

**BYLAWS**  
**of the**  
**Northwoods Community Credit Union**  
**Park Falls, Wisconsin**  
**Revised July 7, 2010**

**ARTICLE I**  
**PURPOSES**

**Section I. Purposes.** The purposes of this credit union are:

- (a) To encourage thrift among its members;
- (b) To create a source of credit at a fair and reasonable cost;
- (c) To provide an opportunity for each of its members to improve the member's respective economic and social conditions; and
- (d) To perform the functions and exercise the powers designated for credit unions under applicable law.

**ARTICLE II**  
**DEFINITIONS**

When used in these Bylaws, the following terms have the meaning set forth below:

**Section 1. Account.** "Account" means any form of members savings however denominated, and includes all accounts held at the credit union.

**Section 2. Articles.** "Articles" means the articles of incorporation of the credit union.

**Section 3. Board.** "Board" or "Board of Directors" means the Board of Directors of the credit union and "Director" means a member of the Board.

**Section 4. Bylaws.** "Bylaws" means the bylaws of the credit union.

**Section 5. Credit Union.** "Credit union" or "this credit union" means the Northwoods Community Credit Union, unless the context otherwise requires.

**Section 6. Executive Officers.** "Executive Officers" includes the Chairperson, Vice Chairperson (whether one or more), Secretary, Treasurer and President of the Credit Union.

**Section 7. Members of Immediate Family.** "Members of the immediate family" includes, but is not limited to:

- (a) The spouse, parent, children stepparents, stepchildren, grandparents and grandchildren of each person eligible to be a member of the credit union under Article III, Section 1(b);
- (b) Any other relative of any person eligible to be a member of the credit union under Article III, Section 1(b) or of the spouse of the eligible person, if the relative resides in the same household as the person; and
- (c) Such other person as set forth in the written policies of the board.

**Section 8. National Board.** "National Board" means the National Credit Union Administration Board.

**Section 9. Office of Credit Unions.** "Office of Credit Unions" means the Office of Credit Unions for the State of Wisconsin.

**Section 10. Officer.** "Officer" includes any Executive Officer or any Vice President as well as any other person such as a membership officer, loan officer or compliance officer if such a person is designated by the Board or the President as an Officer of the credit union.

**Section 11. Organization.** "Organization" includes a corporation, limited liability company, partnership or any other legal entity recognized under the laws of the State of Wisconsin or the United States of America.

**Section 12. Proceeding.** "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the credit union or by any other person.

**Section 13. Public Depositor.** "Public depositor" has the meaning given to it in Section 34.01(4), Wis. Stats.

### **ARTICLE III MEMBERSHIP**

**Section 1. Membership Rights and Eligibility.** (a) The rights of members of this credit union shall be determined and exercised in accordance with applicable law, the Articles and Bylaws of the credit union and policies of the Board. Only a "member in good standing," as that phrase is defined by the policies of the credit union, shall be eligible to (i) receive notice of any meeting of the members, (ii) to vote, (iii) to serve as a director of the credit union, and (iv) to hold accounts at the credit union.

*(b) Persons residing, owning real estate property or employed in Ashland, Bayfield, Forest, Douglas, Iron, Langlade, Lincoln, Oneida, Price, Rusk, Sawyer, Taylor, Vilas & Washburn Counties, WI; and the members of record at the date of liquidation, February 1974, of the Couderay Area Credit Union, Couderay, WI; any present stockholder of Midland Services, Inc. (A&B Co-op Association); and any individual subsequently becoming a stockholder of said Co-op.*

A public depositor, any employee of this credit union, and any member of the immediate family of any other eligible person may become a member of the credit union in the manner provided in these Bylaws. Any Organization or association may become a member of the credit union if a majority of the directors, owners, or members thereof are eligible for membership in the credit union. In addition, any Organization or association that has a business location within any geographical location set forth under Article III, Section 1(b) is eligible for membership in the credit union. Furthermore, any trust may become a member of the credit union if a majority of the persons who are settlor(s), trustee(s) and beneficiary(ies) are eligible for membership in the credit union.

**Section 2. Application for Membership.** Any person eligible for membership who completes an application for membership in an acceptable form and purchases at least one (1) share in the credit union shall be admitted to membership, unless the application is rejected by the Board or its delegatee. An amount equivalent to the value of the required number of shares deposited in any account in the credit union may be treated as the membership share.

**Section 3. Termination of Membership.** A member who withdraws all of the member's shareholdings shall thereby cease to be a member of the credit union and shall be ineligible to hold any other form of investment in the credit union. Any person whose membership terminates under this

section may be readmitted to membership, at the discretion of the Board or its delegatee, by purchasing at least one (1) share.

