

TEXAS

STANDARD BYLAWS FOR STATE CHARTERED CREDIT UNIONS



Credit Union Department
State of Texas

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STANDARD BYLAWS FOR STATE CHARTERED CREDIT UNIONS

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STANDARD BYLAWS FOR STATE CHARTERED CREDIT UNIONS

CHAPTER I. NAME, DEFINITION AND PURPOSE

Section 1.01. NAME

The name of this credit union shall be District 12 Highway
Employees Credit Union.

Section 1.02. DEFINITION AND PURPOSES

This credit union is a voluntary, cooperative, nonprofit financial institution, incorporated under the Texas Credit Union Act (Texas Revised Civil Statutes Annotated, Article 2461-1.01 et seq.) for the purposes of encouraging thrift among its members, creating a source of credit at fair and reasonable rates of interest, providing an opportunity for its members to use and control their own money in order to improve their economic and social conditions, and conducting any other business, engaging in any other activity, and providing any other service that may be of benefit to its members subject to the Texas Credit Union Act and commission rules adopted thereunder.

CHAPTER II. ORGANIZATION PROCEDURE

(NOTE: The Texas Credit Union Act, Chapter 2, specifies the procedure for incorporating and specifies the requirements of the articles of incorporation and the requirements before commencing business. This chapter of the bylaws deals with amendments, place of business, and reports.)

Section 2.01. AMENDMENTS TO ARTICLES OF INCORPORATION AND BYLAWS

- (a) Amendments to the articles of incorporation or bylaws may be adopted by the affirmative vote of a majority of the board of directors present at any duly held meeting thereof, if the members of the board of directors have been given prior notice of said meeting and the notice has contained a complete copy of the proposed amendment or amendments.
- (b) No amendment to the articles of incorporation or bylaws shall become effective, however, until approved in writing by the Credit Union Commissioner.
- (c) Any amendment adopted by the board of directors and approved by the Credit Union Commissioner shall be reported to the membership of the credit union no later than the next succeeding membership meeting following approval of such amendment by the commissioner.

Section 2.02. PLACE OF BUSINESS

The principal place of business of this credit union shall be 7721 Washington Avenue,
Houston, Texas.

Additional offices and service facilities may be established by board action if they are reasonably necessary to furnish services to the members and provided that prior written notice is given to the Credit Union Commissioner.

CHAPTER III. MEMBERSHIP, MEETINGS AND ELECTIONS

Section 3.01. FIELD OF MEMBERSHIP

The field of membership in this credit union is limited to those persons, including incorporated and unincorporated organizations, who have the following definable community of interest (Use attachment if needed):²

- (1) Employees of the State Department of Highways and Public Transportation in District 12.
- (2) Employees of said agency residing in District 12, but working under File D-9, File D-12, and File D-20.
- (3) Any business or organization whose employees or members are within this field of membership.
- (4) 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.
- (5) Spouses of persons who died while within the field of membership of this credit union.

and members of the family of such persons. "Members of the family" shall be as specified by the board of directors in written policy.

²The Credit Union Commission has promulgated standard optional provisions which may be used in addition or as an alternative to specific designations.

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

A change in the field of membership shall not affect the continued membership of existing members of the credit union.

(a) Each application for membership must be made in writing, with all applications approved becoming part of the permanent records of the credit union. (NOTE: See chapter 6 of the Texas Credit Union Act for multiple party account provisions.)

(b) 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 the membership officer in accordance with Chapter V, Section 5.11(e) (4) of 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 share and/or deposit balance established by board policy which must be an amount of at least five dollars (\$5.00); provided, however, any amount in excess of one hundred dollars (\$100.00) must receive prior approval from the commissioner.

(c) A member who leaves the field of membership may be permitted to retain membership in the credit union under reasonable standards as set forth in written board policy.

(d) 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 SIXTEEN (16); (2) No minor may become a director or committee member until attaining the age of EIGHTEEN (18).

OPTIONAL FIELD OF MEMBERSHIP PROVISIONS

For use by a credit union that specifies its field of membership in its articles of incorporation:

The field of membership of this credit union shall be the definable community of interest set forth in the articles of incorporation.

