares by expelled or withdrawing members, prior to their expulsion or withdrawal, will be paid to them in the order of their withdrawal or expulsion, but only as funds become available and only after deducting any amounts due to this credit union.

**Article XV. Minors**

Section 1. Shares may be issued in the name of a minor.

**Article XVI. General**

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

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

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

Section 4. No director, committee member, officer, agent, or employee of

this credit union may participate in any manner, directly or indirectly, in the deliberation upon or the determination of any question affecting his or her pecuniary or personal interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union) in which he or she is directly or indirectly interested. In the event of the disqualification of any director respecting any matter presented to the board for deliberation or determination, such director must withdraw from such deliberation or determination; and in such event the remaining qualified directors present at the meeting, if constituting a quorum with the disqualified director or directors, may exercise with respect to this matter, by majority vote, all the powers of the board. In the event of the disqualification of any member of the credit committee, if applicable, or the supervisory committee, such committee member must withdraw from such deliberation or determination.

Section 5. Copies of the organization certificate of this credit union, its bylaws and any amendments thereof, and any special authorizations by the Administration must be preserved in a place of safekeeping. Copies of the organization certificate and field of membership amendments should be attached as an appendix to these bylaws. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors must be recorded in the minute books of this credit union. The minutes of the meetings of the members, the board, and the committees must be signed by their respective chairmen or presiding officers and by the persons who serve as secretaries of such meetings.

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

Section 7. Members must keep the credit union informed of their current address.

Section 8. (a) The credit union may elect to indemnify to the extent authorized by (check one)

law of the state of \_\_\_\_\_;  
 Model Business Corporation Act:  
 the following individuals from any liability asserted against them and expenses reasonably incurred by them in connection with judicial or administrative proceedings to which

they are or may become parties by reason of the performance of their official duties (check as appropriate).

- [ ] current officials  
 [ ] former officials  
 [ ] current employees  
 [ ] former employees

(b) The credit union may purchase and maintain insurance on behalf of the individuals indicated in (a) above against any liability asserted against them and expenses reasonably incurred by them in their official capacities and arising out of the performance of their official duties to the extent such insurance is permitted by the applicable state law or the Model Business Corporation Act.

(c) The term "official" in this bylaw means a person who is a member of the board of directors, credit committee, supervisory committee, other volunteer committee (including elected or appointed loan officers or membership officers), established by the board of directors.

#### Article XVII. Amendments of Bylaws and Charter

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

#### Article XVIII. Definitions

Section 1. When used in these bylaws the terms:

(a) "Act" means the Federal Credit Union Act, as amended.

(b) "Administration" means the National Credit Union Administration.

(c) "Board" means board of directors of the federal credit union.

(d) "NCUA Board" means the Board of the National Credit Union Administration.

(e) "Regulation" or "regulations" means rules and regulations issued by the NCUA Board.

(f) "Applicable law and regulations" means the Federal Credit Union Act and rules and regulations issued thereunder or other applicable federal and state statutes and rules and regulations issued thereunder as the context indicates (such as The Higher Education Act of 1965).

(g) "Paid in and unimpaired capital," as of a given date, means the balance of

the paid-in share accounts as of such date, less any losses that may have been incurred for which there is no reserve or which have not been charged against undivided earnings.

(h) "Surplus," as of a given date, means the credit balance of the undivided earnings account on such date, after all losses have been provided for and net earnings or net losses have been added thereto or deducted therefrom, as the case may be. Reserves are not considered as a part of the surplus.

(i) "Share" or "shares" means all classes of shares and share certificates that may be held in accordance with applicable law and regulations.

Section 2. If included in the definition of the field of membership in the organization certificate charter of this credit union, the term or expressions:

(a) "Organizations of such persons" means an organization or organizations composed exclusively of persons who are within the field of membership of this credit union.

(b) "Immediate family member" eligibility is limited to spouse, child, sibling, parent, grandparent or grandchild. For the purposes of this definition, immediate family member includes stepparents, stepchildren, stepsiblings, and adoptive relationships.

**A credit union may adopt a more restrictive definition of this term by deleting this definition from its bylaws and replacing it with its own more restrictive definition.**

(c) "Household" is defined as persons living in the same residence maintaining a single economic unit. **A credit union may adopt a more restrictive definition of this term by deleting this definition from its bylaws and replacing it with its own more restrictive definition.**

[FR Doc. 99-26716 Filed 10-13-99; 8:45 am]

BILLING CODE 7535-01-P

#### NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

##### Sunshine Act Meeting

##### Meeting of the National Museum Services Board

AGENCY: Institute of Museum and Library Services.

ACTION: Notice of meeting.

**SUMMARY:** This notice sets forth the agenda of a forthcoming meeting of the National Museum Services Board. This notice also describes the function of the board. Notice of this meeting is required under the Government through the

Sunshine Act (Public Law 94-409) and regulations of the Institute of Museum and Library Services, 45 CFR 1180.84.

**TIME/DATE:** 1:30-3:30 pm on Friday, November 5, 1999.

**STATUS:** Open.

**ADDRESSES:** The Board Room of American Society of Association Executives, 1575 I Street, NW, Washington, DC 20005-1168, (202) 626-2723.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Lyons, Special Assistant to the Director, Institute of Museum and Library Services, 1100 Pennsylvania Avenue, NW, Room 510, Washington, DC 20506, (202) 606-4649.

**SUPPLEMENTARY INFORMATION:** The National Museum Services Board is established under the Museum Services Act, Title II of the Arts, Humanities, and Cultural Affairs Act of 1976, Public Law 94-462. The Board has responsibility for the general policies with respect to the powers, duties, and authorities vested in the Institute under the Museum Services Act.

The meeting on Friday, November 5, 1999 will be open to the public. If you need special accommodations due to a disability, please contact: Institute of Museum and Library Services, 1100 Pennsylvania Avenue, NW, Washington, DC 20506—(202) 606-8536—TDD (202) 606-8636 at least seven (7) days prior to the meeting date.

#### Agenda—76th Meeting of the National Museum Services Board

*The Board Room of American Society of Association Executives, 1575 I Street, NW, Washington, DC 20005-1168*

Friday, November 5, 1999

1:30—3:30pm

I. Chairperson's Welcome and Minutes of the 75th NMSB Meeting—May 14, 1999

II. Director's Report

III. Appropriations Report

IV. Legislative/Public Affairs Report

V. Office of Research and Technology Report

VI. Office of Museum Services Program Reports

VII. Office of Library Services Program Reports

Dated: October 7, 1999.

**Linda Bell,**

*Director of Policy, Planning and Budget, National Foundation of the Arts and Humanities, Institute of Museum and Library Services.*

[FR Doc. 99-26973 Filed 10-12-99; 1:00 pm]

BILLING CODE 7036-01-M