

**BY-LAWS
FOR
802 CREDIT UNION**

**ARTICLE I
NAME AND PURPOSE**

Section 1 The name of this credit union shall be 802 Credit Union.

Section 2 The purpose of this credit union is to promote thrift among its members by affording them an opportunity for accumulating their savings, to create for them a source of credit for provident or productive purposes at a reasonable rate of interest, and to provide the opportunity for the members to use and control their money for their mutual benefit.

**ARTICLE II
QUALIFICATION FOR MEMBERSHIP**

Section 1 The field of membership shall be limited to:

- o Those who are employed by, or persons retiring or pensioners or annuitants from the school departments, public or private, in Washington County; the towns of Brookfield, Chelsea, Corinth, Orange, Topsham, Vershire, Washington and Williamstown, all in Orange County; all of Lamoille County; all of Franklin County; all of Grand Isle County; and the Orleans Southwest School District.
- o Those who are employed by public and private school systems in Windsor County, Vermont and Orange County, Vermont from the townships of Windsor, West Windsor, Reading, Plymouth, Hartland, Woodstock, Bridgewater, Hartford, Pomfret, Barnard, Stockbridge, Norwich, Sharon, Royalton, Bethel, Rochester, Braintree, Randolph, Tunbridge, Strafford, Thetford, West Fairlee, Fairlee, Bradford, Brookfield, Chelsea, Vershire along with organizations composed primarily of said employees.
- o Those employed by the town governments in Windsor County, Vermont and Orange County, Vermont from the townships of Plymouth, Woodstock, Bridgewater, Hartford, Pomfret, Barnard, Stockbridge, Norwich, Sharon, Royalton, Bethel, Rochester, Braintree, Randolph, Tunbridge, Strafford, Thetford, West Fairlee, Fairlee, Bradford, Brookfield, Chelsea, Vershire along with organizations composed primarily of said employees.
- o Officials and employees of the Burlington Public School Department, the University of Vermont, Saint Michael's College, Champlain College, Vermont Student Assistance Corporation, Vermont Public Television, Burlington College, and like educational associations within Chittenden County.
- o Employees of other approved occupational groups within Windsor and Orange counties.
- o People who live, work or worship in the following fourteen Vermont counties that we serve; Washington/Lamoille/Orange/Windsor/Chittenden/Windham/Franklin/Orleans/Essex/Caledonia/Addison/Rutland/Grand Isle/Bennington.

- o People who live, work or worship in the following three New Hampshire counties that we serve; Grafton/Sullivan/Cheshire.
- o Employees of contracted services who are employed on a ongoing basis at the school departments listed above.
- o Students from the school districts, universities and colleges we serve.
- o Employees of this Credit Union.
- o And, all of the above, together with their spouses, children, parents, grandchildren, grandparents, nephews, nieces, cousins, aunts, uncles, brothers, sisters, step-children, and step grandchildren.

Section 2 Each application for membership must be in writing and must be approved by the board of directors or its designee.

Section 3 An applicant shall not be permitted to membership until [a] it shall have been determined that he/she is eligible for membership; [b] his/her application for membership shall have been in accordance with these by-laws and [c] he/she shall have qualified as a member by subscribing for at least one share of this credit union and paying the first installment thereon. The credit union may, at its option, impose an entrance fee or an annual membership fee on all members.

Section 4 A member who withdraws all his/her shareholdings thereby ceases to be a member.

Section 5 Subject to such conditions as the board of directors may establish, a member who ceases to be within the field of membership may retain his/her membership and all the rights and privileges thereof as long as he/she is in good financial standing.

Section 6 The societies, associations, partnerships and corporations composed for the most part of individuals who are eligible to membership in this credit union may be admitted to membership and participate in the services of the credit union.

Section 7 If the field of membership includes unnamed occupational groups, the board of directors by resolution shall establish a procedure whereby a listing of approved, eligible employers will be maintained.

