

ACUA POLICY 3

PROCEDURES FOR AMENDMENT OF CREDIT UNION BYLAWS (Section 5-17-9 Act No. 85-457)

Bylaws of individual credit unions differ as to which authority approves bylaw amendments — the membership (see Article XIV, Section 1 of Standard Bylaws) or the Board of Directors (Optional Article XIV, Section 1 of Standard Bylaws) — prior to requesting approval by the Administrator of the Alabama Credit Union Administration. Please follow the attached procedures when requesting bylaw approval of the Administrator. These procedures have been modified slightly, so please read them carefully.

Use Procedure 1 if your credit union's bylaws provide for membership approval of bylaw amendment. Use Procedure 2 if the bylaws provide for Board of Directors' approval for amendment. Use Procedure 3, and accompanying ACUA Form 3, if your credit union is adopting Standard Bylaws.

Procedures 1 and 2 each include an "Exhibit A: Sample Notice of Meeting." and "Exhibit B: Sample Request for Bylaw Amendment Approval."

Please enclose the original copy of bylaws with proper signatures and changes requested in letter. After changes have been reviewed and approved by the Alabama Credit Union Administration, a copy will be returned to the credit union.

Procedure 1. Amendment of Bylaws –Approval Required By Membership.

The Board of Directors, at any regular or special meeting, decides what changes in the bylaws to recommend to the membership for approval.

Provide advance notice, in accordance with the credit union's by-laws to the membership announcing a membership meeting for the purpose of amending the bylaws. The Standard By-laws Article IV, Section 2 calls for "at least seven (7) days" advance notice of any regular or special meeting. Standard By-laws also call for a $\frac{3}{4}$ affirmative vote of the membership present, provided enough members are present to constitute a quorum, to amend the bylaws. The call to the meeting must include a copy of the proposed amendments. (See Exhibit A for sample of such membership notice.)

Upon approval by the membership of the suggested bylaw changes, a letter should be written to the Administrator of the Alabama Credit Union Administration certifying: (See Exhibit B)

That the proposed amendments were sent out to members, or posted in a conspicuous place, with the call to the meeting. Include a copy of the notice of the meeting with the letter to the Administrator.

That the proposed bylaw amendments were approved with a $\frac{3}{4}$ affirmative vote, and that there was a sufficient number of the membership present to constitute a quorum at the meeting.

In order that a bylaw amendment not be submitted to the membership which will not be approved, the credit union should contact the Administrator to obtain tentative approval before presenting an amendment to the membership.

Procedure 1 Bylaw Amendments Acted on by Membership.

EXHIBIT "A"

NOTICE OF MEMBERSHIP MEETING

TO: All Members of XYZ Credit Union

FROM: Board of Directors of XYZ Credit Union

PURPOSE: The consideration of and action on the proposed amendments to the bylaws of the XYZ Credit Union

In accordance with the Article (Number of Article), Section (Number of Section or Sections) of the Bylaws of the XYZ Credit Union, a regular/special meeting of the members of the XYZ Credit Union will be held on (date of meeting and location) to consider and take action of the proposed amendments to (List Article and Section numbers to amended) of the Bylaws of the XYZ Credit Union.

Present Reading (Area underlined denotes where change is to be made.)

Article (Number of Article) Section (Number of Section). Type in present wording of this section and underline area to be changed.

Proposed Reading (Area underlined denotes change)

Article (Number of Article) Section (Number of Section). Type in proposed wording of entire section.

Purpose. Describe reason for amendment.

Procedure 1. Bylaw Amendments Acted on By Membership.

EXHIBIT "B"

Sarah H. Moore, Administrator
Alabama Credit Union Administration
100 North Union Street, Suite 650
Montgomery, Alabama 36104

SUBJECT: Amendment to the Bylaws of the XYZ Credit Union

Dear Mr. Morgan:

This letter certifies that the members of the XYZ Credit Union at a meeting assembled (date of meeting), did amend their bylaws as follows:

Article (Number of Article), Section (Number of Section)

Present Reading

Section _____ (Number of Section). Type in the present wording of this section.

Proposed Reading (Area underlined denotes change)

Section _____ (Number of Section). Type in entire section with amended wording.

(The above procedure would be followed for each Article and Section of the Bylaws to be changed.)

We certify that at this meeting at least a quorum of (enter quorum required by your credit union's bylaws) members were present and 3/4 of these members approved these bylaw amendments. We further certify that the proposed amendments were sent to the last known address of all members of the XYZ Credit Union or posted in a conspicuous place for the information of all members.

We would appreciate your reviewing these proposed bylaw changes and favorable consideration for approval of same.

Very truly yours,

_____ President

_____ Treasurer

I hereby attest that the action outlined above did occur at this membership meeting of the XYZ Credit Union held on (date meeting held) and that these actions are outlined in the minutes of this meeting.

_____ Recording Secretary

Procedure 2. Bylaw Amendments Acted on by Board of Directors.

Exhibit "A"

NOTICE OF BOARD OF DIRECTORS MEETING

TO: Board of Credit Union

FROM: The President/Chairman of Board of Directors of the XYZ Credit Union

PURPOSE: The consideration of and action of the proposed amendments to the bylaws of the XYZ Credit Union

In accordance with the Article (Number of Article), Section (Number of Section or Sections) of the Bylaws of the XYZ Credit Union, a regular/special meeting of the members of the Board of Directors of XYZ Credit Union will be held on (date of meeting and location) to consider and take action of the proposed amendments to (List Article and Section numbers to be amended) of the Bylaws of the XYZ Credit Union.

Present Reading (Area underlined denotes where change is to be made)

Article (Number of Article) Section (Number of Section). Type in present wording of this section and underline area to be changed.

Proposed Reading (Area underlines denotes change)

Article (Number of Article) Section (Number of Section). Type in proposed wording of entire section.

Purpose. Describe reason for amendment.

Procedure 2. Bylaw Amendments Acted on By Board of Directors.

EXHIBIT "B"

Sarah H. Moore, Administrator
Alabama Credit Union Administration
100 North Union Street, Suite 650
Montgomery, Alabama 36104

SUBJECT: Amendment to the Bylaws of the XYZ Credit Union

Dear Mr. Morgan:

This letter will certify that the members of the Board of Directors of the XYZ Credit Union in meeting assembled (date of meeting), did amend their bylaws as follows:

Article (Number of Article), Section (Number of Section)

Present Reading

Section _____ (Number of Section). Type in the present wording of this section.

Proposed Reading (Area underlined denotes change)

Section _____ (Number of Section). Type in entire section with amended wording.

(The above procedure would be followed for each Article and Section of the Bylaws to be changed.)

We certify that at this meeting at least a quorum of (enter quorum required by your credit union's bylaws) Board members were present and 2/3 of these members approved these bylaw amendments. We further certify that the proposed amendments were sent to all board members of the XYZ Credit Union or posted in a conspicuous place for the information of all board members.

We would appreciate your reviewing these proposed bylaw changes and favorable consideration for approval of same.

Very truly yours,

_____ President

_____ Treasurer

I hereby attest that the action outlined above did occur at this Board of Directors meeting of the XYZ Credit Union held on (date meeting held) and that these actions are outlined in the minutes of this meeting.

_____ Recording Secretary