For use by a credit union with an occupational or associational field of membership (Select those provisions desired):

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 one mile 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.

Section 3.02. EXPULSION FROM MEMBERSHIP AND FORFEITURE OF MEMBERSHIP

(a) 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 Texas Credit Union Act, commission rules, these bylaws, or the articles of incorporation; (4) Conviction of a felony; (5) Habitual neglect to pay obligations; and (6) 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) An expelled member shall remain liable for any sums owed to the credit union for loans or other purposes.

(c) Members whose notes are defaulted and charged off as a loss automatically forfeit membership when their shares are applied toward the loan balance. Reinstatement of membership in case of forfeiture may only be by majority vote of the board of directors.

Section 3.03. MEETINGS OF MEMBERS

(a) The annual meeting of the members shall be held during the month of March of each year,³ 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 as convenient to the membership. The board of directors may change the month for such meeting to the month immediately preceding or following in any given year. Approval of the commissioner is required in order to obtain more than a one month deviation from the month set forth in the bylaws. The chairman of the board presides.

(b) Special meetings shall be held by order of the directors, or upon written request to the board of directors of at least five percent (5%) of the members or one thousand (1000) 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 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 the 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 the 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, during, or after the meeting. (Refer to Texas Credit Union Act, Section 3.02 for voting rights).

(d) The order of business at annual meetings of members shall be as follows:

- (1) Ascertaining that a quorum is present;
- (2) Reading and approval of the minutes of the last meeting;
- (3) Report of the directors by the chairman of the board, or in his absence by the vice-chairman, or other board officer;
- (4) Report of the president;
- (5) Report of the credit committee, if any;
- (6) Report on the annual audit;
- (7) Report of other committees, if any;

³The month selected must be within the first six months of the year, January through June.

- (8) Unfinished business;
- (9) New business other than elections;
- (10) Election of Directors;
- (11) Adjournment.

The agenda may be rearranged by the chairman, if so authorized by vote of the members present.

(e) 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) 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 3.04. ELECTIONS

(a) Nominating Committee. At least thirty (30) 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.

(b) 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.

(c) 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.

(d) Mail Ballots. This credit union may conduct voting by mail ballot, if such method is authorized by the board of directors. Mail balloting shall be conducted according to rules adopted by the Credit Union Commission.

CHAPTER IV. POWERS OF CREDIT UNION

Section 4.01. GENERAL POWERS

In addition to the powers granted by the Texas Credit Union Act and the Commission rules, this credit union will abide by the following general provisions:

(a) The officers, directors, advisory directors, committee members, and employees of this credit union shall hold in strict confidence 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 Texas Credit Union Act, the commission rules and these bylaws.

(b) 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) 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 a uniform entrance fee for membership not to exceed \$10.00 per member.

Section 4.04. EXPENSES, FEES AND PENALTIES

- (a) In accordance with the Texas 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) The credit union may charge a member a penalty when a loan payment is 10 or more days in arrears provided that such penalty may not exceed five percent of the payment due and provided that only one penalty may be charged on each past due payment. Such penalties do not constitute interest.
- (c) The board may levy and collect other fees and charges in accordance with the Texas Credit Union Act and commission rules.

CHAPTER V. DIRECTION OF AFFAIRS

Section 5.01. BOARD OF DIRECTORS

The board of directors of this credit union shall consist of Seven⁴ individual members, all of whom shall be members of this credit union, whose regular terms of office shall be for Three⁵ years and/or until the election and qualification of successors. Two of the directorships will expire at the first annual meeting after the adoption of this bylaw, Three of the directorships will expire at the next annual meeting, and Two of the directorships will expire at the next annual meeting.

- (a) 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) All regular terms shall be for the same number of years and until the election and qualification of successors. The regular terms shall be so fixed at the beginning, or upon any increase or decrease in the number of directors, that approximately an equal number of regular terms shall expire at each annual meeting.
- (c) Vacancies on the board of directors will be filled by election at each annual meeting by and from the membership of the credit union.
- (d) Directors may serve more than one term.
- (e) 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 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 by vote of a majority of the directors then holding office. Directors so appointed shall hold office only until the next annual meeting at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors.

