

CF-LA CREDIT UNION POLICY MANUAL

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TRUTH-IN-SAVINGS ACCOUNT DISCLOSURES POLICY

Except as specifically described, the following disclosures apply to all CF-LA Credit Union accounts. All accounts described below are share accounts.

1) Rate Information

The Annual Percentage Yield is a percentage rate that reflects the total amount of dividends to be paid on an account based on the dividend rate and frequency of compounding for an annual period. For all accounts, the Dividend Rate and Annual Percentage Yield may change quarterly as determined by the CF-LA Credit Union’s Board of Directors. The Dividend Rates and Annual Percentage Yields are the rates and yields as of the last dividend declaration date which is set forth in the Rate Schedule.

2) Rate Schedule

The following rates, fees, and terms applicable to accounts at the CF-LA Credit Union are provided in the Rate and Fee Schedule given to all new members. The following is included in the CF-LA Credit Union Rate and Fee Schedule:

SHARE ACCOUNT

DIVIDENDS	Dividend Rate/Annual Percentage Yield
Dividends Compounded	Quarterly
Dividends Credited	Quarterly
Dividend Period	Calendar Quarter

BALANCE REQUIREMENTS	
Minimum Opening Deposit	\$5.00
Minimum Balance to Earn the Stated APY	\$5.00
Balance Method	Average Daily Balance

FEE SCHEDULE
 CF-LA Credit Union Membership Share is \$5.00 par value.

3) Nature of Dividends

Dividends are paid from current income and available earnings after required transfers to reserves at the end of the dividend period.

4) Dividend Compounding and Crediting

The compounding and crediting of dividends and dividend period applicable to each account are set forth in the Rate Schedule. The Dividend Period is the period of time at the end of which an account earns dividend credit. The Dividend Period begins on the first calendar day of the period and ends on the last calendar day of the period.

5) Accrual of Dividends

For Share Accounts, dividends will begin to accrue on non-cash deposits (e.g., checks) on the business day deposits are made to an account. For Share Accounts, if an account is closed before accrued dividends are credited, accrued dividends will be paid.

6) Balance Information

The minimum balance requirements applicable to each account are set forth in the Rate Schedule. For Share Accounts using an Average Daily Balance method, dividends are calculated by applying a periodic rate to the average daily balance in the account for the period. The average daily balance is determined by adding the full amount of principal in the account for each day of the period and dividing that figure by the number of days in the period.

7) Account Limitations

For Share Accounts, no account limitations apply.

INVESTMENT POLICY

PURPOSE

To establish an investment policy consistent with the applicable provisions of the Federal Credit Union Act, the National Credit Union Administration's regulations, and other applicable laws and regulations.

REQUIREMENTS

- Securities purchased by the CF-LA Credit Union are held for investment purposes only.
- Acceptable investments are made in Certificates of Deposit which are fully insured by FDIC.
- Investments are to be made only in instruments which have a fixed principle.
- Investments are to be made only into "no load" instruments.
- No investments will be made in Zero Coupon Bonds.

LIMITS ON INVESTMENTS

- The maximum term of any investment is five (5) years.
- The amount of any investment must not exceed the federally insured maximum amount.

BROKER SELECTION REQUIREMENTS

- Use only established well capitalized, registered Dealers/brokers.
- Review references and complaints against Dealer/Broker.
- Dealer/Broker should be knowledgeable, experienced, and have a good performance record.
- The Dealer/Broker shall not lend the Credit Union's securities to the marketplace.
- The Dealer/Broker shall keep the Credit Union's securities separate from the Dealer/Broker's investments.

APPROVED SECURITIES DEALERS/BROKERS as of November 1, 2016

- First American Bank
- Morgan Stanley

No limitations, other than those included in this policy, are placed on any of the above firms by the CF-LA Credit Union.

SAFEKEEPING FACILITIES

In compliance with Section § 703.60 of the Federal Credit Union Act "What rules govern safekeeping of investments" the board must adhere to the following:

- CF-LA Federal Credit Union's purchased investments and repurchase collateral must be in your possession, recorded as owned by you through the Federal Reserve Book-Entry System, or held by a board-approved safe keeper under a written custodial agreement. A custodial agreement is a contract in which a third party agrees to exercise ordinary care in protecting the securities held in safekeeping for its customers.
- CF-LA Federal Credit Union must obtain an individual confirmation statement for each investment purchased or sold.
- Approved safe keepers must be regulated and supervised by either the Securities and Exchange Commission or a federal or state depository institution regulatory agency.
- CF-LA Federal Credit Union must obtain and reconcile monthly a statement of purchased investments and repurchase collateral held in safekeeping.
- All purchases and sales of investments must be delivery versus payment (*i.e.*, payment for an investment must occur simultaneously with its delivery).

INVESTMENT AUTHORITY

The CF-LA Credit Union Manager and representatives of the CF-LA Credit Union Investment Committee are authorized to make investments and move investments in compliance with this policy.

INVESTMENT POLICY (cont.)

INVESTMENT COMMITTEE

The CF-LA Credit Union Investment Committee shall perform the duties stated in the Operating Procedures of the Credit Union.

LIQUIDITY OF FUNDS MANAGEMENT POLICY

OBJECTIVE

It shall be the policy of the CF-LA Credit Union to make provisions for liquidity, including liquidity reserves, based on its forecast of cash flow needs. Such factors as the maturity structure of assets and liabilities will be taken into account in making these provisions. Consideration shall be given to the amount of unused Lines of Credit.

PROCEDURES

These liquidity reserves shall consist of cash on hand and balances in demand deposit accounts and approved investments that have appropriate liquidity and are fully insured. The liquidity position shall be monitored on an on-going basis.

It shall be the policy of CF-LA Credit Union to borrow funds as directed by the Board at any time within the limitations prescribed by law to meet unexpected drains on the CF-LA Credit Union's liquidity. The CF-LA Credit Union shall retain an open line-of-credit as required.

LOAN POLICY

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A. STATEMENT OF PURPOSE AND PRINCIPLES

- CF-LA Credit Union is an equal opportunity lender
- This policy, approved by the Board of Directors, is intended as a general guideline for the purpose of issuing loans to our members
- Our primary goal and objective of this lending policy is to provide the borrowing needs of our members as outlined in this policy at the most reasonable rates possible as well as maintaining competitiveness with other lending institutions
- All loans are issued subject to proper approval and availability of funds

B. POLICY ADDITIONS, CORRECTIONS, AND REVISIONS

The loan policy of the CF-LA Credit Union may be added to, corrected, and/or revised by a majority vote of the Board of Directors. This may occur at a regular business meeting, or a special meeting called for loan policy change

C. EQUAL OPPORTUNITY STATEMENT

CF-LA Credit Union is an equal opportunity lender. The credit union may not prohibit or discourage any individual from applying for credit based on but not exclusive to the following:

1. Race
2. Religion
3. National Origin
4. Sex
5. Marital Status
6. Color
7. Age (Provided the applicant has the capacity to enter into a binding contract)
8. Good Faith exercise of any right under the Consumer Credit Protection Act
9. Position within the company

In all cases loans will be applied under the guidelines as set forth under ECOA/Regulation B.

Regulation B (Summary)

Regulation B requires you to do certain things when adverse action is taken. Follow these rules:

1. Notify the member in writing that adverse action has been taken. This notice must be given to the member within thirty days after you receive a completed application, or within ninety days after the member rejects your counteroffer
2. It makes good sense to respond to the member as quickly as possible after the decision is made
3. Send the following ECOA notice with the letter informing the member that adverse action has been taken
4. Give specific reasons why credit was denied or inform the member that he or she has thirty days from the date of receiving the adverse action notice to request a specific reason.
5. It is a good idea to include the reasons for denial along with the other adverse action information instead of waiting for the member to request the reasons. Sending everything automatically avoids the problems created by neglecting to respond to a member's request or failing to respond such a request within the required time period.

