

BYLAWS

FOR

Shared Resources Credit Union

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**BYLAWS FOR
SHARED RESOURCES CREDIT UNION**

CHAPTER I. NAME, DEFINITION AND PURPOSE

Section 1.01. NAME

The name of this credit union shall be as stated in the Articles of Incorporation.

Section 1.02. PURPOSE

The purpose of this credit union is, consistent with applicable law, to engage in any business or activity and provide any service that may benefit the members.

Section 1.03. DEFINITIONS

- (a) **Act.** “Act” or “Credit Union Act” means the Texas Finance Code, Title 3, Subtitle D.
- (b) **Board.** “Board” or “Board of Directors” means the Board of Directors of the credit union and “Director” means a member of the Board.
- (c) **Commission.** “Commission” means the Texas Credit Union Commission.
- (d) **Commissioner.** “Commissioner” means the Texas Credit Union Commissioner.
- (e) **Department.** “Department” means the Texas Credit Union Department.
- (f) **General Parliamentary Procedure.** “General Parliamentary Procedure” means the rules and precedents governing meetings not specifically found in law or these bylaws that are usually found in *Robert’s Rules of Order*.
- (g) **Loan.** “Loan” includes lines of credit and all other sources of credit and methods of financing.
- (h) **Members of the Family.** “Members of the family” shall be as specified by the board of directors in written policy.
- (i) **Official.** A person who is an officer or a member of the Board of Directors, credit committee, or other volunteer committees (including elected or appointed loan officers or membership officers) established by the Board of Directors.
- (j) **Person.** “Person” may include an individual, partnership, corporation, association, government, governmental subdivision or agency, business trust, estate, trust or any other public or private entity.
- (k) **Written, Written Form, or In Writing.** In addition to paper documents, information produced, stored, or communicated electronically is considered to be ‘written,’ in ‘written from,’ or ‘in writing’ if it is contained in or on an electronic record capable of retention by the recipient at the time of receipt.

CHAPTER II. OFFICES

Section 2.01. PLACE OF BUSINESS

The principal place of business of this credit union shall be as stated in the Articles of Incorporation.

Section 2.02. OTHER OFFICES

Additional offices and service facilities may be established within or outside the State of Texas by board action if they are reasonably necessary to furnish services to the membership and provided that prior written notice is given to the Commissioner.

CHAPTER III. MEMBERSHIP, MEETINGS AND ELECTIONS

Section 3.01. FIELD OF MEMBERSHIP

The field of membership in this credit union is limited to the following persons:¹

1. Employees of Phillips Petroleum Company and its subsidiaries who work in Harris, Brazoria, Galveston, Matagorda and Nueces Counties, and within a 50 mile radius of Beaumont, Texas and Lafayette, Louisiana;
2. Employees of Phillips Driscopipe (Phillips Products), headquartered in Dallas, Texas;
3. Employees of Stauffer Chemical Company, located adjacent to Phillips Petroleum Company, Houston Chemical Complex, Harris County;
4. Employees of Kerley Industries (Fertilizer of Texas), located adjacent to Phillips Petroleum Company, Houston Chemical Complex, Harris County;
5. Employees of Alamo Manufacturing, Montgomery County, Texas;
6. Groups of employees or members of companies or associations which are located within a ten mile radius of this credit union's main office or any additional office and which have furnished written evidence of sponsor support to the credit union; provided, however, that (1) any group having more than 300 employees or 500 members or (2) any group already being served as primary members of another credit union shall be admitted only by an amendment of this section which specifically names the group being admitted;
7. Members of the Silver Star Seniors of Pasadena;

¹ The Commission has promulgated standard optional provisions which may be used in addition or as an alternative to specific designations.

8. Students of Gardens Elementary School of Pasadena, Texas;
9. Employees of Aerial Communications that work for or report to the Houston region office;
10. Employees of Kruse & Luccia LLP located in Houston, Texas;
11. Persons who live, work, attend school, or worship in and businesses located within a 10 mile radius of the office of Shared Resources Credit Union located at 2102 E. Pasadena Freeway in Pasadena, Texas;

and members of the family of such persons.

The field of membership also includes employees of the credit union and members of their families.

Section 3.02. APPLICATION FOR MEMBERSHIP

(a) **Written Application.** Each application for membership must be made in writing in the form prescribed by the board of directors.

(b) **Admission to Membership.** An applicant eligible for membership may be admitted to membership by the affirmative vote of the board of directors, at any board meeting, or by a membership officer appointed in accordance with these bylaws and the applicant shall become a member and be entitled to the rights and privileges of a member upon (1) paying the membership fee, if any, as set by the board of directors, and (2) establishing the minimum qualifying account balance as prescribed by written board policy.

(c) **Minors.** Minors may be admitted to membership on the same conditions that apply to adults with the following exceptions: (1) No minor may vote until attaining the age of 16; and (2) No minor may become a director or committee member until attaining the age of 18.