Section 8 Membership must be properly established and maintained, membership may continue until terminated in accordance with these Bylaws.

ARTICLE III SHARES, DEPOSITS AND LIABILITY

Section 1 The par value of shares shall be in five dollar [\$5.00] multiples of not less than five dollars [\$5.00], nor more than twenty-five dollars [\$25.00]. Subscriptions to shares are payable at the time of subscription. A member shall be deemed to have one fully paid share for each five dollars [\$5.00] deposited.

Section 2 The maximum amount of shares which may be held by any one member shall be established from time to time by the board of directors.

Section 3 Shares may be transferred only from one member to another, by written instrument, in such form as the board of directors may prescribe. The board of directors may require payment to this credit union of a fee for each transfer and, if so required, such fee shall apply to all transfers.

Section 4 Money paid in on shares, or installments of shares, may be withdrawn as provided in these by-laws on any day when payment for shares may be made; but the board of directors shall have the right at any time to require members to give 60 days notice of intention to withdraw the whole or any part of the amounts so paid in by them; provided that no members may withdraw any shareholdings below the amount of their total liability to the credit union as borrower, endorser, co-maker or guarantor without the written approval of the credit manager. The credit manager or Board of Directors may give advance blanket approval for the withdrawal of any shares owned by borrowers, co-makers, endorsers or guarantors that are not pledged as required security on loans; provided that payments on loans are current at the time applications are made for such withdrawals. Such approval shall not have precedence over any notice period required to be given as provided by this section.

Section 5 The board of directors may establish rules and conditions under which deposits, Christmas clubs, vacation clubs and other thrift clubs may be established by this credit union.

Section 6 Withdrawals of savings may be in any manner approved by the board and the Commissioner of the Vermont Department of Financial Regulation, hereafter referred to as the Commissioner, according to established regulations.

Section 7 The shareholdings of a member who fails to complete payment of one share within one year of his/her admission to membership, or of a member who reduces his/her share balance below one share and does not increase the balance to at least one share within 1 year of the reduction, may be absorbed by a late charge or other fees as authorized by the Board of Directors approved policy.

Section 8 Shares may be issued in the name of a minor or in trust in such way and manner as the board of directors may determine.

Section 9 Shares issued in the name of a minor shall be held for the exclusive right and benefit of the minor, and free from the control or lien of all other persons, except creditors, and shall be paid, together with dividends thereon, to the person in whose name the shares shall have been issued. The receipt or acquittance of the minor shall be valid and sufficient release and discharge to the credit union for the shares or any part thereof.

Section 10 Shares may be issued in joint tenancy with the right of survivorship, with any person designated by the credit union member but no person so designated as joint tenant shall be permitted to vote, obtain loans, or hold office unless he/she is within the field of membership and is a qualified member. Any shares so issued and additions thereto of whatever nature shall be payable by the credit union on the death of the deceased member to the surviving joint tenant, and the payment and the receipt or acquittance of the same to said surviving joint tenant shall be a valid and sufficient release and discharge to the credit union of all amounts so paid.

ARTICLE IV RECEIPTING FOR MONEY

Section 1 Money paid in or paid out on account of shares, deposits or thrift clubs, loans, interest, fees or charges shall be evidenced by a form of receipt or statement of account to be determined by the board of directors.

Section 2 Should the receipt, given to the member by the credit union, be lost or stolen, immediate notice of such fact shall be given to the chief executive officer or assistant manager, and written application shall be made for the payment of the amount due the member as recorded on said receipt or for the issuance of a duplicate receipt. The board of directors may require the filing of an adequate bond to indemnify this credit union against any loss or losses resulting from the issuance of duplicate receipts. The board of directors may also require payment to this credit union of a reasonable charge to cover the cost of issuing the duplicate receipts.

ARTICLE V MEETINGS OF MEMBERS

Section 1 The annual meeting of the members shall be held during the first six months of the calendar year at such time and place that is conveniently accessible to the members and as the board of directors shall designate.

