



pennsylvania
DEPARTMENT OF BANKING

MARKET SQUARE PLAZA | 17 N SECOND STREET, SUITE 1300 | HARRISBURG, PA 17101
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**APPLICATION FOR CREDIT UNION CONVERSION
INSTRUCTIONS**

General Information

A Federal credit union may be converted into a State-chartered credit union subject to the provisions of Section 1102 of the Pennsylvania Credit Union Code by complying with all Federal requirements requisite to enabling it to convert to a State-chartered credit union or to cease being a Federal credit union and by filing with the Department of Banking proof of compliance with such Federal requirements in a form satisfactory to the Department. In addition, certain documentation (listed below) must be submitted to the Department in order to complete the conversion including Articles of Conversion. Immediately upon the receipt of the Articles of Conversion, the Department may deem it necessary to conduct an investigation to ascertain: (1) whether the name of the proposed credit union conforms with the requirements of law for the name of a credit union, and whether it is the same as one already adopted or reserved by another person, or is so similar to another one that it is likely to mislead the public; (2) whether the conversion is being made for legitimate purposes; (3) whether the interests of its members and creditors are being adequately protected; (4) whether the proposed credit union meets all the requirements of the Pennsylvania Credit Union Code and does not violate any of the prohibitions applicable to a credit union incorporated under the Code; (5) whether the Federal credit union has complied with the requirements of the laws of the United States as they relate to the conversion of a Federal credit union into a State-chartered credit union.

To that end, two (2) copies of the conversion application shall be completed and submitted to the Department of Banking and shall be accompanied by the following:

A check in the amount of \$5,000.00, payable to the Department of Banking -filing fee for the application.

Executed Articles of Conversion (sample enclosed).

A check in the amount of \$70.00, payable to the Secretary of the Commonwealth -filing fee for the Articles of Conversion.

An executed resolution of the Board of Directors approving the proposed conversion.

A certified copy of the Certification of Vote of members at a regular/special meeting approving the proposed conversion. In addition, please submit a copy of the notice sent to members notifying them of the meeting at which the proposed conversion will be presented.

Proposed bylaws of the State-chartered credit union (sample enclosed).

Financial and Statistical Report -This can be a copy of the NCUA 5300 Call Report detailing year-end financials (statement of condition and income & expense) as well as a Delinquent Loan Summary.

A statement signed by the President and Secretary of the credit union detailing the reasons for conversion.

A statement committing payment of any expenses involved in any necessary investigations and/or preconversion examinations.

A copy of the latest NCUA Examination Report.

Copies of all forms required to be filed with the NCUA including the application for insurance of accounts.

Before the Department will approve the conversion, the credit union must submit written evidence of compliance with all Federal requirements including evidence of the continuation of NCUA share insurance.

Advertisement

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 published in the county of the applicant's main office. The original certified copy of the proof of publication of the advertisement must be received by the Department within fifteen (15) calendar days of the filing date or the application will be considered incomplete.

Important: It is imperative that all corporate actions be completed in a timely manner by reason of the fact that within 60 days after receipt of the Articles of Conversion, the Department of Banking shall, upon the basis of the facts disclosed by its investigation, either approve or disapprove such Articles.

If the Department approves the Articles, it shall register its approval thereon and shall forward them to the Department of State for filing. Immediately upon receipt of the approved Articles of Conversion, the Department of State shall file the Articles. The conversion shall become effective immediately upon such filing and the converted credit union shall have all the rights, privileges, immunities and franchises of the Federal credit union, except that it shall not thereafter acquire authority to engage in any business or exercise any right which is forbidden to a credit union when originally incorporated under the Pennsylvania Credit Union Code.

CREDIT UNION CONVERSION

Notice to be Published in a Newspaper of General Circulation

NOTICE OF FILING AN APPLICATION

Notice is hereby given that on [Date], [Name of Applicant Credit Union], with its principal place of business located at [Address, County], filed with the Pennsylvania Department of Banking, pursuant to the provisions of Chapter 11 of the Credit Union Code, an application for approval to convert from a federally-chartered credit union to a Pennsylvania state-chartered credit union.