Section 3.03. CONTINUED MEMBERSHIP

Once a person is approved and qualified for membership, that person may remain a member until the person chooses to withdraw or is expelled in accordance with these bylaws.

Section 3.04. EXPULSION FROM MEMBERSHIP AND FORFEITURE OF MEMBERSHIP

(a) **Expelling a Member.** Based upon a finding of good cause, the board of directors may vote to expel a member of the credit union. Good cause shall include, but not be limited to: (1) Failure to maintain the requirements necessary for membership; (2) Physical abuse or assault, harassment or multiple instances of verbal abuse of an employee, an officer, a

director, or another member of the credit union; (3) Neglect or refusal to comply with provisions of the Credit Union Act, Commission rules, these bylaws, or the articles of incorporation; (4) Conviction of a felony; (5) Habitual neglect to pay obligations or default on an obligation resulting in a financial loss to the credit union; (6) Causing a financial loss to the credit union by means of theft, malfeasance, or misconduct; and (7) Insolvency or bankruptcy. After an initial vote to expel, the board must give written notice to the member of the right to a hearing upon written request and must therein inform the member of the cause for expulsion and of the procedure for expulsion. Forty-five (45) days after the date of notice, the expulsion automatically becomes final unless the member has responded with a written request for a hearing and appears at the hearing when scheduled as provided for herein. Upon receiving such a request, the board shall schedule a date for the hearing which must be within forty-five (45) days after receipt of the request. No less than fifteen (15) days prior to the hearing, the board must send to the member written notice of the date, time and place for the hearing. After the hearing, the board shall again vote on whether to expel the member. The member is expelled if a majority of the board votes to expel.

(b) **Continuing Liability.** An expelled member shall remain liable for any sums owed to the credit union for loans or other purposes.

(c) **Automatic Forfeiture of Membership.** Members whose loans or extensions of credit are defaulted and charged off as a loss automatically forfeit membership. If any funds on deposit are not applied toward the loan balance or any other indebtedness of the member, the credit union shall, within a reasonable time, close all accounts of the member and mail the funds to the member. Reinstatement of membership in case of forfeiture may only be by majority vote of the board of directors.

(d) **Exception.** Notwithstanding subsection (a), a member that does not maintain the minimum qualifying account balance in accordance with §3.02(b) of these bylaws will be sent written notification that failure to maintain the minimum balance required indicates that the member no longer wishes to participate in the affairs of the credit union. The member will be given forty-five (45) days from the date the letter is mailed to notify the credit union of his or her desire to maintain membership and meet the minimum share or other qualifying account requirements. A member's failure to appropriately respond within the indicated timeframe will be considered a request to close the account and withdraw all funds, thereby voluntarily terminating membership in the credit union.

(e) **Unacceptable Conduct.** If the unacceptable conduct of a member poses an imminent threat to the safety or welfare of any officer, director or employee, the president, the president's designee, or the board may temporarily suspend the member. If a suspension is imposed, the member may be denied all services except the right to maintain a share account and the right to vote at annual and special meetings. The board shall provide the member with a written notice of suspension that includes a statement of the alleged facts that form the basis of the suspension. The suspension becomes effective upon service of the notice upon the member. By its terms the suspension automatically converts to an expulsion 45 days from the date of notification, unless prior thereto, the board takes action to stay, modify or extend the suspension. A member served with a notice of suspension may apply to the board

for a stay of the suspension pending the completion of the expulsion procedures contained in subsection (a) of this section. Before implementing the provisions of this subsection, the board of directors will establish written policies regarding member conduct on credit union premises and the potential sanctions which may be imposed against a disruptive or abusive member.

Section 3.05. MEETINGS OF MEMBERS

(a) **Annual Meeting.** The credit union shall hold an annual meeting of the members before June 1 of each year, in a county within Texas in which an office of the credit union is located, at such time and place as the board of directors shall determine to be convenient to the membership.

(b) **Special Meetings.** Special meetings shall be held by order of the directors or upon written request to the board of directors of at least two percent (2%) of the members or five hundred (500) members, whichever is less. Notice of any special meeting shall state the purpose for which it is to be held and no other business other than that related to the stated purpose shall be transacted at the meeting. The board of directors must schedule the meeting within forty-five (45) days of the request unless the time is extended by the Commissioner.

(c) **Notice of Meetings.** Notice of all meetings shall be given by the secretary who shall, at least fifteen (15) days before the date of the meeting, post a notice thereof in a conspicuous place in each office of the credit union and shall mail, or hand in person, to each member a notice of the meeting; except that 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 and that maintains regular business hours, and if the board so determines, notices of the annual meeting may be given by posting the notice thereof in each office of the credit union in a conspicuous place where it may be read by the members, at least thirty (30) days prior to such meeting. Any meeting of the members, whether annual or special, may be held without prior notice, at any place or time, if all the members entitled to vote thereat who are not present at such meeting shall in writing waive notice thereof before or during the meeting. (Refer to Texas Finance Code, §122.052 for voting rights). The notice for either the annual or a special meeting shall state the nature of the business to be transacted.