"The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Act. The federal agency that administers compliance with this law concerning this creditor is (name and address of appropriate agency)."

(Federal credit unions must list National Credit Union Administration--NCUA--as the regulatory agency that monitors their compliance with ECOA. State-chartered credit unions must list Federal Trade Commission--FTC).

D. LOAN APPLICATIONS

1. Anyone making application for credit must complete the CF-LA loan application available from the credit union manager
2. Key information to be obtained on the application is:
 - a) Amount of loan
 - b) Purpose of loan
 - c) Security offered - If any
 - d) Address and length of residence
 - e) Telephone number - If any
 - f) Employment (current and former) and length of employment (see item 4 below)
 - g) Total monthly obligations
 - h) Credit history
3. Anyone knowingly providing false information on the credit application may be denied further processing, and/or legal action may be taken.
4. Loans are granted based on continuous employment. Members may be asked to provide proof of employment by a partnership or corporation for a minimum of six months. Should employment become temporary, all new loans will be disallowed until proof of employment income has been re-established and the term of foreseeable income verified. Any waiver of these requirements requires approval of the Board of Directors.

E. LOAN OFFICER (CREDIT UNION MANAGER) AUTHORITY & RESPONSIBILITY

1. Assure completeness of the information requested on the loan application.
2. Evaluate application based on "debt ratio."
3. Approve, disapprove, or forward to the Board of Directors based on the guidelines of this policy.
4. Send the new and closed loans reports to the supervisory committee for review.

F. CREDIT CHECK

Before a loan can be approved, a credit check must be made on the individual applying for the loan. The board of directors has set the requirement for credit checks to be at the time of a loan. A credit report is not required for a share loan.

The following criteria are to be used in determining disposition of a loan:

1. Obtain credit report from an independent credit bureau. Beacon score from Transunion should be >600. A credit report need not be obtained more frequently than once every 90 days.
2. Determine the debt-to-income ratio. This is accomplished by using the following formula:

Monthly debt divided by monthly gross income = % debt-to-income ratio (40% is the maximum allowed).

NOTE: Income derived through overtime will not be used in calculating the debt-to-income ratio.

3. Borrower must not have any item exceeding \$200 placed for collection.
4. Review the borrower's payment history for a favorable payment record.

NOTE: If the above criteria are met the credit union manager may approve the loan. If any of the above criteria is not met the loan will require board approval.

G. INCOME VERIFICATION

The following guidelines should be followed:

1. Income should be verified (by requesting the last 2 pay statements) for non-CF Industries, Inc. employees.
2. Income should be verified for CF Industries, Inc. employees with a marginal credit rating or debt-to-income ratio.
3. Self-employed members may be required to provide the last two years of tax returns.

H. TRUTH-IN-LENDING

The Consumer Credit Protection Act of 1968, as amended, often referred to as Truth-in-Lending, aims to help consumers understand the details of credit. It also allows consumers to readily compare the costs of obtaining credit.

Regulation Z (Summary)

The Federal Reserve board is charged with preparing regulations to implement Regulation Z, which implements the provisions of the act, governs the manner in which a credit union advertises and discloses the cost and terms for loans granted to its members, including:

1. The right of a borrower to cancel some types of consumer credit arrangements within three business days if his or her principal residence is used as collateral.
2. Restrictions on credit advertising as well as on the issuance of credit cards.
3. A cardholder's maximum liability for the authorized use of credit cards.

4. The rights of borrowers regarding resolution of questions about billing disputes. It also imposes certain billing disclosure requirement on creditors.
5. Disclosure requirements for advertising credit and making contracts.

Regulation Z applies only to consumer credit, defined as a loan to a member that will be used primarily for person, family, or household use. A loan that meets the following qualifications is subject to Regulation Z.

1. The loan must be to an individual person. Loans granted to corporations, joint ventures, or organizations are exempt from the regulation.
2. The loans must be primarily for personal, family or household purposes. Loans for business and agricultural purposes are exempt.
3. The loan must be one that is payable in more than four installments or one for which a finance charge is or may be required or one made pursuant to the use of a credit card.
4. The loan must be for \$25,000 or less, unless it is secured by real property or by personal property (such as a mobile home) used or expected to be used as the borrower's principal dwelling, in which cases no limit applies.

Truth-in-Lending Simplification Act (Summary)

- When the original Consumer Credit Protection Act was passed in 1968, it came in response to a general perception among members of Congress that the American consumer was not aware of the costs of credit. Creditors were not providing clear and concise information concerning such costs.
- Although the initial concept was a simple one, over the years implementation and compliance became a nightmare for creditors. Many credit union managers who had never been involved in litigation before found themselves in the midst of highly technical Truth-in-Lending claims or defenses.
- Simple clerical errors, printing errors and other minor oversights resulted in costly penalties and losses of loan principal and interest due.
- In fact, by 1980, approximately fifteen thousand Truth-in-Lending cases had been filed in the federal district courts.
- In response to the regulatory nightmare that developed, Congress passed the Truth-in-Lending Simplification Act on March 30, 1981. The act was passed as Title 6 to the Depository Institutions Deregulation and Monetary Control Act. To implement the act, the Federal Reserve Board was given the responsibility of completely revising Regulation Z. The new act took effect on October 1, 1982.

I. COLLATERAL EVALUATION

1. Any item covered under a NADA Official Used Car Guide should be evaluated by that source. The NADA loan value will be used to evaluate collateral.
2. Any item not covered by a book value must be valued by a certified appraiser selected by CF-LA Credit Union and appraisal cost paid for by individual requesting loan.
3. Any item covered under Furniture or Appliances must be recorded with the Clerk of Courts. The filing fee of \$30.00 will be paid for by the individual requesting loan.
4. Full insurance coverage must be provided for the life of the loan, with a copy of said insurance in the CF-LA Credit Union's possession. The maximum deductible on the insurance policy shall not exceed \$1000. The CF-LA Credit Union will be listed as the loss payee on the insurance policy. The title will also be kept in CF-LA Credit Union's possession with CF-LA Credit Union listed as the lien holder.

J. CO-SIGNED LOANS

If for some reason an applicant is denied loan approval the member may reapply with a co-signer. In this case the co-signer must meet the requirements set-forth in this policy for approval.

K. LOANS TO CREDIT UNION EMPLOYEES

1. Credit Union employees are eligible for loans provided they are members in good standing and have a minimum of six months continuous employment.
2. Normal loan policy will be adhered to when making an employee loan with the following exceptions:
 - a) The credit information must be reviewed and approved by the Board of Directors
 - b) The loan application must be signed by a minimum of four board members
 - c) The supervisory committee should review all employee loans semi-annually for proper payments and accounting information

L. LOANS TO COMMITTEE OFFICIALS AND BOARD OF DIRECTORS

1. Credit union officials and the board of directors are eligible for loans provided they are members in good standing.
2. Normal loan policy will be adhered to when making an official or board of directors' loan with the following exception:
 - a) The loan application must be signed by a minimum of four members of the board of directors.

M. REFINANCING GUIDELINES

1. Borrower must make payments for at least 3 consecutive months before a loan can be refinanced.
2. Requests for refinancing shall be subject to a credit check of the borrower.

N. SAMPLE RATE SHEET

CF-LA Credit Union Rate Schedule

All loans are subject to C.U. Loan Officer approval and availability of funds.

All loans are subject to an acceptable credit report, favorable debt to income ratio, and proof of continuous employment (minimum of 6 months).

All loan rates are reviewed and determined quarterly by the board of directors.

The maximum dollar amount an individual can borrow shall be \$80,000 in accordance with the limitations provided below. This figure applies to all types of loans except share loans.