Section 2 At least seven days before the date of any annual or special meeting of the members, the secretary shall cause written notice thereof to be handed to each member in person, or mailed to each member at his/her address as the same appears on the records of this credit union; except that if this credit union maintains an office that is readily accessible to members and wherein regular business hours are maintained, and the board so determines, notice of the annual or special meeting may be given by posting the notice thereof, in a conspicuous place in the office of this credit union where it may be read by the members, at least 14 days prior to such meeting. Notice of any special meeting shall state the purpose for which it is to be held, and no business other than that related to this purpose shall be transacted at the meeting.

Section 3 Special meetings of the members may be called by the chairperson, the board of directors, or by the supervisory committee and shall be called by the chairperson within 30 days of the receipt of a written request of 25 members or 2% of the membership as of the date of the request, whichever number is greater. The notice of such special meeting shall be given as provided in Section 2 of this Article.

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

- [a] Ascertainment that a quorum is present;
- [b] Incorporation in the minutes of proof of notice of the meeting;
- [c] Approval of the minutes of the last meeting;
- [d] Report of Directors;
- [e] Report of the CEO;
- [f] Report of the Supervisory Committee;
- [g] Unfinished business;
- [h] Elections;
- [i] New business other than elections;
- [j] Adjournment

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

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

Section 6 The fiscal year of the credit union shall end on December 31.

Section 7 No member shall be entitled to 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, shall not, as such, be entitled to vote. Members may vote by absentee ballot if provided for by the board of directors.

ARTICLE VI ELECTIONS

Section 1 At least 30 days prior to each annual meeting, the chairperson shall appoint a nominating committee of not less than three members. It shall be the duty of the nominating committee to nominate at the annual meeting at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held. The nominating committee is encouraged to ensure that the membership is represented in a diverse manner whenever possible. This desire for diversity includes, but is not limited to: geographic representation, age, gender identity and race.

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

Section 3 Nominations shall be for directors only. All other volunteer committees are appointed by the Board of Directors:

Section 4 Irrespective of the number of shares held, no member shall have more than one vote.

Section 5 Within ten days after the election or appointment to any position, each person so elected or appointed shall execute an oath of office.

Within five days after the annual meeting, the board of directors shall appoint the members of the supervisory committee and any other active volunteer committee as applicable.

Within 15 days after the election or appointment, the names and addresses of persons elected or appointed, with the oath of office, shall be forwarded to the Vermont Department of Financial Regulation in such manner as shall be required by said Department.

ARTICLE VII BOARD OF DIRECTORS

Section 1 The board of directors shall consist of a minimum of seven members. All of the directors shall be members of this credit union and of legal age.

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

Section 3 Any vacancy on the board, or supervisory committee shall be filled by vote of a majority of the directors then holding office. Directors so appointed shall hold office only until

the next annual meeting, at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors. Members of the supervisory committee so appointed shall hold office only until the first meeting of the board following the annual meeting of members or until the appointment of their successors.

Section 4 Regular meetings of the board of directors shall be held each month, the date, time and place to be selected by the directors. The chairperson, or in his/her absence the vice chairperson, may call a special meeting of the board of directors at any time and shall do so upon the written request of any three directors. The chairperson, or in his/her absence the vice chairperson, shall fix the time and place of special meetings unless the board prescribes otherwise. Notice of all meetings of the board of directors shall be given in such manner as the board of directors may from time to time prescribe.