(d) **Conduct of Meetings.** Annual and special meetings shall be presided over by the chairman of the board or the chief executive officer, or if neither the chairman nor chief executive officer is present, by such other officer as designated by the board of directors. The presiding officer shall determine the order of the business. General parliamentary procedure shall be followed in all meetings of the membership where procedure is not specifically defined in these bylaws.

(e) **Quorum.** At annual and at special meetings, a majority of the members shall constitute a quorum, provided, however, that at any time the membership of the credit union increases to such extent that a majority of such membership is in excess of twenty-five (25)

members, then twenty-five (25) members shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not less than seven (7) nor more than fifteen (15) days thereafter; and the members present at any such adjourned meeting shall constitute a quorum, regardless of the number of members present. At least seven (7) days prior to any such adjourned meeting, the secretary shall post notice of the adjourned meeting in a conspicuous place in the office of the credit union.

(f) **Voting.** No member may vote by proxy. An organization, incorporated or otherwise, holding membership in the credit union may only be represented by one person authorized to represent it and said authorization shall be maintained on file in the credit union.

(g) **Act of Membership.** A decision made by a majority vote of the members present at any duly held meeting at which a quorum is present is an act of the membership.

Section 3.06. ELECTIONS

(a) **Election Rules.** The board of directors shall prescribe election rules, including the procedure to be followed in the event of a tie vote, as part of their written board policy.

(b) **Qualification of Directors.** No person may be elected or appointed as a director unless that person² meets the requirements specified in the Credit Union Act and Commission rules adopted thereunder.

OPTION 1

(c) **Nominating Committee.** At least forty-five (45) days prior to each annual membership meeting, the chairman of the board with board approval shall appoint a nominating committee of not less than three credit union members in good standing. It shall be the duty of the nominating committee to nominate at least one member for each board vacancy, including any unexpired term, for which elections are to be held.

(d) **Nominations from the floor.** After the report of the nominating committee is made to the membership, the presiding officer shall call for nominations from the floor. When nominations are closed, the vote shall be taken. Elections may be by voice vote unless a member demands that the election be by ballot for a particular contested position. If such a demand is made, that position shall be determined by ballot.

² The membership requirement may not exceed 12 months.

CHAPTER IV. POWERS OF CREDIT UNION

Section 4.01. GENERAL REQUIREMENTS

(a) **Confidentiality.** The officers, directors, advisory directors, committee members, and employees of this credit union shall hold in strict confidence all proprietary information of the credit union, all transactions of this credit union with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the board of directors in accordance with written board policy and subject to the provisions of the Act, the Commission rules and these bylaws.

(b) **Availability of Books and Records.** All books of accounts and other records shall be available, at all times, to the directors. Upon board approval, committee members may have access to certain credit union information and records that are germane to their particular area of service, according to written policies established by the board. The articles of incorporation and bylaws of this credit union shall be made available for inspection by any member. The board of directors will establish written policies regarding members' access to the articles of incorporation, bylaws, rules, guidelines, board policies, and copies thereof.

(c) **Corporate Records.** Copies of the articles of incorporation, the bylaws, and any amendments thereto, shall be preserved in a place of safekeeping. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors shall be recorded in the minute books of this credit union. The minutes of the meetings of members, the board of directors and committees shall be signed by their respective chairmen or presiding officers and by the persons who serve as secretaries of such meetings.

Section 4.02. EVIDENCE OF TRANSACTIONS

Money paid in or out on account of shares, deposits, loans, interest, fees, or fines shall be evidenced as prescribed by the board of directors, provided that such evidence identifies the person withdrawing or authorizing withdrawal of cash, the person paying out cash, the amount and nature of each transaction, and is consistent with industry practices. The credit union shall provide periodic written notice to the member, no less frequently than once each year, of the status and balance of all accounts.

Section 4.03. ENTRANCE FEES

The board of directors may establish an entrance fee for membership.

Section 4.04. EXPENSES, FEES AND PENALTIES

(a) **Loan Fees and Expenses.** In accordance with the Credit Union Act, the credit union may require members to pay all reasonable expenses and fees incurred in connection with

making, closing, disbursing, extending, readjusting or renewing a loan. Such fees and expenses are in addition to interest.

(b) **Late Fee.** The credit union may charge a member a penalty on each loan payment not paid in full within ten (10) days of its due date. The credit union and borrowing member may agree and stipulate to a reasonable penalty on the amount of any installment or other amount in default. The board of directors in a written policy shall establish the maximum penalty for a delinquent payment. Such penalties do not constitute interest and only one penalty may be charged on each past due payment.

