

PENNSYLVANIA EDUCATION LENDERS ASSOCIATION

BY-LAWS

ARTICLE I – NAME

- Section 1. The name of this organization shall be Pennsylvania Education Lenders Association. (PELA)
- Section 2. PELA has been formed as a Non-Profit Corporation in the Commonwealth of Pennsylvania.

ARTICLE II – PURPOSES

- Section 1. To promote the recognition of participants in the Federal Family Education Loan (FFEL) and Private Education Loan Programs as full partners in the success of the programs.
- Section 2. To provide leadership in promoting the success of the FFEL and Private Education Loan Programs.
- Section 3. To establish and maintain active partnership between all FFEL and Private Education Loan program participants.
- Section 4. To provide a forum for discussion and resolution of FFEL and Private Education Loan program issues.
- Section 5. To facilitate communication within the financial aid community, and among all program participants.
- Section 6. To provide a forum in which participants can discuss regulatory and operational issues affecting the success of the FFEL and Private Education Loan programs.
- Section 7. To provide a mechanism for proposing and promoting improvements in the operation and administration of the FFEL and Private Education Loan programs.

ARTICLE III – MEMBERSHIP

- Section 1. There shall be two classifications of membership in this Association: Active and Associate.
- Section 2. Active membership shall be limited to representatives of institutions and organizations engaged in any aspect of the operation of the FFEL and Private Education Loan programs in Pennsylvania, and that actively support and participate in the activities of the Association.
- Section 3. Active membership shall be by institution, each institution must have one Active member who will be their designated Active, voting representative.
- Section 4. The Active membership of the Association shall be the voting membership of the Association for the conduct of Association business.
- Section 5. Associate membership shall be additional representatives of any Active Member organization who wishes to participate in the Association.
- Section 6. Membership in the Association shall be concurrent with the fiscal year (July 1 to June 30).
- Section 7. Membership is not transferable from one organization to another. Membership dues are not refundable.
- Section 8. A member of this Association is not as such liable for the debts, liabilities, or obligations of the Association.
- Section 9. Any member of the Association will be dropped from membership for nonpayment of dues, withdrawal of his/her organization from participation in the FFEL or Private Education Loan programs, termination of employment with an FFEL or Private Education Loan program participant, or by action of the Executive Committee for just cause after being afforded an opportunity to be heard by a committee appointed by the President. "Cause" for use throughout these By-Laws shall mean any of the following: (a) fraud, commission or conviction of a felony, misappropriation, dishonesty, embezzlement, or disloyalty, (b) any breach of any material term of this By-Laws, or (c) commission of any act which caused harm to PELA.
- Section 10. All rights of membership shall cease upon the dissolution of the Association or the institution's withdrawal from participation in the FFEL or Private Education Loan program in Pennsylvania.
- Section 11. All rights of a member in the Association shall cease upon termination of membership.

- Section 12. Application for membership in the Association shall be made to the Treasurer of the Association. Forms and fees for membership in the Association shall be directed to the Treasurer of the Association.
- Section 13. Annual membership dues shall be in an amount established by the Executive Committee upon the recommendation of the Finance Committee.
- Section 14. Invoices for annual membership dues shall be sent by the Treasurer at least thirty (30) days prior to the start of the Association's membership year (July 1 to June 30) to each current Active and Associate member, and to prospective members of the Association. Membership applications for any calendar year will be accepted at any time during the calendar year.
- Section 15. If an Active member becomes an Associate member due to a merger of financial institutions, the member can remain in their position for the remainder of the fiscal year.

ARTICLE IV – OFFICERS

- Section 1. The Officers of the Association shall consist of the President, Vice President, Secretary, Treasurer, and Member-At-Large.
- Section 2. The Officers of the Association must be Active or Associate members of the Association.
- Section 3. The terms of office shall be as follows:
The term of office of President, Vice-President, Secretary, and Treasurer and Member-at-Large shall begin upon election and continue for two years.
- Section 4. The Officers of the Association shall be limited to two (2) consecutive full, regular terms served in any specific office (excluding any portion of a term held as a result of special election or succession). The limitation of two (2) consecutive full, regular terms may be waived for a particular office and term if a vote of a 2/3 majority of the active members agree to said waiver.

