

12 C.F.R. Parts 544 and 552 provide the standard requirements and permissible language for the charters and bylaws of insured federal savings institutions. These regulations ensure that the operations of an institution comply with Section 5 of the Home Owners' Loan Act (HOLA) and applicable laws, rules, and regulations governing federally chartered savings institutions. In addition to providing the standards governing charters and bylaws, 12 C.F.R. Parts 544 and 552 also describe the procedures for the filing and/or approval of charter and bylaw amendments, by notice or application, consistent with the preapproved provisions in the regulations.

Existing Charters

Federal institutions existing prior to September 15, 1983, may retain their old charters such as B, B(Rev), K(Rev), N(Rev), and L for mutual institutions, and S or T for stock institutions. If an institution proposes to adopt a new charter, or a portion thereof, however, it must adopt it in its entirety. This requirement prevents the intermingling of old and new charter provisions. Each institution may adopt its own form of bylaws. The bylaws, however, must contain provisions that comply with all requirements under 12 C.F.R. § 544.5 for mutual institutions and 12 C.F.R. §§ 552.5 through 552.6-4 for stock institutions. Model language for charter and bylaws may be found as an exhibit to this section.

Legal Opinions

A legal opinion is not required for preapproved charter or bylaw provisions. However, OTS may request a reasoned legal opinion if there are any concerns about whether a proposed amendment complies with certain laws. Such an opinion must address the permissibility of the amendment under the laws of the state where the institution's home office is located, or, if state law is unclear or silent, under Delaware's corporation laws. (12 C.F.R. §§ 544.2(a)(2)(i), 544.5(c)(1)(i), 552.4 (a)(2)(i) and 552.5(b)(i).)

Improperly Adopted Amendments

Charter: A charter amendment may be deemed invalid if it was submitted under the assumption that it is a properly adopted "preapproved" provision, but does not conform to regulatory provisions. In such instances, there are two alternatives: 1) if the discrepancy between the preapproved provision and the adopted version is minor (e.g., some variation in wording that does not alter the intent or meaning), the institution may be deemed to have adopted the provision as stated in the regulations, provided it properly discloses the impact of the amendment to members/stockholders; or 2) if the variation is such that the adopted provision conveys a different meaning, or could be subject to misinterpretation, the amendment will be treated as a request for approval of a nonconforming provision and processed accordingly.

Bylaws: In cases where OTS subsequently determines that a bylaw amendment is inconsistent with the regulations, despite the presence of a legal opinion and the acknowledgment of the filing by the Regional Director, then the amendment is rendered ineffective. The amendment will be treated as a request for approval of a nonconforming provision and processed accordingly.

Indemnification Provisions

Current OTS policy is to deny indemnification provisions that are broader than those provided by 12 C.F.R. § 545.121. Specific indemnification provisions may be included in bylaws, but indemnification provisions are not permitted in charters. Approval of an indemnification provision for an institution's bylaws may be granted under delegated authority if the provision is a verbatim citation of the regulation. Except for the use of the institution's name, where appropriate, any deviation in the language of 12 C.F.R. § 545.121 requires action by OTS.

Note: The provision of 12 C.F.R. § 545.121(f), which states that an institution having a bylaw relating to indemnification shall be governed solely by that bylaw provision is, in effect, a grandfathering provision. The intent of 12 C.F.R. § 545.121(f) is to allow those institutions having indemnification provisions in effect at the time the regulation was enacted in 1978 to continue to indemnify to the extent allowed by the institution's preexisting bylaw provision.

Anti-takeover Provisions

An anti-takeover provision is any amendment to the institution's bylaws, or in some cases to the charter, that renders more difficult or discourages a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of the institution's stock, or the removal of incumbent management. The Director of OTS, or her designee, will act on all anti-takeover amendments, except those preapproved in the regulations for newly converted institutions. Anti-takeover provisions that have been found acceptable by the OTS are listed in an exhibit to this section.

Annual Meeting/Fiscal Closing: Bylaw Considerations

Although only stock institutions are required to specify their fiscal year in their bylaws, a change in the fiscal year for either a mutual or stock institution may require an amendment to the annual meeting provision of the bylaws. (A change in the annual meeting provision may also require a change in the institution's fiscal year end, whether or not the institution has a fiscal closing bylaw provision.) As the time span between annual meetings may not exceed 15-½ months, a change in the fiscal closing date may require the institution to conduct two annual meetings within the specified time period.

Publication/Notice Requirements

As charter amendments require a vote of the members/stockholders, such a vote is usually taken at an annual or special meeting. The publication and/or notice requirements for the two types of meetings are provided in the institution's bylaws and in 12 C.F.R. §§ 544.5(b)(2) and (3), and 552.6(b). Notices for the two types of meetings differ in that a special notice is required to state the subject matter of the meeting.

Approval by Members or Stockholders of Charter and/or Bylaw Amendments*Mutual Institutions*

Charter amendments of a federal mutual savings institution must be submitted to and approved by the savings institution's members at a legal meeting. (12 C.F.R. § 544.1 Section 9.) Bylaw amendments of a federal mutual savings institution must be made in accordance with the savings institution's bylaws and approved by a majority vote of the authorized board of directors (trustees) OR by a vote of the members of the savings institution. (12 C.F.R. § 544.5 Section 15.)

Stock Institutions

Charter amendments of a federal stock savings institution must be first submitted to and approved by the board of directors of the savings institution and approved by a majority of the total voters eligible to vote at a legal meeting of the shareholders of the savings institution. (12 C.F.R. § 552.3 Section 8.) Bylaw amendments of a federal stock savings institution must be made in accordance with the savings institution's bylaws and approved by a majority of the board of directors OR by a majority of the shareholders of the savings institution. (12 C.F.R. § 552.5(a).)

If a savings institution seeks to change its charter or bylaws, the Regional Office must determine whether any corresponding change(s) needs to be made to the related provisions of the bylaws or charter, respectively. A determination must be made that the appropriate changes have been or will be made.

FILING AND PROCESSING REQUIREMENTS**Information and Form Requirements**

An institution must either file a notice or an application to amend its charter and/or bylaws, depending on the nature of the amendment. The institution must file the original and two copies of each notice or application, and the appropriate processing fee, with the Regional Office of the Region in which the principal office of the institution is located. In addition to the copies filed with the Region, the applicant may also be required to file three copies with the Applications Filing Room in Washington, D.C. for those applications or notices that require concurrent processing by OTS-Washington and Regional staff. All copies are to be clearly marked as to the type of filing and should contain all exhibits and other pertinent documents. Specific filing requirements are set forth below.

*Charter Amendments**Application Filing*

If the proposed charter amendment would render more difficult or discourage a merger, proxy contest, tender offer (applicable to a stock institution), the assumption of control by a mutual accountholder of the institution (applicable to a mutual institution), the assumption of control by a holder of a block of the institution's stock (applicable to a stock institution), remove incumbent

management, or involve significant issues of law or policy, the institution must file an application requesting the prior written approval of the OTS. These types of applications are nondelegated and will be processed concurrently with the OTS Washington office. In support of an application for approval of the amendment, the institution should file the following information:

- One original and two copies of the proposed amendment, as approved by the board of directors, and certified by the institution's secretary or assistant secretary;
- A discussion of the basis for the amendment; and
- A copy of the amendment “marked” to show how the proposed charter provision varies from the current provision.

These applications will be processed in accordance with the provisions of 12 C.F.R. Part 516 (see processing procedures and time frames). In evaluating a request to adopt such an amendment, OTS will take into consideration the following:

- Has a similar provision previously received approval by OTS?
- If deemed necessary, has an opinion of legal counsel been submitted?
- Would the adoption of the amendment result in any impairment of the ability of management and/or directors to properly oversee the operations of the institution?

If the amendment is approved, it will be conditioned upon the following:

- The proposed amendments must be submitted to members/shareholders for their approval pursuant to the requirements of the institution's charter;
- The proposed amendments are described in the institution's proxy statement for the next meeting of shareholders for stock institutions;
- The full text of the proposed amendment(s) is annexed to the proxy statement; and
- The institution must submit materials that verify compliance with the above conditions to the appropriate Regional Office for review prior to issuance of final approval.

