**APPLICATION FOR TRUST DEPARTMENT**

1. Name of Applicant:

a. Corporate Title\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b. Principal Place of Business\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Application is hereby made to act in the following fiduciary capacity: (Check either a or b)

\_\_\_\_\_ a. Full or General Trust Powers

\_\_\_\_\_b. Limited Trust Powers (as indicated on this Application)

**SCHEDULE OF LIMITED TRUST POWERS APPLIED FOR**

The Limited Trust Powers referred to in item 2b, and are confined to those checked below:

# PERSONAL TRUST POWERS

\_\_\_\_\_Executor and Administrator \_\_\_\_\_Agent

\_\_\_\_\_Trustee \_\_\_\_\_Escrow Agent Only

\_\_\_\_\_Conservator \_\_\_\_\_Investment Management Agent

\_\_\_\_\_Guardian \_\_\_\_\_Investment Advisor Agent

\_\_\_\_\_Other Fiduciary Capacity (Specify) \_\_\_\_\_Custodian

## EMPLOYEE BENEFIT TRUST POWERS

\_\_\_\_\_Trustee \_\_\_\_\_Agent

\_\_\_\_\_Custodian \_\_\_\_\_Investment Management Agent

\_\_\_\_\_Other Fiduciary Capacity (Specify)

## CORPORATE TRUST POWERS

\_\_\_\_\_Escrow Agent \_\_\_\_\_Transfer Agent

\_\_\_\_\_Other Fiduciary Capacity (Specify) \_\_\_\_\_Registrar of Stocks & Bonds

3. Submit a resolution of the institution’s Board of Directors authorizing this application. The certified statement shall read as follows:

RESOLUTION OF THE INSTITUTION’S BOARD OF DIRECTORS AUTHORIZING

THIS APPLICATION TO THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

This application is made pursuant to authorization and direction of the Board of Directors of this institution, as evidenced by the following resolution adopted by said Board at a meeting duly called and held on the\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_.

RESOLVED, that an application be made by this institution for the written consent of the Pennsylvania Department of Banking and Securities to exercise full/limited trust powers (strike full or limited). (If limited, specify those powers applied for.)

FURTHER RESOLVED, that the Statement of Principles of Trust Department Management is hereby adopted and the exercise of any fiduciary powers granted will be in conformance with such principles, except where they may conflict with any State or Federal law or regulation.

FURTHER RESOLVED, that the President or Vice President and the Secretary of the institution be and they hereby are authorized and directed, on behalf of this institution, to execute and submit such application to the Pennsylvania Department of Banking and Securities.

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name and Location of Applicant

SEAL) By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

President or Vice President

ATTEST:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Secretary

***STATEMENT OF PRINCIPLES***

#### **OF**

***TRUST DEPARTMENT MANAGEMENT***

***The minimum requirements to provide for sound banking practices in the operation of a trust department and to provide safeguards for the protection of depositors, fiduciary beneficiaries, creditors, stockholders, and the public, should include:***

***(1) Involvement by the board of directors in providing for the establishment and continuing operation of a trust department;***

***(2) Operation of the trust department separate and apart from every other department of the bank, with trust assets separated from other assets owned by the bank, and the assets of each trust account separated from the assets of every other trust account; and***

***(3) Maintenance of separate books and records for the trust department in sufficient detail to properly reflect all trust department activities.***

***Nothing herein is intended to prohibit the board of directors from acting as***

***the trust committee, or from appointing additional committees and officers***

***to administer the operations of the trust department. When delegating***

***duties to subcommittees and/or officers, the board and the trust committee***

***continue to be responsible for the oversight of all trust activities.***

***Sufficient reporting and monitoring procedures should be established to***

***fulfill this responsibility.***

The board of directors, by proper resolution included in its minutes, should:

(1) Designate an officer, qualified and competent, to be responsible for and administer the activities of the Trust Department. In addition, the board should define the officer’s duties.

