Instructions for Completion of Standard Bylaws (with elected Credit Committee)

Cover Page (if used): Replace the title (Standard Bylaws …) with Bylaws of XXXX Credit Union. For quick reference later, you might also include the date of approval.

Page 1: Enter name of credit union in blank space at top of page.

Article I Section 1. Enter name of credit union

Article II, Section 1. Describe the Field of Membership (FOM)

Page 3: **Article IV, Section 1**. Designate a specific time period for the annual meeting after the word during. This should be no more specific than a month (i.e. February of each year), nor less specific than a quarter (i.e. the first quarter of each year). Most credit unions hold their annual meetings in the first or second quarter.

Page 4: **Article IV, Section 5**. Indicate a number of members that will comprise a quorum at a membership meeting. Most credit unions use 15. If the number you select is too low (less than 15), a few members could hold special meetings for the purpose of asserting undue control over the credit union. If it is too high (more than 100), your members may feel they are being unfairly constrained from having their say and a court might agree with them. A number between twenty-five and fifty is recommended for establishing a quorum at these meetings.

Page 5: Article V, Section 7. Indicate at what age a member's vote may be counted. Most credit unions use 18. The age of majority, except for alcohol consumption and other alcohol and gambling–related activities in Alabama is 19. I have seen credit unions that allow members to vote at 16. Although the law does not address this, if you make the age too young (10 or younger) you have probably given a child's parents more than one vote.

Page 6: Article VI, Section 1. Indicate the number of board members. For prospective credit unions, this number must coincide with the number of directors you have indicated on your application, but the section is worded so that it may be changed, with some restriction, by board resolution (rather than by bylaw amendment) if the number later turns out to be too many or too few.

Section 2. Indicate the number of years for terms of office, usually three. Initial terms (those for the credit union's first board) should be staggered into one-year, two-year, and three-year terms so that at least one board position comes up for election each year. This staggering of initial terms may be agreed upon during the credit union's first organizational meeting and incorporated by resolution, rather than as a bylaw. Five year terms are about the longest I've seen, some think five years is too long. Term limits are not prohibited by law for Alabama state credit union boards.

Page 9: Article VIII, Section 1. Indicate the number of credit committee members. This bylaw doesn't state so, but the credit committee is a voting body and thus should consist of an odd number. Like the section regarding the number of board members, this section is worded so that the size of the credit committee may be modified by board resolution rather than bylaw amendment.

Section 2. Indicate the length of term for credit committee members. The same rule applies to credit committee as to board members with the initial committee members' terms staggered by resolution of the board at the first organizational meeting. The permanent term of credit committee members is often the same as the term of board members, but just about as often it is shorter. Again, term limits are permissible.

Page 10: Article IX, Section 1. Indicate the length of the terms of the supervisory committee in years. See the rules above regarding staggered initial terms, term limits, etc. The supervisory committee is comprised of three members. While Alabama law does not specifically prohibit larger supervisory committees, **§ 5-17-10 states,** "…the credit union elect a board of directors of *not less than* five members, a credit committee of *not less than* three members, and a supervisory committee *of three members*…" Occasionally a credit union will ask to elect a larger supervisory committee. I recommend that if a credit union board feels a larger committee is necessary that it name some officials as *alternates* or that it form an audit, or other similarly named committee separate from the supervisory committee.

Page 13: Please note that there are two versions of **Article XIV** relating to the amendment of bylaws. **Article XIV** requires a 3/4 majority affirmative vote of the MEMBERSHIP of the credit union. This version should be your credit union's original bylaw defining the process to be used for amending bylaws.

Optional Article XIV requires a 2/3 majority affirmative vote of the BOARD. This version may be adopted some time after your credit union's original organization, either at a special membership meeting or as part of its regular annual membership meeting. **Do not submit proposed bylaws with BOTH versions of Article XIV.**

These standard bylaws are a model designed to expedite the original charter approval process as well as to aid all credit unions to adapt to changes. Any and all articles and sections may be modified; some may be deleted. Other bylaws not included herein may be added. The more a prospective credit union's proposed bylaws vary from this model, the longer may be the approval process as the proposed bylaws will be reviewed and analyzed in detail. **All variations from the standard bylaws should be noted and explained when proposed bylaws are submitted for approval.**

Please submit ACUA Policy No.3 (the form letter) and one (1) complete set of your bylaws (including all applicable changes). Please ensure that the ACUA Policy No. 3 and the back page of the bylaws are appropriately signed prior to submission to ACUA.

Upon review and subsequent approval by the Administrator, ACUA will send the original ACUA Policy No.3, signed by the Administrator back to the credit union for your file. We will not be sending back the complete set of your bylaws. We will retain the signed set of bylaws you send us. Therefore, you should print a copy, obtain the appropriate signatures and retain for your files.