⁴The number of directors cannot be less than five. Article 2461-5.01. It is recommended that the number of directors be an odd number.

⁵The term of office cannot be greater than three years, and a term of two or three years is recommended.

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 thirty (30) 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) Regular meetings of the board of directors shall be held at least monthly. The chairman of the board, or in his absence the vice-chairman or any other officer, 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 the 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) 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 in which all or certain of the directors are not physically present at the place of the meeting but nevertheless participate in the conduct thereof by telephone. Provided, however, there shall be no more than one regular meeting held by telephone conference call per calendar quarter and there shall be no consecutive regular meetings held by telephone conference call. Before any regular meeting may be held by conference call, the members of the board of directors must be provided with a written copy of the agenda and copies of any 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 person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Any action required or permitted to be taken by the board of directors under any provision of the Texas 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 Texas 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.

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) 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 a twelve month period, is automatically removed from office. Vacancies occurring in this manner shall be filled within sixty (60) days, unless extended by approval of the commissioner, in accordance with Section 5.02 of these bylaws.

(b) 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) Neglect or refusal to comply with provisions of the Texas Credit Union Act or commission rules, these bylaws or the articles of incorporation; (5) Conviction of a felony; (6) Conviction of a misdemeanor involving moral turpitude; (7) Failure to maintain confidentiality relating to credit union transactions and the financial affairs of its members; and (8) 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 Section 5.02 of these bylaws.

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

- (d) The credit union shall notify the commissioner in writing within ten days of the removal of any director pursuant to this section.

Section 5.08. 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.

Section 5.09. DUTIES AND POWERS OF DIRECTORS

The board of directors shall have the general direction and control of the affairs, funds and records of this credit union and shall 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 Texas 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 Texas 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 surety company authorized to do business in this state a blanket surety or security bond in accordance with the Texas 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 Texas 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 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 depository or depositories for the funds of this credit union.
- (l) Authorize and provide for a comprehensive audit, including a controlled verification of members' accounts at least once each year in accordance with the Texas Credit Union Act and rules of the Credit Union Commission.
- (m) 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 reserve allocations as required by commission rules. The board may also authorize the establishment and maintenance of reserves in addition to those required.
- (n) Authorize the borrowing or lending of money to carry on the functions of this credit union as prescribed by the Texas Credit Union Act.
- (o) Set the date of the annual meeting of the members.

(p) 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.

(q) 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) 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. The thirty (30) day period may be extended, if approved in writing by the commissioner.

(b) 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 or may not be a member of the board of directors, but the president may not be the chairman, vice-chairman, or secretary. The president serves at the pleasure of the board.

(c) Subject to guidelines set by the board and in conformity with Article 2461-5.04 of the Texas 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) 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) The vice-chairman shall perform duties of the chairman of the board in the event of absence or disability of that officer.

(c) 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 Credit Union 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 Texas Credit Union Act and these bylaws.

(d) 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) (1) The president shall serve as the active manager of the credit union under the order of the board of directors. 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 fifteen (15) days after the close of each month and post it in a conspicuous place in the office of the credit union where it shall remain until replaced by the statement of the succeeding month. 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.

(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 Credit Union 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.

CHAPTER VI. CAPITAL ACCOUNTS

Section 6.01. CAPITAL

The capital of this credit union shall consist of the following:

(a) Shares purchased by members which may be with or without par value and which may be of different types or classes as determined by the board of directors. Shares may be paid for 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.

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.

(b) All deposit accounts, which shall be operated in accordance with policies prescribed by the board of directors and in conformity with the rules of the Credit Union Commission.

(c) All reserve accounts, including allowances for loan losses, and undivided earnings.

Section 6.02. WITHDRAWAL AND TRANSFER OF SHARES

(a) Shares 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) Monies paid in on shares may be withdrawn as provided in these bylaws on any day when payment for shares 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 rules promulgated by the Credit Union 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 only to members of the credit union. Loans may be made for any purposes deemed appropriate by the board of directors, and shall be made in accordance with the Texas Credit Union Act, these bylaws, commission rules, and written board policies.

