



pennsylvania

DEPARTMENT OF BANKING

MARKET SQUARE PLAZA | 17 N SECOND STREET, SUITE 1300 | HARRISBURG, PA 17101

Ph 717.787.2665 Ex 717.787.8773 W www.banking.state.pa.us

CREDIT UNION CHARTER APPLICATION

1. DEFINITION

A credit union is a cooperative association incorporated under Act 198 of December 19, 1990 (17 Pa.C.S. §101 et. seq.), or the act of September 20, 1961 (P.L. 1548, No.283) as amended, or under the act of May 26, 1933 (P.L. 1076, No.260) as amended, for the purpose of promoting thrift among its members, creating a source of credit for such members at reasonable rates of interest and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.

2. MEMBERSHIP

The Credit Union Code requires that persons desiring to organize a credit union under its provisions shall have a common bond of association within a well defined community or rural district by reason of occupation or of membership in a religious congregation or fraternal or labor organization or residence within a well defined community or rural district. The proposed credit union must demonstrate a potential membership of at least five hundred adult persons.

3. BLANKS

The Department of Banking will supply Articles of Incorporation to be used in making application in accordance with the provisions of the Credit Union Code. Pamphlet copies of the Statute are also available and will be supplied without cost.

4. TITLE

The name of the proposed credit union is required by Statute to contain the words "Credit Union," which should be the last two words in the title. The name selected should be as short as possible and should be descriptive of the group which will embody the membership of the proposed credit union.

5. APPLICATIONS

The Articles of Incorporation must be filed at the office of the Pennsylvania Department of Banking, Corporate Applications Division, 17 North Second Street, Suite 1300, Harrisburg, PA 17101-2290. Every section of the Articles must be properly executed, and must be signed by not less than seven of the Incorporators and acknowledged before a Notary Public. Within sixty days after receipt of the Articles, the Department shall, upon the basis of the facts disclosed by the application and its investigation, either approve or disapprove the Articles of Incorporation. If it approves the Articles, the Department shall endorse its approval thereon and forward the Articles to the Department of State. If the Department of Banking disapproves the Articles, it shall return them to the Incorporators, stating in detail its reasons for doing so.

6. FEES

A check in the amount of \$10,000.00, payable to the Pennsylvania Department of Banking, must be submitted with the application.

Upon completion of any necessary on-site or field investigation by the Department of Banking, the cost of such investigation may be billed to the applicant credit union.

In addition, a check for the fee required to file Articles of Incorporation, payable to the Pennsylvania Department of State, should also be submitted to the Department of Banking with the application. The fee for filing Articles Incorporation is \$125.00.

7. NOTICE BY APPLICANT

Simultaneously with the filing of the application with the Department of Banking, the applicant shall have notice published in accordance with the sample format on the attached page. Publication of the advertisement shall be in a newspaper of general circulation and a legal journal published in the county where the proposed credit union will be headquartered. The original certified copy/proofs of publication of the advertisement must be received by the Department within fifteen (15) day of the filing date or the application will be considered incomplete.

8. BYLAWS

Two copies of the Bylaws of the proposed credit union must be submitted with the Articles of Incorporation. (Sample enclosed.)

9. EXAMINATIONS

The Department of Banking makes an examination of all credit unions annually. The cost of such examination is charged to the credit union. The cost is based on actual expenses of the examiner, which include salary, transportation, meals and lodging. The total charge is governed by the time consumed in traveling to the examination site, the time to make the examination and the time required to prepare the report. The condition of and access to the records is an important factor in determining the cost of an examination.

10. REPORTS OF EXAMINATION

After each examination by the Department a report is prepared and sent to the Board of Directors. The Board is expected to review the report and take the recommendations mentioned therein. The Chief Executive Officer must prepare a response to the report and send it to the Department within thirty days of receipt of the report.

11. OVERHEAD ASSESSMENT

Each credit union is assessed semiannually for its proportionate share of the overhead expenses of the Department. Bills covering this assessment are mailed to the credit union on or about January 1 and July 1.

12. SHARE INSURANCE

Section 505(d) of the Credit Union Code requires that a credit union insure the savings of its members. Share insurance is available through the National Credit Union Administration. This insurance must be in place before funds are received on deposit by the members.

NOTE: Any questions concerning the chartering process should be directed to:

**Joseph A. Moretz, Manager
Corporate Applications**

or

Donna J. Metcalfe, Administrator
Depository Institutions

(717) 783-2253

SAMPLE NOTICE FOR PUBLICATION

NOTICE OF FILING
APPLICATION FOR A
CREDIT UNION CHARTER

Notice is hereby given that an application for permission to establish a state-chartered credit union pursuant to applicable provisions of the Pennsylvania Credit Union Code (the "Code") was filed with the Pennsylvania Department of Banking on_____. The name of the proposed credit union is _____ (the "Credit Union"). The proposed Credit union will be incorporated under the provision of the Code. The Credit Union's main office will be located at

(Street Address)

(Municipality)

(County)

(State)

(Zip Code)

(For a credit union charter that is requesting a community field of membership, the geographic area to be included in the charter must be fully described in the notice, and it must match the description in the proposed credit union's Articles of Incorporation.)

The purpose of the proposed Credit Union will be to receive deposits, make loans and generally transact all business permitted to a Pennsylvania State-chartered credit union under the Code, and under any present or future laws of the Commonwealth of Pennsylvania.

The names and addresses of the incorporators and first directors of the proposed Credit Union are as follows:

(list all incorporators and directors with names and addresses)

All interested persons may file comments regarding this application, in writing, with the Pennsylvania Department of Banking, Corporate Applications Division, 17 North Second Street, Suite 1300, Harrisburg, PA 17101-2290.

In order to be considered, comments regarding this application must be received by the Department of Banking no later than thirty (30) days after the date that notice of the filing of this application is published in the *Pennsylvania Bulletin*. Publication in the *Pennsylvania Bulletin* may or may not appear contemporaneously with this notice. Please check the *Pennsylvania Bulletin* Web site at www.pabulletin.com to determine the due date for filing comments.

ARTICLES OF INCORPORATION

TO THE SECRETARY OF BANKING:

COMMONWEALTH OF PENNSYLVANIA:

In compliance with the requirements of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An act to provide for the organization, incorporation, operation and supervision of cooperative savings and credit associations, to be termed CREDIT UNIONS; designating such credit unions as corporations and defining their powers and duties; conferring certain powers and duties on the Department of Banking; and providing penalties, further providing for the method of incorporation; the powers of a credit union, its membership, reports and examinations, credit committee, capital rates of interest, loans, reserves, dividends and adverse claims," approved the 19th day of December 1990, P.L. 834, No.198 (17 Pa.C.S. § 101 et seq.), the undersigned, all of whom are of full age, having associated themselves together for the purpose hereinafter specified, and desiring that they may be incorporated, and that letters patent may issue to them and their successors according to law, do hereby certify:

1. The name of the credit union is _____

2. The credit union is to be organized under the provisions of the Credit Union Code approved December 19, 1990, P.L. 834, No.198 (17 Pa.C.S. § 101 et seq.), for the purpose of conducting the business of a credit union.

3. The business of the said credit union is to be transacted in:
_____ Pennsylvania.

4. The term of its existence is perpetual.

5. The capital of the said credit union is divided into shares of the par value of \$_____. The capital shall consist of the total amount. Paid on shares by the several members and non-members thereof at any given time.

6. The names and addresses of the incorporators are as follows:

Name	Street Address	City or Town	Zip

(more)_

7. The names and addresses of the first directors of said credit union who shall serve until the first annual meeting are as follows:

Name	Street Address	City or Town	Zip
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Treasurer of the said credit union is _____ whose residence is _____
_____, _____, Pennsylvania _____.
(Street and Number) (City or Town) (Zip)

8. The membership of the credit union will be limited to _____

_____(Seal)_____(Seal)
_____(Seal)_____(Seal)
_____(Seal)_____(Seal)
_____(Seal)_____(Seal)
_____(Seal)_____(Seal)

(more)

COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF _____) SS:

Before me, _____ in and for the county
aforesaid personally came the above named _____

who, in due form of law, acknowledged the foregoing instrument to be their act and deed
for the purposes therein specified and depose and say that the statements contained
therein are true and correct.