DIVIDEND RATE	APR*	APY**
3rd Quarter -----	0.10%	0.10%

TUITION LOAN

1 - 12 Months -----	4.25%
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SIGNATURE LOANS - \$15,000 Max for Credit Score of 700 or better
\$10,000 Max for Credit Score of 699 or Less

1 - 12 Months -----	7.00%
13 - 36 Months -----	8.25%

COMPUTER LOANS (\$3000 Max)

1 - 12 Months -----	4.25%
13 - 24 Months -----	5.50%

SHARE LOANS
 Amount loaned not to exceed members share balance or 10% of the credit union's total paid in shares.

1 - 24 Months -----	1.50%
25 - 48 Months -----	2.25%
49 - 60 Months -----	3.00%

NEW CAR / TRUCK / MOTORCYCLE (street) (100% of purchase price plus TT&L)
 All cars/trucks/motorcycles of the current year with no more than 12,000 miles or 7 months old and same owner are considered new. Purchase price is defined as sticker price.

1 - 60 Months -----	2.50%
61 - 72 Months -----	3.00%

NEW RV / BOAT / ATV / ETC... (100% of purchase price plus TT&L)
 All new RVs/boats/ ATVs etc. of the current year no more than 7 months old and same owner are considered new. Purchase price is defined as sticker price.

1 - 48 Months -----	3.50%
49 - 60 Months -----	4.00%

Used RV / BOAT / ATV / ETC...
 All RVs/boats/ATVs not having a certificate of origin - NADA Official Guide (Clean Retail Value) are considered used.

1 - 60 Months -----	4.50%	Length of Loan is Based on Age of Vehicle
		1 - 5 Years Old - Term of 60 Months (Loan Amount 80% CRV)
		6 - 10 Years Old - Term of 48 Months (Loan Amount 70% CRV)

DEMO / PROGRAM CAR / TRUCK / MOTORCYCLES (street)
 Demo and program car loan amounts are set by NADA Official Guide (Clean Retail Value)

1 - 60 Months -----	3.00%	Length of Loan is Based on Age of Vehicle
		1 - 5 Years Old - Term of 60 Months (Loan Amount 80% CRV)
		6 - 10 Years Old - Term of 48 Months (Loan Amount 70% CRV)

USED CAR / TRUCK / MOTORCYCLES (street)
 All cars/trucks/motorcycles not having a certificate of origin - NADA Official Guide (Clean Retail Value) are considered used.

1 - 60 Months -----	3.75%
Length of Loan is Based on Age of Vehicle	
1 - 5 Years Old - Term of 60 Months (Loan Amount 80% CRV)	
6 - 10 Years Old - Term of 48 Months (Loan Amount 70% CRV)	



Your savings federally insured to \$250,000 by the National Credit Union Administration, a U.S. Government Agency

*APR (Annual Percentage Rate)
 **APY (Annual Percentage Yield)

Loan Rates Effective ----- 01/01/22

USA PATRIOT ACT - CUSTOMER IDENTIFICATION PROGRAM POLICY

INTRODUCTION

The USA PATRIOT Act (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001) requires financial institutions to establish a Customer Identification Program. The Customer Identification Program (CIP) must be used in conjunction with CF LA Credit Union's Bank Secrecy Act Policy.

PURPOSE

The US Treasury in conjunction with the National Credit Union Administration published broad guidelines for establishing a CIP program to allow financial institutions the flexibility to conform to the objectives of Section 326 of the USA PATRIOT Act. The procedures outlined in the CIP are to be used only for customer identification when opening new accounts excluding all credit and loan accounts.

GENERAL OBJECTIVES

To prevent and detect money laundering and the financing of terrorism.

SPECIFIC OBJECTIVES

Section 326 of the USA PATRIOT Act requires the CF LA Credit Union to establish procedures to:

- Verify the identity of any person or entity seeking to open an account at the CF LA Credit Union,
- Maintain records of the information used to verify the member identity; and
- Determine whether the person appears on any list of known or suspected terrorist or terrorist organization provided by any agency of the federal government.

In addition to the requirements of Section 326 of the USA PATRIOT Act, the CIP program is required to include:

- Internal policies, procedures, and controls to ensure ongoing compliance
- Designation of a compliance officer
 - The CF-LA Credit Union Manager is designated as the credit union's compliance officer.
- An ongoing training programs
- An independent auditor to test the program.

VERIFICATION OF IDENTITY

Information Required

Each individual who establishes a new account with the CF LA Credit Union must provide the following information **prior to opening the account without exception:**

- Name
- Date of Birth
- Residence if different from mailing address
- For U.S. persons, a taxpayer identification number such as social security number, individual taxpayer identification number or employer identification number for business accounts.
- For non-U.S. persons, one or more of the following: a U.S. taxpayer identification number, passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard. An OFAC search on all new members will be performed (through CUSA) and each month an OFAC scrub will be performed.

If the account is being established for a business, the CF LA Credit Union recognizes an employer identification number may not be available at the time the account is opened. In this instance, the new member will have 30 days to provide the appropriate information.

Any member who adds a signer to their account who is not a current member of CF-LA Credit Union will be subject to the identity verification requirements, **without exception**.

For *existing* members, identity does not need to be verified when establishing or changing accounts if:

- The member's identity was previously verified in accordance with the procedures outlined in this policy, or
- The employee has a reasonable belief that they know the true identity of the member.

Verification Requirements

Section 326 of the Act states the new/existing member is required to comply with the act. Because of the documents required to show identification, notice must be provided stating the new document requirements. A notice will be posted in the Credit Union office.

In order to verify the identity of the new or existing member, at least one document provided must be a non-expired government issued photo identification card (Driver's license or military ID). Any other documentation gathered from the member to verify the required information is flexible and can include social security cards, certified birth certificates, utility bills, phone bills, pay stubs, etc.

The CF-LA Credit Union acknowledges that some new members will not have a non-expired government issued photo ID card. In those instances:

- The new member may provide another form of photo ID in conjunction with a government issued document showing the member's social security number or tax identification number. If the new member is a non-U.S. person, passports, immigration documents, un-expired employment authorization document, etc. are acceptable.
- If the new member does not have any form of photo ID, they may present two forms of identification. One must be government issued (social security card, passports, immigration documents, etc.), and they will be asked to complete a statement that will include the name, address, phone number, place of birth, height/weight, eye/hair color, and at least 2 references.
- One reference will be a prior financial institution. If no prior financial relationship exists, the new/existing member may provide a friend or relative as a reference. The new/existing member will be asked to provide a phone number and/or address to contact the individual to verify identity.
- The other reference should be a third party who can be contacted to confirm identity. For example, employers, school counselors/teachers, clergy, etc. The new/existing member will be asked to provide phone number and/or address for contacting the individuals to verify identity.
- If the account is being established for a minor, the guardian parent must provide the forms of identification provided and a social security card for the minor child.

RECORDKEEPING

The employee of the CF-LA Credit Union who opens the new account is required to photocopy each document provided. Each employee will be responsible for ensuring the photocopy is clear and legible.

The photocopy of the identification will be attached to the new account documents and placed in each member's file. Any additional information used to verify a member's identity must also be filed. The member file will retain these records for at least five years after the account is closed.

NOTE: These photocopies are NOT to be included in any loan or credit file.

CONFIRMING IDENTITY

It will be the responsibility of the Compliance Officer who opens or changes the account to confirm the identity of the member. The information must be confirmed within a reasonable amount of time.

- If the member provides a photo ID, the Compliance Officer will indicate on the new account documents that the photo matches the individual.
- If the member cannot provide a photo ID, the Compliance Officer will contact the references provided to confirm the information provided. The Compliance Officer will indicate they are calling pursuant to the requirement of the USA PATRIOT Act to confirm the identity of the member.