***(2) Name a Trust Committee consisting of at least three directors to be responsible for and supervise the activities of the Trust Department. The committee should include, where possible, one or more directors who are not active officers of the bank.***

***The Trust Committee should:***

***(a) Meet at least quarterly, and more frequently if considered necessary and prudent to fulfill its supervisory responsibilities;***

***(b) Approve and document the opening of all new Trust Department accounts; all purchases and sales of, and changes in, trust assets; and the closing of trust accounts;***

***(c) Provide for a comprehensive review of all new accounts for which the bank has investment responsibility promptly following acceptance;***

***(d) Provide for a review of each Trust Department account, including collective investment funds, at least once each calendar year. The scope, frequency, and level of review (trust committee, subcommittee, or disinterested account officer) should be addressed in appropriate written policies which give consideration to the department’s fiduciary responsibilities, type and size of account, and other relevant factors.***

***Generally, discretionary account reviews should cover both***

***administration of the account and suitability of the account’s***

***investments, and non-discretionary account reviews should address***

***account administration;***

***(e) Keep comprehensive minutes of meetings held and actions taken; and***

***(f) Make periodic reports to the board of its actions.***

***(3) Provide comprehensive written policies which address all***

***important areas of Trust Department activities.***

***(4) Provide competent legal counsel to advise trust officers and the***

***trust committee on legal matters pertaining to fiduciary***

***activities.***

***(5) Provide for adequate internal controls including appropriate***

***controls over trust assets.***

***(6) Provide for an adequate audit (by internal or external auditors***

***or a combination thereof) of all fiduciary activities, annually.***

***The findings of the audit, including actions taken as a result of***

***the audit, should be recorded in its minutes.***

##### If a bank adopts a continuous audit process instead of performing annual

***audits, audits may be performed, on an activity-by-activity basis, at***

***intervals commensurate with the level of risk associated with that activity.***

***Audit intervals must be supported and reassessed regularly to ensure***

***appropriateness given the current risk and volume of the activity.***

***(7) Receive reports from the Trust Committee and record actions taken in its minutes.***

***(8) Review the examination reports of the Trust Department by supervisory agencies and record actions taken in its minutes.***

4. If the institution is a defendant in any suits in law or equity, state full details, including names of plaintiffs, docket numbers, nature and amount of claims.

5. Complete the following schedule showing the institution’s major insurance coverage. Discuss any contemplated changes in this coverage below the schedule.

Fidelity Insurance Excess Employee Other

(Blanket Bond) Dishonesty Bond Ins.

Amount of Coverage

Insurance Company

Policy Expiration Date

MANAGEMENT OF THE PROPOSED TRUST DEPARTMENT – TRUST COMMITTEE

6. The following information should be detailed for each member of the Trust Committee:

(a) Name, position with applicant, number of years associated with applicant, principal occupation, and qualifications in fiduciary and investment areas.

(b) Business interests. List the name, location and primary type(s) of business of all companies in which the individual is a director, officer or substantial shareholder, as well as all partnerships and whether the member of the Trust Committee is a general or limited partner. Also indicate the individual’s position with each entity. Indicate whether the above business interests involve companies or partnerships or other entities which either conducts any business of any type with the applicant or which compete with the applicant in any manner.

MANAGEMENT OF THE PROPOSED TRUST DEPARTMENT – TRUST OFFICER(S)

7. The following information should be detailed for each Trust Officer:

(a) Name.

(b) Present occupation and employer. (Include position, duties, current salary and year employed.)

(c) Specialized fiduciary and investment training. (Name and location of school, type of program, year completed and any other type of specialized training.)

(d) Prior employment history. (Regarding prior employment of a fiduciary or investment nature, identify prior employers, positions with prior employers, dates employed, descriptions of duties and reasons for leaving employment.)