**Section 4. Expulsion of Members.** The Board may, if it has adopted a written policy, expel a member from the credit union if the member neglects or refuses to comply with Ch. 186, Wis. Stats., or these Bylaws, or for any other just cause.

**Section 5. Procedures for Expulsion.** The credit union shall provide notice to the member in writing of the reason for the proposed expulsion. The notice shall include a description of the member's right to a hearing. If a member in writing requests a hearing, the Board shall give the member an opportunity to be heard on the expulsion within 90 days after the date of the expulsion notice.

**Section 6. Payments Upon Expulsion or Termination.** If a member is expelled by the Board or if the membership is terminated by operation of these Bylaws:

(a) The credit union shall pay to the member upon expulsion or termination the funds the member has on account as funds become available and after deducting any amounts due to the credit union. Payments under this paragraph shall be subject to Article VIII, Section (3)(b) and (c) and any rights or limitations under applicable law.

(b) Expulsion or termination of membership shall not relieve the member of any existing liability to the credit union.

**Section 7. Loss of Qualifying Status.** A member who ceases to qualify for membership under section 1 of this article may retain full membership in the credit union at the discretion of the Board.

#### **ARTICLE IV MEETINGS OF MEMBERS - VOTING**

**Section 1. Voting.** Each member shall have one (1) vote irrespective of the member's share total. A member may not vote by proxy. An Organization or association which is identified as a member of the credit union, shall be represented by one (1) person only, who is duly authorized to represent a specific organization or association for the purpose of casting its vote. A trust shall be represented by the trustee.

During the first twelve (12) months of the existence of the credit union, any adult member may vote at meetings of the members or shall be eligible to demand a special meeting. Thereafter, no person shall be allowed to vote or shall be eligible to demand a special meeting *until the person has been a member of the credit union for at least three (3) months prior to the record date*. Unless otherwise provided by the Board at its previous organizational meeting, no member who is a natural person under the age of majority shall be allowed to vote.

**Section 2. Meetings.** The credit union shall hold an annual meeting of the members before July 1 of each year at such time and place as the Board shall designate. Special meetings of the members may be called at any time by order of the Board. Special meetings shall be called by the Secretary upon the written request of *five percent (5%) of members eligible to vote at meetings of the members of the credit union*.

**Section 3. Notice of Meetings.** At least twenty (20) days prior to the date of any annual or special meeting, the Secretary shall:

*Cause a Class 1 notice under Chapter 985 of the Wisconsin Statutes to be published in a newspaper of general circulation in each municipality in which the credit union maintains an office. Proof of publication shall be maintained by the credit union.*

Such notice shall state the date, time and location of the meeting and such other information as the Board shall determine consistent with these Bylaws except that the notice of any special meeting of members shall state the purpose of the meeting.

**Section 4. Record Date.** This section shall apply only after the credit union has been in existence for twelve (12) months. For the purpose of determining members entitled to notice of or to vote at any meeting, members entitled to demand a special meeting under section 2 of this article or in order to make a determination of members for any other proper purpose, the Board may fix a future date, not more than 70 days before the date on which the particular action requiring this determination of members is taken, as the record date. If no record date is established by the Board, the record date shall be as follows:

(a) Except as otherwise provided in paragraph (b), with respect to an annual members' meeting or any special members' meeting called by the Board or any person specifically authorized by the Board or these Bylaws to call a meeting, at the close of business on the day before the first notice is delivered to members.

(b) With respect to any election of Directors conducted under Article V, Section 3, at the close of business on the day before the first ballot is delivered to members.

(c) With respect to a special members' meeting demanded by the members, on the date the first member signs the demand.

(d) With respect to any other matter for which such a determination is required, as provided by law.

When a determination of the members entitled to vote at any members' meeting has been made as provided in this section, the determination shall apply to any adjournment of the meeting unless the Board fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

**Section 5. Quorum.** *Fifteen (15) members eligible to vote at meetings of the members shall constitute a quorum at any annual or special meeting. If a quorum is not present on the date specified in the notice of meeting, the meeting shall be adjourned for at least one (1) week and a second notice shall be published as a Class 1 notice in a newspaper of general circulation in each municipality in which the credit union maintains an office.*

The notice shall specify the date, time, place and purpose of the adjourned meeting. Notwithstanding the remaining provisions of this section, the number of members present at the place and time specified in the notice of the adjourned meeting shall constitute a quorum for the transaction of all business appropriate to the purpose of the meeting.

#### **Section 6. Actions by Members.**

(a) At any meeting, if the notice so indicates, a majority of the members present may direct the Board to do any of the following:

1. Consider implementing any policy proposed by the members.
2. Reconsider any decision of the Directors, Officers or committees.