Notice Filing

If a proposed amendment does not involve a provision that would cause an application to be submitted, and is permissible under all applicable laws, rules and regulations, the institution must submit a notice of the proposed amendment to the Regional Office at least 30 days prior to the effective date of the amendment. The amendment shall automatically be approved within 30 days of the filing, provided the institution follows the requirements of its charter in adopting the amendment. The automatic approval does not apply if, prior to the expiration of the 30-day period, the Regional Office notifies the institution that the amendment is rejected, or deemed to be filed as an application. The institution should submit the following information in support of its notice:

- One signed and two conformed copies of the proposed amendment;

-
- Directors' resolution adopting the amendment and stating the text of the amendment;
 - A discussion of how the amendment deviates from the standard provision; and
 - If applicable, a legal opinion that confirms that the proposed amendment is in compliance with all laws, rules and regulations.

In evaluating a request to adopt such an amendment, OTS will take into consideration the following:

- Has a similar provision previously received approval by OTS?
- If applicable, has an opinion of legal counsel been submitted?
- Would the adoption of the amendment result in any impairment of the ability of management and/or directors to properly oversee the operations of the institution?
- Is the amendment consistent with the provisions of the regulations and the institution's charter?

If the amendment is approved, it will be conditioned upon the following:

- The proposed amendments must receive approval pursuant to the requirements of the institution's charter; and
- The institution must submit materials that set forth the effective date of the amendment, and verifies that the amendment was properly adopted.

Notification

If an institution proposes to adopt the standard form of charter set forth in 12 C.F.R. § 544.2 (for mutual institutions) or 12 C.F.R. § 555.4 (for stock institutions), or any of the charter amendments set forth in 12 C.F.R. § 544.2(b)1-4 (for mutual institutions), or 12 C.F.R. § 552.4(b)1-8 (for stock institutions), such amendments shall be effective and deemed approved at the time of adoption, if the amendment is filed with the Regional Office within 30 days after adoption and the institution follows the requirements of its charter in adopting such amendments. The institution must submit the following information within the 30-day period:

- OTS Form 1563;
- One signed and two conformed copies of the amendment; and
- Certification by the institution evidencing adoption of the proposed amendment by the board of directors and the date and vote of adoption of the proposed amendment by the members/stockholders, if applicable.

The Regional Office should review the amendment to ensure that it conforms to the required regulatory provisions and that it has been adopted in accordance with its charter and bylaws. An acknowledgement of the amendment's receipt by the Region should be sent to the institution after the review confirms that such amendment is in conformance with regulatory requirements. If the review

finds that the language of the proposed amendment does not conform to regulatory requirements, the Regional Office should promptly notify the institution that the amendment is subject to a thirty day review, or the application requirements, as discussed above.

Bylaw Amendments*Application Filing*

If the proposed amendment would render it more difficult or discourage a merger, proxy contest, tender offer (applicable to a stock institution), the assumption of control by a mutual accountholder of the institution (applicable to a mutual institution), the assumption of control by a holder of a block of the institution's stock (applicable to a stock institution), or removal of incumbent management, or be inconsistent with applicable laws, rule or regulations or the institution's charter, or involve a significant issue of law or policy, including indemnification, conflicts of interest, and limitations on director or officer liability, an application requesting the prior written approval from OTS must be filed. Furthermore, for stock institutions, the applicant must file an application if the amendment is inconsistent with the provisions of 12 C.F.R. §§ 552.6, 552.6-1, 552.6-2 and 552.6-3. The following should be submitted in support of an application:

- One original and two copies of the proposed amendment, as approved by the board of directors, and certified by the institution's secretary or assistant secretary;
- A discussion of the basis for the amendment; and
- A copy of the amendment "marked" to show how the proposed bylaw provision varies from the current provision.

These applications will be processed in accordance with the provisions of 12 C.F.R. Part 516 (see processing procedures and time frames). In evaluating a request to adopt such an amendment, OTS will take into consideration the following:

- Has a similar provision previously received approval by OTS?
- If necessary, has an opinion of legal counsel been submitted? A legal opinion may be required since many of the nonconforming amendments tend to restrict member/stockholder rights in favor of the existing board of directors and/or management.
- Would the adoption of the amendment result in any impairment of the ability of management and/or directors to properly oversee the operations of the institution?

If the amendment is approved, it will be conditioned upon the following:

- The proposed amendment must be submitted to members/shareholders for their approval pursuant to the requirements of the institution's charter;
- The proposed amendments are described in the institution's proxy statement for the next meeting of shareholders for stock institutions;
- The full text of the proposed amendment(s) is annexed to the proxy statement; and

-
- The institution must submit materials that verify compliance with the above conditions to the appropriate Regional Office for review prior to issuance of final approval.

Notice Filing

If a proposed bylaw amendment does not involve a provision that would cause an application to be submitted, and is permissible under all applicable laws, rules and regulations, the institution must submit a notice of the proposed amendment to the Region Office at least 30 days prior to the effective date of the amendment. This bylaw amendment shall automatically be approved within 30 days of the filing of the amendment, provided the institution follows the requirements of its charter in adopting the amendment. The automatic approval does not apply if, prior to the expiration of the 30-day period, the Regional Office notifies the institution that the amendment is rejected, or deemed to be filed as an application. The institution should submit the following information in support of its notice:

- One signed and two conformed copies of the proposed amendment;
- Directors' resolution adopting the amendment and stating the text of the amendment;
- A discussion of how the amendment deviates from the standard provision;
- The proposed date of the institution's special or annual meeting to consider the amendment; and
- If applicable, a legal opinion that confirms that the proposed amendment is in compliance with all laws, rules and regulations. A legal opinion may be required since many of the nonconforming amendments tend to restrict member/stockholder rights in favor of the existing board of directors and/or management.

In evaluating a request to adopt such an amendment, OTS will take into consideration the following:

- Has a similar provision previously received approval by OTS?
- If applicable, has an opinion of legal counsel been submitted?
- Would the adoption of the amendment result in any impairment of the ability of management and/or directors to properly oversee the operations of the institution?

If the amendment is approved, it will be conditioned upon the following:

- The proposed amendments must receive approval pursuant to the requirements of the institution's charter and bylaws; and
- The institution must submit materials that sets forth the effective date of the amendment, and verifies that the amendment was properly adopted.

Notification

If an institution proposes to adopt the language of the model bylaws, or any of the optional bylaws, set forth as exhibits to this section, such amendment shall be effective and deemed approved at the time of adoption, if the amendment is filed with the Regional Office within 30 days after adoption and the institution follows the requirements of its charter in adopting such amendment. The institution must submit the following information within the 30-day period:

- OTS Form 1563;
- One signed and two conformed copies of the amendment; and
- Certification by the institution evidencing adoption of the proposed amendment by the board of directors and the date and vote of adoption of the proposed amendment by the members/stockholders.

The Regional Office should review the amendment to ensure that it conforms to the required regulatory provisions and that it has been adopted in accordance with its charter. An acknowledgement of the amendment's receipt by the Region should be sent to the institution after the review confirms that such amendment is in conformance with regulatory requirements. If the review finds that the language of the proposed amendment does not conform to regulatory requirements, the Regional Office should promptly notify the institution that the amendment is subject to a thirty day review, or the application requirements, as discussed above.

Corporate Governance Procedures

A mutual institution may elect to follow the corporate governance procedures of the laws of the state where the main office of the institution is located, provided that such procedures may be elected only to the extent not inconsistent with applicable federal statutes, regulations, and safety and soundness, and such procedures do not include anti-takeover provisions, or include provisions that involve significant issues of law or policy. If an institution makes this election, it must designate in its bylaws the provision(s) from the body of law selected for its corporate governance procedures, and must file a copy of such bylaws, which are effective upon adoption, within 30 days after adoption, with OTS. The filing must indicate, where not obvious, why the bylaw provision(s) meet the requirements for adoption. Any bylaw amendment filed in accordance with these procedures will automatically be effective 30 days from the date of the filing, provided that the institution follows the requirements of its charter and bylaws in adopting the amendment. This automatic effective date does not apply if, prior to the expiration of the 30-day period, OTS notifies the institution that amendment is rejected or the amendment has been deemed an application.