If the new/existing member cannot provide the information required at the time the account is opened or changed, the account will not be activated until the information is received from the member excluding the allowance made for accounts opened for businesses. It will be the Compliance Officer's responsibility for check to make sure all information for a business account is received within the 30-day time frame.

CHECKING FEDERAL TERRORIST OR SUSPECTED TERRORIST LIST

The CF-LA Credit Union will regularly screen its member list for suspected or known terrorists based on lists provided by any federal government list. Lists may include, but are not limited to:

- OFAC Blocked Countries
- OFAC's Specially Designated Nationals & Blocked Persons (SDN List)
- Officials of OFAC Blocked Countries
- Bureau of Industry and Security produced by the Commerce Department
- OSFI Consolidated List produced by the Canadian Government and the United Nations
- All Federal Bureau of Investigations lists including Most Wanted, Top Ten Most Wanted, Seeking Information, Most Wanted Terrorists
- Non-cooperative Countries and Territories maintained by the Financial Action Task Force, Paris, France and enforced by the Organization of Economic Co-operation and Development.
- Politically Exposed Persons produced by the Department of Treasury, Federal Reserve, OCC, FDIC, OTS, and the State Department
- Any additional lists issued by the Federal Government pursuant to the USA PATRIOT Act.

All new members will be checked for inclusion on the current versions of these lists. Updates to the OFAC list are received by the Credit Union Manager via e-mail subscription. We will also do an OFAC check online and monthly CUSA will do a complete scrub of past and new members against the OFAC LIST.

At a minimum, an SAR (Suspicious Activity Report) will be filed for any match that cannot be immediately confirmed as a false match.

TRAINING

All new employees will receive training during employee orientation. Training will be coordinated and provided by the Credit Union Manager.

INDEPENDENT TESTING

The Supervisory Committee of the CF-LA Credit Union will confirm that all required information is gathered and confirmed by the Compliance Officer when the account is opened. The Supervisory Committee will also review, at least annually, that all new members are checked against government lists of known and suspected terrorists and that appropriate action is taken for any matches.

RECORDS RETENTION SCHEDULE POLICY

- A. CF-LA Credit Union General Records¹
1. To be retained **at Least 4 Years**
 - a) Internal Audit Reports and any Other Special Procedures Reports (i.e., Loan Reviews) Performed by Outside Consultants
 - b) Reports of Consolidation and Income (Call Reports) and Records Supporting all Call Report Schedules²
 - c) Daily Overdraft Reports
 - d) General Ledger and General Ledger Transaction Reports with Supporting Vouchers and Tickets
 - e) Monthly deposit statements for directors and executive officers
 - f) Records of savings accounts, demand accounts, certificate of deposits, etc.
 - g) Reconciliation of “Due to” and “Due from” Bank Accounts (State and Federal)
 - h) State and Federal Tax Records>Returns
 - i) Asset Charge off and Recovery Records
 - j) Annual budget
 - k) Quarterly analysis of the adequacy of allowances for loan and lease (ALLL)
 - l) Customer complaints
 - m) Documentation of response to Section 314(a) customer matching request from FinCEN
 2. To be retained **at least 5 years**
 - a) Suspicious Activity Reports (SARs) filed with (FinCEN) and any SAR documentation
 - b) Currency Transaction Reports (CTRs) and CTR documentation
 3. To be Retained **at Least “Life +”**³
 - a) Insurance Records and Policies
 - b) Investment Securities Records of Purchases and Sales
 - c) Investment Safekeeping Receipts
 - d) Loan Files (including supporting documentation and payment histories)
 - e) Leases
 - f) Fixed Asset Records

- g) Salaries and Related Benefit Plans
- 4. To be retained **permanently**
 - a) Articles of Incorporation, Bylaws, and Amendments
 - b) Minutes of Meetings of Stockholders/Shareholders, Board of Directors, and Committees
- B. CF-LA Credit Union Consumer Credit Records
 - 1. To be retained **at Least 4 Years**
 - a) Death Claims
 - b) All Other Insurance Claims
 - 2. To be Retained **at Least “Life +”**³
 - a) Consumer Loan Agreements and Files (including notes, disclosure statements, supporting documentation and payment histories)
 - b) Agreements with Outside Credit Card Providers
 - c) Insurance Premium Finance Agreements

¹ Records to be retained by CF-LA Credit Union for regulatory examination and supervision purposes.

² Call Reports and related records include, but are not limited to, the following: deposit/checking account trial balance; loan trial balance; income statements and dividends; and consolidated financial statements.

³ “Life +” means the life of the transaction plus a reasonable time period thereafter, with such time period being at least one year. With respect to trust accounts, “Life +” means the life of the trust account plus a reasonable time period thereafter, with such time period being at least three years.

COLLECTION OF DELINQUENT LOANS POLICY

OBJECTIVE

The objective is to establish procedures for the collection of delinquent loans and securing assets when a borrower fails to respond to collection efforts. All collection, garnishment and repossession activities shall be conducted in accordance with State and Federal laws.

SPECIFIC RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- 1) The Board shall insure that the employee(s) responsible for loan collection are adequately trained in collection procedures and they have sufficient time and resources to adequately fulfill loan collection responsibilities.
- 2) The Board shall establish specific goals for reduction of delinquent loans and monitor the collection program to ensure that it is properly maintained.

COLLECTION PROCEDURES

- 1) As a minimum, the collection activities shall include the following steps:
 - A. The borrower shall be contacted by phone **within 10 days** after a payment is missed.
 - B. A written notice shall be sent **10 days** after the initial telephone call. A second written notice shall be sent **10 days** after the first notice. The notices should be progressively stronger in tone. Examples of appropriate written notices are attached.
 - C. Each written notice shall be followed by telephone or personal contact.
 - D. A final notice shall be sent, by certified mail, **within 15 days** after the second written notice if the borrower fails to make payment. This notice should inform the member of the type of action that will be taken to effect collection, e.g., judgment, garnishment, collateral repossession, etc.
 - E. After **60 days** of account delinquency, appropriate legal action shall follow: submit to attorney for collection and follow-up submit to collection agency when a legal remedy appears to be remote.
 - F. The Board reserves the right to call the loan due in the event the loan is delinquent.
- 2) Written documentation of a collection history detailing all collection activity shall be maintained. This historical file should include notations of telephone contacts and all other attempts to make contact.
- 3) The borrower's delinquent status shall be reported to the Credit Bureau in the month that the loan becomes delinquent.
- 4) All outside collectors (agencies and attorneys), shall be required to provide monthly status reports on all accounts placed with them for collection. Monthly status reports shall be addressed to the Board of Directors.
- 5) A maximum time frame for collection on delinquent accounts shall be established with outside collectors prior to each placement.
- 6) Delinquent loans shall be promptly charged off the account upon submission to an attorney or agency for collection.

Loan losses will be reviewed by the Credit Union Treasurer each time there is a significant write-off, or at least annually, to determine the adequacy of the loan loss reserve. The loan loss reserve will be calculated using the Excel Spreadsheet “ALLLFM FP3 Year” spreadsheet. The spreadsheet is stored in the Policies and By-Laws folder on the CF LAN. The current formula used in the spreadsheet is {The Adjustment Factor for Environmental Factors is .002% and for Delinquent Loans is .001%}. The Board of Directors will review any changes to the reserve.



August 23, 2012

Customer Name
123 No Where Lane
Donaldsonville, La 70346

RE: **Past due notice**
Acct# 0000-A

Dear Customer:

As of today August 23, 2012, your CF-LA Credit Union loan is 20 days past due. In order to maintain your account in good standing, please remit the amount of \$000.00 by September 2, 2012.

Please note that your regularly scheduled monthly payment is due on September 3, 2012.

"We may report information about your accounts to credit bureaus. Late payments, missed payments, or other defaults on your accounts may be reflected in your credit report.

Thank you for your prompt attention in this matter.