Sworn and subscribed before me this _____

SEAL

SEAL day of _____, A.D. 20____.

DEPARTMENT OF BANKING

THIS IS TO CERTIFY That these articles of incorporation of the within named credit union are in compliance with the provisions of the Credit Union Code approved December 19,1990, P.L. 834, No.198 (17 Pa.C.S. § 101 et seq.) and issuance of certificate of incorporation is approved.

IN WITNESS WHEREOF I have hereunto set _____ my hand and affixed the seal of the Department of Banking this _____ day of _____, 20____, at Harrisburg in the County of Dauphin and Commonwealth of Pennsylvania.

SECRETARY OF BANKING

Approved and filed in the Department of State this _____ day of _____
20____. _____ Book No. _____ Page _____

SECRETARY OF THE COMMONWEALTH

INSTRUCTIONS

A. INFORMATION FOR CHARTER AND BYLAWS

The subscriber should select a name for the proposed credit union, desirably a short one. Although it need not fully describe the group, the name should not be misleading and must contain the words "Credit Union." Since the name selected should not duplicate exactly the name of an existing credit union, the subscriber of the proposed credit union should contact the Department of Banking for approval of a name and then register that name with the Department of State.

The territory of operations of a State credit union is described in the field of membership, item 8 of the Articles of Incorporation. The principal office of the credit union will usually be maintained at a location described in the field of membership.

The proposed field of membership should be defined so clearly that it leaves no room for any doubt as to whom the credit union is to serve or the area in which it is to operate. Corporations and other organizations referred to in the definition of the field of membership should be designated by the exact names rather than by some local or popular contraction of these names. Any segment of a larger organization should be identified with the parent. The subscribers must decide on the number of directors and credit committee members. The board and credit committee must be composed of an odd number of members. The supervisory committee is appointed by the board of directors.

B. ECONOMIC ADVISABILITY OF ORGANIZING PROPOSED CREDIT UNION

This section of the report contains information on:

1. The size and compactness of the group;
2. The nature of the common bond;
3. The attitude of the:
 - a. (if occupational based field of membership) management of the sponsor organization;
 - b. (if associational based field of membership) officers of the sponsor association;
 - c. (if community based field of membership) community leaders and/or officers of prominent associations or organizations in the area to be served;
4. The facilities available for credit union operations;
5. The availability of existing credit union service, and
6. Other facts to support a potential for successful operation.

This section of the report should contain information on the management, association or civic leaders contacted that intend to support or utilize the credit union. In those cases where certain persons in the area are opposed to the credit union, the organizer should point out the factors which indicate that the group will be able to overcome the handicap.

Clerical assistance at least during the first few months of operation, payroll deductions, and office space are desirable aids in the development of a credit union. Plans for overcoming any obstacles to effective operation such as lack of office space or scattered field of membership should be described briefly. If more space is needed than that provided, a separate sheet may be used.

C. CHARACTER AND FITNESS OF SUBSCRIBERS

The names and addresses of the subscribers should be recorded legibly and completely in item 6 of the Articles of Incorporation.

D. SUBMITTAL OF CHARTER APPLICATION

In addition to D. SUBM this Investigation Report, the following should be submitted to the Department:

1. Articles of Incorporation -original and one copy.
2. Report of Official and Agreement to Serve -one original for each board member, committee member and officer.
3. Application and Agreements for insurance of accounts (NCUA Form 9500) -one original to NCUA and one copy to Department.
4. Business plan.

The ability to compete in the marketplace and to adapt to changing market conditions is key to the survival of any enterprise and a crucial part of that is the ability to plan well. The Department therefore requires an applicant to submit a business plan based on realistic and supportable projections and assumptions, including, as a minimum, these elements:

- a. a mission statement
- b. analysis of market conditions -economic prospects for the group, availability of financial services from other credit unions, banks, and savings and loans;
- c. summary of survey results;
- d. financial services needed/desired; e. financial services to be provided;
- f. how/when services are to be implemented;

- g. staffing of credit union and credentials of key employees;
- h. physical facility -office, equipment
- i. type of recordkeeping system, including consideration of a computer;
- j. budget for 1st and 2nd year;
- k. semiannual pro forma financial statements for 1st and 2nd year, including assumption e.g., loan and dividend rates;
- l. goals for number of members;
- m. goals for operating independently;
- n. source of funds to pay expenses during initial months of operation;
- o. written policies (shares, lending, investments, funds management, capital accumulation, dividends);
- p. goals for shares and loans;
- q. plan for continuity -directors, committee members; and
- r. evidence of sponsor commitment if subsidies are critical to success of the state credit union - evidence may be in the form of letters, contracts, or any other such document on which the proposed state credit union can substantiate its projections.

STATE CREDIT UNION INVESTIGATION REPORT

(Note to Organizer) This report form must be filled in completely and submitted with other required forms.

A. INFORMATION FOR CHARTER AND BYLAWS

1. Proposed
Name _____ Credit
Union Second
Choice _____ Credit
Union

2. Contact Person _____ Business Tel. _____
Residence Tel. _____
Address _____
-

3. The credit union will maintain its offices at _____
(City, State, County, Zip Code)

3a. Proposed permanent mailing address of credit union _____
-

4. Define proposed field of membership

5. The board will have (an odd number, 5 to 15) _____ members; the credit committee will have (an odd number, 3 to 7) _____ members; the supervisory committee will have (3 to 5) _____ members.

B. ECONOMIC ADVISABILITY OF ORGANIZING PROPOSED CREDIT UNION
(Attach a separate sheet if space available is not adequate)

GENERAL INFORMATION

1. Potential membership _____
NOTE: Number of employees for occupational, active members for associational (or families for religious groups), or population per most recent census for community-type fields of membership.

2. Potential interest (survey results).

NOTE: Sample must consist of a minimum of 500 potential members. Copy of survey form(s) utilized should be attached.

Number of people surveyed _____
Number of people responding to survey _____
Number of people pledging an initial deposit _____
Total dollars pledged \$ _____
Number of pledging systematic savings _____
Total dollars pledged (per month) \$ _____

3. Number of persons attending the charter-organization meeting _____

4. Are officials of the sponsor favorable toward the proposal to organize a credit union? _____

NOTE: Attach letters of support from company officials (occupational-type); association officials (associational-type); business, civic or other community organizations (community-type).

SPECIFIC INFORMATION -OCCUPATIONAL CHARTER APPLICANTS

9. How long has the sponsor company been in existence? _____

10. What was the highest number of employees during the past three years? _____; lowest number during the past three years. _____. If a large variance, please explain _____

11. Are there any contemplated changes in the corporate structure of the company? _____ If yes, explain. _____

12. Have there been any significant changes in the corporate structure in the past three years? _____ If yes, please explain. _____

13. Are there any negotiations now in progress between management and labor that could lead to work stoppages? _____ If yes, please explain. _____

14. If the credit union cannot operate on the employer's property, explain how the credit union will be able to transact business effectively with the members. _____

15. If the employees to be served by the credit union work in more than one location or city, identify each location with the corresponding number of employees working at each. _____

16. Are there other employees of the company who are not being included in the proposed field of membership? _____ If so, give the number and location of the other employees and explain why a credit union is being proposed for this group only _____

SPECIFIC INFORMATION -ASSOCIATIONAL CHARTER APPLICANTS

17. State the purpose and goals of the organization sponsoring this charter. _____

18. List the types of activities and their frequency, which the organization sponsors that provide contact among the members and from which common loyalties, mutual benefits and mutual Interests are developed _____

19. In what year was the organization established? _____ Is it incorporated? _____
Where is the headquarters located? _____

20. Give statistics as to trends in membership during the last five years. _____

21. What is the frequency of members' meetings? _____ Average attendance. _____
Dues required. _____

22. State the geographic territory where members reside. _____

23. Except for religious and labor union groups, obtain a copy of the current bylaws, the constitution or articles of Incorporation and recent financial statements, i.e. balance sheet and Income and expense statement. Submit these documents with this application.

