

BYLAWS

OF THE PENNSYLVANIA STATE EMPLOYEES CREDIT UNION

as amended through May 2018



ARTICLE I

NAME, LOCATION, AND BUSINESS HOURS

SECTION 1.

This Credit Union shall be known as the Pennsylvania State Employees Credit Union.

SECTION 2.

The business of this Credit Union shall be transacted in the county designated in the Articles of Incorporation of this Credit Union filed in the office of the Secretary of the Commonwealth of Pennsylvania.

SECTION 3.

The principal office of the Credit Union shall be located in Dauphin County, Pennsylvania. The location of the office within the County may be changed at any time by a resolution of the Board of Directors. Written notice of such change shall immediately be given to all members and to the Department of Banking.

SECTION 4.

The Credit Union shall be open for business during such hours and on such days as the Board of Directors shall determine.

ARTICLE II

MEMBERSHIP

SECTION 1.

The membership of this Credit Union shall be limited to such persons as are set forth in the Articles of Incorporation filed in the office of the Secretary of the Commonwealth of Pennsylvania. A member of this Credit Union is any person who owns and retains one or more shares. A member in good standing shall be defined to mean that all loans with the Credit Union are current and that the Credit Union has suffered no losses as a result of the charge-off or discharge in bankruptcy of any loans or other obligations of the member to the Credit Union.

SECTION 2.

Applications for membership shall be signed by the applicant, and approved by the Board of Directors or their designate.

SECTION 3.

Every applicant elected to membership shall own and retain one or more shares.

SECTION 4.

A member who leaves or has left the field of membership of this Credit Union may retain membership.

SECTION 5.

No member may hold elected office and be an employee of this Credit Union at the same time.

ARTICLE III

MEETINGS

SECTION 1.

The Annual Meeting of the members shall be held during the first calendar quarter each year at a time and place designated by the Board of Directors.

SECTION 2.

Special meetings may be called by the Board Chair or the Board of Directors and shall be called by the Chair upon written request of five percent of the members. No other business than that specified in the notice of the meeting shall be transacted at a special meeting.

SECTION 3.

Notice of all meetings shall be given to the members by the Secretary at least five (5) days before the date of the meeting. The notice shall specify the date, time, and place of the meeting, and, in the case of a special meeting, the purpose of the meeting. A copy of the notice shall be posted in a conspicuous place in each Credit Union office.

SECTION 4.

At Annual or special meetings fifteen (15) members shall constitute a quorum, and the vote of the majority shall be the act of the Credit Union. If no quorum is present, an adjournment shall be taken to a date not less than seven (7) days thereafter. Notice of adjourned meetings shall be given in the same manner as provided in Section 3 of this Article for the original meetings. The decisions of the majority at any adjourned meetings shall be binding regardless of the number of members present.

SECTION 5.

The order of business of the Annual Meeting of the members shall be:

- Roll Call
- Reading and Approval of Minutes of Last Meeting
- Elections
- Report of Directors
- Report of the Treasurer
- Report of Credit Committee
- Report of the Public Accounting Firm
- Unfinished Business
- New Business
- Adjournment

A petition signed by a minimum of 500 members in good standing who wish to submit a motion under unfinished business or new business to the vote of the members at the Annual Meeting may do so by filing the petition with the Secretary at least 120 days prior to the Annual Meeting. The Secretary shall then cause notice of the matter to be included with the ballot when there is a ballot. If the election is uncontested and there will be no ballot, the Secretary shall provide notice of the matter to the members as provided by law.

ARTICLE IV

ELECTIONS

SECTION 1A.

Prior to each Annual Meeting the Chair shall appoint a Nominating Committee of no fewer than three members. It shall be the duty of the Nominating Committee to:

- (1) nominate at least one member for each vacancy for which elections are being held, including any unexpired term vacancy, and
- (2) determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected, and
- (3) file nominations with the Secretary of the Credit Union at least 195 days prior to the Annual Meeting.

SECTION 1B.