ARTICLE V – DUTIES OF THE OFFICERS

- Section 1. The President shall preside over all meetings of the Association, serve as primary spokesperson for the Association, execute agreements on behalf of the Association with agents in accordance with the determinations of the Executive Committee, perform such other duties as pertain to the office of President, and shall prepare and submit an annual report to the Association. The President shall serve as Chair of the Executive Committee of the Association.
- Section 2. The Vice President shall perform the duties of the President in the event of the absence or incapacity of the President, oversee all Ad Hoc Committees, and perform such additional duties as assigned by the President. The Vice president shall serve as a member (but not as Chair) of the membership Committee.
- Section 3. The Secretary shall be responsible for keeping and maintaining the records of the Association, for recording and preparing the minutes of all Association meetings, for the mailing of meeting notices and such other communications as determined by the Executive Committee of the Association, and for the performance of such other duties as assigned by the President. The Secretary shall serve as a member (but not as Chair) of the Communications Committee.
- Section 4. The Treasurer shall be responsible for the fiscal records of the Association and shall perform such other duties appropriate to the office as determined by the Executive Committee of the Association. The Treasurer shall be responsible for receiving and disbursing all funds of the Association under policies approved by the Executive Committee, and shall keep adequate and appropriate records of such receipts and disbursements. The Treasurer shall be ready, whenever required, to turn over all funds accounts, record books, papers, vouchers, and other records pertaining to the office, and shall turn the same over to a successor when appropriate. The Treasurer shall submit a report for each quarterly meeting; said Treasurer's report shall be accepted (or rejected) based upon a vote of those members in attendance at the quarterly meeting. The Treasurer shall serve as a member (but not as Chair) of the Finance Committee.
- Section 5. The Member-At-Large shall serve as the liaison to the School Advisory Committee and perform such other duties as assigned by the President. The Member-At-Large shall serve as a member (but not as Chair) of the Membership Committee.

ARTICLE VI – ELECTION AND REMOVAL OF OFFICERS

- Section 1. The election of officers shall be held under the supervision of the Membership Committee, according to rules and procedures proposed by the Membership Committee and approved by the Executive Committee. The election of officers shall be by a majority of Active members voting. Balloting shall be conducted as follows:
- a. Regular Balloting – Regular balloting shall be held in July, usually at the annual meeting of the Association and shall be limited to Active members of the Association. No write-in vote will be counted unless the person receiving the vote has been nominated by the Active Members of the Association and has accepted the nomination. Voting shall be by secret ballot in a manner determined by the Executive Committee upon the recommendation of the Membership Committee (unless nominee is running unopposed).
 - b. Absentee Balloting – Absentee balloting is available to bona fide Active members of the Association who are unable to attend the annual meeting.
 - c. Tie-Breaker – In the case of a tie in the election for any office, the tie shall be resolved in a manner determined by the Executive Committee upon the recommendation of the Membership Committee.
- Section 2. Officers shall be elected according to the following schedule.
- a. President – each two years, in even numbered years.
 - b. Vice-President – each two years, in odd numbered years.
 - c. Secretary – each two years, in even numbered years.
 - d. Treasurer – each two years, in odd numbered years.
 - e. Member-At-Large – each two years in even numbered years.
- Section 3. Newly elected officers shall assume their positions and their duties concurrent with the annual meeting of the Association.
- Section 4. Officers may hold only one office at a time.
- Section 5. Officers not fulfilling the duties of their position, and/or engaging in activities or behavior that is contrary to the mission and purposes of the Association, and/or jeopardizing the reputation of the Association through personal behavior not becoming of an elected officer of the Association may be removed from office, for cause, by a petition presented to and validated by the Chair of the Membership Committee containing the signatures of a majority of all Active members of the Association.