(b) At any meeting, if the notice so indicates, the members may, by a three-fourths vote of the members present, do any of the following:

1. Remove any Director.
2. Amend these Bylaws in accordance with Article XII, Section 2.

## **ARTICLE V BOARD OF DIRECTORS**

**Section 1. Qualifications of Directors.** No person may be elected or appointed as Director unless that person has been a member of the credit union for *three (3) months* prior to the record date. Furthermore, no person or spouse of a person who is a paid employee of the credit union may become a Director. Former employees of the credit union are not eligible for election to the board until the expiration of two (2) years from the date of termination of their employment. (Revised 4/16/08)

### **Section 2. Number and Terms of Directors.**

(a) The Board shall consist of seven (7) duly qualified members. The members shall elect Directors to serve as follows:

Two (2) Directors for three (3) years.  
Two (2) Directors for three (3) years.  
Three (3) Director for three (3) years.

(b) At each annual meeting or by alternate election if duly authorized by the Board under section 4 or section 5 of this article, the members shall elect a Director to fill each vacancy on the Board, including any unexpired term occupied by a Director appointed by the Board under section 7 of this article. Except as provided in section 7 of this article, each Director elected by the members shall be elected to serve for a term of three (3) years.

(c) Each Director shall hold office until the earlier of (i) his or her successor being elected or appointed and signing the oath of office or (ii) his or her death, resignation or removal. A Director may resign at any time by filing his or her resignation with the Secretary.

(d) No director may serve on the Board of Directors for more than five (5) consecutive three-year terms. A former director may be eligible for election to the board again after two (2) years of not serving on the board. (Revised 4/16/08)

**Section 3. Election at Annual Meeting.** Unless an alternate election method set forth in these Bylaws is authorized by the Board, Directors shall be elected by the members present at the annual meeting in the following manner:

(a) The Chairperson may appoint a nominating committee consisting of not fewer than three (3) members of the credit union. If appointed, the nominating committee shall nominate one (1) or more members for each vacancy on the Board, including any unexpired term occupied by a Director appointed by the Board under section 7 of this article.

(b) After the nominations of the nominating committee, if any, have been placed before the members at the annual meeting, the Chairperson shall call for and accept nominations from the floor. When nominations are closed, the votes shall be taken and tallied by the tellers, and the results shall be announced. Except as provided in paragraph (c), all elections shall be determined by plurality vote, and

shall be by ballot except when the number of nominees does not exceed the number of vacancies to be filled.

(c) If two (2) or more candidates for Director receive an equal number of votes, and resolution of the tie vote affects the election of one (1) or more Directors, the members present at the annual meeting shall either elect by a plurality vote the appropriate number of Directors from among the candidates who received the equal number of votes in the initial balloting, or shall authorize those candidates to resolve the tie vote by a drawing of lots.

**Section 4. Alternate Election Method.** Election of Directors may be conducted pursuant to this section 4 if authorized by the Board, at each reorganization meeting following the annual meeting. If this alternate election method is duly authorized by the Board, the election of Directors shall be conducted exclusively as follows:

(a) At least seventy-five (75) days prior to the date set for the annual meeting, the Chairperson shall appoint a nominating committee of not fewer than three (3) members of the credit union. The nominating committee shall nominate one (1) or more members of the credit union for each vacancy on the Board and for each unexpired term occupied by a Director appointed by the Board under section 7 of this article.

(b) The nominating committee shall provide the Chairperson with a list of nominees at least sixty (60) days prior to the date set for the annual meeting, and the nomination list shall be promptly provided to each member eligible to vote at meetings of the members in the credit union office(s).

Along with the nomination list, the following notice shall be posted in the credit union office(s) and on NCCU's web page:

#### NOTICE TO MEMBERS

You are hereby advised of your right under Article V, Section 4 of the Credit Union's bylaws to submit to the Chairperson on or before \_\_\_\_ [insert date which is at least forty (40) days prior to the date of the annual meeting], a petition requesting your nomination as a nominee to the Credit Union's Board of Directors. Your petition must be signed by at least twenty (20) members eligible to vote at meetings of the members of the Credit Union.

If the number of members nominated by the nominating committee equals the number of vacancies on the Board, then the following sentence should be added to the notice: "If no member submits a petition, the Chairperson shall take a voice vote or declare each nominee elected by acclamation at the annual meeting and there shall be no election by mail ballot."