The corporate title of the resulting credit union will be [Name of Resulting Credit Union].

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.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
HARRISBURG

APPLICATION FOR CONVERSION INTO STATE-CHARTERED CREDIT UNION

(Date)

TO THE SECRETARY OF BANKING:

The _____
(Name of Credit Union)

located at _____
(Complete Address)

requests approval of the Department of Banking, as required under the provisions of Chapter 11 of the Pennsylvania Credit Union Code, to convert to a State-chartered credit union, and operate under the name of

In support of this request, the following information is submitted :

1. **Branches** (List every branch to be operated by the applicant and give the exact location of each.
Attach separate page if necessary.)

2. Set forth below a brief statement giving the reason(s) for taking this action.

Certificate of Official of Applicant Credit Union

I. _____ do
(Name and Title)

hereby certify that the information contained herein and in the attachments hereto is true and correct to the best of my knowledge and belief.

AFFIDAVIT

We, the undersigned _____
president/ vice president and _____, secretary of the
_____ Credit Union, hereby

swear or
affirm as follows:

1. The following resolution to present a proposition to
convert from a Federal to a State charter was adopted by the Board of
Directors at its meeting held _____, 20____,

At _____

RESOLVED

2. There were ___ members of the Board of Directors present at the
above stated meeting, of which ___ members (constituting a majority of
the Board) approved the above resolution, ___ members disapproved and ___
abstained.

3. The Board of Directors set _____, 20____, as
the date for the vote of the members.

(President/Vice President) _____

(Secretary) _____

Sworn and subscribed before me this _____ day of _____,
20____ in the County of _____, PA.

Signed _____

(SEAL)

(Notary)

My commission expires _____

ARTICLES OF CONVERSION

TO THE DEPARTMENT OF STATE :

COMMONWEALTH OF PENNSYLVANIA:

Pursuant to the provisions of the Credit Union Code of the Commonwealth of Pennsylvania (Pa.C.S., Title 17, §101 et seq.), _____ (NAME OF CREDIT UNION), having its principal place of business at _____, Pennsylvania, hereby executes the following Articles of Conversion:

ARTICLE I. The name of the resulting Credit Union shall be _____

ARTICLE II. The business of the credit union is to be transacted in _____, Pennsylvania.

ARTICLE III. The names and residence addresses of the first directors of the converted credit union are as follows: _____

ARTICLE IV. The following statement, requisite for Articles of

Incorporation, shall apply to the resulting Credit Union:

1. The name of the credit union is _____
Credit Union Code approved December 19, 1990, P.L. 834, No.198 (17
Pa.C.S. § 101 et seq.), for the purposes of conducting the business of
a credit union.

3. The business of the said credit union is to be transacted in
_____Pennsylv
ania.

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 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 & Number) (City or Town) (Zip)

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

COMMONWEALTH OF PENNSYLVANIA:

COUNTY OF _____:

BE IT REMEMBERED, that on this _____ day of , 20_____
_____, before me, a Notary
Public in and for the County aforesaid, personally appeared ____
_____, the President, and
_____, the
Secretary, of _____ Credit
Union, the Credit Union which executed the foregoing Articles of
Conversion, who, being severally duly affirmed according to the law,
did depose and say that the foregoing Articles of Conversion were duly
signed and delivered as the act and deed of the Credit union, and that
the statements contained therein are true and correct.

President

NOTARY PUBLIC

Secretary

DEPARTMENT OF BANKING

THIS IS TO CERTIFY that these Articles of Conversion of _____ Credit Union are in compliance with the provisions of the Credit Union Code, Pa.C.S., Title 17, §101 et seq., and issuance of certificate of Conversion 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____ at

_____ Book No. _____ Page _____

SECRETARY OF THE COMMONWEALTH

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

_____ Cr
edit 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 No
(Stop) (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 No
(Complete a.) (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).