Section 5 The board of directors shall have the general management of the affairs, funds, and records of the credit union. In addition to the duties customarily performed by boards of directors, the board of directors shall:

- [a] Act upon all applications for membership, except to the extent that it may have authorized the approval of such applications by an executive committee or by a membership officer;
- [b] Periodically review and fix the fidelity coverage, which shall be required of the officers, employees, members of official committees, attorneys at law and other agents, to ascertain that the bond coverage in force is in compliance with the provisions of the Act and the rules and regulations of the Vermont Department of Financial Regulation, and authorize the payment of the premium therefore from the funds of the credit union;
- [c] Within the limitations prescribed by the Act and regulations, determine from time to time the interest rate on loans, the rate of interest refund if any, to be made to members, the maximum maturities and terms of payment or amortization of loans to members, and the maximum amount that may be loaned, with and without security, to any member;
- [d] Have authority to declare and authorize the payment of a dividend on shares of members;
- [e] Determine the interest rate which will be paid on deposit accounts and other accounts;
- [f] Determine from time to time the maximum number of shares which may be owned by one member and the maximum amount that one member may have in the deposit accounts or other accounts, such determinations to apply to all members;
- [g] Fill vacancies occurring between annual meetings in the board of directors and supervisory committee, as provided in Section 3 of this Article;
- [h] Fix from time to time the maximum amount, both secured and unsecured, which may be loaned to any one member;
- [i] Have charge for the investments of this credit union other than loans to members, except to the extent that the Board may have appointed an executive committee to act for it in the purchase and sale of securities or the making of loans to other credit unions, or both;
- [j] Authorize the employment of such person or persons as may be necessary to carry on the business of the credit union and the compensation of employees and the treasurer;

[k] Provide for compensation, as needed, of any employees, and of necessary clerical and auditing assistance employed or utilized by the supervisory committee;

[l] Authorize the conveyance of property;

[m] Authorize borrowing and discounting operations on behalf of the credit union within limitations prescribed by the Act;

[n] Perform such other duties as the members may from time to time require;

[o] Designate a depository or depositories for the funds of the credit union;

[p] Suspend any or all members of the supervisory committee and other volunteer committees for failure to perform their duties;

[q] Perform or authorize any action consistent with law and these by-laws not specifically reserved to the members by the by-laws;

[r] If deemed necessary or advisable, adopt a common seal and alter the same;

[s] Supervise the collection of loans to members and authorize the charge-off of uncollectible loans;

[t] Provide for disposition of dormant accounts, and

[u] Approve loans to members of the supervisory and other volunteer committees as applicable.

Section 6 A majority of the number of directors specified in the by-laws [inclusive of any vacancies] shall constitute a quorum for the transaction of business at any meeting thereof but fewer than a quorum may adjourn from time to time until a quorum is in attendance.

Section 7 If a director fails to attend three consecutive meetings of the board of directors, or otherwise fails to perform any of the duties devolving upon him/her as director, his/her office may be declared vacant by the board of directors and the vacancy filled as herein provided. The board may remove any executive officer from office for failure to perform the duties thereof, after giving the officer reasonable notice and opportunity to be heard.

The board may suspend any member of the supervisory committee. The members of this credit union shall decide, at a special meeting held not fewer than seven nor more than 21 days after any such suspension, whether the suspended committee member shall be removed from or restored to the supervisory committee.

Section 8 The directors may purchase insurance on the lives of its members in an amount equal to their respective share, deposit and loan balances or any or all of them.

Section 9 The directors may have the credit union join the Association of Vermont Credit Unions and those dues may be deducted from member share accounts if deemed necessary.

Section 10 In accordance with the provisions of the Act and regulations, the board may authorize the cashing of checks and money orders for members.

Section 11 In accordance with the provisions of the statutes and the Commissioner's regulations, the board may authorize the selling to members of negotiable checks [including travelers cheques and money orders].

**ARTICLE VIII
EXECUTIVE OFFICERS, EXECUTIVE COMMITTEE,
MEMBERSHIP OFFICER, ASSISTANT TREASURERS,
AND THEIR DUTIES**

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

Section 2 Officers elected at the meeting of the board following the annual meeting of the members, which shall be held not later than five days after the annual meeting, shall hold office for a term of one year and until the election and qualification of their respective successors; provided, however, that any person elected to fill a vacancy caused by death, resignation, or removal of an officer shall be elected by the board to serve for the unexpired term of such office until his/her successor is duly elected and qualified.