(c) After nominations have been received, Directors shall be elected as follows:

1. If no member submits a valid petition requesting nomination and the number of members nominated by the nominating committee equals the number of vacancies on the Board, then the Chairperson shall take a voice vote or declare each nominee elected by acclamation at the annual meeting; or

2. In all other cases, at least thirty (30) days prior to the date set for the annual meeting, the Secretary shall mail a ballot containing the name and a brief biographical sketch of each nominee to every member of the credit union eligible to vote at the member's last-known address, along with a statement that all ballots must be actually received at least seven (7) days prior to the date of the annual meeting in order to be counted as valid votes for the election of Directors at the annual meeting.

i. Prior to the time of the annual meeting, the ballots shall be opened and counted by the ballot clerks appointed by the Chairperson or nominating committee and the results shall be announced at the annual meeting.

ii. If two (2) or more candidates for Director receive an equal number of votes and resolution of the tie vote affects the election of one (1) or more Directors, the members of the credit union present at the annual meeting shall either elect by a plurality vote the appropriate number of Directors from among the candidates who received the equal number of votes in the initial balloting or shall authorize the candidates to resolve the tie vote by a drawing of lots.

**Section 5. Alternate Election Method.** Not Adopted.

**Section 6. Removal from Office.**

(a) The Board shall remove a Director if:

1. The Director withdraws from membership in the credit union;
2. The Director causes a loss to the credit union because of a delinquency or a known conflict of interest;
3. The Director is unable to be bonded for all activities of the credit union;
4. The Director refuses to sign the oath of office or knowingly and willfully violates the oath of office; or
5. In the judgment of the Board, removal of the Director is in the best interest of the credit union.

(b) A Director who is removed under this section shall be given notice of removal and may petition the board of directors to reconsider its decision.

**Section 7. Vacancies.** The Board shall by a vote of a plurality of the Directors then holding office appoint a member of the credit union to fill any vacancy occurring on the Board including a vacancy created by an increase in the number of Directors within sixty (60) days thereof. Appointments under this section shall be valid only until the first annual meeting held after the date of appointment. At the annual meeting, the members shall elect a Director to serve for the balance of the unexpired term.

**Section 8. Meetings; Quorum.**

(a) An organizational meeting of the Board shall be held within thirty (30) days after each annual meeting, and thereafter the Board shall meet at least monthly, unless an Executive Committee is appointed under section 9(b) of this article.

At all meetings of the Board, four (4) Directors shall constitute a quorum. Except as otherwise provided in these Bylaws, all matters presented to the Board shall be decided by a majority of the Directors present.

(b) Except as otherwise provided in these Bylaws, regular meetings of the Board shall be held at the time and place fixed by resolution of the Board. Notice of all meetings shall be given to Directors by the Secretary in such manner as the Board from time to time by resolution prescribes. A Director's attendance at any meeting of the Board constitutes his or her waiver of notice of that meeting unless the Director attends and objects at the meeting to the transaction of business because proper notice was not given. Otherwise, no waiver of notice of any meeting is valid unless made in writing.

(c) Special meetings of the Board may be called by the Chairperson or by any three (3) Directors. Notice of each such meeting shall be given at least seventy-two (72) hours prior to the meeting being noticed.

(d) The Board may hold any regular or special meeting or committee meeting, including a meeting of the executive committee by telephone conference call or any other means of communication by which all

participating Directors or members may simultaneously hear each other during the meeting and all communication during the meeting is immediately transmitted to each participating Director or member, and each participating Director or member is able to immediately send messages to all other participating Directors or members. If any meeting is conducted under this paragraph all participating Directors or members shall be informed that a meeting is taking place at which official business may be transacted.

**Section 9. Powers and Duties of the Board.** The Board shall be responsible for the general oversight and final decision-making authority over the affairs, funds and records of the credit union in accordance with applicable law, the Articles and the Bylaws. Subject to limitations established in these Bylaws, the Board shall have all of the powers and duties established under applicable law of credit unions operating under Chapter 186 of the Wisconsin Statutes, as amended.

(a) The Board's duties shall include but are not be limited to the following:

1. To act on all applications for membership, unless the Board delegates that responsibility.
2. Establish written policies to expel members in accordance with Article III, Sections 4, 5, and 6.
3. To establish rates of interest on all loans or to authorize an Officer or committee of the credit union to establish interest rates on loans.
4. To establish conditions applicable to accounts, including the dividend period.
5. To establish dividend rates on all accounts or authorize an Officer or committee of the credit union to establish rates on accounts.
6. To establish rates of interest on all applicable accounts or authorize an Officer or committee of the credit union to establish rates on accounts.
7. To establish standards and guidelines governing the compensation of employees in accordance with these Bylaws.
8. To fill vacancies on the Board.
9. To establish written loan policies which include applicable loan limits, collateral acceptable for secured loans and the approval process where a Director, Officer, or employee provides security as a comaker, guarantor, endorser or other surety. (Revised 4/16/08)
10. To at least annually set the amount of surety bond required of each Officer and employee having custody of funds as provided in Article XI, Section 5.
11. To designate the depository(ies) to be used by the credit union.
12. To act on loan applications submitted by any loan officer, if any, unless the Board delegates that responsibility. (Revised 4/16/08)
13. To appoint any committee that the Board considers necessary.
14. To borrow money from any source as permitted by applicable law.
15. Perform all other duties imposed upon the Board by these Bylaws and applicable law.