Since	20_____	2o_____	20_____	Current Yr. To Date	*Totals
				____20_____	
	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 Value</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 No
(Stop) (Complete b.)

b. What are the differences as of the month end preceding the date of this application?

Shares _____ Loans _____

Balances in General Ledger	\$ _____	\$ _____
Totals of the trial balance of the individual ledgers	\$ _____	\$ _____
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 No
(Complete a.) (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 No
(Complete a.) (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 No
(Complete a.) (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 c. Joint Ownership
- b. Limited Partnership 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 delinquent 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 them in 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 account, 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 credit are usually called Regular Reserve, Reserve for Bad Debts Guarantee Reserve, Guarantee Fund, Special Reserve for Losses and Allowances 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 banks.

collectibility of each loan in the categories 6 months to less than 12 months and 12 months and over. Payments 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 stocks are listed, please show number of shares and 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 12 months and over category.

Item No.11 b: the schedule provided for the 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 delinquency using categories other than shown in column (b) may use these other categories and show the delinquencies in the column (a) 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 union's own office(s).

C. Other Investments of any type except:

1. Loan to other credit unions.
2. Certificates of, or accounts in, federally insured

banks and loan associations. .

3. Certificates of deposit. In National or State

4. Deposits or accounts in State central credit

5. Common trust investments with International

Union Services Corporation (ICUS).
If corporate bonds are listed, please show maturity

rate of interest on bonds and current yield rate.

bid price.

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

delinquent and the entire unpaid balance shown in the should be 6 months to less than 12 months category. A loan in Exhibit, list arrears a total of 12 monthly payments plus any part proceed in of the thirteenth payment would be 12 months delin- number specified

Item No.21 b: The largest loans to members shown on page 5, In selecting the loans for this the largest outstanding unpaid loan balance and descending order by dollar amount until the

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below has been shown. The number of such loans to be listed provisions of will be determined as follows: of the Federal Credit Union

of the ma-
If your credit notice of the union has the following no. of termination of outstanding loans paid during

You should list the following no. of the largest unpaid balances

credit union	
Under 100 members	5
100 to 199	10
200 to 299	15
300 to 399	20
400 or more	25

Act provide
If any of the above loans are delinquent, please show the insurance number of months delinquent in the appropriate "Status of Repayment" column. and duly

approval

P.g. 6: Complete page 6 for each investment/loan to a affirmative

Credit Union Service Organization (CUSO). that

TERMINATION OF INSURANCE at least. 20 percent ,Of the. members have voted on the proposition. Under this provision for termination, 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 Section 206(a), (c) and (d) of Title II

Act. This action would require approval by a vote jority of the members, and ninety days written proposed termination date to NCUA. Member accounts would continue to be insured for one year following insurance and the insurance premium would be that period. After termination of Insurance, the shall give prompt and reasonable notice to all whose accounts are insured that it has ceased to insured credit union.

Sections 206(a)(2) and 206(d)(2) and (3) of the that an Insured credit union may also terminate its by converting from its status as an insured credit union under the Act to insurance from a corporation authorized

licensed to insure member accounts. In this event, is required by a majority of all the directors and by vote of a majority of the members voting, provided

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, Ins

(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 members and NCUA Board deems necessary for the protection of the Title I interests of the National Credit Union Share Insurance establish Fund; period

Investment

2. To permit the Board to have access to all records and equal information concerning the affairs of the credit union, in-market value cluding any information or report related to an examina-deter-tion made by or for any other regulating authority, and be to furnish such records, information, and reports upon period, request of the NCUA Board; exceeds

value, the

3. To possess such fidelity coverage and such coverage ex- against burglary, robbery, and other losses as is required by Parts 701.20 and 741 of NCUA's regulations;

permitted by state

4. To meet, at a minimum, the statutory reserve and full and fair disclosure requirements Imposed on federal units, credit unions by Section 116 of the Federal Credit Union Act and Parts 702 of NCUA's regulations, and to maintain or such special reserves as the NCUA Board may by regula- pur- tion or on a case-by-case basis determine are necessary union to protect the Interests of members. Any waivers of the accounts are statutory reserve or full and fair disclosure requirements present or any direct charges to the statutory reserve other than that their loss loans must have the prior written approval of the Union NCUA Board. In addition, corporate credit unions shall and be subject to the reserve requirements specified in Part they