(c) **Other Fees and Charges.** The board may levy and collect other fees and charges subject to any limitation imposed by applicable law.

CHAPTER V. DIRECTION OF AFFAIRS

Section 5.01. BOARD OF DIRECTORS

(a) **Number of Directors.** The board of directors of this credit union shall consist of **9 (nine)** individual members who shall be elected as provided in these bylaws. All of the directors shall be members of this credit union. 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.

(b) **Employees on Board of Directors.**

OPTION 1

No director or immediate family member of a director may be a paid employee of the credit union.

(c) **Term of Office.** Regular terms of office for directors shall be for **3 (three)** years. All regular terms must be for the same number of years, and directors shall hold office until successors are elected and have qualified unless disqualified or removed. The regular terms must be fixed at the beginning, or upon any increase or decrease in the number of directors, such that approximately an equal number of regular terms must expire at each annual meeting.

(d) **Vacancies.** Vacancies on the board of directors will be filled by election at each annual meeting by and from the membership of the credit union.

(e) **Terms.** Directors may serve more than one term.

(f) **Honorary Directors.** The board may appoint not more than three honorary or advisory directors who serve at the pleasure of the board and who advise and consult with the board and aid the board in carrying out its duties and responsibilities. An honorary or advisory director is not considered a member of the board and is not entitled to vote on any

matter before the board but, if the Board so determines, may participate in deliberations of the board. An honorary or advisory director need not be eligible for membership in the credit union.

Section 5.02. VACANCIES ON THE BOARD OF DIRECTORS

Any vacancy occurring on the board of directors shall be filled within sixty (60) days from the date the vacancy occurred, by a majority vote 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. The Commissioner may, for good cause shown, extend the period of time for filling a specific vacancy.

Section 5.03. CERTIFICATE OF ELECTION

The chairman of the board and the secretary shall execute a certificate of election that sets forth the names and addresses of the officers, directors, and committee members elected or appointed, and shall file a copy of the certificate of election with the department within forty-five (45) days after the election or appointment, and on forms supplied by the department for that purpose. Such forms may provide for other information as deemed appropriate by the Commissioner.

Section 5.04. MEETINGS OF DIRECTORS

(a) **Frequency of Meetings.** Regular meetings of the board of directors shall be held at least monthly. The chairman of the board, or in his or her absence the vice-chairman, any other board officer, or the president, may call a special meeting of the board of directors at any time, and shall do so upon written request of any three (3) directors. Because of the confidential nature of their duties, the board of directors shall prescribe written policy governing the attendance at board meetings by persons other than directors. Notice of meetings of the board of directors shall be given in such a manner as the board of directors may from time to time, prescribe by written policy.

(b) **Meeting by Telephone or Electronic Means.** Subject to the same notice and quorum provisions as for any other meeting of the board of directors, any meeting of the board of directors may be held by telephone conference call or other electronic means in which all or certain of the directors are not present at the place of the meeting; provided, however, that all the directors counted as present can speak to and be heard by the other directors during the meeting. Before any regular meeting may be held in this manner, the members of the board of directors must be provided with a written copy of the agenda and copies of all materials that will be discussed. Minutes will be kept in the same manner as for any other meeting of the board of directors. For the purpose of determining the presence of a quorum and for all voting purposes at such a meeting, all directors participating in the meeting shall be considered present and acting, except where a director has participated by telephone

conference call or other electronic means more than four times during a calendar year. In such a case where a person exceeds the four-meeting limit, the director is not be eligible to be counted as present for quorum or voting purposes.

(c) **Actions Without a Meeting.** Any action required or permitted to be taken by the board of directors under any provision of the Credit Union Act may be taken without a meeting if all members of the board shall individually or collectively consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the board. Any action by written consent shall have the same force and effect as a unanimous vote of those consenting directors. Any certificate or other document filed under any provision of the Credit Union Act that relates to action so taken shall state that the action was taken by unanimous written consent of the board of directors without a meeting and that these bylaws authorize the directors to so act, and that statement shall be prima facie evidence of such authority.

(d) **Confidentiality of Board Deliberations.** The officers and directors shall hold in confidence all matters presented to the board for deliberation or determination, except when permitted by applicable law.

Section 5.05. QUORUM

A majority of the number of directors 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 5.06. MAJORITY ACTION

Every act or decision done or made by a majority of the directors present at any duly held meeting at which a quorum is present is an act of the board of directors. Each director who is present at a meeting will be deemed to have assented to any action taken at such meeting unless the director's dissent to the action is entered in the minutes of the meeting, or unless the director shall file a written dissent thereto with the secretary of the meeting or shall forward that dissent by registered mail to the secretary of the credit union immediately after the meeting.

Section 5.07. REMOVAL OF DIRECTORS

(a) **Automatic Removal.** Any director who fails to attend three (3) consecutive regular board meetings without due cause, or who fails to attend six (6) regular meetings within any twelve-month period following the director's election/appointment is automatically removed from office. A new individual shall fill a vacancy occurring in this manner within sixty (60) days, unless extended by the Commissioner, in accordance with §5.02 of these bylaws.