At least 160 days prior to the Annual Meeting, the Secretary shall give written notice to all members eligible to vote. Such notice shall include the following information:

- (1) The name and a brief statement of biographical data for each nominee submitted by the Nominating Committee in such form as shall be approved by the Board of Directors. Each nominee by petition shall submit a similar statement of biographical data with the petition.
- (2) That nominations for vacancies may also be made by petition signed by a minimum of 500 members. To be effective, nominations by petition shall be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to nomination and will serve if elected to office.
- (3) The closing date for receiving nominations by petition. The period for receiving nominations by petition shall extend at least 30 days from the date of the notice.
- (4) That when there is only one nominee for each position to be filled and thus there is no contest in the election, then:
 - a. the election will not be conducted by ballot, and
 - b. there will be no nominations from the floor, and

c. the election will be conducted as provided for in Section 2D of this article.

(5) The date and time of the Annual Meeting.

SECTION 1C.

Petitions for nominations shall be filed with the Secretary of the Credit Union no later than 110 days prior to the Annual Meeting. The Secretary shall cause such nominations along with those of the Nominating Committee to be posted in a conspicuous place in each Credit Union office at least 75 days prior to the Annual Meeting.

SECTION 2A.

All elections shall be determined by plurality vote and shall be by ballot except where there is only one nominee for each position to be filled.

SECTION 2B.

Nominations shall not be made from the floor unless:

- (1) sufficient nominations have not been made by the Nominating Committee and/or by petition to provide for one nominee for each position to be filled, or
- (2) circumstances prevent the candidacy of a nominee who was the only nominee for the position to be filled. Only those positions without a nominee shall be subject to nominations from the floor.

SECTION 2C.

In the event nominations from the floor, when permitted herein, result in more than one nominee for a position to be filled, and when nominations have been closed, tellers shall be appointed by the Chair, ballots shall be distributed, the vote shall be taken and tallied by the tellers, and the results announced.

SECTION 2D.

When only one member is nominated for each position to be filled, whether by the Nominating Committee, or by petition, or by nominations from the floor when permitted herein, or by any combination of these, the Chair may take a voice vote or declare each nominee elected by general consent or acclamation at the Annual Meeting.

SECTION 3A.

The Board of Directors shall consist of nine (9) members, the Credit Committee shall consist of three (3) members. All terms of office of all Directors and Committee members shall be for three (3) years and shall be so fixed that an approximately equal number of terms shall expire at each Annual Meeting.

SECTION 3B.

Members of and nominees to the Board of Directors or the Credit Committee shall be limited to members in good standing of the Credit Union. The Secretary of the Credit Union shall investigate the standing of all nominees for office and his or her decision shall be binding.

SECTION 4.

Any vacancy occurring on the Board of Directors or on the Credit Committee between Annual Meetings shall be filled by appointment, as provided by law. Appointed Directors or Committee members shall serve only until the next Annual Meeting; provided, however, that if the nomination period has closed in accordance with Section 1C of this Article, such appointed Director or Committee member shall serve until the following Annual Meeting or expiration of the term for which the appointed Director or Committee member was appointed, whichever comes first, whereupon a Director or Committee member shall be elected to serve for the unexpired term of such vacancy. When terms of unequal length are being filled at an election, terms from the longest to the shortest length shall be awarded to those elected according to the highest number of votes received. When two or more persons tie for terms of unequal length, the terms shall be awarded by the drawing of lots.

SECTION 5.

Except as provided in Section 2 of this Article, all elections shall be by ballot, as provided by law, subject to the following condition:

- A. The tellers of election shall be appointed by the Board of Directors.
- B. Sufficient nominations having been made by the Nominating Committee or by petition to provide more than one nominee for any position to be filled, the Secretary shall, at least 75 days prior to the Annual Meeting, cause ballots to be sent to all members who are members by the close of business on December 31, or the last business day prior to December 31, of the year immediately preceding the election. Persons who become members after the 95th day prior to the Annual Meeting may obtain a ballot by written request.
- C. The Secretary shall cause the following materials to be sent to each eligible voter:
 - (1) One ballot, clearly identified as such, on which the names of the candidates for the Board of Directors and the candidates for other separately identified offices or committee shall have been listed in such order as determined by the draw of lots. The names of each candidate shall be followed by a brief statement of biographical data in such form as shall be approved by the Board of Directors.
 - (2) Return of the ballot shall be in accordance with procedures adopted by the Board of Directors.
- D. It shall be the duty of the tellers of the election to:
 - (1) verify, or cause to be verified, the identity of the voter, and