Stock institutions may also elect to follow the corporate governance procedures of the laws of the state where the main office of the institution is located; the laws of the state where the institution's holding company, if any, is incorporated or chartered; Delaware General Corporation law; or The Model Business Corporation Act, provided that such procedures may be elected only to the extent not inconsistent with applicable federal statutes, regulations, and safety and soundness, and such procedures do not include anti-takeover provisions, or include provisions that involve significant issues of law or policy. All other filing requirements and procedures for adoption are the same as those for mutual institutions.

Processing Procedures and Time Frames*Applications*

As indicated, if this application does not qualify for processing under delegated authority, it will be processed concurrently with OTS-Washington staff. As a general matter, correspondence from OTS regarding applications will be transmitted from OTS-Washington.

Within five business days of receipt of the application and the application fee, the Regional Office must notify the applicant of the application's receipt. The appropriate application fee must accompany each application in order for it to be considered filed. The application will not be considered filed until received by both OTS-Washington and the Regional Office.

Within 30 calendar days of receipt of a properly submitted application, OTS shall take the following actions.

- Deem the application complete;
- Request, in writing, any additional information necessary to deem the application complete; or
- Decline to further process the application if it is deemed by OTS to be materially deficient.

Failure by OTS to act within 30 calendar days of receipt of the application for processing shall result in the filed application being deemed complete, commencing the period for review.

OTS must timely review all requests for a waiver of an application requirement that certain information be supplied. Unless OTS requests, in writing, additional information about the waiver request, or denies the waiver request, the waiver request shall be deemed granted.

If additional information is requested, a response must be submitted within 30 calendar days of the letter requesting such information. The applicant may, in writing, request a brief extension of the 30-calendar day period for responding to a request for additional information, prior to the expiration of the 30-calendar day time period. OTS, at its option, may grant the applicant a limited extension of time in writing. Failure to respond to a written request for additional information within 30 calendar days of such request may be deemed to constitute withdrawal of the application or may be treated as grounds for denial or disapproval of the application.

After the timely filing of additional information in response to any initial or subsequent request by OTS for additional information, OTS has 15 calendar days to review the additional information for completeness or appropriateness and take one of the following actions:

- Request, in writing, any additional information necessary to deem the application complete;
- Deem the application complete; or
- Decline to further process the application if it is deemed by OTS to be materially deficient.

The 15-day review period commences when OTS receives a response that purports to respond to all questions in the information request. OTS may extend the 15-day review period for an additional 15 calendar days, if OTS requires the additional time to review the response. OTS will notify the applicant that it has extended the period before the end of the initial 15-day period.

Failure by OTS to act within 15 calendar days of receipt of the additional information shall result in the filed application being deemed complete, commencing the period for review.

Once the application has been deemed complete, there is a 60-calendar day review period during which time OTS will take into consideration all factors present in the application and render a decision thereon. If, upon expiration of the 60-day review period, assuming no extension has been granted, OTS has failed to act, the application is deemed approved automatically, and the applicant may thereafter consummate the transaction. If multiple applications are submitted in connection with one transaction, the applicable review period for all applications is the review period for the application with the longest review period, subject to statutory review periods.

During the review period, OTS may request additional information if the information is necessary to resolve or clarify the issues presented in the application. OTS may also notify the applicant that the application is incomplete and require that the applicant submit additional information to complete the application. The review period can be extended an additional 30 calendar days if OTS determines that additional time will be required to analyze the proposed transaction. In such cases, OTS must notify an applicant prior to the expiration of the period for review. In situations in which an application presents a significant issue of law or policy, OTS may extend the applicable period for review of such application beyond the time period for review. In these cases, written notice must be provided to an applicant no later than the expiration of the time period.

Under 12 C.F.R. § 516.290, if OTS has not acted on a pending application within two calendar years after the filing date, the application will be deemed withdrawn unless OTS determines that the applicant is actively pursuing a final determination on the application. Applications that are subject to this withdrawal provision are those that have failed to timely take action such as filing required additional information, or OTS has suspended processing of an application based on circumstances that are, in whole or in part, within the applicant's control and the applicant has failed to take reasonable steps to resolve these circumstances.

For purposes of calculating processing time frames, OTS does not include the day of the act or event, in determining the date the time period commences. In determining the conclusion of a time period, when the last day of the time period is a Saturday, Sunday, or a Federal holiday, the last day will become the next day that is not a Saturday, Sunday, or Federal holiday.

RECORDKEEPING REQUIREMENTS

OTS is required to consolidate all correspondence related to the processing of the notice or application into a file copy to be sent to a central file. Both the Regional Office and OTS-Washington will maintain a separate file copy for nondelegated filings. The file copy must include a copy of the original filing including all exhibits, all amendments, all internal and external correspondence between interested parties, all documentation associated with the review and analysis

of the filing, and all decision, recommendation memorandum, and compliance material. The file copy must be organized and separated into public and confidential material, and clearly identified as such.

MONITORING AND CONTROL

If the amendment is processed as a notice, a review of the amendment and documentation may be necessary to ensure that the final language as approved was, in fact, properly adopted. If this review is necessary, the Regional Director, or their designee, may date stamp the amendment upon receipt to show its filing and effectiveness and send it to the institution, accompanied by an acknowledgment letter. If the Regional Office uses a stamp that acknowledges the filing, no formal cover letter is required. If at any point it is determined that an amendment has been improperly adopted, the institution must be notified immediately and informed of the proper procedures to follow.

If the amendment is processed as an application, the approval order or letter may include conditions of approval. The Regional Office will monitor compliance with all conditions imposed in connection with an application's approval. The applicant must submit evidence of satisfaction of the conditions included in the approval order or letter to the Regional Office within the stated time frames.

The appropriate staff responsible for the supervision and examination of the institution should be notified of the action taken on an application. In addition, they should be provided with copies of the approval order or letter. If an application is approved, the first examination of the institution following the approval should include a review of compliance with all conditions of approval and any changes in operations as a result of the transaction.

A review of the application file should be made after all compliance material is received to ensure that the file is complete. Any deficiencies should be corrected before the file is sent to storage.

OTS-Washington may conduct a post audit review of the application in the Regional Office, including a review of the documentation maintained in the application file.

INFORMATION SOURCES

Statutes

12 U.S.C. § 1464

Home Owners' Loan Act of 1933, Section (5)

Regulations

Federal Stock Institutions

12 C.F.R. § 545.121

12 C.F.R. § 552.3

12 C.F.R. § 552.4

Indemnification of Officers, Directors and Employees
Charters for Federal Stock Institutions
Charter Amendments (preapproved)

12 C.F.R. § 552.5	Federal Stock Savings Institution Bylaws
12 C.F.R. § 552.6 through 6-3	

Federal Mutual Institutions

12 C.F.R. § 544.1	Federal Mutual Charter
12 C.F.R. § 544.2	Charter Amendments (preapproved)
12 C.F.R. § 544.5	Federal Mutual Savings Institution Bylaws

General

12 C.F.R. Part 516	Application Processing Guidelines and Procedures
12 C.F.R. § 543.1	Corporate Title
12 C.F.R. § 545.95	Change of Office Location and Redesignation of Office

Exhibits

Examples of anti-takeover amendments the OTS has found acceptable.

Forms

OTS Form 1502-E	OTS Model Charter for Stock Institutions
OTS Form 1502-F	OTS Model Charter for Mutual Institutions
OTS Form 1518	OTS Model Bylaws for Stock Institutions
OTS Form 1577	OTS Model Bylaws for Mutual Institutions

Optional Bylaw Provisions

Integrity of Directors

Exhibit - Anti-takeover Charter and Bylaw Provisions

The following are examples of anti-takeover amendments that have been found acceptable by the OTS.