(b) **Removal for Cause.** Any director may be removed from office for good cause by a majority vote of the board of directors at a regular meeting or a special meeting of the board called expressly for such purpose. Notice of the meeting must specify the director who is subject to removal. Good cause for removal shall be the failure to perform the duties devolving upon such person as a director, including, but not limited to: (1) Physical abuse or assault, harassment or multiple instances of verbal abuse of a member, employee, officer or other director of the credit union; (2) Misapplication of credit union funds; (3) Breach of fiduciary duty; (4) default on payment of a voluntary obligation to the credit union or has otherwise caused the credit union to incur a financial loss; (5) Neglect or refusal to comply with provisions of the Credit Union Act or Commission rules, these bylaws or the articles of incorporation; (6) Conviction of a felony; (7) Conviction of a misdemeanor involving moral turpitude; (8) Failure to maintain confidentiality relating to credit union transactions and the financial affairs of its members; and (9) The failure to perform the duties of a director. Prior to a vote on removal, the director must be afforded an opportunity to be heard at such meeting. Any vacancy or vacancies occurring as a result of removal under this provision must be filled within sixty (60) days, unless extended by approval of the Commissioner, in accordance with §5.02 of these bylaws.

(c) **Recall.** Any director or the entire board of directors may be removed by recall of the members as provided by Commission rules.

(d) **Notification to Commissioner.** The credit union shall notify the Commissioner in writing within ten (10) days of the removal of any director pursuant to this section.

Section 5.08. COMMITTEES

(a) **Executive Committee.** The board of directors may appoint from its own number an executive committee of not less than three (3) persons to exercise, between meetings of the board of directors, such authority as may be specifically delegated to it by the board of directors. The executive committee shall report to the board of directors the activities it has taken between meetings of the board of directors, and a report of such activities shall be placed in the minutes of the board of directors. The president, if also a director, may not serve on the executive committee.

(b) **Other Committees.** The board of directors may from time to time designate persons to constitute committees, including an audit committee, which shall have and may exercise such powers as the board of directors may determine and specify. The board of directors shall have the power at any time to change the number and members (with or without cause) of any such committee, to fill vacancies and to discharge any such committee.

Section 5.09. DUTIES AND POWERS OF DIRECTORS

The board of directors shall have the authority and responsibility for the general direction and control of the business affairs, funds and records of this credit union and shall be

responsible for its safety and soundness. The board may exercise any and all powers granted by law to boards of directors of corporations, including those powers set forth in the statutes of the State of Texas regulating the organization and operation of credit unions. The board of directors may delegate to others, including the president, other officers or committees, the performance of these duties, including the authority to further delegate these duties; provided, however, the board in delegating such duties is not relieved from the responsibility for the performance of such duties. All such delegations must be recorded in the minutes of the board and include: (1) the person or persons authorized to exercise the delegated powers; and (2) appropriate guidelines and limitations for the exercise of such delegated powers.

In addition to the duties customarily performed by boards of directors, the board of directors shall perform the following special duties and all other duties enumerated in these bylaws, in the laws of the State of Texas pertaining to credit unions, and in the Commission rules, including:

(a) To direct the affairs of the credit union in accordance with the Credit Union Act, Commission rules, articles of incorporation, these bylaws, and sound business practices.

(b) To assure formulation and adoption of written policy statements that will ensure conformity with the Credit Union Act and Commission rules for the following:

- (1) The field of membership,
- (2) Lending,
- (3) Deposit accounts,
- (4) Investments,
- (5) Internal control and audit procedures,
- (6) Employee policies,
- (7) Any other matter for which a written board policy is required by law, Commission rule or these bylaws.

(c) To provide general direction and governance of credit union affairs, as distinct from operational management of the credit union, so that the board can assure itself through knowledgeable and responsible inquiry that the credit union's operating management has performed satisfactorily. The directors must direct and monitor the affairs of the credit union without being involved in everyday managerial activities.

(d) To monitor and evaluate the credit union's performance and financial condition, including the credit union's estimated solvency ratio, and to assure that a timely, adequate reporting and information system keeps directors knowledgeable at all times.

(e) Purchase from a fidelity company authorized to do business in this state a blanket fidelity bond in accordance with the Credit Union Act and Commission rules.

(f) Determine the rate(s) of interest on loans, and the rate(s) of interest refunds, if any, to be paid to borrowing members subject to the limitations of the Credit Union Act.

(g) Declare dividends and interest refunds in the way and manner as provided by these bylaws, and Commission rules.

(h) Determine the terms, conditions, and rate(s) of interest to be paid on deposits.

(i) Determine the limits on shares and deposits which may be owned by a member.

(j) Authorize the conveyance of property.