Section 3 The chairperson shall preside at meetings of the members and at meetings of the board of directors unless disqualified through suspension by the supervisory committee; and, together with the treasurer, shall sign all conveyances of property. The chairperson shall perform such other duties as customarily pertain to the office of chairperson or as he/she may be directed to perform by the board of directors not inconsistent with the provisions of the law or these by-laws.

Section 4 The ranking vice chairperson shall exercise the duties of the chairperson during his/her absence or inability to act.

Section 5 The treasurer(or designee) shall report to the Board on matters relating to the financial statements of the credit union. Within 15 days after the close of each month, he/she (or designee) shall ensure that monthly financial statements are placed in a conspicuous location in each office of the credit union, where it shall remain posted until replaced by the financial statement for the next succeeding month. He/she (or designee) shall prepare and forward to the Vermont Department of Financial Regulation such financial reports as said Department may require.

Section 6 The board of directors may appoint one or more persons, and authorize them, under the direction of the treasurer, to perform any of the duties devolving on the treasurer, including the signing of checks.

Section 7 The board may appoint an executive committee, of not fewer than 3 directors, to serve at its pleasure, to act for it in the purchase and sale of securities and the making of loans to other credit unions in accordance with the law and regulations. The board may also authorize either such executive committee or a membership officer appointed by the board to serve at its pleasure from among the members of this credit union, other than the treasurer, an assistant treasurer, or a loan officer, to approve the applications for membership under such conditions as the board and these by-laws may prescribe. No executive committee member or membership officer shall be compensated as such.

Section 8 The secretary shall prepare and maintain complete minutes of all meetings of the members and of the board of directors. He/she shall give or cause to be given, in the manner provided in these by-laws, proper notice of all of the meetings of the members and shall perform

such other duties as he/she may be directed to perform by the board of directors not inconsistent with the provisions or law of these by-laws.

ARTICLE IX SUPERVISORY COMMITTEE

Section 1 The supervisory committee shall be appointed by the board and shall consist of at least three members of this credit union.

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

Section 3 The supervisory committee members shall choose from among their number a chairperson and a secretary. The secretary of the supervisory committee shall prepare and have custody of complete records of all actions taken by it. The offices of chairperson and secretary may be held by the same person.

Section 4 The supervisory committee shall make or cause to be made a comprehensive annual audit of the books and affairs of the credit union. It shall submit a report of each annual audit to the board of directors and a summary of that report to the members at the next annual meeting of the credit union. The committee shall make any supplementary audits required by the commissioner. The committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities prescribed by this article, and may request the board to provide compensation for such assistance. It shall prepare and forward to the Vermont Department of Financial Regulation such reports as said Department may require.

Section 5 The supervisory committee shall, from time to time and not less frequently than once every two years, cause the passbooks and accounts of all members to be verified with the records of the treasurer. The committee shall maintain a record of such verification.

Section 6 By unanimous vote the supervisory committee may suspend until the next meeting of the members any directors or other appointed volunteer committee members. In the event of any such suspension, the supervisory committee shall call a special meeting of the members to act on said suspension, which meeting shall be held not fewer than seven nor more than 21 days after such suspension. The notice of any such special meeting shall be issued at least seven days before such meeting and shall state the purpose for which it is to be held. The chairperson of the committee shall act as chairperson of the meeting unless the members select another person to act as chairperson.

ARTICLE X

LOANS TO MEMBERS

Section 1 Members may borrow pursuant to policy established by the Board in accordance with these Bylaws and other applicable laws and regulations.

Section 2 Applications for loans shall be on forms prepared and provided by the Board and shall in each case set forth the purpose for which the loan is desired, the security if any and such other data as may be required.

Section 3 No loan shall be made to any member in excess of 10% of the credit union's total assets.

Section 4 No Director or Supervisory Committee member shall act as endorser, co-maker, or guarantor for borrowers from this credit union, except in cases of immediate members of the family.