- (2) after such verification, to tabulate the vote cast by the member.
- E. Ballots must be received by the tellers of election no later than twenty-one (21) days after the date ballots are sent to the membership at such time as determined by the Board of Directors in accordance with Section 5.C.(2) of this Article. The deadline date and time shall be printed or displayed on the ballots.
 - F. The vote shall be tallied by the tellers of election. The Chair shall make public the result of the vote at the Annual Meeting.
 - G. When there is a tie vote that would affect the outcome of the election, the number of members on the Board or Committee affected will be increased sufficiently to include the tied candidates who shall serve until the next Annual Meeting, at which time the number of members of the Board or Committee affected shall revert to the number specified in Article IV, 3A, of these Bylaws, the position for which the candidates had tied shall be considered vacant, and the remaining unexpired term shall be filled by the election held in conjunction with that Annual Meeting.

ARTICLE V

DIRECTORS AND OFFICERS

SECTION 1.

A meeting of the newly elected Board of Directors shall be held within ten (10) days after the Annual Meeting of this Credit Union at which time there shall be elected from its membership a Chair, one or more Vice-Chairpersons, and Treasurer and a Secretary, who shall serve for a period of one (1) year or until successors are elected and installed. The office of Treasurer and Secretary may be held by one person.

SECTION 2.

The Directors may appoint from the membership one or more Assistant Treasurers. No member of the Board of Directors, nor the Treasurer, nor any Assistant Treasurer, may serve as a member of the Credit Committee.

SECTION 3A.

The Board of Directors shall hold regular monthly meetings the day or date of which shall be fixed by the Board and properly recorded in the minutes. At all meetings a majority of the total directorate shall constitute a quorum. Special meetings of the Board may be called by the Chair, and shall be called by the Chair upon written request of three (3) members of the Board.

SECTION 3B.

The Board of Directors may appoint from their own number an Executive Committee of not less than three directors who may be authorized to act for the Board in all respects subject to such conditions and limitations as prescribed by the Board.

SECTION 3C.

To supplement the knowledge and experience of the Board of Directors, the Board may appoint Associate Directors to serve in a non-voting capacity.

SECTION 4.

The Board of Directors shall have general management of the affairs of the Credit Union and shall fulfill the duties and have such other authority as is provided by law. The Board shall designate the depository institutions of the Credit Union and the persons who shall have control with the Treasurer of the securities of the Credit Union. The Board shall at all times have free access to the books and records of the Credit Union.

SECTION 5.

The office of a Director who fails to attend three (3) consecutive meetings of the Board, may be declared vacant by the Board, and the vacancy filled as provided by law. The Board may appoint another of its members to act temporarily in place of any Table Officer absent from a meeting of the Board.

SECTION 6.

The Chair shall preside at meetings of the members and of the Board of Directors, and shall have such powers and perform such duties as are generally exercised by and appertain to the office of the Chair, or as may be assigned by the Board of Directors.

SECTION 7.

A Vice-Chair shall perform the duties of the Chair in the event of absence or disability of that Director and such other duties as the Board of Directors may assign.

SECTION 8.

The Treasurer or officer in charge of operations shall sign all notes and drafts drawn by the Credit Union, shall have custody of the cash, books of account and other valuable papers of the Credit Union, and together with such other individual of the Credit Union as authorized through Board approved policy, shall have joint custody of investments. The Treasurer or officer in charge of operations shall keep proper books of account satisfactory to the Department of Banking; shall prepare a financial statement and statistical report showing the condition of the Credit Union as of the close of each month, which shall be posted after the close of each month in a conspicuous place in each office of the Credit Union where it shall remain until replaced by the statement of the succeeding month, and shall, on or before the second full

banking day after receipt thereof, deposit all funds received. All payments or withdrawals shall be made by check or by electronic transfer; provided, however, that the Board of Directors may by resolution provide for the establishment and replenishment of a petty cash fund and for the establishment of a change fund as circumstances and conditions require. The Treasurer and the officer in charge of operations, if different, shall furnish a surety bond, in the amount determined by the Board of Directors from time to time and approved by the Department of Banking, which bond shall be held by the Chair, the expense of which shall be borne by the Credit Union, and shall have such other duties and authority as are generally exercised by and appertain to the office of Treasurer or as may be assigned by the Board of Directors.