Sincerely,

Manager's Name
Manager
CF-LA Credit Union
225-473-0331

P.O. Box 468 • Donaldsonville, LA 70346 • Phone 225-473-0331 • Fax 225-473-5549



August 23, 2012

Customer Name
123 No Where Lane
Donaldsonville, La 70346

RE: **Second Past due notice**
Acct# 0000-A

Dear Customer:

As of today August 23, 2012, the CF-LA Credit Union has not received your past due payment. In order to avoid being turned over to the Credit Bureau as a past due loan, it is imperative that you pay the total amount due to consider your account current. Please send \$000.00, within the next seven (7) days.

"We may report information about your accounts to credit bureaus. Late payments, missed payments, or other defaults on your accounts may be reflected in your credit report.

Thank you for your prompt attention in this matter.

Sincerely,

Manager's Name
Manager
CF-LA Credit Union
225-473-0331

P.O. Box 468 • Donaldsonville, LA 70346 • Phone 225-473-0331 • Fax 225-473-5549



August 23, 2012

Customer Name
123 No Where Lane
Donaldsonville, La 70346

RE: **Final Past due notice**

Acct# 0000 –C \$000.00

Dear Customer:

As of today August 23, 2012, the CF-LA Credit Union has not received the necessary payment on your overdue balance. If payment is not received in full within fifteen (15) days of the date postmarked on this letter, the account will be turned over to an attorney for collection. At this time the entire loans will both be due and you will be responsible for any attorney fees incurred. Your immediate attention is requested.

“We may report information about your accounts to credit bureaus. Late payments, missed payments, or other defaults on your accounts may be reflected in your credit report.

Thank you for your prompt attention in this matter.

Sincerely,

Manager's Name
Manager
CF-LA Credit Union
225-473-0331

P.O. Box 468 • Donaldsonville, LA 70346 • Phone 225-473-0331 • Fax 225-473-5549

FOREIGN ASSETS CONTROL POLICY

It is the policy of the CF-LA Credit Union to comply with all the United States laws, regulations, and orders regarding doing business with, maintaining accounts for, or handling transactions or monetary transfers for foreign countries or foreign nationals as listed on the Office of Foreign Assets Control (OFAC) list of Specially Designated Nationals and Blocked Entities.

The CF-LA Credit Union shall not open any account for, handle a transaction or monetary transfer for, or do business in any manner whatsoever with any person, government, or other entity on the OFAC list of Specially Designated Nationals and Blocked Entities. If it is found that the credit union has any such account or a member of the credit union is included on any OFAC list at any time, all accounts of such member shall be blocked and held in accordance with the instructions from the U.S. Treasury Department. The CF-LA Credit Union shall have procedures in place to screen all new deposit account members, and specific transactions shall be reviewed as needed.

The credit union's manager shall be the person designated to be responsible for the credit union's compliance with this policy, and at least quarterly shall ensure the OFAC's current list of Specially Designated Nationals and Blocked Entities is made available to credit union's employees for reference and any necessary action. Access to the list shall be maintained through the OFAC's free email subscription

**CF-LA Credit Union
Allowance for Loan Loss Account
Loan Review and Classification Policy**

General Policy Statement:

The Credit Union will comply with FAS 5 – Accounting for Contingencies and, if necessary, FAS 114 –Accounting by Creditors for Impairment of a Loan when evaluating loans for potential loss.

Guidelines:

I. Loan Category Identification.

(a) **Loan Portfolio Categorization.** Management has segmented the credit union loan portfolio into several categories of loans by loan type. Each category demonstrates similar risk characteristics. The assignment of categories will be reviewed annually to ensure that they are still appropriate. At this time the loan portfolio is segmented as follows:

- (1) Secured Loans
- (2) Unsecured Loans
- (3) Share Loans

(b) **Credit Risk Categorization.** Management has also included an assessment of the current credit risk in the loan portfolio by segmenting all loans made within the last 12 months according to the Member's Beacon Score at the time the loan was granted.

(c) **Annual Supervisory Committee Audit.** The Credit Union's Supervisory Committee auditor will periodically select loans for review on a random basis. The auditor will verify loan documentation, compliance with Credit Union's lending and charge-off policy, and proper reporting to the Board of Directors. The auditor will report findings directly to the Supervisory Committee.

II. Category Documentation.

The credit union will use a variety of documents to support the segmentation of their portfolio, including

- (a) Loan trial balances by categories and types of loans.
- (b) Management reports about the mix of loans in the portfolio.
- (c) Delinquency and non-accrual reports.
- (d) Reports breaking new loans booked into Credit Risk categories.
- (e) A summary presentation of the results of an internal or external loan grading review.

III. Estimating Losses on Loan Categories

Management will apply an empirically derived loss rate to each loan portfolio category to determine an appropriate level of funding for that category within the Allowance for Loan Loss Account. Initially, that loss rate will be equal to the average loss rate per loan category over the past 12 months. Management will maintain supporting documentation for the technique used to develop these loss rates including the period of time over which the losses were incurred. These loss rates will be reviewed annually for appropriateness and refined as warranted. In developing and maintaining loss measurements, management considers the Credit Union's past loan loss experience, known and other risks inherent in the portfolio, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and the impact of current environmental factors. Management also considers the following factors when developing loss measurements:

- (a) Levels of and trends in delinquencies and impaired loans.

- (b) Levels of and trends in charge-offs and recoveries.
- (c) Trends in volume and terms of loans.
- (d) Effects of any changes in risk selection and underwriting standards, and other changes in lending policies, procedures, and practices.
- (e) Experience, ability, and depth of lending management and other relevant staff.
- (f) Industry conditions; and
- (g) Effects of changes in credit concentrations.

IV. Estimating Losses on Loans due to Credit Risk

Management will apply a loss factor to each Credit Risk category to determine an appropriate level of funding for that category within the Allowance for Loan Loss Account. These factors will be based on industry averages. These loss rates will be reviewed annually for appropriateness and refined as warranted. In developing and maintaining loss measurements, management considers the results of studies performed by Fair, Isaac & Co. as part of their validation of the Beacon Score models.

V. Oversight

Management will consider all known relevant internal and external factors that affect loan collectability during any given period. Management's current judgments about the credit quality of the loan portfolio will be a factor in determining the amounts of the ALL and provisions for loan and lease losses and will include the following:

- (a) The board will review and approve the ALL and provision for loan and lease losses reported each period.
- (b) The board will periodically validate and, if appropriate, revise the methodology to ensure it remains appropriate for the credit union.
- (c) The supervisory committee will engage an independent auditor to examine and report on the internal controls over the ALL-determination process.
- (d) The officials will adjust the ALL through current earnings in accordance with GAAP; and
- (e) The officials understand that they must meet the full and fair disclosure requirements in P702.402 of NCUA Rules and Regulations before distributing dividends.

VI. Summarization Reports

Management will prepare a summary document supporting the amount of ALL it reports on the credit union's financial statements. This will verify that the ALL is fairly presented in accordance with GAAP and is auditable. The Board will review and approve this summary. Common elements in the summary will include:

- (a) An estimate of the probable loss incurred for each category.
- (b) The aggregate probable loss estimated using the credit union's methodology.
- (c) The amount, if any, of the necessary ALL adjustment; and
- (d) Detailed sub-schedules of loss estimate that reconcile to the summary schedule if so, warranted by the level of detail supporting the ALL analysis.

BYLAWS FOR CF-LA CREDIT UNION

ARTICLE I

NAME- PURPOSE

SECTION 1. The name of this credit union shall be:

CF-LA Credit Union

SECTION 2. The objects and purposes of this credit union shall be to encourage thrift among its members, creating a source of credit at fair and reasonable rates of interest, providing other financial services, and providing an opportunity for its members to use and control their own money on a democratic basis, and to engage in any lawful activity for which credit unions may be formed under the law.