ARTICLE VII – VACANCIES IN OFFICES

- Section 1. If any officer ceases to be employed by a participant in the FFEL or Private Education Loan program in Pennsylvania during his/her term in office, or is employed by a participant that ceases to participate in the FFEL or Private Education Loan program in Pennsylvania during his/her term in office, the officer will relinquish his/her position.
- Section 2. Should the President be unable to complete the term of office, for any reason, the Vice-President shall assume the Presidency.
- Section 3. A vacancy occurring in any office other than President, whether voluntary or involuntary, shall be filled upon nomination by the President and a majority vote of the Executive Committee. Any officer seated in this manner shall serve until the next annual meeting of the Association, at which time an election or special election shall be held.
- Section 4. If an officer serving a two year term vacates that office before the end of the first year of that term, a special election shall be held to fill the balance of the term of the vacant officer's post.
- Section 5. When appropriate, the special election of officers shall be held under the supervision of the Membership Committee, according to rules and procedures proposed by the Membership Committee and approved by the Executive Committee. The special election of officers shall be by plurality of Active members voting, in accordance with the balloting procedures applicable to regular elections. The appointment or special election of an officer shall not prejudice the election of the incumbent to a regular term of office.

ARTICLE VIII – EXECUTIVE COMMITTEE

- Section 1. The Executive Committee shall consist of the five officers of the Association.
- Section 2. The Executive Committee of the Association shall have full authority over the affairs and finances of the Association and shall conduct the business of the Association during the interim between meetings of the Association, review and/or propose changes to the By-Laws of the Association, and shall act on behalf of the Association between meetings of the membership. Such authority shall not include rescinding or modifying any official action taken by formal vote of the Association.

Section 3. The President may call meetings of the Executive Committee at various times, as needed, for the conduct of Association business during the interim between meetings of the Association, in preparation for meetings of the Association, and/or by request of a member of the Executive Committee.

Section 4. A simple majority of members of the Executive Committee shall constitute a quorum at any Executive Committee meeting.

ARTICLE IX – STANDING COMMITTEES

Section 1. There shall be three (3) standing committees of the Association which shall be responsible to the Executive Committee, including the Finance Committee, the Communications Committee, and the Membership Committee. Each standing committee shall consist of five members. Standing committee membership shall be concurrent with the membership year (fiscal year) and shall be open to all Active and Associate members, and Committee members.

Section 2. The Finance Committee shall consist of the Treasurer of the Association and four other members appointed by a majority of the Executive Committee. The five committee members shall select a Chair from among the Active members appointed by the Executive Committee. The Finance Committee shall be responsible for proposing budgets for all Association revenues and expenditures, and monitoring actual versus budgeted revenues and expenditures.

Section 3. The Communications Committee shall consist of the Secretary of the Association and four other members appointed by a majority of the Executive Committee. The five committee members shall select a Chair from among the Active members appointed by the Executive Committee. The Communications Committee shall be responsible for developing, proposing, and coordinating the Association's communications with the membership, with the financial aid community, and with any public or private institutions and organizations and/or governmental offices or Agencies as may be determined to be appropriate from time to time.

Section 4. The Membership Committee shall consist of the Vice President of the Association, the Member-At-Large, and three other members appointed by a majority of the Executive Committee. The five committee members shall select a Chair from among the Active members appointed by the Executive Committee. The Membership Committee shall be responsible

for soliciting new members and providing for the election and installation of the officers of the Association.

- Section 5. The number of members of any standing committee may be modified from time to time by a majority of the Executive Committee.
- Section 6. Members of standing committees shall serve for two-year terms, coinciding with the terms of the Executive Committee member serving on that committee.
- Section 7. Members of standing committees shall serve concurrently on no more than two standing committees, and shall be limited to serving as chair of only one standing committee.

ARTICLE X – AD HOC COMMITTEES

- Section 1. The Executive Committee or the Active members of the Association may establish such temporary, Ad Hoc Committees as are determined to be in the interest of furthering the purposes of the Association, by majority vote. Ad Hoc Committee membership shall continue for a period of time, as needed, for resolution of the issue at hand or for completion of the specified task and shall be open to all Active and Associate members, School Advisory Committee members, and others approved by the Executive Committee.
- Section 2. Ad Hoc Committees may consist of those volunteering to participate and shall not be limited in number, except as determined to be appropriate by a majority of the Executive Committee. Those volunteering for membership on any Ad Hoc Committee shall select a Chair from among the volunteers.

