Please submit completed forms
or any questions to the following
email address:
RA-BNCUSUBMISSIONS@pa.gov

Pennsylvania
Department of Banking
and Securities

MARKET SQUARE PLAZA | 17 N SECOND STREET, SUITE 1300 | HARRISBURG, PA 17101
Ph 717.787.2665 Fx 717.787.8773 W www.pa.gov/dobs

APPLICATION FOR FEDERAL CREDIT UNION CONVERSION TO PENNSYLVANIA STATE-CHARTERED CREDIT UNION INSTRUCTIONS

General Information

A Federal credit union may be converted into a Pennsylvania state-chartered credit union subject to the provisions of Section 1102 of the Credit Union Code ("Code"), 17 Pa.C.S. § 1102, 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 Bureau of Credit Union and Trust Supervision of the Department of Banking and Securities ("Bureau") proof of compliance with such Federal requirements in a form satisfactory to the Bureau. In addition, certain documentation (listed below) must be submitted to the Bureau in order to complete the conversion including Articles of Conversion.

Upon the receipt of the Articles of Conversion, and consistent with Section 1102(b) of the Code, the Bureau 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 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, an electronic copy of the conversion application shall be completed and emailed to the Bureau at RA-BNCUSUBMISSIONS@pa.gov and shall be accompanied by the following:

1. A check in the amount of $5,000.00, payable to the "Pennsylvania Department of Banking and Securities" to cover the filing fee for processing the application, mailed to the Bureau of Credit Union and Trust Supervision, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

2. A check in the amount of $70.00, payable to the "Department of State" to cover the filing fee for the Articles of Conversion (to be mailed to the Bureau with the application fee check).

3. Evidence of reservation of corporate name from the Department of State. You must request permission from the Bureau to use the words "credit union" in your name prior to requesting a name reservation with the Department of State. The request for nonobjection to a corporate name is emailed to the Bureau at: RA-BNCUSUBMISSIONS@pa.gov

4. Executed Articles of Conversion (sample enclosed).

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

6. 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.

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

8. 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.

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

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

Before the Bureau 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. The application for continuance of NCUA share insurance may be found here: https://ncua.gov/files/publications/resources-expansion/NCUA_9600.pdf

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 Bureau shall, upon the basis of the facts disclosed by its investigation, either approve or disapprove such Articles.

Per Section 1102(c) of the Code, if the Bureau 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 Code.

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF BANKING AND SECURITIES

HARRISBURG

APPLICATION FOR CONVERSION INTO STATE-CHARTERED CREDIT UNION

____
(Date)

TO THE SECRETARY OF BANKING AND SECURITIES:

The ____
(Name of Credit Union)

located at ____
(Complete Address)

requests approval of the Department of Banking and Securities, as required under the provisions of Chapter 11 of the 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.

____

(Signature)

____

(Title)

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 COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE:

Pursuant to the provisions of the Credit Union Code of the Commonwealth of Pennsylvania (17 Pa.C.S. §101 et seq.), __________________________ 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 ____
2. The credit union shall offer services to members as permissible under the Credit Union Code (17 Pa.C.S. § 101 et seq.).
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 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 forgoing Articles of Conversion, who, being severally duly affirmed according to the law, did depose and say that the forgoing Articles of Conversion were duly signed and delivered as the act and deed of the Credit Union and the statements contained therein are true and correct.

____
President

____
NOTARY PUBLIC

____
Secretary

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

SAMPLE BYLAWS OF A CREDIT UNION

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 resubmission 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.