Approved Amendments

1. Introduction of new business at the annual meeting – notification to the Secretary at least 20 days prior to the annual meeting. (5 days is current requirement)
2. Nominations for directors – must be submitted in writing at least 20 days in advance of meeting or if notice is mailed 30 days or less, then at least 10 days prior to the meeting. (5 days is current requirement)
3. Qualifying director shares – deleting completely/or increasing number of shares required. (100 shares is in model bylaws, but is not a requirement)
4. Board of directors vacancies – filled only by 80% (or some lesser supermajority) of the directors then in office. (a majority of directors voting may fill vacancy under current requirements)
5. Special meetings of the stockholders – called at the request of either 80% (or some lesser supermajority) of whole board or 20% of the voting shares (board of directors or 10% of the shareholders may call special meeting under current requirement)
6. Amendments to bylaws – only by 80% (or some lesser supermajority) of whole board or 80% (or some lesser supermajority) of the shareholders. (majority of whole board or majority of shareholders can amend the bylaws under current requirements.)
7. Amendments to charter – only by 80% (or some lesser supermajority) of whole board and affirmative vote of 80% (or some lesser supermajority) of the shareholders. (majorities of both are currently required.)
8. Shareholder approval for issuance of common stock exceeding 15% of outstanding stock – eliminate.
9. Fair price amendments – requiring supermajority vote prior to entering into certain business combinations.
10. Calling special meetings – increasing the requirement to 50% of shareholders. (currently 10%)
11. Changing the number of directors – only by supermajority vote of whole board or shareholders. (board may increase number of directors until the next election of directors under current requirements)
12. Removal of directors – by cause by a majority of shareholders, without cause by a supermajority of shareholders. (removal for cause only by a majority of shareholders. No removal without cause under current requirements)
13. 563(b)(3)(i) Protection – for five years (in conjunction with a mutual to stock conversion.)

**Exhibit – Model Charter – Stock
OTS Form 1502-E**

**Office of Thrift Supervision
Federal Stock Association Charter**

Section 1. Corporate title. The full corporate title of the association is _____.

Section 2. Office. The home office shall be located in _____
_____ [city, state].

Section 3. Duration. The duration of the association is perpetual.

Section 4. Purpose and Powers. The purpose of the association is to pursue any or all of the lawful objectives of a Federal savings association chartered under section 5 of the Home Owners' Loan Act and to exercise all of the express, implied and incidental powers conferred thereby and by all acts amendatory thereof and supplemental thereto, subject to the Constitution and laws of the United States as they are now in effect, or as they may hereafter be amended, and subject to all lawful and applicable rules, regulations, and orders of the Office of Thrift Supervision (Office).

Section 5. Capital Stock. The total number of shares of all classes of the capital stock that the association has the authority to issue is _____, all of which shall be common stock of par [or if no par is specified then shares shall have a stated] value of _____ per share. The shares may be issued from time to time as authorized by the board of directors without the approval of its shareholders, except as otherwise provided in this Section 5 or to the extent that such approval is required by governing law, rule, or regulation. The consideration for the issuance of the shares shall be paid in full before their issuance and shall not be less than the par [or stated] value. Neither promissory notes nor future services shall constitute payment or part payment for the issuance of shares of the association. The consideration for the shares shall be cash, tangible or intangible property (to the extent direct investment in such property would be permitted to the association), labor, or services actually performed for the association, or any combination of the foregoing. In the absence of actual fraud in the transaction, the value of such property, labor, or services, as determined by the board of directors of the association, shall be conclusive. Upon payment of such consideration, such shares shall be deemed to be fully paid and nonassessable. In the case of a stock dividend, that part of the retained earnings of the association that is transferred to common stock or paid-in capital accounts upon the issuance of shares as a stock dividend shall be deemed to be the consideration for their issuance.

Except for shares issued in the initial organization of the association or in connection with the conversion of the association from the mutual to stock form of capitalization, no shares of capital stock (including shares issuable upon conversion, exchange, or exercise of other securities) shall be issued, directly or indirectly, to officers, directors, or controlling persons of the association other than as part of a general public offering or as qualifying shares to a director, unless the issuance or the plan

under which they would be issued has been approved by a majority of the total votes eligible to be cast at a legal meeting.

The holders of the common stock shall exclusively possess all voting power. Each holder of shares of common stock shall be entitled to one vote for each share held by such holder, except as to the cumulation of votes for the election of directors, unless the charter provides that there shall be no such cumulative voting. Subject to any provision for a liquidation account, in the event of any liquidation, dissolution, or winding up of the association, the holders of the common stock shall be entitled, after payment or provision for payment of all debts and liabilities of the association, to receive the remaining assets of the association available for distribution, in cash or in kind. Each share of common stock shall have the same relative rights as and be identical in all respects with all the other shares of common stock.

Section 6. Preemptive rights. Holders of the capital stock of the association shall not be entitled to preemptive rights with respect to any shares of the association, which may be issued.

Section 7. Directors. The association shall be under the direction of a board of directors. The authorized number of directors, as stated in the association's bylaws, shall not be fewer than five nor more than fifteen except when a greater or lesser number is approved by the Director of the Office, or his or her delegate.

Section 8. Amendment of charter. Except as provided in Section 5, no amendment, addition, alteration, change or repeal of this charter shall be made, unless such is proposed by the board of directors of the association, approved by the shareholders by a majority of the votes eligible to be cast at a legal meeting, unless a higher vote is otherwise required, and approved or preapproved by the Office.

Attest: _____

Secretary of the Association

By: _____

President or Chief Executive Officer of the Association

Attest: _____

Secretary of the Office of Thrift Supervision

By: _____

Director of the Office of Thrift Supervision

Effective Date: _____

**Exhibit – Model Charter – Mutual
OTS Form 1502-F**

**Office of Thrift Supervision
Federal Mutual Association Charter**

Federal mutual savings banks should substitute the term “savings bank” for “association” throughout.

Section 1. Corporate title. The full corporate title of the Federal savings association is

Section 2. Office. The home office shall be located in

[city, state].

Section 3. Duration. The duration of the association is perpetual.

Section 4. Purpose and Powers. The purpose of the association is to pursue any or all of the lawful objectives of a Federal mutual savings association chartered under section 5 of the Home Owners' Loan Act and to exercise all the express, implied and incidental powers conferred thereby and by all acts amendatory thereof and supplemental thereto, subject to the Constitution and laws of the United States as they are now in effect, or as they may hereafter be amended, and subject to all lawful and applicable rules, regulations, and orders of the Office of Thrift Supervision (Office).

Section 5. Capital. The association may raise capital by accepting payments on savings and demand accounts and by any other means authorized by the Office.

Section 6. Members. All holders of the association's savings, demand or other authorized accounts are members of the association. In the consideration of all questions requiring action by the members of the association, each holder of an account shall be permitted to cast one vote for each \$100, or fraction thereof, of the withdrawal value of the member's account. No member, however, shall cast more than 1000 votes. All accounts shall be nonassessable.

Section 7. Directors. The association shall be under the direction of a board of directors. The authorized number of directors shall not be fewer than five nor more than fifteen persons, as fixed in the association's bylaws, except that the number of directors may be decreased to a number less than five or increased to a number greater than fifteen with the prior approval of the Director of the Office or his or her delegate.

Section 8. Capital, surplus, and distribution of earnings. The association shall maintain for the purpose of meeting losses the amount of capital required by section 5 of the Home Owners' Loan Act and by regulations of the Office. The association shall distribute net earnings on its accounts on such basis and in accordance with such terms and conditions as may from time to time be authorized by the Director of the Office: **Provided**, that the association may establish minimum-balance requirements for accounts to be eligible for distribution of earnings. All holders of accounts of the

association shall be entitled to equal distribution of assets, **pro rata** to the value of their accounts, in the event of voluntary or involuntary liquidation, dissolution, or winding up of the association. Moreover, in any such event, or in any other situation in which the priority of such accounts is in controversy, all such accounts shall, to the extent of their withdrawal value, be debts of the association having the same priority as the claims of general creditors of the association not having priority (other than any priority arising or resulting from consensual subordination) over other general creditors of the association.

Section 9. Amendment of charter. Adoption of any preapproved charter amendment shall be effective after such preapproved amendment has been approved by the members at a legal meeting. Any other amendment, addition, change, or repeal of this charter must be approved by the Office prior to approval by the members at a legal meeting, and shall be effective upon filing with the Office in accordance with regulatory procedures.