Section 7.02. LIMITATIONS

The aggregate amount of loans to any member and the terms and conditions of such loans shall conform to the limitations and requirements imposed by the Texas Credit Union Act, these bylaws, commission rules, and written board policies.

Section 7.03. WRITTEN POLICIES

The board of directors shall establish and maintain written loan policies in accordance with commission rules and the Texas Credit Union Act.

Section 7.04. LOAN FORMS

All loans to members shall be evidenced by a written form which contains all the information required by the Texas Credit Union Act, commission rules and these bylaws.

Section 7.05. INTEREST REFUNDS

Interest refunds may be declared in accordance with written board policy.

Section 7.06. 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.

Section 7.07. LOANS TO OFFICIALS

Loans made to the credit union's directors, employees, loan officers, credit manager, credit committee members and members of the immediate families of such persons shall be made in accordance with Section 7.05 of the Texas Credit Union Act.

CHAPTER VIII. INVESTMENTS

Section 8.01. INVESTMENT AUTHORITY

(a) Any funds of this credit union not used in loans to members may be invested in one or more of the ways set forth in the Texas Credit Union Act, and commission rules pertaining thereto.

(b) In accordance with rules adopted by the commission, the credit union shall develop written investment policies and may offer investment programs to its members, and may act as agent for its members in the purchase, sale or other disposition of securities, interest in mutual funds, and interests or participations in any other type of investment.

CHAPTER IX. RESERVES, DIVIDENDS, SHARE REDUCTIONS

Section 9.01. TEXAS CREDIT UNION ACT AND COMMISSION RULES

Reserve requirements, dividend provisions and share reductions shall be handled in accordance with Chapter 9 of the Texas Credit Union Act and commission rules pertaining thereto.

CHAPTER X. CHANGE IN CORPORATE STATUS

Section 10.01. DISSOLUTION OR LIQUIDATION

This credit union may be dissolved or liquidated, merged, or converted in accordance with Chapter 10 of the Texas Credit Union Act and commission rules pertaining thereto.

CHAPTER XI. TITLE, EFFECTIVE DATE

Section 11.01. BYLAWS EFFECTIVE UPON APPROVAL

These bylaws shall be known as the Standard Bylaws for State Chartered Credit Unions, revision of 1986, and shall take effect upon the filing with and approval by the commissioner. The existing bylaws of this credit union are hereby amended by the adoption of this foregoing revision.

CERTIFICATE

This is to certify that these bylaws have been duly adopted by the board of directors of this credit union, at a (regular) (special) meeting held

on 19th day of March, 19 87.

Witness our signatures this 19th day of March, 19 87.

(Print or type) L. J. Vincik Signature: [Signature]
(Chairman of the Board)

(Print or type) Carol J. Letz Signature: Carol J. Letz
(Secretary)

Approved this 31st day of March, 19 87.

[Signature]
Credit Union Commissioner

The original and one copy are to be forwarded to the Credit Union Commissioner for his approval; the original will be returned to the credit union for permanent retention, the copy will be retained by the Credit Union Department. These bylaws become effective upon approval by the Credit Union Commissioner and shall supercede all previous bylaws and amendments thereto.

NON-STANDARD BYLAW AMENDMENT
FOR STATE CHARTERED CREDIT UNIONS

(INSTRUCTIONS: For adoption of any provision not found in the standard bylaws, two copies of this form must be completed and forwarded to the Credit Union Commissioner for approval.)

(Supplement to page 16.)

At a duly constituted meeting of the board of directors of District 12

Highway Employees Credit Union, held 19th

day of November, 19 87 at Houston,

Texas, the following non-standard bylaw provision was adopted, and recorded in the minutes thereof.

CHAPTER V

SECTION 5.12

Section 5.12. LIMITATION OF LIABILITY

A director of the credit union is not liable to the credit union or its members for monetary damages for an act or omission in the director's capacity as a director, except that this provision does not eliminate or limit the liability of a director for:

- (a) A breach of a director's duty of loyalty to the credit union or its members;
- (b) An act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law;
- (c) A transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office;
- (d) An act or omission for which the liability of a director is expressly provided for by the statute; or
- (e) An act related to an unlawful payment of a dividend.