(b) The Board may appoint an executive committee consisting of at least three (3) Directors. If appointed, the executive committee shall meet as often as necessary and the Board shall meet at least quarterly. The Board may delegate all or any part of its powers to the executive committee, subject to any conditions or limitations the Board may choose to impose. The executive committee shall not have the authority to alter, rescind, or modify any action previously taken by the Board, without the express consent of the Board.

(c) The Board may by majority vote remove any Executive Officer or any committee member.

(d) The Board may delegate authority to approve or reject applications for membership. The person with membership approval authority shall comply with applicable law and perform such other duties as may be prescribed by the Board not inconsistent with applicable law and these Bylaws. Any person whose application for membership is denied may appeal the denial in writing to the Board.

**Section 10. Compensation.** Except as otherwise authorized by applicable law, no Director may receive any compensation from this credit union other than reasonable health, accident or similar insurance. Nothing in this section prohibits reimbursement for out-of-pocket expenses incurred as a result of his or her services as a Director or payment of compensation to Executive Officers in accordance with Article VI, Section 9.

**Section 11. Equivalent Titles.** Any person designated as "Chairperson" or as "Vice Chairperson" may use another equivalent title such as, in the case of the Chairperson, "Chairman," "Chairwoman," "Chair" or other such appropriate title.

**Section 12. Action Without a Meeting.** *Any action required or permitted by the Bylaws, or any provision of Ch. 186 to be taken by the Board at a Board meeting, may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the Directors entitled to vote on the subject matter of the action and retained in the credit union's records. Action taken pursuant to written consent shall be effective when the last Director signs the consent or upon such other effective date as is specified in the consent.*

## **ARTICLE VI EXECUTIVE OFFICERS - MANAGEMENT STAFF**

### **Section 1. Executive Officers.**

(a) Any two offices of the Board may be held by the same person except the offices of Chairperson and Vice Chairperson and the offices of Chairperson and Secretary. The Chairperson, Vice Chairperson, Secretary and Treasurer shall be elected at the organizational meeting of the Board from among the Directors then holding office. Any Executive Officer may be elected to succeed himself or herself. Unless sooner removed as provided in Article V, Section 6, the Chairperson, Vice Chairperson, Secretary and Treasurer shall hold office until election of his or her respective successor at the organizational meeting of the Board following the next annual meeting of the members.

(b) The Board shall appoint a President. The President shall serve at the pleasure of the Board.

**Section 2. Vacancies.** Whenever any vacancy occurs in any of the elected Executive Officer positions, the Board shall promptly fill such vacancy from among the Directors then holding office. Any person appointed to fill such a vacancy under this Section shall serve until a successor is duly elected at the organizational meeting of the Board following the next annual meeting of the members.

**Section 3. Chairperson of the Board.** The Chairperson shall preside over all meetings of the members and all meetings of the Board. The Chairperson shall also perform such other duties as the Chairperson may be directed to perform by resolution of the Board not inconsistent with applicable law and these Bylaws.

**Section 4. Vice Chairperson of the Board.** The Vice Chairperson shall, in the absence or disability of the Chairperson or in case of a vacancy in the office of the Chairperson, perform the duties of the Chairperson and such other duties as may from time to time be prescribed by the Board not inconsistent with applicable law and these Bylaws.

**Section 5. President.** The President shall be the Chief Executive Officer of the credit union and shall be in active charge of managing the credit union's day-to-day operations under the control and direction of the Board. Subject to such limitations and controls as may be imposed by the Board, and subject to delegation by the Board of any of the following responsibilities to other persons, the President shall:

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

(b) Have authority to sign all notes of this credit union, and all checks, drafts and other orders for disbursement of the credit union's funds.

(c) Provide and maintain full and complete records of all assets and liabilities of this credit union.

(d) Prepare and submit monthly to the Board a complete financial statement showing the condition of the credit union as of the end of the month for which the statement is made, including a listing of delinquent loans categorized according to the period of delinquency. Within thirty (30) days after the close of each year, the President shall post the most recent annual statement in a conspicuous place in the office(s) of the credit union.

(e) Prepare and forward to the Office of Credit Unions such financial and other reports as that office may require, maintain all books and records of the credit union in an accounting manner acceptable to the Office of Credit Unions, and return examination reports of the credit union to the Office of Credit Unions immediately upon request.

(f) Except as provided in Article VIII, Section 6, cause funds deposited in the credit union to be deposited within a reasonable period of time in one or more depositories designated by the Board.

(g) Perform such other duties as directed by the Board not inconsistent with applicable law and these Bylaws.