ARTICLE XI – SCHOOL ADVISORY COMMITTEE

- Section 1. A School Advisory Committee is an ad hoc committee formed on an as-needed basis by the Executive Committee. The function of a School Advisory Committee would be to serve as a communication link with the financial aid community at postsecondary educational institutions throughout Pennsylvania. The members of the School Advisory Committee must be persons responsible for the administration of student financial aid and/or student loan programs at a postsecondary educational institution in Pennsylvania. The committee members do not need to be an active or associate member of the Association.

Section 2. The School Advisory Committee shall consist of representatives of the financial aid community in Pennsylvania. The number and selection of Committee members shall be made by the Executive Committee. The Executive Committee should attempt to achieve balanced sector representation, as well as broad geographical representation. The term of the Committee shall be at the discretion of the Executive Committee. There shall also be an individual designated by the PASFAA President to represent PASFAA Executive Council.

Section 3. It is anticipated that School Advisory Committee members may attend regular meetings of the Association that are held in their geographical area, however, all School Advisory Committee members may be invited to attend all regular meetings of the Association.

ARTICLE XII – MEETINGS OF THE ASSOCIATION MEMBERSHIP

Section 1. The Association shall meet as needed for the resolution of issues and/or the formulation of strategies to further the purposes of the Association.

Section 2. The Association shall meet regularly at four quarterly meetings to be held in early January, early April, early July, and early October.

Section 3. The time and place of quarterly meetings of the Association shall be determined by the Executive Committee. Notice of all quarterly meetings shall be mailed at least thirty (30) days before meetings.

Section 4. The agenda for each quarterly meeting of the association shall be prepared by the Executive Committee at an Executive Committee meeting held three to four weeks (or more) prior to the scheduled quarterly meeting. Copies of the agenda, along with any other meeting materials shall be sent to the membership by the Secretary no later than two weeks prior to the scheduled quarterly meeting.

Section 5. Two-fifths (2/5) of the eligible Active (voting) members of the Association shall constitute a quorum at any meeting of the Association.

ARTICLE XII – APPOINTMENT OF EMPLOYEES OR AGENTS

- Section 1. Provided the necessary funds are available, the Executive Committee may employ personnel whose titles, duties, and remuneration shall be determined by the Executive Committee.
- Section 2. Any employee or agent of the Association with fiscal responsibility may be bonded at the expense of the Association in the amount determined to be appropriate by the Executive Committee.

ARTICLE XIII - CONFIDENTIALITY

All participants in the proceedings of the Pennsylvania Education Lenders Association (PELA) are expected to maintain strict confidentiality about all aspects of the proceedings.

Information obtained as a result of PELA proceedings, including but not limited to discussions and materials furnished for review, are considered confidential. Both ethical and legal considerations demand that the information acquired as a result of PELA activities not be used for purposes other than those specified by PELA activities not be used for purposes other than those specified by PELA. The unauthorized disclosure of any confidential information to any person or entity will cause irreparable harm to the parties.

As a material term in the participation in PELA, all members shall be required to maintain the confidentiality of the proceedings and information received.

Notwithstanding the duty of non-disclosure listed above, PELA participants may disclose confidential information to their directors, officers, employees, advisors and representatives on a need-to-know basis, provided that these persons are bound by the duty of non-disclosure in this agreement and are informed of this duty.

Suspected violations of this standard of confidentiality will be reviewed by PELA officers. Information will be provided to the voting membership of PELA, who will determine by vote (in accordance with Robert's Rules of Order) whether or not to take action. Action will typically involve removal of the violator and, if warranted, the violator's organization, from future PELA proceedings.

The Executive Committee may require a written Confidentiality Statement signed by each member.

ARTICLE XIV – PARLIAMENTARY RULES

- Section 1. Roberts Rules of Order, Revised, shall govern the Association proceedings in all cases in which they are applicable and in which they are not inconsistent with the By-Laws.
- Section 2. Any determinations with regard to the applicability of Roberts Rules of Order, Revised, shall be determined by a majority of the Executive Committee.
- Section 3. The By-laws authorize electronic participation in meetings by means of video conferencing and/or teleconferencing. Those participating electronically shall be counted in the determination of a quorum. Those participating electronically shall also be allowed to participate in voting. Other means of electronic participation may be authorized by the Executive Committee.
- Section 4. The By-Laws authorize written notice to include email and/or facsimile transmission (fax) provided a confirmation is received. Other means of notification may be authorized by the Executive Committee.
- Section 5. The By-Laws authorize voting by electronic means including email and/or facsimile transmission (fax). The method of electronic voting shall be determined by the Executive Committee. Other means of electronic voting may be authorized by the Executive Committee.