24. If the bylaws, constitution or articles of Incorporation provides for more than one type of membership and If all classes of membership are to be Included In the credit union's field of membership, provide Justification for the Inclusion of other than "regular" members. _____

25. For labor union group only, complete a through c:

a. State the number of labor union members at each place of employment. _____

b. State the total number of employees, whether union members or not, working at each place of employment. Give a breakdown of union versus nonunion employees. _____

c. What has been done toward organizing a credit union on an employee basis? Discuss fully. _____

SPECIFIC INFORMATION -COMMUNITY CHARTER APPLICANTS

26. List the factors or conditions which make this residential unit a logical group for credit union operation. _____

27. If the area to be served by the credit union is adjacent to any major metropolitan area, explain why it is not considered a part of such metropolitan area. _____

28. Which business, civic or other community organizations support the proposed credit union? List and show the support pledged including the names and titles of officials who were contacted. Obtain and attach letters of support from these Individuals. _____

29. Provide a map which clearly outlines the credit union's proposed community boundaries.

30. Are there currently any state or federal credit unions operating within the proposed community boundaries? _____ If so, provide a list of the credit union's names and mailing addresses.

31. List any other financial Institutions, i.e. banks, savings and loan associations, etc., located within the proposed community boundaries.

C. CHARACTER AND FITNESS OF SUBSCRIBERS

1. List of subscribers who have signed the organization certificate (7, not more than 10 persons).

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

Name _____
Address _____
Occupation _____
Years of Residence _____

2. Are all of the subscribers within the field of membership? _____ Do they appear to be fairly representative of the group described in the definition of the field of membership? _____ If not, explain. _____

3. Does your Investigation indicate that the subscribers are persons of good character? _____ If not, explain. _____

4. From your Investigation, Is it your Judgment that the directors and committee members are persons of good character, and that they have the ability and determination to operate a credit union satisfactorily? _____ If not, explain. _____

5. Does it appear that there are any factions within the group which may render smooth and efficient credit union operations difficult? _____ If so, explain. _____

6. Is there any indication that the proposed credit union would be used for selfish gain by any person or group of persons within the group to be served? _____

7. Is an application for a Federal charter now pending? _____

8. Has the group ever had a credit union? _____ If so, when did It liquidate or merge? _____

ANY ADDITIONAL COMMENTS OR INFORMATION THAT IS DEEMED PERTINENT OR HELPFUL IN GIVING CONSIDERATION TO THIS APPLICATION SHOULD BE INCLUDED AS AN ATTACHMENT.

The undersigned certifies that to the best of their knowledge and belief the above information is true and correct.

I do (do not) recommend that a charter be granted to this group.

Signature _____

Organizer Organizer's Address _____

Telephone No. _____ Date _____

REPORT OF OFFICIAL AND AGREEMENT TO SERVE

To: PENNSYLVANIA DEPARTMENT OF BANKING
333 MARKET STREET -16TH FLOOR
HARRISBURG, PENNSYLVANIA 17101

1. Name of proposed credit union: _____ State Credit Union

2. Name of official:

Mr. Ms. Mrs. Miss

Last	First	Middle
------	-------	--------

3. Maiden Name (if different from above) _____

4. Address (Res.) _____

Street	City	State	Zip
--------	------	-------	-----

5. Phone + Area Code (_____) _____ (_____) _____

Residence	Business
-----------	----------

6. Place of Birth _____ Date of Birth _____
(City/State)

7. Employer _____

8. Social security Number _____

9. Type of Business _____

10. Number of years with present employer: _____

11. Your position title _____

12. Education background (circle highest grade completed)

<u>1 2 3 4 5 6 7 8 9 10 11 12</u>	<u>1 2 3 4 (____)</u>
(Grade and High School)	(College)

13. What was your major field of study? _____

14. Other training or experience _____

15. Are you willing to accept the position of trust for which your have been selected and to remain in office until such time as a qualified successor is found? _____ yes _____ No

16. Have you been informed as to the general duties and responsibilities of an official of the proposed state credit union and are you willing to devote the time necessary to familiarize yourself with and to perform your duties?

_____ Yes _____ No

17. Estimated number of hours per month you will be able to donate as a volunteer. _____

IF THE ANSWER IS YES TO THE FOLLOWING QUESTION, PLEASE PROVIDE INFORMATION AS INSTRUCTED ON THE ATTACHED FORM:

Have you ever been convicted of any CRIMINAL OFFENSE involving dishonesty or a breach of trust?

_____ Yes _____ No

To facilitate the process of obtaining a credit and background check, please provide the following:

- 1. Any other names which you have used _____
- 2. Previous address, (if your address changed over the past 2 years)

- 3. Name of Spouse _____

READ THE FOLLOWING CAREFULLY BEFORE SIGNING

CERTIFICATION AND AGREEMENT TO SERVE:

I certify that the information provided on this form is true and correct. Further, I, the undersigned, having been duly designated to occupy the position(s) indicated above, do hereby agree to serve in the above-stated office(s) of this proposed credit union until the first annual meeting held in accordance with the State Credit Union Code and the bylaws of this credit union and until the election of my successor(s) .I further pledge to carry out the duties and responsibilities commensurate with said office(s) as promulgated by the State Credit Union Code and the bylaws of this credit union. I have read the attached Privacy Act Notice.

Date

Signature

Witness

**INFORMATION TO BE PROVIDED IN SUPPORT OF THE APPLICATION OF A STATE CHARTERED
CREDIT UNION FOR INSURANCE OF ACCOUNTS**

_____ Credit
Union

1. Show below the location of the credit union's books and records.

(Street Address)

(City) (State) (Zip) (Telephone)

2. Show the date (month, day, year) in which the credit union was chartered.

_____ 20__.

3. Attach a copy of the credit union's field of membership as shown in the charter, articles of incorporation and/or bylaws, as amended to date. Please identify it as the first schedule in the consecutive number sequence, as discussed in the instructions. Schedule No. _____

4. Potential membership (total number of persons who could be served, including present members. _____)

5. Describe type activity sponsor organization is engaged in. (See instructions pertaining to item No.5.)

6. Does the credit union operate under standard bylaws provided by the state supervisory authority. Yes (Stop) No (Complete a.)

a. Attach a copy of the current official bylaws under which the credit union operated. Schedule No.. _____

7. Is the credit union under any administrative restraints by the State Supervisory Authority? Yes (Complete a.) No (Stop)

a. Explain fully on an attached schedule. Schedule No. _____

8. Attach a copy of the latest State supervisory authority examination. Copies of any correspondence from the accountant's report if made in lieu of a State supervisory authority examination. Copies of any correspondence from the State supervisory authority which accompanied the examination report should also be included.

9. Attach copies of the Balance Sheet and of the Statement of Income and Expense (or Financial and Statistical Report) for the month preceding the date of this application and for the same month of the preceding year. Schedule Nos. _____ .

(Identify current year statement with (a) after schedule no. and previous year with (b).)

10. Reserves

a. Show below the requirements of the State law and/or your bylaws for transfer of earnings to reserves (either monthly or at the end of each accounting period).

II. Delinquent Loans and Charged-off Loans

a. Attach a copy of the delinquent loan list as of the month-end preceding the date of this application. See instructions pertaining to Item No. II a. on page 7. Schedule No. _____.

b. List below the requested information on delinquent loans for the last four calendar quarters preceding the date of the application (March 31, June 30, September 30 and December 31). Also show total share and loan balances for all members for same period.

(a) *Other Delinquent Categories	(b) Delinquent Categories	Date _____	Date _____	Date _____	Date _____
	2 mos. to less than 6 mos.	\$ _____	\$ _____	\$ _____	\$ _____
	6 mos. to less than 12 mos.	\$ _____	\$ _____	\$ _____	\$ _____
	12 mos. & over	\$ _____	\$ _____	\$ _____	\$ _____
	Totals	\$ _____	\$ _____	\$ _____	\$ _____
	Share Balances	\$ _____	\$ _____	\$ _____	\$ _____
	Loan Balances	\$ _____	\$ _____	\$ _____	\$ _____

***See instructions pertaining to Item No.11 b.**

c. List below the requested information on loans charged off during the last three years and the current year. List total of all reserves both revocable and irrevocable for the same period as (balance at year-end or current period).