Attest: _____

Secretary of the Association

By: _____

President or Chief Executive Officer of the Association

Attest: _____

Secretary of the Office of Thrift Supervision

By: _____

Director of the Office of Thrift Supervision

Effective Date: _____

**Exhibit – Model Bylaws – Stock
OTS Form 1518****OFFICE OF THRIFT SUPERVISION
Model Bylaws for Stock Associations**

The bylaws for a Federal stock savings bank may substitute the term “savings bank” for “association.”

Article I - Home Office

The home office of the association shall be at _____ [set forth the full address] in the County of _____, in the State of _____.

Article II - Shareholders

Section 1. Place of Meetings. All annual and special meetings of shareholders shall be held at the home office of the association or at such other convenient place as the board of directors may determine.

Section 2. Annual Meeting. A meeting of the shareholders of the association for the election of directors and for the transaction of any other business of the association shall be held annually within 150 days after the end of the association's fiscal year on the ___ of ___ if not a legal holiday, and if a legal holiday, then on the next day following which is not a legal holiday, at ___, or at such other date and time within such 150-day period as the board of directors may determine.

Section 3. Special Meetings. Special meetings of the shareholders for any purpose or purposes, unless otherwise prescribed by the regulations of the Office of Thrift Supervision (Office), may be called at any time by the chairman of the board, the president, or a majority of the board of directors, and shall be called by the chairman of the board, the president, or the secretary upon the written request of the holders of not less than one-tenth of all of the outstanding capital stock of the association entitled to vote at the meeting. Such written request shall state the purpose or purposes of the meeting and shall be delivered to the home office of the association addressed to the chairman of the board, the president, or the secretary.

Section 4. Conduct of Meetings. Annual and special meetings shall be conducted in accordance with the most current edition of Robert's Rules of Order unless otherwise prescribed by regulations of the Office or these bylaws or the board of directors adopts another written procedure for the conduct of meetings. The board of directors shall designate, when present, either the chairman of the board or president to preside at such meetings.

Section 5. Notice of Meetings. Written notice stating the place, day, and hour of the meeting and the purpose(s) for which the meeting is called shall be delivered not fewer than 20 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the chairman of the board, the president, or the secretary, or the directors calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be

delivered when deposited in the mail, addressed to the shareholder at the address as it appears on the stock transfer books or records of the association as of the record date prescribed in section 6 of this article II with postage prepaid. When any shareholders' meeting, either annual or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the time and place of any meeting adjourned for less than 30 days or of the business to be transacted at the meeting, other than an announcement at the meeting at which such adjournment is taken.

Section 6. Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors shall fix in advance a date as the record date for any such determination of shareholders. Such date in any case shall be not more than 60 days and, in case of a meeting of shareholders, not fewer than 10 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment.

Section 7. Voting Lists. At least 20 days before each meeting of the shareholders, the officer or agent having charge of the stock transfer books for shares of the association shall make a complete list of the shareholders of record entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address and the number of shares held by each. This list of shareholders shall be kept on file at the home office of the association and shall be subject to inspection by any shareholder of record or the shareholder's agent at any time during usual business hours for a period of 20 days prior to such meeting. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any shareholder of record or any shareholder's agent during the entire time of the meeting. The original stock transfer book shall constitute prima facie evidence of the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. In lieu of making the shareholder list available for inspection by shareholders as provided in the preceding paragraph, the board of directors may elect to follow the procedures prescribed in § 552.6(d) of the Office's regulations as now or hereafter in effect.

Section 8. Quorum. A majority of the outstanding shares of the association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares is represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to constitute less than a quorum. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number of shareholders voting together or voting by classes is required by law or the charter. Directors, however, are elected by a plurality of the votes cast at an election of directors.

Section 9. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his or her duly authorized attorney in fact. Proxies may be given

telephonically or electronically as long as the holder uses a procedure for verifying the identity of the shareholder. Proxies solicited on behalf of the management shall be voted as directed by the shareholder or, in the absence of such direction, as determined by a majority of the board of directors. No proxy shall be valid more than eleven months from the date of its execution except for a proxy coupled with an interest.

Section 10. Voting of Shares in the Name of Two or More Persons. When ownership stands in the name of two or more persons, in the absence of written directions to the association to the contrary, at any meeting of the shareholders of the association any one or more of such shareholders may cast, in person or by proxy, all votes to which such ownership is entitled. In the event an attempt is made to cast conflicting votes, in person or by proxy, by the several persons in whose names shares of stock stand, the vote or votes to which those persons are entitled shall be cast as directed by a majority of those holding such and present in person or by proxy at such meeting, but no votes shall be cast for such stock if a majority cannot agree.

Section 11. Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by any officer, agent, or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine. Shares held by an administrator, executor, guardian, or conservator may be voted by him or her, either in person or by proxy, without a transfer of such shares into his or her name. Shares standing in the name of a trustee may be voted by him or her, either in person or by proxy, but no trustee shall be entitled to vote shares held by him or her without a transfer of such shares into his or her name. Shares held in trust in an IRA or Keogh Account, however, may be voted by the association if no other instructions are received. Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer into his or her name if authority to do so is contained in an appropriate order of the court or other public authority by which such receiver was appointed. A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred. Neither treasury shares of its own stock held by the association nor shares held by another corporation, if a majority of the shares entitled to vote for the election of directors of such other corporation are held by the association, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time for purposes of any meeting. [If charter authorizes cumulative voting, the following Section 12 shall apply, otherwise renumber Sections 13 - 16 as Sections 12 - 15.]

Section 12. Cumulative Voting. Every shareholder entitled to vote at an election for directors shall have the right to vote, in person or by proxy, the number of shares owned by the shareholder for as many persons as there are directors to be elected and for whose election the shareholder has a right to vote, or to cumulate the votes by giving one candidate as many votes as the number of such directors to be elected multiplied by the number of shares shall equal or by distributing such votes on the same principle among any number of candidates.

Section 13. Inspectors of Election. In advance of any meeting of shareholders, the board of directors may appoint any person other than nominees for office as inspectors of election to act at such meeting or any adjournment. The number of inspectors shall be either one or three. Any such appointment shall not be altered at the meeting. If inspectors of election are not so appointed, the

chairman of the board or the president may, or on the request of not fewer than 10 percent of the votes represented at the meeting shall, make such appointment at the meeting. If appointed at the meeting, the majority of the votes present shall determine whether one or three inspectors are to be appointed. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the board of directors in advance of the meeting or at the meeting by the chairman of the board or the president. Unless otherwise prescribed by regulations of the Office, the duties of such inspectors shall include: determining the number of shares and the voting power of each share, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies; receiving votes, ballots, or consents; hearing and determining all challenges and questions in any way arising in connection with the rights to vote; counting and tabulating all votes or consents; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all shareholders.

Section 14. Nominating Committee. The board of directors shall act as a nominating committee for selecting the management nominees for election as directors. Except in the case of a nominee substituted as a result of the death or other incapacity of a management nominee, the nominating committee shall deliver written nominations to the secretary at least 20 days prior to the date of the annual meeting. Upon delivery, such nominations shall be posted in a conspicuous place in each office of the association. No nominations for directors except those made by the nominating committee shall be voted upon at the annual meeting unless other nominations by shareholders are made in writing and delivered to the secretary of the association at least five days prior to the date of the annual meeting. Upon delivery, such nominations shall be posted in a conspicuous place in each office of the association. Ballots bearing the names of all persons nominated by the nominating committee and by shareholders shall be provided for use at the annual meeting. However, if the nominating committee shall fail or refuse to act at least 20 days prior to the annual meeting, nominations for directors may be made at the annual meeting by any shareholder entitled to vote and shall be voted upon.

Section 15. New Business. Any new business to be taken up at the annual meeting shall be stated in writing and filed with the secretary of the association at least five days before the date of the annual meeting, and all business so stated, proposed, and filed shall be considered at the annual meeting; but no other proposal shall be acted upon at the annual meeting. Any shareholder may make any other proposal at the annual meeting and the same may be discussed and considered, but unless stated in writing and filed with the secretary at least five days before the meeting, such proposal shall be laid over for action at an adjourned, special, or annual meeting of the shareholders taking place 30 days or more thereafter. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors, and committees; but in connection with such reports, no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.