SECTION 9.

An Assistant Treasurer shall perform the duties of the Treasurer in the event of the absence or disability of that Director and such other duties as the Board of Directors may assign. Surety bond coverage shall be the same as that for the Treasurer.

SECTION 10.

The Secretary shall keep a correct record of all meetings of the members and of the Board of Directors, shall give notice of all meetings of the members in the manner provided by the Bylaws, and shall perform such other duties as are generally exercised by and appertain to the office of Secretary or as may be assigned by the Board of Directors.

SECTION 11.

The Directors may appoint a Membership Officer (as referenced in 17 Pa.C.S. §708) from among the members of the Credit Union other than Treasurer, and Assistant Treasurer or Loan Officers (as referenced in 17 Pa.C.S. §713), to approve applications for membership under such conditions as the Directors may prescribe according to law.

SECTION 12.

The Board of Directors may appoint alternate Credit Committee members to act on the Credit Committee during the incapacity or absence of the Credit Committee members.

SECTION 13.

The Board of Directors may employ an Officer (as defined in 17 Pa.C.S. §103 and referenced in Pa.C.S. §708) in charge of operations whose title shall be President, and who shall be under the direction and control of the Board. The President shall have the responsibility for the day-to-day operation of the business of the Credit Union, and such other duties and responsibilities as the Board of Directors may assign. Surety bond coverage shall be the same as that of the Treasurer.

SECTION 14.

The standard of care for Directors of the Credit Union shall be governed by the provisions of 15 Pa. C.S.A. Section 512.

SECTION 15.

The provisions of 15 Pa. C.S. Section 515 (as of 1995) which substantially reenacted former 15 Pa. C.S. 511 subsections (d) through (f), or corresponding provisions of law(s) enacted in the future shall not be applicable to this Credit Union.

SECTION 16.

Personal liability of Directors of the Credit Union shall be governed by the provisions of 15 Pa. C.S. A. Section 513, or corresponding provisions of law(s) enacted in the future.

ARTICLE VI

CREDIT COMMITTEE

SECTION 1.

A meeting of the newly elected Credit Committee shall be held within ten (10) days after the Annual Meeting, at which time the Credit Committee shall elect one of their number to chair the Committee. Thereafter the Credit Committee shall meet at such time as may be designated by the Credit Committee Chair for the purpose of passing upon applications for loans to members. The office of a member of the Credit Committee who fails to attend meetings of the Committee for three consecutive meetings, may be declared vacant by the Board of Directors and the vacancy filled as provided by law.

SECTION 2.

The Credit Committee shall keep a record of its proceedings which shall show all applications for loans by members, if loans are granted or rejected, and the names of the Committee members present at each meeting. This record shall be part of the records of the Credit Union.

SECTION 3.

The Credit Committee or its delegates shall inquire carefully into the personal habits and financial responsibility of borrowers and their sureties to ascertain their ability to repay fully and promptly the obligation assumed by them and whether the loan will be of benefit to the borrower. The Credit Committee shall stipulate the security which may be required on loans.

SECTION 4.

The Credit Committee shall have such other duties and authority as provided by law.

SECTION 5.

The Credit Committee may appoint one or more Loan Officers, and delegate to such persons the power to approve loans, share withdrawals, releases and substitutions of security, within limits specified by the Committee. Each Loan Officer shall furnish to the Credit Committee a record of each loan approved or not approved by such person within seven days of the filing of the application therefor. All loans not approved by a Loan Officer shall be acted upon by the Credit Committee. No individual shall have authority to disburse funds of the Credit Union for any loan which have been approved by such individual in their capacity as Loan Officer.