	20 _____	20 _____	20 _____	Current Yr. to Date _____ 20 _____	* Totals Since Organization
Total Charged Off	_____	_____	_____	_____	_____
Total Recovered	_____	_____	_____	_____	_____
Net Charged Off	_____	_____	_____	_____	_____
Total of all Reserves	_____	_____	_____	_____	_____

*** If this information is available.**

12. Does the credit union have any unrecorded or contingent liabilities (including pending lawsuits or civil actions)? Yes No
 (Complete a.) (Stop)
 a. List on a schedule the complete description of such liabilities, including amounts, status of the items, and a description of the circumstances creating the liabilities or contingent liabilities. Schedule No. _____.

13. Do any asset accounts (other than loans to members, investments and real estate) have actual values less than the book values shown on the Balance Sheet? Yes No
 (Complete a.) (Stop)
 a. List on a separate schedule a description of such assets, showing at least the following information: account number, description of item, book value and actual value. Schedule No. _____.

14. List below or on an attached schedule any investments or real estate as discussed in the instructions pertaining to Item No.14. Schedule No._____. Attach a copy of the credit union's current Investment policies. Investments/loans to Credit Union Service Organization (CUSO) should be listed separately on page 6.

<u>Description of Item</u>	<u>Current Market Value</u>	<u>Current Book Value</u>
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

15. Individual Share and Loan Ledgers:

- a. Were the totals of the trial balance tapes of the individual share and loan ledgers in agreement with the balances of the respective general ledger control accounts as of the month-end preceding the date of this application? Yes (Stop) No (Complete b.)
- b. What are the differences as of the month end preceding the date of this application?

	<u>Shares</u>	<u>Loans</u>
Balances in General Ledger	\$ _____	\$ _____
Totals of the trial balance of the ledgers	\$ _____	\$ _____ individual
Differences	\$ _____	\$ _____

16. Supervisory Committee:

- a. What is the effective date of the last complete comprehensive annual audit performed by the supervisory committee? Effective Date _____
 (1) If the effective date of the annual audit is not within the last 18 months what is the supervisory committee's target date for completion of a comprehensive audit? Date _____
- b. Show the effective date of the supervisory committee's last controlled verification of all members' accounts: Effective Date _____
 (1) If all members' accounts have not been verified under controlled conditions during the last two years what is the supervisory committee's target date for completion of the verification program? Date _____
- c. If it is necessary to complete either 16 a(1) or 16 b(1), please describe the directors' plans for seeing that the target dates are met. (Discuss below or on an attached schedule.) Schedule No. _____

17. Surety Bond. List below the credit union's surety bond coverage.

- a. Name of carrier _____
- b. Standard form number of the bond (i.e. 23, 576, 577, 578, 581, 582 CU-1, other) _____
- c. Basic amount of coverage \$ _____
- d. Bond premium paid to (date) _____
- e. What is the amount of coverage required by State law or your bylaws? _____
- f. Riders to the bond (list below) (i.e., faithful performance, forgery, misplacement, etc.) _____

18. Credit Union Services

Does the credit union render any services to or perform any functions on behalf of the members, non-members, organizations, or the public other than the usual savings and loan services for members? Yes (Complete a.) No (Stop)

- a. Attach a schedule describing each activity in full. Schedule No. _____ .

19. Does the credit union know of any adverse economic condition that is affecting or will affect its present or future operation or that of the sponsor organization? Yes (Complete a.) No (Stop)

- a. Attach a schedule describing the condition and its possible effect on the credit union's future. Schedule No. _____ .

20. To the best of the credit union's knowledge and belief, has any director officer, committee member, or employee been convicted of any criminal offense involving dishonesty or breach of trust? Yes (Complete a.) No (Stop)

- a. Attach a statement describing the circumstances. Schedule No. _____ .

21. Lending policies and practices:

- a. Complete (on page 4) showing the present policies and practices on loans to members.
- b. Complete page 5 in accordance with the instructions pertaining to Item No.21 b.

LENDING POLICIES AND PRACTICES

	Maximum Loan Amount	Maximum Period of Repayment	Required Amount of Downpayment (Equity)
1. Credit Union Policies and Practices			
a. Unsecured Loan Limits	_____	_____	
b. Secured Loan Limits			
(1) New Auto Collateral	_____	_____	_____
(2) Used Auto Collateral	_____	_____	_____
(3) Real Estate			
(a) First Mortgage	_____	_____	_____
(b) Second Mortgage	_____	_____	_____
(4) Comakers	_____	_____	
(5) Others (describe)	_____	_____	
	_____	_____	
	_____	_____	
	_____	_____	
	_____	_____	
c. Loans to Organizations	_____	_____	
d. Loans to Director, Officers, or Committee Members	_____	_____	
2. State Credit Union Law; Bylaws			
a. Unsecured Loan Limits	_____	_____	
b. Secured Loan Limits	_____	_____	
c. Loans to Directors, Officers, or Committee Members	_____	_____	

List below or on an attached page any additional policies, including the interest rates applied to members' loans and the method of assessing and accounting for interest income, i.e.; add-on, discount or unpaid balance.

CREDIT UNION SERVICE ORGANIZATION (CUSO)

1. Name of CUSO _____

2. Date of CUSO's Organization _____
(Date of obtaining charter from State)

3. Type of organization (circle one):

- a. General Partnership
- b. Limited Partnership
- c. Joint Ownership
- d. Corporation

4. Owners of CUSO (list name, charter number if FCU, and percentage of ownership, if possible).

Name -Charter Number (if FCU)	%	Name -Charter Number (if FCU)	%
a. _____	_____	_____	_____
b. _____	_____	_____	_____

(Continue on reverse side if additional space is required)

5. Capitalization (list investors and amount of investment in CUSO).

Name -Charter Number	(if FCU)	Amount	Name -Charter Number	(if FCU)	Amount
a. _____	_____	_____	_____	_____	_____
b. _____	_____	_____	_____	_____	_____

(Continue on reverse side if additional space is required)

6. List all known services which are being offered by the CUSO (be as specific as possible).

7. Comments (include all other pertinent information, if applicable, not previously discussed).

8. Attach latest Financial and Statistical Report of CUSO, if available.

INSTRUCTIONS FOR COMPLETION OF APPLICATION OF A STATE-CHARTERED CREDIT UNION FOR INSURANCE OF ACCOUNTS

The application and all supporting documents should be prepared, photocopied and submitted in accordance with the procedures outlined in the letter that transmitted these instructions. Additional schedules may be included if deemed appropriate.

All items should be completed. If the answer given to a question is followed by the word "Stop," proceed to the next numbered question. If, however, the answer given is followed by instructions, the additional parts of that question should be completed before going on to the next question.

When page 1 specifies that a schedule should be prepared and attached, please assign a schedule number in consecutive order, starting with number one. Please show the schedule number at the top right-hand corner of the schedule.

Some of the items are self-explanatory and require no special instructions. Other items, however, need special explanations, definitions and instructions for completion. These are listed below, identified by the same item numbers as appear in Exhibit A.

Item No.5: Show whether the sponsor organization is associational, occupational or residential. If occupational, please show the specific products or services produced.

Item No.10: Reserves: The term "reserve" in Exhibit A means that accounts, or accounts, which represents segregated portions of earnings as provided by the law, bylaws, and/or the credit union's management for the absorption of losses relating to loans to members. (These accounts are usually called Regular Reserve, Reserve for Bad Debts, Guarantee Reserve, Guarantee Fund, Special Reserve for Losses and Allowance for Loan Losses.)

Item No.11 a: The delinquent loan list requested should include, for each delinquent loan, the account number of the borrower, date of loan, original amount of loan, unpaid balance, date of last payment of principal, excluding transfers from pledged shares, collateral, and comments regarding the collectibility of each loan in the categories 6 months to less than 12 months and 12 months and over. Payment of interest only should be so identified.