Section 16. Informal Action by Shareholders. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of shareholders, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be given by all of the shareholders entitled to vote with respect to the subject matter.

Article III - Board of Directors

Section 1. General Powers. The business and affairs of the association shall be under the direction of its board of directors. The board of directors shall annually elect a chairman of the board and a president from among its members and shall designate, when present, either the chairman of the board or the president to preside at its meetings.

Section 2. Number and Term. The board of directors shall consist of ___ [not fewer than five nor more than fifteen] members, and shall be divided into three classes as nearly equal in number as possible. The members of each class shall be elected for a term of three years and until their successors are elected and qualified. One class shall be elected by ballot annually.

Section 3. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than this bylaw following the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place, for the holding of additional regular meetings without other notice than such resolution. Directors may participate in a meeting by means of a conference telephone or similar communications device through which all persons participating can hear each other at the same time. Participation by such means shall constitute presence in person for all purposes.

Section 4. Qualification. Each director shall at all times be the beneficial owner of not less than 100 shares of capital stock of the association unless the association is a wholly owned subsidiary of a holding company.

Section 5. Special Meetings. Special meetings of the board of directors may be called by or at the request of the chairman of the board, the president, or one-third of the directors. The persons authorized to call special meetings of the board of directors may fix any place, within the association's normal lending territory, as the place for holding any special meeting of the board of directors called by such persons. Members of the board of directors may participate in special meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person for all purposes.

Section 6. Notice. Written notice of any special meeting shall be given to each director at least 24 hours prior thereto when delivered personally or by telegram or at least five days prior thereto when delivered by mail at the address at which the director is most likely to be reached. Such notice shall be deemed to be delivered when deposited in the mail so addressed, with postage prepaid if mailed, when delivered to the telegraph company if sent by telegram, or when the association receives notice of delivery if electronically transmitted. Any director may waive notice of any meeting by a writing filed with the secretary. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the board of directors need be specified in the notice of waiver of notice of such meeting.

Section 7. Quorum. A majority of the number of directors fixed by section 2 of this article III shall constitute a quorum for the transaction of business at any meeting of the board of directors; but if less

than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time. Notice of any adjourned meeting shall be given in the same manner as prescribed by section 5 of this article III.

Section 8. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless a greater number is prescribed by regulation of the Office or by these bylaws.

Section 9. Action Without a Meeting. Any action required or permitted to be taken by the board of directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

Section 10. Resignation. Any director may resign at any time by sending a written notice of such resignation to the home office of the association addressed to the chairman of the board or the president. Unless otherwise specified, such resignation shall take effect upon receipt by the chairman of the board or the president. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when such resignation is accepted by the board of directors.

Section 11. Vacancies. Any vacancy occurring on the board of directors may be filled by the affirmative vote of a majority of the remaining directors although less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected to serve only until the next election of directors by the shareholders. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

Section 12. Compensation. Directors, as such, may receive a stated salary for their services. By resolution of the board of directors, a reasonable fixed sum, and reasonable expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the board of directors. Members of either standing or special committees may be allowed such compensation for attendance at committee meetings as the board of directors may determine.

Section 13. Presumption of Assent. A director of the association who is present at a meeting of the board of directors at which action on any association matter is taken shall be presumed to have assented to the action taken unless his or her dissent or abstention shall be entered in the minutes of the meeting or unless he or she shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the association within five days after the date a copy of the minutes of the meeting is received. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 14. Removal of Directors. At a meeting of shareholders called expressly for that purpose, any director may be removed only for cause by a vote of the holders of a majority of the shares then entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against the removal would be sufficient to elect a director if then cumulatively voted at an election of the class of directors of which such director is a part. [If cumulative voting has been deleted, the preceding sentence should be deleted.] Whenever the holders

of the shares of any class are entitled to elect one or more directors by the provisions of the charter or supplemental sections thereto, the provisions of this section shall apply, in respect to the removal of a director or directors so elected, to the vote of the holders of the outstanding shares of that class and not to the vote of the outstanding shares as a whole.

Article IV - Executive and Other Committees

Section 1. Appointment. The board of directors, by resolution adopted by a majority of the full board, may designate the chief executive officer and two or more of the other directors to constitute an executive committee. The designation of any committee pursuant to this Article IV and the delegation of authority shall not operate to relieve the board of directors, or any director, of any responsibility imposed by law or regulation.

Section 2. Authority. The executive committee, when the board of directors is not in session, shall have and may exercise all of the authority of the board of directors except to the extent, if any, that such authority shall be limited by the resolution appointing the executive committee; and except also that the executive committee shall not have the authority of the board of directors with reference to: the declaration of dividends; the amendment of the charter or bylaws of the association, or recommending to the shareholders a plan of merger, consolidation, or conversion; the sale, lease, or other disposition of all or substantially all of the property and assets of the association otherwise than in the usual and regular course of its business; a voluntary dissolution of the association; a revocation of any of the foregoing; or the approval of a transaction in which any member of the executive committee, directly or indirectly, has any material beneficial interest.

Section 3. Tenure. Subject to the provisions of section 8 of this article IV, each member of the executive committee shall hold office until the next regular annual meeting of the board of directors following his or her designation and until a successor is designated as a member of the executive committee.

Section 4. Meetings. Regular meetings of the executive committee may be held without notice at such times and places as the executive committee may fix from time to time by resolution. Special meetings of the executive committee may be called by any member thereof upon not less than one day's notice stating the place, date, and hour of the meeting, which notice may be written or oral. Any member of the executive committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the executive committee need not state the business proposed to be transacted at the meeting.

Section 5. Quorum. A majority of the members of the executive committee shall constitute a quorum for the transaction of business at any meeting thereof, and action of the executive committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

Section 6. Action Without a Meeting. Any action required or permitted to be taken by the executive committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the executive committee.

Section 7. Vacancies. Any vacancy in the executive committee may be filled by a resolution adopted by a majority of the full board of directors.

Section 8. Resignations and Removal. Any member of the executive committee may be removed at any time with or without cause by resolution adopted by a majority of the full board of directors. Any member of the executive committee may resign from the executive committee at any time by giving written notice to the president or secretary of the association. Unless otherwise specified, such resignation shall take effect upon its receipt; the acceptance of such resignation shall not be necessary to make it effective. No notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the executive committee need not state the business proposed to be transacted at the meeting.

Section 9. Procedure. The executive committee shall elect a presiding officer from its members and may fix its own rules of procedure, which shall not be inconsistent with these bylaws. It shall keep regular minutes of its proceedings and report the same to the board of directors for its information at the meeting held next after the proceedings shall have occurred.

Section 10. Other Committees. The board of directors may by resolution establish an audit, loan, or other committee composed of directors as they may determine to be necessary or appropriate for the conduct of the business of the association and may prescribe the duties, constitution, and procedures thereof.

Article V - Officers

Section 1. Positions. The officers of the association shall be a president, one or more vice presidents, a secretary, and a treasurer or comptroller, each of whom shall be elected by the board of directors. The board of directors may also designate the chairman of the board as an officer. The offices of the secretary and treasurer or comptroller may be held by the same person and a vice president may also be either the secretary or the treasurer or comptroller. The board of directors may designate one or more vice presidents as executive vice president or senior vice president. The board of directors may also elect or authorize the appointment of such other officers as the business of the association may require. The officers shall have such authority and perform such duties as the board of directors may from time to time authorize or determine. In the absence of action by the board of directors, the officers shall have such powers and duties as generally pertain to their respective offices.

Section 2. Election and Term of Office. The officers of the association shall be elected annually at the first meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as possible. Each officer shall hold office until a successor has been duly elected and qualified or until the officer's death, resignation, or removal in the manner hereinafter provided. Election or appointment of an officer, employee, or agent shall not of itself create contractual rights. The board of directors may authorize the association to enter into an employment contract with any officer in accordance with regulations of the Office; but no such contract shall impair the right of the board of directors to remove any officer at any time in accordance with section 3 of this article V.