ARTICLE VII

ANNUAL EXAMINATION

SECTION 1.

The Board of Directors shall employ the services of a public accountant to make at least an annual examination of the affairs of the Credit Union. The accountant shall submit a report to the Board of Directors and to the members at the next Annual Meeting of the Credit Union.

ARTICLE VIII

LOANS TO MEMBERS

SECTION 1.

Loans shall be made only for the purposes and upon the conditions by law provided and only to the members by law permitted to borrow.

SECTION 2.

A Director, Officer, member of any committee, direct family member of such persons, or any individual having a pecuniary interest in a business enterprise with a Director, Officer, or member of a committee may borrow or guarantee a loan as permitted by the Credit Union Code. However, they may not borrow under terms and conditions more favorable than those offered generally to other members. Directors or members of the Credit Committee shall have the same mortgage borrowing privileges as any other member of this Credit Union.

SECTION 3.

The rate of interest charged on loans to members shall be established by resolution of the Board of Directors, but such rate shall not exceed that which is fixed by law.

SECTION 4.

Any member whose loan is delinquent may be required to pay a late charge as determined by the Board of Directors.

ARTICLE IX

SHARES

SECTION 1.

Shares in this Credit Union shall have a par value of five dollars (\$5).

SECTION 2.

The maximum amount or number of shares which may be purchased or subscribed by any member shall be determined from time to time by the Board of Directors.

SECTION 3.

Shares or the money paid in on subscribed shares may be withdrawn at any time the Credit Union is open for business; provided, however, that the Board of Directors may require notice of withdrawal not exceeding sixty (60) days. When the demand for withdrawal is greater than the funds available, such withdrawal shall be paid in the order in which received as funds become available.

SECTION 4.

Every share shall be subject to an automatic lien for the payment of any indebtedness due the Credit Union by the owner thereof as maker, co-maker or endorser on any loan due the Credit Union which lien shall be enforceable against such share by forfeiture and cancellation thereof by resolution of the Board of Directors and the application of the proceeds or so much thereof as may be necessary to pay the amount due the Credit Union.

SECTION 5.

Shares may be issued in the name of a minor, as permitted by law, if that minor is within the field of membership.

SECTION 6.

Shares may be issued in the name of a revocable or irrevocable trust, as permitted by law, so long as the settlor of such trust is a member of the Credit Union.

ARTICLE X

DIVIDENDS AND INTEREST REFUNDS

SECTION 1.

The Directors of the Credit Union may declare dividends as provided by law. Dividends shall be paid on all shares and fractions of shares. Dividends may be paid on all funds in a member's share account(s) once a fully paid share has been purchased; however, the Directors may set different rates on different classes of shares.

SECTION 2.

The Directors may authorize an interest refund on such classes of loans to members and under such conditions as prescribed by law. Such interest refunds may be distributed in the manner determined by the Board of Directors.

ARTICLE XI

REGULAR RESERVE

SECTION 1.

A Regular Reserve shall be established and maintained in accordance with the Credit Union Code. Uncollectible loans shall be charged to the Regular Reserve upon approval of the Board of Directors, or as otherwise required by the Department of Banking as provided by law. Uncollectible loans shall be deducted from current or retained earnings prior to determination of dividends if no funds are in the Reserve Account.

ARTICLE XII

EXPULSION

SECTION 1.

A member may be expelled from membership in the Credit Union in the manner provided by law. A member who causes the Credit Union to incur monetary loss of \$50 or more will be automatically expelled.

ARTICLE XIII

DISSOLUTION

SECTION 1.

This Credit Union may be dissolved at any time in the manner provided by law.

ARTICLE XIV

AMENDMENTS

SECTION 1.

These bylaws may be altered, amended or repealed by the Board of Directors as provided for in Section 305 of the Credit Union Code or by ballot (paper and/or electronic) upon the affirmative vote of 2/3 of the members responding to the ballot. Bylaw amendments or actions pursuant to Section 305(d) proposed by the membership for action at an annual or special meeting may be submitted to the membership for ballot upon vote of the Board of Directors. Procedures for ballots shall be in accordance with policies adopted by the Board of Directors from time to time.