**Section 6. Secretary.** The Secretary shall prepare and maintain, or cause to be prepared and maintained, in a timely manner full and correct records of all meetings of the members and the Board. The Secretary shall give or cause to be given in the manner prescribed by these Bylaws proper notice of all meetings of the members and of the Board, and shall perform such other duties as the Secretary may be directed by the Board not inconsistent with applicable law and these Bylaws.

**Section 7. Treasurer.** The Treasurer shall prepare and provide, or cause to be prepared and provided, appropriate reports to the members of the credit union. The Treasurer shall have authority to sign all notes of this credit union, and all checks, drafts and other orders for disbursement of the credit union's funds. The Board may also designate other persons to exercise the power to sign notes, checks, drafts and other order. The Treasurer shall also perform any other duties as directed by the Board not inconsistent with applicable law and these Bylaws.

**Section 8. Management Staff.** The President may appoint one or more Vice Presidents or other Officers who are employees of the credit union. The President may hire and discharge the employees of the credit union.

(a) If appointed, the Vice President designated by the Board shall, in the absence or disability of the President or in case of a vacancy in the office of President, perform the duties of the President and such other duties as may from time to time be prescribed by the President not inconsistent with applicable law and these Bylaws.

(b) Each Officer who is an employee of the credit union, shall be responsible for performing the duties assigned to his or her office by the President, applicable law and these Bylaws.

**Section 9. Compensation.** The compensation of the Executive Officers shall be as authorized by the Board. The compensation of all other employees shall be established by the President, consistent with standards and limitations established by the Board.

## **ARTICLE VII MEMBER SHARES**

**Section 1. Par Value of Member Shares.** Beginning on April 22, 1953, the par value of a member share shall be five dollars (\$5.00). No person who validly purchased a member share at a lower par value shall be required to pay in additional funds on the member's share account as long as the person's membership remains in effect.

### **Section 2. Shares Issued to Minors or Held in Trust.**

(a) Shares may be issued in the name of a minor, and may be withdrawn by the minor or by the minor's guardian in accordance with applicable law, and in either case, payments on such withdrawals shall be valid.

(b) If shares are to be held in trust for a specific beneficiary, the account shall be held in the name of the trustee for the beneficiary.

**Section 3. Joint Accounts.** The credit union may issue accounts in joint tenancy. The person first named on any such joint account shall be a qualified member of the credit union. A nonmember named in the joint account shall not thereby acquire the right to vote, obtain loans or hold office in the credit union.

## **ARTICLE VIII ACCOUNTS, WITHDRAWALS AND TRANSFER**

**Section 1. Accounts.** The credit union may accept from members any form of accounts approved by the Board, including but not limited to Christmas, vacation, education, deferred income, pension, and share certificate accounts.

**Section 2. Transfer of Accounts.** No member or employee of this credit union may, as an individual, discount or directly or indirectly purchase any shares or accounts from any other member.

### **Section 3. Withdrawals.**

(a) Except as provided in paragraphs (b) and (c) of this section, money paid in on shares or into any accounts may be withdrawn as provided in these Bylaws on any day on which the office(s) of the credit union is open for the transaction of business.

(b) The Board shall have the right, at any time, to require members and other accountholders to give thirty (30) days' prior written notice of intention to withdraw the whole or any part of the amount so paid in by them.

(c) The credit union may restrict, to the extent permitted by applicable law, the withdrawal of funds subject to consensual or statutory liens, levies, garnishments, or forfeitures.

(d) The credit union may restrict, to the extent permitted by applicable law, withdrawal of funds until there has been final payment of the item(s) constituting the deposit.

**Section 4. Fees.** The Board may establish appropriate fees for services provided to members, subject to limitations imposed by applicable law, if any.

## **Section 5. Statement of Account.**

(a) Except as provided in paragraphs (b) and (c), the credit union shall provide each member at least semiannually a statement or other record of the member's accounts in which shall be entered all moneys paid by the member to the credit union and all moneys received by the member from the credit union. The statement of account shall be the official receipt of the member, and shall be retained by the member.

(b) Unless applicable law would require more frequent statements, the credit union shall not be required to provide a semiannual statement of account to any member who has neither deposited funds into the member's accounts nor withdrawn funds from the member's accounts during the period to which the semiannual statement applies. However, the credit union shall provide each member with a statement of the member's accounts at least annually, even if no transaction has occurred in the accounts during the twelve (12) months preceding the statement.

(c) To the extent the credit union offers passbook savings accounts (as defined by the rules of the Office of Credit Unions) and to the extent applicable law would not provide to the contrary, said passbook shall be the official receipt of the member and shall be retained by the member at all times except when presented for payment, withdrawal or entry of dividends or interest.