Section 3. Removal. Any officer may be removed by the board of directors whenever in its judgment the best interests of the association will be served thereby, but such removal, other than for cause, shall be without prejudice to the contractual rights, if any, of the person so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the board of directors for the unexpired portion of the term.

Section 5. Remuneration. The remuneration of the officers shall be fixed from time to time by the board of directors.

Article VI - Contracts, Loans, Checks, and Deposits

Section 1. Contracts. To the extent permitted by regulations of the Office, and except as otherwise prescribed by these bylaws with respect to certificates for shares, the board of directors may authorize any officer, employee, or agent of the association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the association. Such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the association and no evidence of indebtedness shall be issued in its name unless authorized by the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks; Drafts. etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the association shall be signed by one or more officers, employees or agents of the association in such manner as shall from time to time be determined by the board of directors.

Section 4. Deposits. All funds of the association not otherwise employed shall be deposited from time to time to the credit of the association in any duly authorized depositories as the board of directors may select.

Article VII - Certificates for Shares and Their Transfer

Section 1. Certificates for Shares. Certificates representing shares of capital stock of the association shall be in such form as shall be determined by the board of directors and approved by the Office. Such certificates shall be signed by the chief executive officer or by any other officer of the association authorized by the board of directors, attested by the secretary or an assistant secretary, and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar other than the association itself or one of its employees. Each certificate for shares of capital stock shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the association. All certificates surrendered to the association for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares has been surrendered and canceled, except that in the case of a lost or destroyed certificate, a new certificate

may be issued upon such terms and indemnity to the association as the board of directors may prescribe.

Section 2. Transfer of Shares. Transfer of shares of capital stock of the association shall be made only on its stock transfer books. Authority for such transfer shall be given only by the holder of record or by his or her legal representative, who shall furnish proper evidence of such authority, or by his or her attorney authorized by a duly executed power of attorney and filed with the association. Such transfer shall be made only on surrender for cancellation of the certificate for such shares. The person in whose name shares of capital stock stand on the books of the association shall be deemed by the association to be the owner for all purposes.

Article VIII--Fiscal Year

The fiscal year of the association shall end on the _____ of _____ of each year. The appointment of accountants shall be subject to annual ratification by the shareholders.

Article IX - Dividends

Subject to the terms of the association's charter and the regulations and orders of the Office. The board of directors may, from time to time, declare, and the association may pay, dividends on its outstanding shares of capital stock.

Article X - Corporate Seal

The board of directors shall provide an association seal, which shall be two concentric circles between which shall be the name of the association. The year of incorporation or an emblem may appear in the center.

Article XI - Amendments

These bylaws may be amended in a manner consistent with regulations of the Office and shall be effective after: (i) approval of the amendment by a majority vote of the authorized board of directors, or by a majority vote of the votes cast by the shareholders of the association at any legal meeting, and (ii) receipt of any applicable regulatory approval. When an association fails to meet its quorum requirements, solely due to vacancies on the board, then the affirmative vote of a majority of the sitting board will be required to amend the bylaws.

**Exhibit – Model Bylaws – Mutual
OTS Form 1577****OFFICE OF THRIFT SUPERVISION
Model Bylaws for Mutual Savings Associations**

The bylaws for a Federal mutual savings bank may substitute the term “savings bank” for “association.” The term “trustees” may be substituted for the term “directors.”

- 1. Annual meeting of members.** The annual meeting of the members of the association for the election of directors and for the transaction of any other business of the association shall be held, as designated by the board of directors, at a location within the state that constitutes the principal place of business of the association, or at any other convenient place the board of directors may designate, at (insert date and time within 150 days after the end of the association's fiscal year, if not a legal holiday, or if a legal holiday then on the next succeeding day not a legal holiday). At each annual meeting, the officers shall make a full report of the financial condition of the association and of its progress for the preceding year and shall outline a program for the succeeding year.
- 2. Special meetings of members.** Special meetings of the members of the association may be called at any time by the president or the board of directors and shall be called by the president, a vice president, or the secretary upon the written request of members of record, holding in the aggregate at least one-tenth of the voting capital of the association. Such written request shall state the purpose of the meeting and shall be delivered at the principal place of business of the association addressed to the president. For purposes of this section, “voting capital” means FDIC-insured deposits as of the voting record date. Annual and special meetings shall be conducted in accordance with the most current edition of Robert's Rules of Order or any other set of written procedures agreed to by the board of directors.
- 3. Notice of meeting of members.** Notice of each meeting shall be either published once a week for the two successive calendar weeks (in each instance on any day of the week) immediately prior to the week in which such meeting shall convene, in a newspaper printed in the English language and of general circulation in the city or county in which the principal place of business of the association is located, or mailed postage prepaid at least (insert number no less than 15) days and not more than (insert number not more than 45) days prior to the date on which such meeting shall convene, to each of its members of record at the last address appearing on the books of the association. Such notice shall state the name of the association, the place of the meeting, the date and time when it shall convene, and the matters to be considered. A similar notice shall be posted in a conspicuous place in each of the offices of the association during the 14 days immediately preceding the date on which such meeting shall convene. If any member, in person or by authorized attorney, shall waive in writing notice of any meeting of members, notice thereof need not be given to such member. When any meeting is adjourned for 30 days or more, notice of the adjournment and reconvening of the meeting shall be given as in the case of the original meeting.

-
4. **Fixing of record date.** For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the board of directors shall fix in advance a record date for any such determination of members. Such date shall be not more than 60 days nor fewer than 10 days prior to the date on which the action, requiring such determination of members, is to be taken. The member entitled to participate in any such action shall be the member of record on the books of the association on such record date. The number of votes which each member shall be entitled to cast at any meeting of the members shall be determined from the books of the association as of such record date. Any member of such record date who ceases to be a member prior to such meeting shall not be entitled to vote at that meeting. The same determination shall apply to any adjourned meeting.
 5. **Member quorum.** Any number of members present and voting, represented in person or by proxy, at a regular or special meeting of the members shall constitute a quorum. A majority of all votes cast at any meeting of the members shall determine any question, unless otherwise required by regulation. Directors, however, are elected by a plurality of the votes cast at an election of directors. At any adjourned meeting any business may be transacted which might have been transacted at the meeting as originally called. Members present at a duly constituted meeting may continue to transact business until adjournment.
 6. **Voting by proxy.** Voting at any annual or special meeting of the members may be by proxy pursuant to the rules and regulations of the Office, provided, that no proxies shall be voted at any meeting unless such proxies shall have been placed on file with the secretary of the association, for verification, prior to the convening of such meeting. Proxies may be given telephonically or electronically as long as the holder uses a procedure for verifying the identity of the member. All proxies with a term greater than eleven months or solicited at the expense of the association must run to the board of directors as a whole, or to a committee appointed by a majority of such board. Accounts held by an administrator, executor, guardian, conservator or receiver may be voted in person or by proxy by such person. Accounts held by a trustee may be voted by such trustee either in person or by proxy, in accordance with the terms of the trust agreement, but no trustee shall be entitled to vote accounts without a transfer or such accounts into the trustee name. Accounts held in trust in an IRA or Keogh Account, however, may be voted by the association if no other instructions are received. Joint accounts shall be entitled to no more than 1000 votes, and any owner may cast all the votes unless the association has otherwise been notified in writing.
 7. **Communication between members.** Communication between members shall be subject to any applicable rules or regulations of the Office. No member, however, shall have the right to inspect or copy any portion of any books or records of a Federal mutual association containing: (i) a list of depositors in or borrowers from such association; (ii) their addresses; (iii) individual deposit or loan balances or records; or (iv) any data from which such information could reasonably be constructed.
 8. **Number of directors, membership.** The number of directors shall be ___ [not fewer than five nor more than fifteen], except where authorized by the Office. Each director shall be a member of the association. Directors shall be elected for periods of one to three years and until their successors are elected and qualified, but if a staggered board is chosen, provision

shall be made for the election of approximately one-third or one-half of the board each year, as appropriate [State-chartered savings banks converting to Federal savings associations may include alternative provisions for the election and term of office of directors so long as such provisions are authorized by the Office.]