(k) Designate a reserve depository or depositories for the funds of this credit union.

(l) Authorize and provide for a comprehensive audit of the books and records of the credit union not less than annually. Such audit shall be an independent review of the internal policies, procedures, and controls of the credit union and its compliance with them as necessary for the reviewing party to come to a reasonable conclusion that the financial statements of the credit union fairly and accurately represent the condition of the credit union.

(m) To cause all member accounts to be verified, under controlled conditions, with the records of the credit union in accordance with the Credit Union Act and Commission rules. A statistical sampling procedure may be used in lieu of verifying all accounts provided it is performed in accordance with Generally Accepted Auditing Standards. Records of those accounts so verified must be retained until the following verification of member accounts is completed.

(n) Supervise the collection of loans to members in accordance with written board policy, authorize the charge-off of uncollectible loans when necessary, and authorize the establishment and maintenance of an allowance for loan and lease losses and other reserve allocations as required by Commission rules. The board may also authorize the establishment and maintenance of reserves in addition to those required.

(o) Authorize the borrowing or lending of money to carry on the functions of this credit union as prescribed by the Credit Union Act.

(p) Set the date of the annual meeting of the members.

(q) The board may take all necessary or appropriate measures for the interest of the credit union members, including appointing any committees deemed necessary, not within the exclusive jurisdiction of the general membership meeting and not inconsistent with the laws of the State of Texas and these bylaws.

(r) Adopt an operating budget forecast on an annual or semiannual basis, not later than thirty (30) days after the start of such annual or semiannual periods. The budget forecast may be amended by the board from time to time.

Section 5.10. ELECTION AND APPOINTMENT OF OFFICERS

(a) **Organizational Meeting.** At their first meeting, which shall be held within thirty (30) days following the annual meeting of the members, the board of directors shall elect from their own number a chairman, a vice-chairman, a treasurer, and a secretary. One person may be elected to fill the offices of treasurer and secretary upon appropriate action by the directors. Any person designated as “Chairman” or “Vice Chairman” may use another equivalent title such as, in the case of the Chairman, “Chairperson,” “Chairwoman,” “Chair,” or other such appropriate title. The thirty (30) day period may be extended if approved in writing by the Commissioner.

(b) **Designating a President.** The board may employ, elect, or appoint a chief executive officer who is in charge of operations and whose title shall be president. The president may not be a member of the board of directors. The president serves at the pleasure of the board.

(c) **Other Employees.** Subject to guidelines set by the board and in conformity with §122.058 of the Credit Union Act, the president shall appoint, employ, or hire and may discharge other officers and employees that the president considers necessary for operation of the credit union.

Section 5.11. DUTIES OF OFFICERS

(a) **Chairman.** The chairman of the board shall preside at meetings of the members, and of the board of directors, and shall perform such other duties as pertain to this office.

(b) **Vice-Chairman.** The vice-chairman shall perform duties of the chairman of the board in the event of absence or disability of that officer.

(c) **Secretary.** The secretary shall prepare and maintain full and correct records of all meetings of the members and of the board of directors. The secretary shall promptly inform the Credit Union Department in writing of any change in the address of the office of this credit union, or location of its records, and promptly file changes in the officers, directors and the chairman of the audit committee of the credit union with the Commissioner. The secretary shall give or cause to be given, in the manner prescribed in these bylaws, proper notice of all meetings of the members and of the board of directors. The secretary shall also perform such other duties as he or she may be directed to perform by resolution of the board of directors not inconsistent with the Credit Union Act and these bylaws.

(d) **Treasurer.** The treasurer shall perform the duties incident to the office of treasurer and such other duties from time to time as may be assigned by the board of directors, provided that such assigned duties do not conflict with the duties of other officers.

(e) **President.** (1) The president shall be the chief executive officer of the credit union under the control and direction of the board of directors. 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 sign all checks and drafts drawn by the credit union except those which may be signed under his or her general supervision by such employees as may be authorized by the board of directors or president to sign checks and drafts. The president shall have custody of the cash, securities, books of accounts and other valuable papers of the credit union and shall prepare a balance sheet showing the condition of the credit union within twenty (20) days after the close of each month. A copy of the monthly balance sheet shall be provided to any member upon request. The president shall within three (3) working days after receipt, deposit all receipts in his or her possession in the depository or depositories prescribed by the board of directors. The president may be paid a salary to be fixed by the board of directors for his or her services. The compensation of all other employees shall be established by the president, consistent with standards and limitations established by the board.

(2) The president shall also submit to the board of directors, the monthly financial report, delinquent loan report, and other special reports which may be requested from time to time by the board of directors.

(3) The president shall prepare and forward to the Credit Union Department such financial reports and other reports as are required from time to time by the Commissioner, and shall also pay all expenses incident to examinations and supervision by the Credit Union Department.