ARTICLE II

MEMBERSHIP LIMITATIONS

SECTION 1. The field of membership shall be limited to those having the following common bond:

SECTION 1.1 Members of their immediate families includes any relative by blood or marriage, or foster and adopted children, grandchildren, sons-in-law, and daughters-in-law of a member.

SECTION 2. Applications for membership must be made in writing and presented to the Board of Directors or the Membership Officer for approval.

SECTION 3. An applicant shall be admitted to membership by the affirmative vote of a majority of the Directors present at the meeting at which the application is acted upon; an applicant shall become a member and entitled to the rights and privileges of a member when he shall have qualified by paying an entrance fee in an amount set by resolution of the Board of Directors, a copy of which resolution is to be attached to the bylaws, and one share of this credit union.

SECTION 4. A member may be expelled in the manner provided by law.

SECTION 5. A member and members of his/her immediate family who leave the field of membership may retain membership in the credit union; provided, however, that the Board of Directors may resolve that such members meet certain minimum standards established by the Board.

SECTION 6. Students who qualify for a loan under the Guaranteed Student Loan Program and PLUS Program, administered by the State of Louisiana, and by private, non-profit guarantee agencies, and seek membership solely for the purpose of obtaining a guaranteed student loan, are exempt from the requirements of Section 1 of this Article. Students, as used in this Section, include students and parents for loans under the PLUS Program.

ARTICLE III
CAPITAL AND LIABILITY

- SECTION 1. (a) The capital shall consist of shares and share certificates. The par value of each shall be five dollars (\$5.00). Subscriptions to shares are payable at the time of subscription. Additional payments may be made on shares on any day this credit union is open for business.
- (b) A member who fails to complete payment of one share within six months of his admission to membership, or within six months from the increase in the par value of shares, or a member who reduces his share balance below the par value of one share, may be terminated from membership.

- SECTION 2. (a) Shares and share certificates may be issued:
- (1) in an account in the name of a minor, subject to the limitations and procedures provided for herein in §2.4 of Article III.
 - (2) in a trust account, as provided for by law.
 - (3) in multiple party accounts by multiple party account agreement, but no multiple party owner, unless a member in his/her own right shall be permitted to vote, obtain a loan, or hold office, or be required to pay an entrance fee; and
 - (4) in a payable on death to account.
- (b) When shares and share certificates are issued in a revocable trust, the settlor must be a member of this credit union in his own right and the name of the beneficiary must be stated.
- (c) When shares and share certificates are issued in an irrevocable trust, the settlor or beneficiary must be a member of this credit union in his own right, and the name of the beneficiary must be stated. For purposes of this section, shares and share certificates issued pursuant to a pension plan authorized under the applicable law and regulation shall be treated as an irrevocable trust unless otherwise indicated under the applicable law and regulation.
- (d) Trust accounts established prior to the effective date of this section shall not be affected. Trusts may be established pursuant to this section, provided such trusts, their terms and conditions are in accordance with the laws of this jurisdiction.
- (e) When shares and share certificates are issued in a multiple party account under the names of two or more persons, the credit union may pay the shares and share certificate and any dividend thereon, to any of the owners whether living or not, and receipt of the owner so paid shall be valid, sufficient, and complete release of the credit union.
- (f) Where the credit union has received written notice of the death of any multiple party account owner, it shall report, within 15 days, to the Louisiana Department of Revenue and Taxation on the money withdrawn from the multiple party account, the date of the withdrawal, and the names of the individuals withdrawing the funds from the account.
- (g) The credit union has, as provided by the Louisiana Credit Union Law, a lien and privilege on the shares of any member and on the dividends payable thereon to the extent of any loan made by him/her, and of any dues and fines payable by him/her. The credit union may, upon default of any loan, cancel his/her shares and apply the shares toward the liquidation of his/her loan. However, this lien and privilege does not include amounts held under an "Individual Retirement Account", "Keogh Plan", and similar accounts as provided for in the Internal Revenue Code.
- (h) The board shall have the right, at any time, to impose a fee for excessive share withdrawals from regular share accounts. The number of withdrawals not subject

to a fee and the amount or the fee shall be established by board resolution and shall be subject to regulations applicable to the advertising and disclosure of terms and conditions on member accounts.

SECTION 2.1 Share drafts

- (a) Definitions for the purposes of this section:
 - (1) "Share draft" means a negotiable or non-negotiable draft used to withdraw shares from a share draft account.
 - (2) "Payable through bank" means a bank that has been designated to make presentment of a share draft to the credit union for payment.
 - (3) "Truncation" means the original share draft is not returned to the member.
 - (4) "Share draft account" means an account from which the credit union has agreed that shares may be withdrawn by means of a share draft or other order.
- (b) The board of directors may provide share draft services to the credit union member upon determination that it is economically and operationally feasible to implement a share draft program.
- (c) The board of directors' approval of a share draft program should be conditioned upon the following:
 - (1) An opinion of legal counsel that forms and procedures comply with applicable laws.
 - (2) Appropriate bond coverage.
Adoption of operational specifications approved by the Commissioner.

SECTION 2.2 Treasury Tax and Loan Accounts

- (a) The board of directors may provide tax collection services to the members in accordance with the United States Treasury Tax & Loan Account regulations.
- (b) Upon designation as a Treasury tax and loan depository, the credit union may establish a TT&L Remittance Account for the receipt of payments of Federal taxes and certain U. S. obligations. Funds in the TT&L Remittance Account are not eligible to receive dividends and are not subject to the 60-day notice requirement of Article III, Section 4 of the credit union bylaws.
- (c) Credit unions selecting the Note Option under 31 CFR Part 203.9 may hold funds in a TT&L Note Account in accordance with Department of Treasury regulations. Funds held in the credit union's TT&L Note Account shall bear interest at the rate specified in the Department of Treasury regulations. Funds held in TT&L Note Accounts are not considered borrowings for purposes of R.S. 6:655 and are not subject to the 60-day notice requirement of Article III, Section 4 of the credit union bylaws.
- (d) The sum of the amounts held in the TT&L Remittance Account and the TT&L Note Account shall not exceed 10 per centum of the total assets of the credit union.
- (e) For share insurance purposes, funds in the TT&L Remittance Account and the TT&L Note Account shall be considered public unit funds and as such are insured up to a maximum of \$250,000.00 in the aggregate. The share insurance premium paid shall include a premium equal to one-twelfth of 1 per centum of the total amount of funds in the TT&L Remittance Account and the TT&L Note Account at the close of the preceding insurance year.
- (f) The credit union may pledge specifically identified assets as collateral for TT&L Remittance and Note accounts and may enter into such custodial arrangements as may be necessary to meet Department of Treasury requirements for collateral on TT&L accounts.