9. **Meetings of the board.** The board of directors shall meet regularly without notice at the principal place of business of the association at least once each month at an hour and date fixed by resolution of the board, provided that the place of meeting may be changed by the directors. Special meetings of the board may be held at any place specified in a notice of such meeting and shall be called by the secretary upon the written request of the chairman or of three directors. All special meetings shall be held upon at least 24 hours written notice to each director unless notice is waived in writing before or after such meeting. Such notice shall state the place, date, time, and purposes of such meeting. A majority of the authorized directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board. Action may be taken without a meeting if unanimous written consent is obtained for such action. The board may also permit telephonic participation at meetings. The meetings shall be under the direction of a chairman, appointed annually by the board, or in the absence of the chairman, the meetings shall be under the direction of the president.
10. **Officers, employees, and agents.** Annually at the meeting of the board of directors of the association following the annual meeting of the members of the association, the board shall elect a president, one or more vice presidents, a secretary, and a treasurer or comptroller: Provided, that the offices of president and secretary may not be held by the same person and a vice president may also be the treasurer or comptroller. The board may appoint such additional officers, employees, and agents as it may from time to time determine. The term of office of all officers shall be one year or until their respective successors are elected and qualified. Any officer may be removed at any time by the board with or without cause, but such removal, other than for cause, shall be without prejudice to the contractual rights, if any, of the person so removed. In the absence of designation from time to time of powers and duties by the board, the officers shall have such powers and duties as generally pertain to their respective offices. Any indemnification by the association of the association's personnel is subject to any applicable rules or regulations of the Office.
11. **Vacancies, resignation or removal of directors.** Members of the association shall elect directors by ballot: Provided, that in the event of a vacancy on the board between meetings of members, the board of directors may, by their affirmative vote, fill such vacancy, even if the remaining directors constitute less than a quorum. A director elected to fill a vacancy shall be elected to serve only until the next election of directors by the members. Any director may resign at any time by sending a written notice of such resignation to the association delivered to the secretary. Unless otherwise specified therein such resignation shall take effect upon receipt by the secretary. More than three consecutive absences from regular meetings of the board, unless excused by resolution of the board, shall automatically constitute a resignation, effective when such resignation is accepted by the board. At a meeting of members called expressly for that purpose, directors or the entire board may be removed, only with cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors.

-
12. **Powers of the board.** The board of directors shall have the power: (a) By resolution, to appoint from among its members and remove an executive committee, which committee shall have and may exercise the powers of the board between the meetings of the board, but no such committee shall have the authority of the board to amend the charter or bylaws, adopt a plan of merger, consolidation, dissolution, or provide for the disposition of all or substantially all the property and assets of the association. Such committee shall not operate to relieve the board, or any member thereof, of any responsibility imposed by law; (b) To appoint and remove by resolution the members of such other committees as may be deemed necessary and prescribe the duties thereof; (c) To fix the compensation of directors, officers, and employees; and to remove any officer or employee at any time with or without cause; (d) To extend leniency and indulgence to borrowing members who are in distress and generally to compromise and settle any debts and claims; (e) To limit payments on capital which may be accepted; (f) To reject an application for an account or membership; and (g) To exercise any and all of the powers of the association not expressly reserved by the charter to the members.
13. **Execution of instruments, generally.** All documents and instruments or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by such officers, agents, or employees of the association or any one of them and in such manner as from time to time may be determined by resolution of the board. All notes, drafts, acceptances, checks, endorsements, and all evidences of indebtedness of the association whatsoever shall be signed by such officer or officers or such agent or agents of the association and in such manner as the board may from time to time determine. Endorsements for deposit to the credit of the association in any of its duly authorized depositories shall be made in such manner as the board may from time to time determine. Proxies to vote with respect to shares or accounts of other associations or stock of other corporations owned by, or standing in the name of, the association may be executed and delivered from time to time on behalf of the association by the president or a vice president and the secretary or an assistant secretary of the association or by any other persons so authorized by the board.
14. **Nominating committee.** The chairman, at least 30 days prior to the date of each annual meeting, shall appoint a nominating committee of three persons who are members of the association. Such committee shall make nominations for directors in writing and deliver to the secretary such written nominations at least 15 days prior to the date of the annual meeting, which nominations shall then be posted in a prominent place in the principal place of business for the 15-day period prior to the date of the annual meeting, except in the case of a nominee substituted as a result of death or other incapacity. Provided such committee is appointed and makes such nominations, no nominations for directors except those made by the nominating committee shall be voted upon at the annual meeting unless other nominations by members are made in writing and delivered to the secretary of the association at least 10 days prior to the date of the annual meeting, which nominations shall then be posted in a prominent place in the principal place of business for the 10-day period prior to the date of the annual meeting, except in the case of a nominee substituted as a result of death or other incapacity. Ballots bearing the names of all persons nominated by the nominating committee and by other members prior to the annual meeting shall be provided for use by the members at the annual meeting. If at any time the chairman shall fail to appoint such nominating committee, or the nominating committee shall fail or refuse to act at least 15 days prior to the annual

-
- meeting, nominations for directors may be made at the annual meeting by any member and shall be voted upon.
15. **New business.** Any new business to be taken up at the annual meeting, including any proposal to increase or decrease the number of directors of the association, shall be stated in writing and filed with the secretary of the association at least 30 days before the date of the annual meeting, and all business so stated, proposed, and filed shall be considered at the annual meeting; but no other proposal shall be acted upon at the annual meeting. Any member may make any other proposal at the annual meeting and the same may be discussed and considered; but unless stated in writing and filed with the secretary 30 days before the meeting, such proposal shall be laid over for action at an adjourned, special, or regular meeting of the members taking place at least 30 days thereafter. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of the reports of officers and committees, but in connection with such reports no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.
16. **Seal.** The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation, the word “Incorporated” or an emblem may appear in the center.
17. **Amendment.** Adoption of any bylaw amendment pursuant to § 544.5 of the Office's regulations, as long as consistent with applicable law, rules and regulations, and which adequately addresses the subject and purpose of the stated by law section, shall be effective after (i) approval of the amendment by a majority vote of the authorized board, or by a vote of the members of the association at a legal meeting; and (ii) receipt of any applicable regulatory approval. When an association fails to meet its quorum requirement solely due to vacancies on the board, the bylaws may be amended by an affirmative vote of a majority of the sitting board.
18. **Age limitations.** [Bylaws on age limitations must comply with all Federal laws, such as the Age Discrimination in Employment Act and the Employee Retirement Income Security Act.]
(a) Directors. No person ___ years of age shall be eligible for election, reelection, appointment, or reappointment to the board of the association. No director shall serve as such beyond the annual meeting of the association immediately following the director becoming ___ (fill in age used above), except that a director serving on ___ (fill in bylaw adoption date) may complete the term as director. This age limitation does not apply to an advisory director.
(b) Officers. No person __ years of age shall be eligible for election, reelection, appointment, or reappointment as an officer of the association. No officer shall serve beyond the annual meeting of the association immediately following the officer becoming _ (fill in age used above), except that an officer serving on ___ (fill in bylaw adoption date) may complete the term. However, an officer shall, at the option of the board, retire at age ___ if the officer has served in an executive or high policy-making post for at least two years immediately prior to retirement and is immediately entitled to nonforfeitable annual retirement benefits of at least ____.

Exhibit – Optional Bylaws*Integrity of Directors*

A person is not qualified to serve as a director if he or she: (1) is under indictment for, or has ever been convicted of, a criminal offense involving dishonesty or breach of trust and the penalty for such offense could be imprisonment for more than one year, or (2) is a person against who a banking agency has, within the past ten years, issued a cease and desist order for conduct involving dishonesty or breach of trust and that order is final and subject to appeal, or (3) has been found either by a regulatory agency whose decision is final and not subject to appeal or by a court to have (i) breached a fiduciary duty involving personal profit or (ii) committed a willful violation of any law, rule or regulation governing banking, securities, commodities or insurance, or any final cease and desist order issued by a banking, securities, commodities or insurance regulatory agency.