(4) The president, with the approval of the board, may appoint one or more membership officers from among the membership or the credit union staff. Such membership officers may not be an individual who approves loans or disburses funds. If the general requirements for membership are met, a membership officer shall not have the authority to disapprove an application for membership except in accordance with written board policy.

Section 5.12. FINANCIAL INTEREST

No officer, director, committee member, or employee of this credit union shall, in any manner, directly or indirectly, participate in the deliberation upon or the determination of any loan, investment, or any other matter affecting his/her financial interest or the financial interest of any organization, incorporated or otherwise (other than this credit union) in which he/she is directly or indirectly interested.

Section 5.13. RESIGNATION

Any director may resign at any time by sending a written notice of such resignation to the principal office of the credit union addressed to the chairman or the chief executive officer. Unless otherwise specified, such resignation shall take effect upon receipt by the chairman or chief executive officer.

Section 5.14. INDEMNIFICATION

(a) **Indemnify.** To the full extent permitted by Texas law, the credit union **shall** indemnify any director, officer, agent, or employee who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a director, officer, agent, or employee and **shall** advance such expenses as may be incurred by such person in connection therewith.

(b) **Insurance.** The credit union may purchase and maintain insurance on behalf of the individuals indemnified 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 applicable state law.

CHAPTER VI. MEMBER ACCOUNTS

Section 6.01. SHARES AND DEPOSITS

(a) **Types and Classes of Shares.** Shares may be purchased by members with or without par value and may be of different types and/or classes as determined by the board of directors. Shares may be paid for as prescribed by the board of directors in written policy.

(b) **Payment of Dividends.** Dividends may be paid on fully paid shares or on the total amount of fully paid and partial shares, as prescribed by the board of directors in written policy. Dividends and other credits to the share accounts of members shall constitute payments on shares.

(c) **Deposits Accounts.** All deposit accounts shall be maintained in accordance with policies prescribed by the board of directors and in conformity with the Commission rules.

Section 6.02. WITHDRAWAL AND TRANSFER OF SHARES AND DEPOSITS

(a) **Transfers.** Shares and deposits may be transferred from one member to another only in writing on the books of the credit union. A reasonable fee for each transfer may be required by the board.

(b) **Withdrawals.** Monies paid in on shares or deposits may be withdrawn as provided in these bylaws on any day when payment for shares or deposits may be made, but the board of directors shall have the right at any time to:

- (1) Require members and other depositors to give sixty (60) days notice of intention to withdraw the whole or any part of the amounts so paid in by them;

- (2) Prescribe rules regarding withdrawals of shareholdings or deposits below the amount of a member's total indebtedness, either direct or indirect, to the credit union;
- (3) Prescribe rules regarding remote withdrawal of shares and/or deposits, in accordance with the Credit Union Act and rules promulgated by the Commission;
- (4) Prescribe a fee for each withdrawal above a reasonable number of withdrawals per month as prescribed by the board in written policy; and
- (5) Prescribe a reasonable minimum amount for each withdrawal.

CHAPTER VII. LOANS

Section 7.01. ELIGIBILITY

Loans may be made for any purposes deemed appropriate by the board of directors, and shall be made in accordance with the Credit Union Act, these bylaws, Commission rules, and written board policies.

Section 7.02. LOAN FORMS

All loans, renewals of loans, extension agreements, deferrals of payments, or releases or substitutions of security on loans to members shall be evidenced by a written form which contains all the information required by the Credit Union Act, Commission rules and these bylaws.

Section 7.03. LOAN APPROVAL PROCEDURES

It is a responsibility of the board of directors to approve or disapprove applications for loans from members. The board may delegate all or part of this power to a credit committee, other committees, or a loan officer, including the president, and such delegation may include the authority to further delegate these duties. Such delegations must be recorded in the minutes of the board and include:

- (a) The person or persons authorized to exercise the powers;
- (b) The loan policies established by the board of directors which will serve as the guidelines for those persons to whom this power has been delegated;
- (c) The limitations on the powers delegated, which may include restrictions on the type and/or amounts of loans approved, restrictions on the power to disapprove loans, or restrictions on further delegations of these powers;

(d) If authority to disapprove a loan application is granted to any one person, including a loan officer, the board of directors must provide for at least one level of appeal from a denial of a loan application. This appeal may be to the board of directors or any individual or group of individuals the board of directors may designate; and

(e) Notwithstanding any delegation of the power to deny a loan application, the board of directors shall have the right to review any loan application which has been denied.

CHAPTER VIII. AMENDMENTS

Section 8.01. AMENDMENTS TO BYLAWS

(a) **Amendments.** The bylaws may be amended, altered or repealed in any manner not inconsistent with applicable law by the affirmative vote of a majority of the board of directors present at any duly held meeting thereof. The members of the board of directors, however, must receive prior notice of said meeting including a complete copy of the proposed changes.

(b) **Effective Date.** No amendment, alteration, or repeal of the bylaws shall become effective, however, until approved in writing by the Commissioner.