SECTION 2.3 Automated Teller Machines (ATMs)

- (a) The Board of Directors may provide automated teller machine services to the members upon a determination that it is economically and operationally feasible to implement an automated teller machine program in conformity with this Section.
- (b) Applicability of Regulation E. Transactions made under this Section are subject to the Electronic Fund Transfer Act (15 U.S.C. 1693 et seq.), and Regulation E of the Federal Reserve Board (12 CFR 205.2), less exempted by law.
- (c) Definitions as used in this section:
 - (1) "COMMISSIONER" means the Commissioner of Financial Institutions, State of Louisiana.
 - (2) "GENERIC DATA" means statistical information which does not identify any individual accountholder.
 - (3) "PERSONAL IDENTIFICATION NUMBER (PIN)" means any word, number, or other security Identifier essential for a member to gain access to an account.
 - (4) "AUTOMATED TELLER MACHINE (ATM)" means any information processing device, including associated equipment, structures, and systems by which information relating to financial services rendered to the public is stored and transmitted, instantaneously or otherwise, to a financial institution. Any such device not on the premises of a state-chartered credit union for activation and account access, requires the use of a machine-readable instrument and PIN in the possession and control of a member, is an ATM. The term includes, without limitation, point of sale terminals, merchant-operated terminals, and cash dispensing machines. It excludes automated teller machines on the premises of a state-chartered credit union, unless shared with other financial institutions.
 - (5) "ATM ACCOUNT" means a share or loan account that may be accessed through the use of an ATM.
 - (6) General. The credit union may establish or use ATMs and participate with others in ATM operations, on an unrestricted geographic basis.
 - (7) ATM access techniques. The credit union shall provide a PIN to each member and require its use when accessing an ATM. It may not employ PIN access techniques that require the member to disclose a PIN to another person. The credit union must inform each member that the PIN is for security purposes and shall not be disclosed to third parties. Any device used to activate an ATM shall bear the words "Not Transferable" or their equivalent. A passbook may not be such a device.
 - (8) Service charges. The credit union may impose service charges for ATM financial services.
 - (9) Privacy of account data. The credit union shall allow members to obtain any information concerning their ATM accounts. Except for generic data or data necessary to identify a transaction, the credit union may not disclose account data to third parties, other than the Commissioner or his representatives, unless express written consent of the member is given, or applicable law requires. Information disclosed to the Commissioner will be kept in a manner to ensure compliance with the Privacy Act 5 V.C. 522(a). The credit union may operate an ATM according to an agreement with a third party or share computer systems, communications facilities, or services of another financial

institution only if such third party or institution agrees to abide by this section as to information concerning ATM accounts in the credit union.

- (10) Bonding. The credit union shall take all steps necessary to protect its interest in financial services processed at each ATM, including obtaining available fidelity, forgery, and other appropriate insurance.
- (11) Security. The credit union shall protect electronic data against fraudulent alterations or disclosure. All ATMs shall meet the minimum-security devices requirements of law.
- (12) The credit union may share an ATM controlled by an institution not subject to examination by a regulatory agency, only if such institution has agreed, in writing, that the ATM is subject to such examination by the Commissioner as it deems necessary.

SECTION 2.4. Minor Accounts.

Minors over the age of 16 may withdraw shares in their name in the credit union in the same manner as other members using the various share accounts offered by the credit union. In the case of minors less than 17 years of age, either parent if alive, or else the surviving parent, may transfer, withdraw, and surrender such shares for the minor, or otherwise represent the minor in respect to his shares without the necessity of tutorship proceedings. Minors, as members, shall have all the rights of membership within the limitations provided for in section of Article V (Elections).

SECTION 3. Fully paid-up shares may be transferred only from one member to another by written instrument in such form as the Board of Directors may prescribe and upon the payment of a fee set by resolution of the Board of Directors.

SECTION 4. Money paid in on shares, or installments of shares, may be withdrawn as in these bylaws provided on any day when payment of shares may be made subject to the minimum balance requirements established by the Board. The board shall have the right, at any time, to require members to give, in writing, not more than 60 days' notice of those amounts paid into share draft accounts. Provided, however, that no member may withdraw any shares designated as security below the amount of his total liability to the credit union as borrower, endorser, co-maker, or guarantor without the written approval of the Credit Committee.

SECTION 5. Money paid in on account of shares, installments of shares, repayment of loans, interest, fees or fines, and money paid out on account of loans made or shares withdrawn, in whole or in part, shall be evidenced by entries in the credit union's records, and in a passbook, or by receipt, or by a computer printout statement. Every entry in the passbook or on the receipt shall be initialed by the Treasurer, or other authorized person on behalf of this credit union; except, however, that this shall not apply when payroll deduction is in effect or where the credit union is on an electronic data processing accounting system.

SECTION 6. If a passbook is lost or stolen, immediate notice of such fact must be given to the Treasurer, and written application must be made for the payment of the amount due the member as represented by said passbook, or for the issuance of a duplicate passbook. The Board of Directors may require the filing of an adequate bond to indemnify this credit union against any loss or losses resulting from the issuance of such duplicate passbook and may require the payment of a nominal fee for the issuance of a duplicate passbook.

SECTION 7. In all cases, a payment upon presentation of a passbook, and entered therein, shall be a complete discharge of this credit union for the amount so paid.

SECTION 8. Payments on shares, share certificates, or share deposits may be received from an officer, employee, or agent of those nonmember units of federal, state, or local governments, or political subdivisions thereof.

SECTION 9. Payment on shares, share certificates, or share deposits may be received from administrators, executors, custodians, conservators, tutors, curators, trustees and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, trust companies, credit unions and other types of financial organizations, charitable, educational, and eleemosynary and public corporations, and bodies.

**ARTICLE IV
MEETING OF MEMBERS**

SECTION 1. The Annual Meeting of the members shall be held at such time and place as the Board of Directors may determine.

SECTION 2. At least thirty (30) days before the date of any annual meeting or seven (7) days before the date of any special meeting of the members, the recording officer shall cause written notice thereof to be sent to the last known address of each member, and shall post such notice in a conspicuous place in the office of the credit union; except that if the annual meeting is to be held during the same month as that of the previous annual meeting and this credit union maintains an office that is readily accessible to members and wherein regular business hours are maintained, and the board so determines, notice of the annual meeting may be given by posting the notice thereof in a conspicuous place in the office or the credit union where it may be read by the members at least 30 days prior to such meeting. The board of directors may require such additional notices as they may deem proper.

SECTION 3. Special meetings of the members may be called by the executive office, or on request of three members of the Board of Directors, or on request of the Commissioner of Financial Institutions (or by the Supervisory Committee as in these bylaws provided) and shall be called by the executive officer on the request of ten percent (10%) of the members, as provided by law (R.S. 6:647).

SECTION 4. The order of business at Annual Meetings of members shall be:

- (a) Determination of a quorum
- (b) Reading and approval (or correction) of the Minutes of the last Annual Meeting
- (c) Report of the executive officer on behalf of the Board of Directors
- (d) Report of the Financial Officer
- (e) Report of the Credit Committee
- (f) Report of the Supervisory Committee
- (g) Unfinished Business
- (h) New Business, other than Elections
- (i) Elections
- (j) Open Discussion
- (k) Adjournment

SECTION 5. At Annual or Special Meetings, except for voluntary liquidation, fifteen (15) members shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not less than five or more than forty-five days thereafter; and the members present at such adjourned meeting shall constitute a quorum, regardless of the number of members present.

**ARTICLE V
ELECTIONS**

SECTION 1. At least 120 days prior to each Annual Meeting, the executive officer shall appoint a Nominating Committee of not fewer than three members. It shall be the duty of the Nominating Committee to nominate at least one member for each vacancy, including any unexpired term vacancy, for which elections are being held, and to determine that the members nominated are agreeable to the placing of their names in nomination and will accept office if elected. The nominating committee shall file its nominations with the secretary of the credit union at least 90 days prior to the annual meeting, and the secretary shall notify all members, in writing, of the nominations.

**ARTICLE VI
BOARD OF DIRECTORS**

SECTION 1. The Board of Directors shall consist of 7 members. At the first Annual Meeting, or thereafter upon any increase or decrease in the number of directors, that approximately an equal number of regular terms shall expire each year. Regular terms of office for all directors shall be for periods of two or three years, as the Board shall determine, and until the election of their respective successors. Immediately following the election of any member to the Board of Directors and before assuming the duties or his/her office, each Director shall take an oath of office to discharge his/her duties as Director properly and conscientiously, which should be entered in the minutes and retained in the Credit Union files.

SECTION 2. Any vacancy on the Board of Directors shall be filled by vote of a majority of the remaining Directors; but the Director or Committeeman so elected shall hold office only until the next Annual Meeting of the members, at which meeting a Director or Committeeman shall be elected to complete the unexpired term (unless the term expires at the time of such meeting).