**Section 6. Automatic Deposit Agreement.** The Board may enter into one (1) or more agreements with depository institutions, including corporate central credit unions, under which the depository institution is authorized to remove mail from a lock box designated by the Board, to separate checks and drafts payable to the order of the credit union from the remainder of correspondence with the credit union, to deposit such checks in the account of the credit union at the depository institution, and to forward the remainder of the correspondence to the credit union.

**OPTIONAL INSERT: SHARE DRAFTS** *(Applicable upon receipt of addendum with approval by the Office of Credit Unions. Addendum must be attached to these Bylaws.)*

**Section 7. Share Drafts.** *The Board may permit the credit union's members to use off-premises member savings withdrawal procedures (share drafts). Member share draft accounts shall be segregated in accounts separate from other forms of members' savings. The Board may establish special rules, regulations and other conditions applicable to member share draft accounts. The credit union shall provide each member maintaining a share draft account with a complete monthly statement of his or her account. The statement shall provide a beginning balance, all debits and credits applicable to the account identified by date, and a closing balance. Debits resulting from the payment of share drafts shall further be identified by draft number.*

## **ARTICLE IX LOAN OFFICERS**

### **Section 1. Appointment Loan Officers.**

The President may appoint one or more employees as loan officers.

**Section 2. Meetings and Records.** Loan officers shall maintain a record of all actions taken on loan applications. All records of the loan officers shall be prepared on a timely basis.

**Section 3. Compensation.** Loan officers shall receive such compensation as is authorized by the President, subject to standards and guidelines established by the Board.

**ARTICLE X  
LOANS -- DUTIES OF LOAN OFFICERS.**

**Section 1. Loan Policies; Applications.**

(a) All loans made by the credit union shall be made in accordance with applicable law, these Bylaws and written loan policies established by the Board.

(b) Subject to the rules established by the Office of Credit Unions, the credit union may participate with other lenders in a loan, provided the credit union acting alone could make the type of loan contemplated.

(c) Applications for loans shall be documented and acknowledged by the member, and shall state the security or collateral offered, if any, and such other information as may be required by the loan officer.

**Section 2. Duties of Loan Officers.**

(a) Except as otherwise provided herein, all loans made by the credit union and all of the terms of such loans shall be approved by a loan officer or the Board. The Board or its designee shall act on all loan applications of loan officers. Any loan applicant may appeal in writing the decision of a loan officer to the President and may appeal in writing the President's decision to the Board. The President shall have *fifteen (15)* days after receipt of the written appeal to affirm, reverse or modify the decision. The Board shall have *thirty (30)* days after receipt of the written appeal to affirm, reverse or modify the decision.

(b) The loan officer or Board shall examine the financial condition of each loan applicant to ascertain the ability of the applicant to pay fully and promptly their obligations. An endorser, comaker, guarantor or other surety shall provide loan officer or Board with evidence of his or her ability to repay the obligation of the member.

**Section 3. Security for Loans.** Within the limits of written loan policies established by the Board, loan officers shall determine the security required for each loan. The security furnished shall be consistent with applicable law and sound lending practices.

**Section 4. Line of Credit.** The loan officer may approve in advance, upon its own motion or upon application of a member, an extension of credit in accordance with written loan policies, and loans may be granted within the limits of the extension of credit. Any such extension of credit shall be reviewed in accordance with applicable law and written policies adopted by the Board.

**ARTICLE XI  
FINANCIAL MANAGEMENT**

**Section 1. Dividends.** The Board or its designee shall establish the dividend period and the rate and terms of payment of dividends in accordance with applicable law. The rate and terms of payment may be established and guaranteed in advance by the Board. The Board may classify share accounts and may declare dividends at variable rates for each type of account.

**Section 2. Reserves.** The credit union shall establish and maintain reserves in the manner and in at least the amounts required by applicable law. The Board may also establish other reserves. The Board shall give priority to reserve payments over the payment of dividends.

**Section 3. Fiscal Year.** The fiscal year of the credit union shall end on December 31 of each year.

#### **Section 4. Auditor.**

(a) The Board shall hire a licensed public accountant or other qualified person or appoint a committee to annually audit the records, accounts and affairs of the credit union. Upon completion of each audit, the auditor shall make a written report of the auditor's activities, findings and recommendations to the Board, which report shall be retained in the records of the credit union.

(b) The auditor shall verify or cause to be verified, under controlled conditions, all passbooks and accounts with the records of the credit union in the manner required by the National Board.

**Section 5. Bonds.** The Board shall at least annually review the fidelity bond and general insurance coverage in force in order to ascertain its adequacy in relation to risk exposure and to the minimum requirements fixed from time to time by the National Board and applicable law.