ARTICLE XV – STANDING RULES

- Section 1. Standing Rules may be adopted or amended by the Association or by the Executive Committee by a majority of those present and voting, provided a quorum is present, at any meetings of either body.
- Section 2. A record of the Standing rules of the Association shall be kept by the Secretary and be made available to new Executive Committee members, and upon request, to any member of the Association.

ARTICLE XVI – LIMITATION ON ACTIVITIES

Section 1. The Association is organized and operated exclusively for charitable and educational purposes within the meaning of sections 170(c) (2) (B), 501 (c), (3), 2055 (a) (2), and 2522 (a) (2) of the Internal Revenue Code of 1954. No substantial part of the activities of the Association shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Association shall be empowered to make the election authorized under section 501 (h) (f) the Internal Revenue Code of 1954. The Association shall not participate in or intervene in (including the publishing or distribution of statements(s) in any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision herein, the Association shall not carry on any activities not permitted to be carried on:

- a. by an organization exempt from federal income taxation under section 501 (a) of the Internal Revenue Code of 1954 as an organization described in section 501 (c) (3) of such Code.
- b. By an organization described in section 509 (a) (1), (2), or (3) of the Internal Revenue Code of 1954 (as the case may be), and/or,
- c. By an organization, contributions to which are deductible under sections 170(c) (2), 2055 (a) (2), or 2522 (a) (2) of the Internal Revenue Code of 1954.

Section 2. The Association shall use its funds only to accomplish the objectives and purposes specified in these By-Laws, and no part of the net earnings of the Association shall inure to the benefit of or be distributed to its officers, members, other private individuals, or organizations organized and operating for profit, except that the Association is authorized and empowered to pay reasonable compensation for services rendered or reimbursements.

ARTICLE XVII – DISPUTES

If a dispute arises between a Member(s) and the Association, the parties will use their best efforts to amicably resolve any dispute. The dispute may be submitted to the Executive Committee for resolution. Any dispute shall be finally settled by arbitration in accordance with the Commercial Rules of the American Arbitration Association (or any organization successor thereto). The parties shall waive their right to filing a court suit. Arbitration proceedings hereunder may be initiated by any party making a written request to the American Arbitration Association, together with any appropriate filing fee, at the local office of the American Arbitration Association. All arbitration proceedings

shall be held in a location convenient for all parties, such as the local office in Pennsylvania. Any order of the arbitration tribunal shall be in writing and shall be final and binding upon the parties to the arbitration. It is the parties' preference for a panel of one qualified arbitrator. The Pennsylvania Rules of Evidence shall apply to the arbitration.

ARTICLE XVIII – REFERENCES

Reference herein to sections of the Internal Revenue Code of 1954, as amended, are to provisions of such Code as those provisions are now enacted or to corresponding provisions of any future United States Internal Revenue law.

ARTICLE XIX – DISSOLUTION

On dissolution or final liquidation of the Association, any remaining assets shall, after payment or the making of provision for payment of all of the lawful debts and liabilities of the Association, be distributed to one or more regularly organized and qualified charitable and/or educational organization to be selected by the Executive Committee.

ARTICLE XX – AMENDMENT OF THE BY-LAWS

These By-Laws may be amended by two-thirds (2/3) majority of Active members voting, provided that each amendment shall have been proposed in writing to the Secretary:

- a. by the Executive Committee; or
- b. by a committee authorized by the Association; or
- c. by a petition of any five (5) Active members of the Association;

an provided further, that a copy of the proposed amendment shall have been mailed or sent via email to each Active member of the Association at least thirty (30) days before the vote is called by the Executive Committee.

ARTICLE XXI – ADOPTION

These By-Laws shall become effective immediately upon adoption by the Active members of the Association by a two-thirds (2/3) majority vote.

By-Laws revised 2/6/2007