Continue on back of form.

This section applies only to an act or omission occurring on or after the date this section was approved by the commissioner.

We hereby certify that this is a true and correct excerpt from the minutes of the meeting noted above:

John C. Zandley Carol J. Lutz
Chairman of the Board Secretary

Approved this 24th day of May, 19 88

Ken R. Lutz
Credit Union Commissioner

CERTIFICATION OF RESOLUTION OF AMENDMENT
TO CREDIT UNION BYLAWS

We, the undersigned, chairman of the board and secretary of the
District 12 Highway Employees Credit Union,
Houston Texas, charter number 255, hereby certify:

1. That notice of the meeting referred to below, together with a copy of the
proposed amendment or amendments, was given as provided by the bylaws.

2. That pursuant thereto, a (regular) (~~special~~) meeting of the (board) ~~members~~
~~staff~~ of this credit union was held on August 15, 19 91 day of

3. That there were seven members present and that seven
votes were cast in favor of the proposal and no votes were
cast against such proposal. The following resolution was therefore adopted.

BE IT RESOLVED, that Chapter One, Section 1.01
of the credit union's bylaws be amended to hereafter read as follows:

"The name of this credit union shall be

Houston Highway Credit Union."

4. That the foregoing resolution has been entered in full in the minutes of the
meeting of this credit union.

SEE
Chairman of the Board
Steven E. Simmons

[Signature]
Secretary
Robert H. Frizzell

Approved this 3rd day of September, 19 91

[Signature]
Credit Union Commissioner

Continue on back of form.

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

We, the undersigned, chairman of the board and secretary of the HOUSTON HIGHWAY Credit Union, HOUSTON Texas, charter number 255, hereby certify:

1. That notice of the meeting referred to below, together with a copy of the proposed amendment or amendments, was given as provided by the bylaws.

2. That pursuant thereto, a ~~(special)~~ (special) meeting of the (board) ~~member-~~ step of this credit union was held on 13th day of November, 19 97

3. That there were 5 members present and that 5 votes were cast in favor of the proposal and 0 votes were cast against such proposal. The following resolution was therefore adopted.

BE IT RESOLVED, that Chapter III, Section 3.01 of the credit union's bylaws be amended to hereafter read as follows:

The field of membership in this credit union is limited to those persons, including incorporated and unincorporated organizations, who have the following definable community of interest:

1. Employees of the Texas Department of Transportation in District 12;
2. Employees of said agency residing in District 12, but working under File D-9, File D-12, and File D-20;
3. Any business or organization whose employees or members are within this field of membership;
4. 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;
5. Spouses of persons who die while within the field of membership of this credit union;
6. Depositors of deferred compensation funds derived from employment by the State of Texas;
7. Employees of Wilson Business Products, Inc. and its successors;
8. Members of record as of the date of liquidation of the Mosher Steel Credit Union;
9. Employees of Trinity Industries, Inc., sponsor of Mosher Steel Credit Union;
10. Employees of Wyatt Field Service Company, sponsor of Mosher Steel Credit Union;

Continue on back of form.

11. Groups of employees or members of companies or associations which are located within ten miles 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;
12. Any employee of an agency or department of the State of Texas assigned to the Houston district or region of their agency or department that does not have a Houston credit union or branch available for local service, excluding employee of the Texas Department of Public Safety;
13. Contractors and their employees working under contract for any business or organization, including subsidiaries and affiliates, that we include within this field of membership, excluding persons eligible for membership in any occupational or association based credit union in the Houston area at the time membership is sought;
14. All members of the Houston TWC Federal Credit Union on August 31, 1997;
15. Employees of McCoy, Incorporated (an office furnishings company); and members of the family of such persons. "Members of the family" shall be as specified by the board of directors in written policy.

4. That the foregoing resolution has been entered in full in the minutes of the meeting of this credit union.

John C. Fendley
Vice-Chairman of the Board
John C. Fendley

Carol J. Letz
Secretary
Carol J. Letz

Approved this 27th day of JANUARY, 19 98

Harold J. Fendley
Credit Union Commissioner