For the purpose of this application, loan delinquency will be determined on the basis of the borrowers' payments in relation to the terms of the notes, as follows:

If a loan is in arrears by two monthly payments plus any part of the third payment, the loan is 2 months delinquent and, therefore, the entire unpaid balance is shown in the 2 months to less than 6 months category. A loan in arrears a total of 6 monthly payments plus any part of the seventh payment would be 6 months delinquent and the entire unpaid balance shown in the 6 months to less than 12 months category. A loan in arrears a total of 12 monthly payments plus any part of the thirteenth payment would be 12 months delinquent and the entire unpaid balance shown in the 12 months and over category.

Item No.11 b: The schedule provided for the delinquent loan information is set up in delinquency categories of 2 months to less than 6 months, 6 months to less than 12 months, and 12 months and over. Credit unions that compute delinquency using categories other than shown in column (b) may use these other categories and show them in column(a). Credit unions using column (a) need not show the delinquencies in the column (b) categories. It is not necessary to report on loans which are delinquent less than 2 months.

Adverse Trends: If items 8, 9, or 11 indicate adverse trends such as significant decreases in shares, loans or reserves, increases in loan delinquency or loan charge-offs, or unresolved serious exceptions shown in the State examination report the credit union may attach an explanation and identify it as "Explanation of Adverse Trends or Unresolved Examination Exceptions" and assign it a schedule number.

Item No.14: This item need be completed only if the credit union owns any of the following:

- A. Investments in U.S. Government securities guaranteed as to principal and interest or Federal Agency securities, the market value of which is now less than the book value.
- B. Real estate other than that used entirely for the credit union's own office(s).
- C. Other investments of any type except:
 - 1. Loans to other credit unions.
 - 2. Certificates of, or accounts in, federally insured savings and loan associations.
 - 3. Certificates of deposit in National or state banks.
 - 4. Deposits or accounts in state central credit unions.
 - 5. Common trust investments with international Credit Union Services Corporation (ICUS) .

If corporate bonds are listed, please show maturity date, rate of interest on bonds and current yield rate.

If stocks are listed, please show number of shares and bid price.

Please identify the source of the market valuation information and the date of such information.

Item No.21 b: The largest loans to members should be shown on page 5. In selecting the loans for this Exhibit, list the largest outstanding unpaid loan balance and proceed in descending order by dollar amount until the number specified below has been shown. The number of such loans to be listed will be determined as follows:

If your credit union has the following number of outstanding loans:	You should list the following number of the largest unpaid balances:
Under 100	5
100 to 199	10
200 to 299	15
299 to 399	20
400 or more	25

If any of the above loans are delinquent, please show the number of months delinquent in the appropriate "status of Repayment" column.

Page 6: Complete page 6 for each investment/loan to a Credit Union Service Organization (CUSO).

TERMINATION OF INSURANCE

Should the credit union, after obtaining insurance of member accounts, desire to terminate its insured status, this could be accomplished by complying with the provisions of section 206(a), (c) and (d) of Title II of the Federal Credit Union Act. This action would require approval by a vote of the majority of the members, and ninety days written notice of the proposed termination date to NCUA. Member accounts would continue to be insured for one year following termination of insurance and the insurance premium would be paid during that period. After termination of insurance, the credit union shall give prompt and reasonable notice to all members whose accounts are insured that it has ceased to be an insured credit union.

Sections 206(a)(2) and 206(d)(2) and (3) of the Act provide that an insured credit union may also terminate its insurance by converting from its status as an insured credit union under the Act to insurance from a corporation authorized and duly licensed to insure member accounts. In this event, approval is required by a majority of all the directors and by affirmative vote of a majority of the members voting, provided that at least 20 percent of the members have voted on the proposition. Under this provision for termination, insurance of member accounts would cease as of the date of termination.

**APPLICATION AND AGREEMENTS FOR INSURANCE OF ACCOUNTS STATE-CHARTERED
CREDIT UNION**

Date _____

TO: The National Credit Union Administration Board

The _____ Credit Union, Insurance

certificate Number _____ (if applicable)

_____, _____
(Mailing Address)

(City) (State)

(Zip Code)

applies for insurance of its accounts as provided in Title II of the Federal Credit Union Act, and in consideration of the granting of insurance, hereby agrees:

1. To permit and pay the cost of such examinations as the NCUA Board deems necessary for the protection of the interests of the National Credit Union Share Insurance Fund;
2. To permit the Board to have access to all records and information concerning the affairs of the credit union, including any information or report related to an examination made by or for any other regulating authority, and to furnish such records, information, and reports upon request of the NCUA Board;
3. To possess such fidelity coverage and such coverage against burglary, robbery, and other losses as is required by Parts 701.20 and 741 of NCUA's regulations;
4. To meet, at a minimum, the statutory reserve and full and fair disclosure requirements imposed on Federal credit unions by section 116 of the Federal Credit Union Act and Parts 702 of NCUA's regulations, and to maintain such special reserves as the NCUA Board may by regulation or on a case-by-case basis determine are necessary to protect the interests of members. Any waivers of the statutory reserve or full and fair disclosure requirements or any direct charges to the statutory reserve other than loss loans must have the prior written approval of the NCUA Board. In addition, corporate credit unions shall be subject to the reserve requirements specified in Part 704 of NCUA's regulations;
5. Not to issue or have outstanding any account or security the form of which has not been approved by the NCUA Board, except accounts authorized by state law for state credit unions;
6. To maintain the deposit and pay the insurance premium charges imposed as a condition of insurance pursuant to Title II (Share Insurance) of the Federal Credit Union Act;
7. To comply with the requirements of Title II (Share Insurance) of the Federal Credit Union Act and of regulations prescribed by the NCUA Board pursuant thereto; and

8. For any investments other than loans to members and obligations or securities expressly authorized in Title I of the Federal Credit Union Act, as amended to establish now and maintain at the end of each accounting period and prior to payment of any dividend, an Investment Valuation Reserve Account in an amount at least equal to the net excess of book value over current market value of the investments. If the market value cannot be determined, an amount equal to the full book value will be established. When, as of the end of any dividend period, the amount in the Investment Valuation Reserve exceeds the difference between book value and market value, the board of directors may authorize the transfer of the excess to Undivided Earnings.
9. When a state-chartered credit union is permitted by state law to accept nonmember shares or deposits from sources other than other credit unions and public units, such nonmember accounts shall be identified as nonmember shares or deposits on any statement or report required by the NCUA Board for insurance purposes. Immediately after a state-chartered credit union receives notice from NCUA that its member accounts are federally insured, the credit union will advise any present nonmember share and deposit holders by letter that their accounts are not insured by the National Credit Union Share Insurance. Also, future nonmember share and deposit fund holders will be so advised by letter as they open accounts.
10. In the event a state-chartered credit union chooses to terminate its status as a federally-insured credit union, then it shall meet the requirements imposed by sections 206(a) (1) and 206(c) of the Federal Credit Union Act and Part 741.6 of NCUA's regulations.
11. In the event a state-chartered credit union chooses to convert from federal insurance to some other insurance from a corporation authorized and duly licensed to insure member accounts, then it shall meet the requirements imposed by sections 206(a) (2), 206(c), 206(d) (2), and 206(d) (3) of the Federal Credit Union Act.

In support of this application we submit pages 1-6 and Schedules described below:

Schedule No.	Title
---------------------	--------------

CERTIFICATIONS AND RESOLUTIONS

We, the undersigned, certify that we are the duly elected and qualified presiding officer and recording officer of the credit union and that at a properly called regular or special meeting of its board of directors, at which a quorum was present, the following resolutions were passed and recorded in its minutes:

We, the undersigned, certify to the correctness of the information submitted.

Be it resolved that this credit union apply to the National Credit Union Administration Board for insurance of its accounts as provided in Title II of the Federal Credit Union Act.

Be it resolved that the presiding officer and recording officer be authorized and directed to execute the Application and Agreement for Insurance of Accounts as prescribed by the NCUA Board and any other papers and documents required in connection therewith and to pay all expenses and do all such other things necessary or proper to secure and continue in force such insurance.

We, further certify that to the best of our knowledge and belief no existing or proposed officer, committee member or employee of this credit union has been convicted of any criminal offense involving dishonesty or breach of trust, except as noted in attachments to this application. We further agree to notify the Board if any existing, proposed, or future officer, committee member or employee is indicted for such an offense.