(e) Business interests. (List the name, location, and primary type(s) of business of all companies in which the individual is a director, officer, or substantial shareholder, as well as all partnerships and whether the member of the Trust Committee is a general or limited partner. Also indicate the individual’s position with each entity. Indicate whether the above business interests involve companies or partnerships or other entities which either do any business of any type with the applicant or which compete with the applicant in any manner.

(f) Professional Licenses or Similar Certificates. (Attorney, CPA, teach certificate, etc.)

LEGAL COUNSEL FOR FIDUCIARY ACTIVITIES

8. List legal counsel which will advise and pass upon fiduciary matters whenever necessary:

For individual attorneys, provide:

(a) Name.

(b) Indicate whether the attorney(s) presently perform any fiduciary work for competing institutions.

For legal firms, provide:

(a) Name and location of firm.

(b) Indicate whether the law firm(s) presently perform(s) any fiduciary work for any competing institution(s).

INCOME AND EXPENSES FROM FIDUCIARY OPERATION

FOR FIRST THREE YEARS

9. Schedule A – Estimated Volumes of Fiduciary Business for First Three Years of Operation.

No. of Accounts Asset Fee

Administered Volume Income

Year 1

### Type of Account

Estates

Personal Trust Accounts

Employee Benefit Accounts

Corporate Trust Accounts

Other (Specify) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Total \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Year 2

### Type of Account

Estates

Personal Trust Accounts

Employee Benefit Accounts

Corporate Trust Accounts

Other (Specify) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Total \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

No. of Accounts Asset Fee

Administered Volume Income

Year 3

# Type of Account

Estates

Personal Trust Accounts

Employee Benefit Accounts

Corporate Trust Accounts

Other (Specify) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Total \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Schedule B – Estimated Income and Expense From Fiduciary Operations For First Three Years of Operation.

Year 1 Year 2 Year 3

INCOME:

Fee Income (From Schedule A)

Other Income (Specify) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Total Income \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

EXPENSES:

Personnel Costs

Occupancy Expense

Legal Fees

Investment Costs

EDP Costs

Other Expenses (Specify) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Total Expenses \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

NET OPERATING INCOME OR (LOSS) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

CREDIT FOR DEPOSITS (Optional)

Income Earned From Own-

Institution Deposits \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

NET PROFIT OR (LOSS) \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

GENERAL INFORMATION ABOUT PROPOSED TRUST DEPARTMENT

10. Describe the types of accounting records to be maintained for the proposed Trust Department.

11. Describe the audit program to be used for the proposed Trust Department. If an internal auditor is to be used, show the name, position, number of years with applicant, and training and experience in both bank and trust auditing. If an outside auditor is to be used, show the name and location of the firm. For both internal and outside auditors, as applicable, indicate the extent of the proposed trust audit programs.

12. Detail the type of services to be offered by the proposed Trust Department including the proposed schedule of fees for each type of service and the location(s) where the services will be offered.

13. Submit proposed written policies and procedures for ensuring compliance with the Federal securities laws in the purchase and sale of securities in connection with the exercise of trust powers.

CONVENIENCE AND NEEDS OF THE COMMUNITY

14. Describe the economic, geographic and population characteristics of the fiduciary trade area.

15. Describe the anticipated sources and types of new fiduciary business, as well as the community’s need for such services. The number and dollar volume of probate appointments in the fiduciary trade area for the past three calendar years should be shown.

16. List any specific instances in which the applicant believes that the offering of the additional fiduciary services will result in other benefit(s) to the applicant.

ARTICLES OF AMENDMENT

Subsequent to approval of an Application for Trust Department, the institution must file Articles of Amendment with the Department of Banking and Securities pursuant to the provisions of Chapter 15 of the Banking Code of 1965. The Articles of Amendment must change the Purpose Clause of the Articles to allow for the exercise of fiduciary/trust powers.

The Department will make the appropriate documentation and related instructions available for completing the required Articles of Amendment to the applicant at the time of approval and Application for Trust Department.