### **ARTICLE XII AMENDMENT OF BYLAWS**

**Section 1. Amendment by Board.** These Bylaws may be amended, altered or repealed in any manner not inconsistent with applicable law by a majority vote of the Board at any duly convened meeting of the Board.

**Section 2. Amendment by Members.** These Bylaws may be amended by a three-fourths (3/4) majority vote of the members present at any annual or special meeting of the members, if all notice and other requirements applicable to amendment of these Bylaws are satisfied.

**Section 3. Approval.** No amendment, alteration, or repeal of these Bylaws shall become effective until filed with and approved by the Office of Credit Unions.

### **ARTICLE XIII GENERAL PROVISIONS**

#### **Section 1. Confidentiality; Oath.**

(a) Directors, Officers, members of committees and employees of the credit union shall hold in confidence all records and accounts of this credit union as well as the financial affairs of each member, except where state or federal law, security requirements, or sound lending practices permit disclosure.

(b) All Directors, Officers, committee members and employees shall take an oath of office in the form prescribed by law and each oath shall be filed with the other records of the credit union.

(c) If an individual refuses to sign the oath of office or knowingly and willfully violates the oath of office, the Board shall remove that individual as a Director, Officer, or committee member or shall direct that the individual be terminated as an employee.

**Section 2. Pecuniary Interest.** No Director, Officer, committee member, agent or employee of this credit union shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting the person's pecuniary interest or the pecuniary interest of any Organization or association in which the person is directly or indirectly interested. In the event of disqualification of any Director respecting any matter presented to the Board for deliberation or determination, such Director shall withdraw from the deliberation or determination. If a Director withdraws from any deliberation or determination, the remaining qualified Directors members present at the meeting

may exercise all powers of the Board provided the number of Directors present, including the disqualified Directors or members, constitutes a quorum.

**Section 3. Conduct of Meetings.** All meetings of the Board and all annual and special meetings of members shall be conducted in accordance with the procedures defined in the most recent edition of Robert's Rules of Order when not inconsistent with these Bylaws or any special rules of order the body may adopt.

## **ARTICLE XIV INDEMNIFICATION**

**Section 1. Indemnification.** *Unless the Articles provide to the contrary, the credit union shall, to the fullest extent authorized by Chapter 186 of the Wisconsin Statutes, indemnify and pay or reimburse the reasonable expenses of any person who was or is a party or threatened to be made a party to any proceeding by reason of the fact that he or she is or was a Director, Officer, employee or agent of the credit union or volunteers services to the credit union; or is or was serving at the request of the credit union as a member of any committee or as a Director or Officer of any other corporation or enterprise. Such right of indemnification shall inure to the benefit of the estate or personal representative of such a person.*  
*Indemnification shall inure to the benefit of the estate or personal representative of such a person.*

**Section 2. Supplementary Benefits.** In addition to the indemnification rights provided in Section 1, the credit union may, but shall not be required to, provide the following benefits:

- (a) Insurance on behalf of one or more of such persons;
- (b) Individual or group indemnification agreements with one or more of such persons; and
- (c) Advances for related expenses of any such person.

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**ADDENDUM A**

### **OFFICE OF CREDIT UNIONS SHARE DRAFT AUTHORITY NORTHWOODS COMMUNITY CREDIT UNION**

The credit union is authorized to use off-premises member savings withdrawal procedures. This authority is subject to the following conditions and limitations:

1. Member savings subject to off-premises withdrawal procedures (share drafts) are to be segregated in accounts separate from other forms of members savings. Appropriate General Ledger accounts must be maintained to provide for this segregation of activity.
2. Service fees may be charged share draft account holders. These fees shall be based on reasonable expenses attributable to the share draft accounts.
3. The Board may establish special rules, regulations, and other conditions applicable to member share draft accounts. These may include, but are not limited to:

- a. The conditions under which members qualify for share draft accounts;
  - b. The conditions under which member share draft accounts may be terminated;
  - c. Penalties and special charges which may be invoked for abuse of share draft accounts;
  - d. Minimum balances which may be applicable to the calculation of dividends;
  - e. Any other reasonable conditions to insure, so far as possible, that the costs incidental to the share draft program shall not be a burden to other activities and program of the credit union.
4. The credit union shall provide each share draft account holder a completed statement of account monthly. the statement shall provide a beginning balance, all debits and credits applicable to the account identified by date, and a closing balance. Debits resulting from the payment of share drafts shall further be identified by draft number.
5. If the Director determines that the share draft program and related activity have proven to be beyond the financial or management capability of the credit union, or the share draft program has produced disproportionate expenses which are detrimental to other programs or services of the credit union, the Director reserves the right to terminate this authority. As conditions justify, the Director may impose other requirements, including liquidity reserves or special accounting procedures. The Director also reserves the right to terminate the share draft authority for any good and sufficient reason.