(Signature) Presiding Officer, Board of Directors

(Print or Type Presiding Officer's Name)

(Signature) Recording Officer, Board of Directors

(Print or Type Recording Officer's Name)

8. The Supervisory Committee provided for in the bylaws consists _____ of members (not less than 3 nor more than 5). A member of the Board of Directors may not serve on the Supervisory Committee.

Name	Full Address	Date Elected	Term Expires

9. The Officers of the credit union for the current year are: (All Officers must be Directors)

President _____
 Vice President _____
 Vice President _____
 Secretary _____
 Treasurer _____
 Board Chairman _____

10. Executive Committee (Not less than 3 members of the Board)

Name	Address

11. Officer in Charge of Operations: (If employed)

Title	Name	Full Address	Date Employed
President			
General Manager			
Exec. Vice Pres			
(Circle One)			

12. Appointed Officials

Title	Name	Full Address	Date Appointed
Asst. Treasurer			
Asst. Treasurer			
Membership Officer			

12. Signed _____ day of _____ - _____ 20_____ .

 Secretary-Treasurer

NOTE: The Credit Union Code requires this statement to be filed with the Department of Banking within ten (10) days after the date of election of officers and provides a Penalty of one hundred-dollars (\$100.00) per day of delinquency for failure to file such statements when due.
 A revised Statement is to be filed with the Department whenever any change occurs in the information embodied in the Statement.

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING**

CHANGES OF OFFICERS, DIRECTORS AND COMMITTEE MEMBERS
(Occurring between Annual Meetings)

In compliance with the requirements of the Credit Union Code, 17 Pa C.S. § 101 et seq., the ensuing change statement is filed with the Department of Banking.

1. _____
Credit Union Name

2. _____
Full Address

3. Officers. Changes (Names and Addresses)

President - New _____
V. Pres. - New _____
Treasurer - New _____
Secretary - New _____
Bd. Chmn. - New _____

4. Board of Directors. Changes (Names and Addresses)

New _____

Replacing _____

New _____

Replacing _____

Replacing _____

5. Credit Committee. Changes (Name and Addresses)

New _____

Replacing _____

New _____

6. Supervisory Committee - Changes (Names and Addresses)

New _____
Replacing _____
New _____
Replacing _____

7. Executive Committee - Changes (Names)

New _____
Replacing _____
New _____
Replacing _____
New _____
Replacing _____
New _____
Replacing _____

8. Officer in Charge of Operations - Change (Name and Address)

Title	Name	Full Address	Date Employed
President			
General Manager			
Exec. Vice Pres			
(Circle One)			

Date Appointed _____

9. Signed _____ Day of _____ 20 _____

Secretary, Treasurer

NOTE: This statement must be filed promptly when any change occurs between annual meetings.

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF BANKING

SAMPLE BYLAWS OF A CREDIT UNION

Timothy J. Blase, Director, Credit Unions Office
Joseph A. Moretz, Manager-Corporate Applications Division
Donna J. Metcalfe, Administrator
Jill S. Beckwith, Administrative Officer

(717) 783-2253

BYLAWS OF

_____ CREDIT UNION

ARTICLE I

NAME, LOCATION, AND BUSINESS HOURS

- Section 1. This credit union shall be known as _____ Credit Union.
- Section 2. The business of this credit union shall be transacted in the municipality designated in the Articles of Incorporation of this credit union filed in the office of the Secretary of the Commonwealth of Pennsylvania.
- Section 3. The address of the credit union shall be _____, Pennsylvania. The location of the office within the municipality designated in the Articles of Incorporation may be changed at any time by a resolution of the Board of Directors. Written notice of such change shall immediately be given to all members and to the Department of Banking.
- Section 4. The office of the credit union shall be open for business during such hours and on such days as the Board of Directors shall determine.

ARTICLE II

MEMBERSHIP

- Section 1. The membership of this credit union shall be limited to the field of membership as set forth in the Articles of Incorporation filed in the office of the Secretary of the Commonwealth of Pennsylvania.
- Section 2. Applications for membership shall be signed by the applicant, and approved as herein provided by the Board of Directors or the membership officer or the officer in charge of operations. A list of all applications approved or disapproved by the membership officer or the officer in charge of operations shall be presented to the Board at least monthly. Applications for membership shall not be approved until the applicant has paid in at least one (1) full share. Pending applications shall be filed separately from membership cards.

- Section 3. Every applicant elected to membership shall have paid an entrance fee (optional) of \$_____ and shall have purchased not less than one (1) share, the par value of which is set forth in the Articles of Incorporation. By resolution of the Board of Directors, the entrance fee may be waived for any particular period.
- Section 4. An applicant who fails to complete payment of one share within _____ of his/her/its filing of a membership application may be cancelled by action of the Board of Directors.
- Section 5. A member who fails to increase his/her/its share balance to at least one share within _____ following an increase in the par value of shares, or a member who reduces his/her/its share balance below one share and does not increase the balance to at least one share within _____ of the reduction, may be terminated from membership by action of the Board of Directors.
- Section 6. A member who leaves or has left the field of membership of this credit union and has not withdrawn all of his/her share account may retain his/her membership and all of the incidence thereof.

ARTICLE III

MEETINGS

- Section 1. The annual meeting of the members shall be held during _____ each year.
- Section 2. Special meetings may be called by the President, the Chairman of the Board, or the Supervisory Committee. Special meetings shall be called by such presiding officer upon written request of _____ members. No other business than that specified in the notice of the meeting shall be transacted at a special meeting.
- Section 3. Except as otherwise required by law, notice of all meetings shall be given by the Secretary who shall, at least ten days before the date of the meeting, post a notice thereof, specifying the time, place and hour of the meeting, in a conspicuous place in the office of the credit union and a copy of said notice shall be mailed or delivered in person to each member at the address for such member appearing on the records of the credit union. The mailing of such notices may be made in conjunction with the mailing of member account statements so long as the account statements are mailed no less than 10 nor more than 90 days prior to a scheduled meeting.

Section 4. At annual or special meetings _____ members shall constitute a quorum and the vote of the majority shall be the act of the credit union. If no quorum is present, an adjournment shall be taken to a date not less than seven days thereafter. Notice of adjourned meetings shall be given in the same manner as provided in Section 3 of this article for the original meeting. The decisions of the majority at an adjourned meeting shall be binding regardless of the number of members present.

Section 5. The order of business of the annual meeting of the members shall be:

- Roll Call
- Reading and Approval of Minutes of Last Meeting
- Report of Director
- Report of Treasurer
- Report of Credit Committee
- Report of Supervisory Committee
- Unfinished Business
- New Business
- Elections
- Adjournment

ARTICLE IV

ELECTIONS

Section 1. The President or, if the Board of Directors has elected a Chairman of the Board, in his/her stead such Chairman shall appoint a nominating committee of three members at least 30 days prior to the annual meeting. Incumbent directors and committee members shall not be eligible to serve on the nominating committee. It shall be the duty of the nominating committee to nominate at the annual meeting one or more members for each vacancy for which elections are being held.

Section 2. After the nominations of the nominating committee have been placed before the members, the presiding officer shall call for nominations from the floor. When nominations are closed, tellers shall be appointed by such presiding officer, ballots shall be distributed, the vote shall be taken and tallied by the tellers, and the results announced. All elections shall be by ballot except where there is only one nominee for the office. All elections shall be by plurality vote.

Section 3. The Board of Directors shall consist of _____ members, the Credit Committee shall consist of _____ members, and the Supervisory Committee shall consist of _____ members. At the organization meeting, all Directors and Committee members shall be elected to serve until the first annual meeting.

Thereafter, regular terms of office for Directors, Credit Committee and Supervisory Committee members shall be for a period of 3 years: Except that, all regular terms shall be so fixed at the first annual meeting, or upon any increase or decrease in the number of Directors or Committee members, that approximately an equal number of regular terms shall expire at each annual meeting.

Section 4. Not more than one member of the Board, who shall not be the Treasurer or Assistant Treasurer, may serve as a member of the Credit Committee. A member of the Board, Treasurer or Assistant Treasurer may not serve as a member of the Supervisory Committee.