Section 5 Loans to members will be in accordance with the loan policies established by the Board of Directors.

Section 6 Management shall make available to the Board of Directors, upon request, a complete listing of all applications for extensions of credit or for release or substitution of collateral that were reviewed and acted upon.

Section 7 A credit manager or loan officer shall not disburse the funds of the credit union for any extension of credit approved by such credit manager or loan officer. Procedures will be in place if this is required for extreme situations to help members in a time sensitive requests due to unforeseen staffing limitations.

Section 8 An applicant for an extension of credit or release of substitution of collateral that has been disapproved by a credit manager or loan officer may appeal to the Board of Directors. Any such appeal to the Board of Directors shall be acted upon at the next regular meeting of the Board of Directors. If the initial denial of the loan application has not been reviewed by the Board of Directors, the notice of loan denial given to the member shall include a notice that the member has the right, upon written request, to appeal the loan denial to the Board of Directors.

ARTICLE XI RESERVES

Section 1 All amounts as required by the statutes and pertinent state or federal regulations, shall be set aside as a regular reserve, provided, however, that when the regular reserve reaches the minimum required balance, no further transfers shall be required except up to such amounts permitted by law and as may be needed to maintain such minimum balance. Amounts in excess of the minimum required balance may be transferred to the regular reserve by authorization of the board of directors. The regular reserve shall be used only for losses as authorized by applicable law and regulations.

Section 2 If the commissioner determines that the reserve established pursuant to the foregoing paragraphs is inadequate for any reason, the commissioner may require the establishment of such additional reserve as deemed necessary for the protection of the shareholders.

Section 3 The board may also authorize, in addition to the regular reserve, special reserves to protect the interest of members, in accordance with the statutes and applicable regulations.

ARTICLE XII DIVIDENDS

Section 1 At such intervals and for such periods as the board of directors may authorize, and after provision for the required reserves, the board of directors may declare dividends to be paid from the undivided earnings at such rates and upon such classes of shares as are determined by the board.

Dividends may also be considered a normal operating expense of the credit union. Dividends shall not be declared, credited or paid until the board has determined that the amount thereof has been actually earned and stands to the credit of the credit union.

Dividends may not be declared more frequently than monthly and after the necessary closing entries are recorded.

No dividends should be declared if the undivided earnings account is in a deficit-position.

Section 2 The directors may declare an interest refund to borrowers of the current year if the earnings would warrant such return.

ARTICLE XIII DEPOSITS AND INVESTMENTS

Section 1 The funds of the credit union may be deposited in legally chartered banks, trust companies and in central-type credit union organizations.

Section 2 Funds not used in loans to members may be deposited or invested as allowed by law and in accordance with an investment policy adopted by the Board.

Section 3 All funds of the credit union, except for petty cash and cash change funds authorized by Section 4 and 5 of this Article, shall be deposited in such qualified depository or depositories as the board may from time to time designate; and shall be so deposited not later than the fifth banking day after their receipt; provided, however, that receipts in the aggregate of \$100 or less may be held as long as ten banking days before they are deposited.

Section 4 All disbursements of funds of the credit union shall be made by checks or other written instruments signed by the treasurer or a signatory duly authorized by the board of directors. The board may provide for the establishment and replenishment of a petty cash fund.

Section 5 Establishment of a cash fund, for the purpose of making change, may be authorized by the board.

ARTICLE XIV WITHDRAWAL AND EXPULSION OF MEMBERS

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

Section 2 A member may be expelled by a two-thirds vote of the members of the credit union present at a special meeting called for the purpose, but only after an opportunity has been given to the member to be heard and only if the member has been properly notified. All amounts paid in on shares or deposits by a member prior to his/her expulsion shall be paid to him/her, but only as funds become available and only after deducting therefrom any amount due the credit union by such member.