(c) **Report to Membership.** Any change adopted by the board of directors and approved by the Commissioner shall be reported to the membership of the credit union no later than the next succeeding membership meeting following approval of such change by the Commissioner.

**CERTIFICATION OF RESOLUTION OF AMENDMENT
TO CREDIT UNION BYLAWS**

We, the undersigned, chairman of the board and secretary of the **Shared Resources** Credit Union, **Pasadena**, Texas, charter number **656**, hereby certify:

1. That notice of the meeting referred to below, together with a copy of the proposed amendment(s), was given as provided by the bylaws.
2. That pursuant thereto, a meeting of the board of directors of this credit union was held on the **25th** day of **January, 2005**.
3. That there were **nine** members present and that **nine** votes were cast in favor of the amendment(s) and **zero** votes were cast against such proposal.

Witness our signatures this **1st** day of **February, 2005**.

(Print
or type) Joe A. Holzworth Signature: _____
(Chairman of the Board)

(Print
or type) Katherine L. Dean Signature: _____
(Secretary)

Approved this _____ day of _____, _____.

Commissioner

These bylaws become effective upon approval by the Commissioner and shall supercede all previous bylaws and amendments thereto. The original copy of these bylaws shall be a permanent record of the credit union.

APPENDIX A—OPTIONAL FIELD OF MEMBERSHIP PROVISIONS

A credit union in the exercise of discretion may select any of the following provisions for inclusion in its field of membership:

1. Any business or organization whose employees or members are within this field of membership.
2. Persons who are receiving retirement, pension, or other benefits as a result of prior employment by any business or organization included within this field of membership.
3. Spouses of persons who died while within the field of membership of this credit union.
4. Groups of employees or members of companies or associations which are located within reasonable geographic proximity of one of this credit union's offices and which have furnished written evidence of the group's desire to be eligible for membership; provided, however, that (1) any group having more than 300 employees or members or (2) any group already being served as primary members of another credit union shall be admitted only by an amendment of this section which specifically names the group being admitted.³

³ See Appendix B for documentation and other requirements to serve these potential members.

APPENDIX B -- OPTION 4 FIELD OF MEMBERSHIP REQUIREMENTS

(a) **Documentation Requirements.** In order to provide credit union services to groups that lack the potential membership to organize their own credit union, the Commission has authorized these persons to be eligible for membership in an existing credit union under the provision of Option 4. Any credit union wishing to accept such person into its field of membership must comply with all of the following requirements. Admitting any person under this provision without first fully complying with the delineated requirements will result in the activities being classified as an offense under Section 122.253 of the Act.

1. The credit union must receive an affidavit signed by an authorized representative of the group, which specifically indicates:
 - that the group wants to be eligible for membership in the credit union;
 - the groups community of interest;
 - whether the group presently has other credit union services available;
 - the number of persons currently included within the group and their location; and
 - the group's proximity to the credit union's nearest office.
2. The board of directors, at a duly called meeting, must adopt a resolution which specifically makes the determination that the group meets all the Option 4 criteria (e.g. size, reasonable proximity, and no credit union services currently available) and formally authorizes the inclusion of the group into the field of membership.
3. The secretary of the board shall official record the pertinent information in the Small Select Group Register for groups approved for membership under the provisions of Option 4.

(b) **Register.** The credit union shall establish a Small Select Group Register to officially record the formal admission of small select groups into the credit union's field of membership. The Register and the affidavit from the admitted group shall become a permanent record of the credit union and shall be maintained in appropriate form and in sufficient detail to demonstrate compliance with all applicable requirements. At a minimum, the Register shall include the following:

- Name and address of group;
- The size of the group;
- The community of interest; and
- The date accepted into membership.

(c) **Reasonable Geographic Proximity.** Under Option 4, a small select group must be within the service area of one of the credit union's offices. A service area is the area that can reasonably be served by the office accessible to the proposed group. The non-availability of other credit union service is a factor to be considered in determining whether the group is within reasonable proximity of the credit union office. For the purposes of this section, an office is defined as a place where shares are accepted, loan applications are accepted, and

loans are disbursed. This definition includes a credit union owned office, a mobile branch, or a credit union owned electronic facility that meets, at a minimum, these requirements. An office can also include a shared branch if the credit union either (1) owns directly or through a CUSO or similar organization at least a 5 percent interest in the facility, or (2) the facility is local to the credit union and the credit union is an authorized participant in the facility. This definition does not include an ATM.

(d) Overlap Protection. Overlap protection will not be afforded for groups admitted to membership under the provisions of Option 4.

(e) Group Restructuring. If an admitted group expands its operations internally, by acquisition or otherwise, the credit union may serve these new entrants to its field of membership if the group still meets all the criteria for Option 4. Where the expansion results in non-compliance with any the Option 4 criteria, the credit union must apply for an amendment of Section 3.01 of its bylaws.