Section 5. Any vacancy occurring on the Board of Directors or on the Credit or Supervisory Committee between annual meetings shall be filled as provided by law. Directors or Committee members appointed to fill such vacancies shall serve only until the next annual election. At the next annual election a Director or Committee member shall be elected to serve for the unexpired term of such vacancy.

ARTICLE V

DIRECTORS AND OFFICERS

Section 1. A meeting of the newly-elected Board of Directors shall be held within thirty days after the annual meeting of this credit union at which time there shall be elected from its membership either a President, one or more Vice Presidents or a Chairman and one or more Vice Chairmen; a Treasurer; and a Secretary, all of which officers shall serve for a period of one year or until successors are elected and installed. The office of Treasurer and Secretary may be held by one person.

Section 2. The Board may appoint one or more Assistant Treasurers.

Section 3. The Board shall hold regular monthly meetings the day or date of which shall be fixed by the Board and properly recorded in its minutes. At all meetings a majority of the total directorate shall constitute a quorum. Special meetings of the Board may be called by the President or, if the Board of Directors has elected a Chairman of the Board, in his/her stead such Chairman, and shall be called by such officer upon written request of any three members of the Board.

- Section 4. The Board shall have general management of the affairs of the credit union and shall fulfill the duties and have such other authority as is provided by law. The Board, by resolution, shall designate the depositories, the person(s) to sign checks and the person(s) who shall have control with the Treasurer of the investments of the credit union. The Board shall at all times have free access to the books and records of the credit union.
- Section 5. If a Director fails to attend meetings of the Board for three consecutive meetings his/her office may be declared vacant by the Board and the vacancy filled as provided by law. During the absence of any officer from a meeting of the Board, the Board may appoint another of its members to act temporarily in his/her stead.
- Section 6. The President or, if the Board of Directors has elected a Chairman of the Board, in his/her stead such Chairman shall preside at meetings of the members and of the Board. The President shall countersign all notes and drafts by the credit union when two signatures are required and shall have such other powers and perform such other duties as are generally exercised by and appertain to the office of President or as may be assigned by the Board of Directors.
- Section 7. A Vice President shall perform the duties of the President in the event of the absence or disability of that officer and such other duties as the Board of Directors may assign. If the Board has elected a Chairman of the Board, the President shall perform such Chairman's duties in the event of his/her absence or disability.
- Section 8. The officer in charge of operations shall be the Treasurer unless the Board of Directors has employed a General Manager or Executive Vice President to serve as officer in charge of operations under the direction and control of the Treasurer or the Board, as the Board shall determine. He/She shall sign all notes and drafts drawn by the credit union. He/She shall have custody of the cash, books of account and other valuable papers of the credit union and he/she, together with such other officer of the credit union appointed by the Board, shall have joint custody of investments. He/She shall keep proper books of account satisfactory to the Department of Banking. He/She shall prepare a financial statement and statistical report showing the condition of the credit union as of the close of each month, which statement shall be posted within _____ days (a specific number within a minimum of 7 and maximum of 20 days) after the close of each month in a conspicuous place in or near the office of the credit union where it shall remain until replaced by the statement of the succeeding month. He/She shall, on or before the second full banking day after receipt thereof, deposit all funds received; provided, however, that receipts in the aggregate of \$_____ or less need not be deposited more often than once each week. All payments or withdrawals shall be made by check or by electronic transfer; provided, however, that the Board of Directors may by resolution provide for the establishment and replenishment of a petty cash fund not exceeding \$_____ and for the establishment of a change fund as circumstances and conditions require.

The Treasurer and the officer in charge of operations, if different, shall furnish a surety bond, in the amount determined by the Board of Directors from time to time and approved by the Department of Banking, which bond shall be held by the President or, if the Board has elected a Chairman, in his/her stead such Chairman, the expense of which shall be borne by the credit union. The Treasurer and, where applicable, the General Manager or Executive Vice President shall have such other duties and authority as are generally exercised by and appertain to such office or as may be assigned by the Board of Directors.

Section 9. An Assistant Treasurer shall perform the duties of the Treasurer in the event of the absence or disability of that officer and such other duties as the Board may assign.

Section 10. The Secretary shall keep a correct record of all meetings of the Board of Directors, which records shall be signed by the Secretary and the presiding officer. He/She shall give notice of all meetings of the members in the manner provided by the bylaws and shall perform such other duties as are generally exercised by and appertain to such office or as may be assigned by the Board.

Section 11. The Board may appoint a membership officer from among the members of the credit union, other than the Treasurer, Assistant Treasurer or loan officer, to approve applications for membership under such conditions as the Board may prescribe according to law.

Section 12. The Board may appoint alternate Credit Committee members to act on the Credit Committee during the incapacity or absence of its members.

ARTICLE VI

CREDIT COMMITTEE

- Section 1. A meeting of the newly elected Credit Committee shall be held within ten days after the annual meeting, at which time a Chairman shall be elected. Thereafter the Credit Committee shall meet at such times as may be designated by the Chairman for the purpose of passing upon applications for loans to members other than first mortgage loans. If a member of the Credit Committee fails to attend meetings of the Committee for three consecutive meetings, his/her office may be declared vacant by the Board of Directors and the vacancy filled as provided by law.
- Section 2. The Credit Committee shall keep a record of its proceedings which shall show all applications for loans by members other than first mortgage loans, if loans are granted or rejected, and the names of the Committee members present at each meeting. This record shall be part of the records of the credit union.
- Section 3. The Credit Committee shall inquire carefully into the personal habits and financial responsibility of borrowers and their sureties to ascertain their ability to repay fully and promptly the obligations assumed by them. The Credit Committee shall stipulate the security which may be required on loans.
- Section 4. The Credit Committee may appoint one or more loan officers and delegate to such person(s) the power to approve loans, share withdrawals, releases and substitutions of security, within limits specified by the Credit Committee.
- Each loan officer shall furnish to the Credit Committee a record of each loan approved or not approved by him/her within seven days of the date of the filing of the application. All loans not approved by a loan officer must be acted upon by the Credit Committee. No individual shall have authority to disburse funds of the credit union for any loan which has been approved by him/her in his/her capacity as loan officer.
- Section 5. The Credit Committee shall have such other duties and authority as is provided by law.

ARTICLE VII

SUPERVISORY COMMITTEE

- Section 1. The Supervisory Committee shall, at least annually, make an examination of the books and affairs of the credit union and submit a report of its findings to the Board of Directors and to the members at the next annual meeting. The Supervisory Committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities, and may request the Board to provide compensation for such assistance.
- Section 2. Each examination by the Supervisory Committee shall include at least an adequate test sampling of applications for loans made during the period under examination and that each such application is properly executed in accordance with these bylaws and loan policy and bears approval of the Credit Committee or loan officer as required by law. The Committee shall, from time to time and at least once every two years, cause the share and loan accounts of members and share accounts of non-members to be verified with the records of the credit union using a method which conforms to generally accepted auditing standards. The Committee shall maintain a record of such verification.
- Section 3. One member of the Supervisory Committee shall attest the monthly report of the Treasurer.
- Section 4. The Supervisory Committee members shall choose from among their number a Secretary. The Secretary shall keep a record of all meetings of the Supervisory Committee and prepare, maintain, and have custody of the records of all actions taken by the Committee. These reports and records shall become part of the records of the credit union.
- Section 5. If the Supervisory Committee fails to perform the duties required by law, the Board of Directors shall remove the members from office and appoint a new Committee as provided by law. Vacancies occurring in the membership of the Supervisory Committee shall be filled by vote of the remaining Committee members. In case of a tie the President or, if the Board has elected a Chairman, in his/her stead such Chairman shall cast the deciding vote.
- Section 6. The Supervisory Committee shall have such other duties and authority as by law provided.

ARTICLE VIII

LOANS TO MEMBERS

Section 1. Loans shall be made only for the purposes and upon the conditions provided by law and only to the members permitted to borrow by law.

Section 2. Directors or members of the Credit or Supervisory Committee shall have the same borrowing privileges as any other member of this credit union, except as may be restricted by law.

No director, officer or member of any committee may obtain or guarantee a loan from this credit union on terms, rates or conditions that are more favorable than those granted to any other member as per Section 512 of the Credit Union Code.