Section 3 A member may be expelled by an affirmative vote of a majority of the Board of Director's pursuant to a written policy approved by the Board that has been distributed to the members of the credit union. Expulsion guidelines in this policy may include, but are not limited to, violating the membership agreement or policies adopted by the Board, violating the bylaws of

the credit union, or if the member is physically or verbally abusive to credit union members or staff.

Section 4 A person whose membership has been terminated, whether by withdrawal or expulsion, shall have no further rights in the credit union, but is not released from any obligation owed to the credit union. Not more than one application for readmission may be made per member within a twelve (12)-month period.

ARTICLE XV GENERAL

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

Section 2 The officers, directors, members of committees, and employees of the credit union shall hold in strictest confidence all transactions of the credit union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the board in connection with the making of loans and the collection thereof.

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

Section 4 When any executive or membership officer is absent, disqualified, or otherwise unable to perform the duties of his/her office, the board may designate another member of this credit union to act temporarily in his/her place. The board may also designate another member or members of the credit union to act temporarily on any committees when necessary in order to obtain a quorum, and record this appointment in their minutes.

Section 5 No director, committee member, officer, agent or employee of the credit union shall in any manner, directly or indirectly, participate in the deliberation upon the determination of any question affecting his/her pecuniary interest or the pecuniary interest of any corporation, partnership, or association [other than the credit union] in which he/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 directors shall withdraw from such deliberation or determination, and in such event the remaining qualified directors present at the meeting, if constituting a quorum with the disqualified director or directors, may exercise with respect to this matter, by a majority vote, all the powers of the board. In the event of the disqualification of any member of the credit committee or the supervisory committee or education committee, such committee member shall withdraw from such deliberation or determination.

Section 6

Previous employees must wait a 3-year period of time after their employment has ended before being eligible for a volunteer position on the Board of Director's or the Supervisory Committee. Likewise, volunteers must also wait a 3-year period of time from their resignation/termination date of their respective committee or volunteer assignment before being eligible to be hired by the credit union.

Section 7

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

Section 8

The board of directors has the authority to borrow an aggregate amount not exceeding 20 percent of its assets, and borrow amounts in excess of 20 percent, but not in excess of 50 percent of its assets, if prior written approval has been given by the Commissioner of the VT Department of Financial Regulation.

**ARTICLE XVI
SHARE INSURANCE**

Section 1 This credit union shall insure its members' shares and deposits with the National Credit Union Administration or the successor to that federal agency.

**ARTICLE XVII
OPERATIONS FOLLOWING A NATIONAL
EMERGENCY OR DISASTER**

Section 1 In the event of an emergency, the officers and employees of the credit union shall continue to conduct the affairs of the credit union under such guidance from the Directors as may be available and subject to conformance with any governmental directives during the emergency.

Section 2 In the event of an emergency situation that prevents the conduct and management of the affairs and business of the credit union by its regularly elected Directors, officers, and committees as outlined in these Bylaws, the highest ranking executive officer and any two (2) Directors shall constitute a quorum. Additional details and applicable succession plans are documented internally through policies approved by the Board of Directors.

**ARTICLE XVIII
AMENDMENTS OF BY-LAWS AND CHARTER**

Section 1 Amendments to Article I, Name and Purpose and Article II, Qualification for Membership may be adopted by the affirmative vote of two-thirds of the authorized number of members of the Board at any duly held meeting thereof, if members of the Board and general membership have been given at least ten (10) days notice of said meeting and the notice has contained a copy of the proposed amendment or amendments.

Section 2 Amendments to all other Articles of these bylaws and any amendments of the Charter may be adopted by the affirmative vote of two-thirds of the members at any duly held meeting thereof if the members have been given at least ten days notice of said meeting and the notice has contained a copy of the proposed amendment or amendments or a summary of the proposed amendment with a notice that a copy of the proposed amendment is available upon request. No amendment of these bylaws or of the charter shall become effective, however, until approved in writing by the Commissioner of the Vermont Department of Financial Regulation.