8. For any investments other than loans to

obligations or securities expressly authorized in of the Federal Credit Union Act, as amended to now and maintain at the end of each accounting and prior to payment of any dividend, an

Valuation Reserve Account in an amount at least

to the net excess of book value over current

of the investments. If the market value cannot be mined, an amount equal to the full book value will

established. When, as of the end of any dividend

the amount in the Investment Valuation Reserve

the difference between book value and market

board of directors may authorize the transfer of the

cess to Undivided Earnings.

9. When a state-c:hartered credit union is

law to accept nonmember shares or deposits from sources other than other credit unions and public

such nonmember accounts shall be identified as nonmember shares or deposits on any statement

report required by the NCUA Board for insurance

poses. Immediately after a state-chartered credit

receives notice from NCUA that its member

federally insured, the credit union will advise any

nonmember share and deposit holders by letter

accounts are not insured by the National Credit

Share Insurance. Also future nonmember share

deposit fund holders will be so advised by letter as

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 chooses to

Board except accounts authorized by state law for state union,

credit unions;
Sections

206(a)(1) and 206(c) of the Federal Credit Union Act and

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 chooses to

Act;
insurance

in-

7. To comply with the requirements of Title II (Share Insurance) of the Federal Credit Union Act and of regulations

206(c),

prescribed by the NCUA Board pursuant thereto; and
Union Act.

open accounts.

10. In the event a state-chartered credit union

terminate its status as a federally-insured credit

then it shall meet the requirements imposed by

Part 741.6 of NCUA's regulations.

11. In the event a state-chartered credit union

convert from federal insurance to some other

from a corporation authorized and duly licensed to

sure member accounts, then it shall meet the requirements imposed by Sections 206(a)(2),

206(d)(2), and 206(d)(3) of the Federal Credit

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

Schedule No.	Title
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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)

BALLOT FOR CONVERSION PROPOSAL

I have read the notice concerning the meeting of the members of the _____ Federal Credit Union called for, _____, 20_____, to consider and to vote upon the following proposition:

“RESOLVED, That _____ Federal Credit Union

RESOLVED FURTHER, That the board of directors and the officers of this credit union be and are hereby authorized and directed to do all things necessary to effect and complete the conversion of this credit union from a Federal to a State-chartered credit union.”

I hereby cast my vote on the proposition: (Place an X in the square opposite the appropriate statement.)

I vote for the conversion

I vote against the conversion

(Account Number)

(Signature of Member)

Date _____

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
333 MARKET STREET, 16TH FLOOR
HARRISBURG, PENNSYLVANIA 17101-2290

RICHARD C. RISHEL
TELEPHONE SECRETARY OF" BANKING
717-787-6991

October 10, 1995

TO THE PRESIDENTS OF PENNSYLVANIA STATE-CHARTERED CREDIT UNIONS:

Attached you will find the Investment Powers, Standards and Accounting Guidelines for Pennsylvania state-chartered credit unions as required by section 501(b)(7) of the Credit Union Code which was amended by House Bill 2563, effective February 12, 1995.

It is the purpose of these Guidelines to streamline the investment approval process by giving individual credit unions greater flexibility in making investment decisions, and by reducing, and in many cases eliminating, the need to obtain the prior approval of the Department before making the investment.

All credit unions subject to this Code are required to conduct their investment transactions and maintain their investment portfolio in accordance with these Standards and Guidelines.

Sincerely,

**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 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 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.
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