A Director, Credit Committee member or loan officer shall not vote on the granting of any loan in which he/she has guaranteed the loan's repayment or where his/her immediate family has a beneficial interest as per Section 713(b) of the Credit Union Code.

Section 3. Applications for loans shall be in writing, shall state the amount of loan, purpose of loan, security offered on loan, amount standing to the credit of the borrower and each comaker or endorser on the books of the credit union at the time of application, existing liability of the borrower, comaker or endorser at the time of application, and such other information as the Credit Committee shall prescribe. Applications for loans shall be approved or disapproved as provided by law.

Section 4. Loans shall be evidenced by a promissory or judgment note and any other document necessary to secure such loans signed by the borrowing member and such other person(s) as may have been required as comaker(s) or endorser(s) by the Credit Committee. The note and other legal papers shall be filed with the application as a record of the credit union and the note and other legal documents signed by the borrower shall be returned to the borrower upon final payment of the loan. The application or other documents required by law to be retained shall remain in possession of the credit union and shall be filed with its records. Legal documents filed with a public official need not be returned to the borrower.

- Section 5. The rate of interest charged on loans to members shall be established by resolution of the Board of Directors, but such rate shall not exceed that which is fixed by law.
- Section 6. The Board of Directors may authorize the charging of a late fee on first mortgage loans. Such fees shall not exceed the amount specified by law.

ARTICLE IX

SHARES

- Section 1. Shares in this credit union shall have the par value designated in its Articles of Incorporation. Shares may be paid in cash or may be paid in installments.
- Section 2. The maximum amount or number of shares which may be purchased by any member or non-member shall be determined from time to time by the Board of Directors.
- Section 3. Shares may be purchased in the name of a minor child of a member. Shares may be purchased by a member as trustee for any person designated by such member. Shares may be purchased by a member in joint tenancy with the right of survivorship with any person designated by such member. No such minor, beneficiary or joint tenant may vote, hold office or borrow from the credit union unless he/she is otherwise a qualified member.
- Section 4. Shares or the money paid in on shares may be withdrawn at any time the office of the credit union is open for business; provided, however, that the Board of Directors may require a notice of withdrawal not exceeding sixty days. When the demand for withdrawals is greater than the funds available, such withdrawals shall be paid in the order in which received as funds become available. Applications for withdrawal shall be made in writing in the form prescribed by the Board.
- Section 5. Every share or part thereof shall be subject to an automatic lien for the payment of any indebtedness due the credit union by the owner thereof as maker, comaker or endorser on any loan due the credit union. This lien shall be enforceable against such share or part thereof by the forfeiture and cancellation thereof by action of the Board of Directors and the application of the proceeds or so much thereof as may be necessary to pay the amount due the credit union.

ARTICLE X

DIVIDENDS AND INTEREST REFUNDS

- Section 1. The Directors of the credit union may declare dividends as provided by law. Dividends shall be paid on all shares and share certificates; however, the Directors may set different rates on different classes of shares. Dividends may be paid on all funds in a member's share account once a fully paid share, as set forth in the Articles of Incorporation, has been purchased.
- Section 2. The Directors may authorize an interest refund on such classes of loans to members and under such conditions as is prescribed by law. Such interest refunds may be distributed in the manner determined by the Board of Directors.

ARTICLE XI

RESERVES

- Section 1. The credit union shall establish and maintain a Regular Reserve Account, an Allowance for Loan Loss Account and an Allowance for Investment Loss Account in accordance with Section 513 of the Credit Union Code.

ARTICLE XII

EXPULSION

- Section 1. A member may be expelled from membership in the credit union in the manner provided by law.

ARTICLE XIII

DISSOLUTION

- Section 1. This credit union may be dissolved at any time in the manner provided by law.

ARTICLE XIV

AMENDMENTS

- Section 1. These bylaws may be altered, amended or repealed as provided in Section 305 of the Credit Union Code. All bylaw amendments shall be forwarded to the Department of Banking.
- Section 2. The membership of this credit union may amend or repeal these bylaws through mail ballot. In order for an amendment to be considered, the member(s) submitting the change must include the exact language of the amendment and a petition containing the signatures of at least _____ members. The Board of Directors may recommend the adoption or rejection of the proposed amendment. The Board of Directors shall cause the proposed amendment to be mailed to the membership within _____ days of receiving a properly prepared bylaw amendment request. If at least two-thirds of the responding mail ballots favor the proposed amendment or repeal, the change shall be effective within 60 days of the mailing.
- Section 3. In the event that a bylaw amendment approved by the Board of Directors is rejected or changed by the members at an annual or special meeting, the Board of Directors may resubmit the original amendment to a vote of the entire membership through the mail ballot procedures outlined in Section 2 of this article. The Board of Directors may take such action if the resubmittal motion is approved by a vote of at least a majority of the Board of Directors.

ARTICLE XV

DIRECTORS AND VOLUNTEER OFFICERS' LIMITED LIABILITY

- Section 1. A director and volunteer officer of this credit union shall stand in a fiduciary relation to this credit union and shall perform his/her respective duties, including his/her duties as a member of any committee upon which he/she may serve, in good faith, in a manner reasonably believed to be in the best interests of this credit union
- and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his/her duties, a director and volunteer officer shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:
- (A) One or more officers or employees of this credit union whom the director or volunteer officer reasonably believes to be reliable and competent in the matters presented.

- (B) Counsel, public accountants or other persons as to matters which the director or volunteer officer reasonably believes to be within the professional or expert competence of such persons.
- (C) A committee of the Board of Directors upon which he/she does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director or volunteer officer reasonably believes to merit confidence.

A director and volunteer officer shall not be considered to be acting in good faith if he/she has knowledge concerning the matter in question that would cause his/her reliance to be unwarranted.

Section 2. In discharging the duties of their respective positions, directors and volunteer officers may, in considering the best interests of this credit union, consider the effects of any action upon employees, upon suppliers and customers (members) of this credit union and upon communities in which offices or other establishments of this credit union are located, and all other pertinent factors. The consideration of these factors shall not constitute a violation of Section 1 hereof.

Section 3. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of this credit union.

Section 4. A director or volunteer officer of this credit union shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

- (A) The director or volunteer officer has breached or failed to perform the duties of his/her office under Section 1; and
- (B) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Section 5. The provisions of Section 4 hereof shall not apply to:

- (A) the responsibility or liability of a director or volunteer officer pursuant to any criminal statute; or
- (B) the liability of a director or a volunteer officer for the payment of taxes pursuant to local, state or federal law.

Section 6. The credit union shall have the power to indemnify its current and former directors and volunteer officers against expenses reasonably incurred by them in connection with the defense of any action to which they are made parties by reason of being or having been directors or volunteer officers of this credit union, except to the extent not permitted by law. Such indemnification shall not be deemed exclusive of any other rights to which they may be entitled under any bylaw, agreement, vote of members or otherwise.

Section 7. Notwithstanding any other provisions of these Bylaws, the approval of the members shall be required to amend or repeal this Article or to adopt any provision as part of these Bylaws which is inconsistent with the purpose of this Article.

AMENDMENT OF CREDIT UNION BYLAWS

**TO THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING:**

In compliance with the provisions of the Credit Union Code, 17 Pa. C.S. § 101 et seq., the following named credit union, being desirous of amending its Bylaws, hereby certifies that:

FIRST, the name and principal place of business of the credit union is

SECOND, the meeting at which the amendment was adopted was a (Board of Directors' meeting, regular membership meeting, or special membership meeting)

THIRD, the date of the meeting was

FOURTH, if the amendment was adopted at a Board of Directors' meeting, the number of directors present was _____ and _____ directors voted for the amendment.

FIFTH, if the amendment was adopted at a membership meeting, the number of members constituting a quorum is _____, the number of members present was _____, and _____ members voted for the amendment.

SIXTH, the amendment adopted at the aforementioned meeting is hereinafter set forth in its entirety.

THIS IS TO CERTIFY that the aforementioned amendment to the Bylaws of _____ Credit Union was adopted in accordance with the Credit Union Code, 17 Pa. C.S. § 101 et seq.

Secretary