SECTION 3. (a) Regular meetings of the Board of Directors shall be held each month. The executive officer, or in his absence, the assistant executive officer, may call a special meeting of the Board of Directors at any time; and shall do so upon the written request of any three Directors. Notice of meetings of the Board of Directors shall be given in such manner as the Board may from time to time prescribe. If a board member is not onsite attendance via a conference call will be allowed and counted as the board member being present.

(b) A majority of the number of Directors specified in these bylaws shall constitute a quorum for the transaction of business at any meeting thereof.

SECTION 4. The Board of Directors shall have the general management of the affairs, funds, and records of this credit union; in addition to the duties and responsibilities customarily assigned to and performed by Boards of Directors, they shall:

- (a) Act on all applications for membership, except to the extent that it may have authorized the approval of the membership applications by a Membership Officer; directors may, by resolution, appoint a member as a Membership Officer, who may approve the applications for membership; such Membership Officer shall submit at each monthly meeting of the Directors a list of approved or pending applications received since the previous monthly meeting, together with such other related information as the directors may require.
- (b) Purchase a blanket fidelity bond coverage within the maximum requirements fixed in the bylaws, covering the directors, officers, employees, members or official committees, and other agents, with protection against loss caused by fraud and dishonesty. The board of directors having the option of purchasing faithful performance of trust coverage for the financial officers or for any director, officer or employee while performing any duties of the financial officer prescribed in the Act or the Bylaws. The minimum amount of bond coverage required will be computed based on the credit union's total assets. The following table lists the minimum requirements:

ASSETS	MINIMUM BOND
\$0 to \$10,000	Coverage equal to the credit union's assets.
\$10,001 to \$1,000,000	\$10,000 for each \$100,000 or fraction thereof.
\$1,000,001 to \$50,000,000	\$100,000 plus \$50,000 for each million or fraction over \$1,000,000.
\$50,000,001 to \$295,000,000	\$2,550,000 plus \$10,000 for each million or fraction thereof over \$50,000,000.
Over \$295,000,000	\$5,000,000.

- (c) Have authority to declare and authorize the payment of dividends on shares, share certificates, including patronage dividends; determine the rate of dividend which will be paid on various share accounts and share certificate accounts and other thrift accounts; and determine the rate of patronage dividends which will be paid on various types of loan accounts.
- (d) Fill vacancies on the Board of Directors until the election and qualification of successors and, if these bylaws provide for an elected Credit Committee, fill vacancies on the Credit Committee until the election and qualification of successors; designate another member of this credit union to act temporarily in the place and stead of any officer or director who is absent, disqualified, or otherwise unable to perform the duties of his/her office.
- (e) Employ, fix the compensation and prescribe the duties of such employees as may, in their discretion, be necessary, unless it has delegated this power to the Treasurer or Manager; but under no condition shall compensation be fixed on a percentage basis.
- (f) Establish par value of shares, and to fix the maximum number of shares which may be held by any one member; and determine the type and classification of shares and share certificate accounts.
- (g) Establish lending policies, and determine from time to time the interest rates, fixed or variable, on loans and the maximum amount that may be loaned, with or without security, to any member, within the limits prescribed by these bylaws.
- (h) Establish policies for record keeping and segregation of assets and for credit union operation for a self-directed IRA program and Keogh program consistent with the principles of sound custodial administration, prior to implementing a self-directed IRA or Keogh program for members.
- (i) Authorize and supervise investments other than loans to members, except that the Board may designate a committee of not less than two to act as an Investment Committee; such Investment Committee to have charge of making investments under the rules and procedures established by the Board of Directors.
- (j) Designate the depository or depositories for the funds of this credit union.
- (k) Designate the manner in which checks shall be signed.
- (l) Take such action towards the collection of delinquent loans as may be deemed advisable, and when necessary, authorize the charge-off of uncollectible loans; and may authorize participation in a credit reporting agency if it has determined that use of such an agency is essential in making loans and extending lines of credit, and that information supplied by the credit union concerning its members will be made available only to legitimate lenders belonging to that agency.
- (m) Authorize borrowing and discounting operations; have authority to enter into participation loans; and may sell the entire interest of an eligible obligation to any of the following: CUNA Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal, State and local housing authorities, Student Loan

- Marketing Association, other credit unions, banks and savings and loan associations, private investors approved by the Commissioner.
- (n) Recommend amendments to the Charter.
 - (o) Prescribe fines, if desired, which shall be paid by a member failing to pay an installment on a loan or share when due.
 - (p) Approve affiliation of this credit union with local, state, and national organizations of credit unions.
 - (q) Approve all operating expenses or operating expense budget, and in general to serve to promote the development and services of the credit union for the benefit of the membership.
 - (r) Perform such other duties as the members may, from time to time, authorize.
 - (s) Provide a copy of the report of the Office of the Commissioner of Financial Institutions of examination to government agencies deemed advisable and necessary by the Board to conduct the affairs of the credit union.
 - (t) Appoint, when deemed advisable, an Executive Committee of not less than three directors to exercise such authority as may be delegated to it, subject to such conditions and limitations as may be prescribed by the Board.
 - (u) Have authority to provide to its credit union members all programs that are available, now or in the future, to members or federal credit unions, including, but not limited to such programs as share drafts, credit card, automatic teller machines, etc., when approved by the Commissioner.
 - (v) Shall establish an Allowance for Loan Loss Account in accordance with Office of Financial Institutions Policy #CU-02-90, dated April 12, 1990.
 - (w) Appoint one or more loan officers and delegating to these officers the power to approve or disapprove loans, lines of credit or advances from lines of credit.

SECTION 5. The Board of Directors is authorized to exercise the powers granted the credit union under the law, and particularly Louisiana Revised Statutes, Title 6, Section 644, as amended. The Board of Directors may establish policies and/or procedures in the exercise of and in conformity with the powers granted the credit union under the law.

SECTION 6. If a Director member fails to attend regular meetings for three consecutive months, or otherwise fails to perform any of the duties devolving upon him as a Director member, or ceases to be a member in good standing, or has been suspended by the Commissioner of Financial Institutions, his office may be declared vacant by the Board of Directors and the vacancy filled as herein provided.

SECTION 7. No member of the Board Supervisory Committee shall receive any compensation for his services as a member of the Board of Directors or as a member of a committee.

ARTICLE VII
BOARD OFFICERS, MANAGEMENT OFFICIALS AND EXECUTIVE COMMITTEE

SECTION 1. The board officers of this credit union shall be comprised of an executive officer, one or more assistant executive officers, a financial officer, and a recording officer, all of whom shall be elected by the board and from their number. The board shall determine the title and rank of each board officer and shall record them in the addendum to this article. One board officer, as designated in the addendum to this article, may be compensated for his services to such extent as may be determined by the board. If more than one assistant executive officer is elected, the board shall determine their rank as first assistant executive officer, second assistant executive officer, et cetera. The offices of the financial officer and recording officer may be held by the same person. Unless sooner removed as herein provided, the board officers elected at the first meeting of the board shall hold office until the first meeting of the board following the first annual meeting of the members and until the election and qualification of their respective successors.

SECTION 2. Board officers elected at the meeting of the board next following the annual meeting of the members, which shall be held not later than 7 days after the annual meeting, shall hold office for a term of 1 year and until the election and qualification of their respective successors. Provided, however, that any person elected to fill a vacancy caused by the death, resignation or removal of an officer shall be elected by the board to serve for the unexpired term of such officer and until his successor is duly elected and qualified.

SECTION 3. The executive officer shall preside at all meetings of the members and at all meetings of the board, unless disqualified through suspension by the Supervisory Committee. He shall countersign all notes or this credit union and all checks, drafts, and other orders for disbursement of its funds as prescribed in Article XV, Section 2 of these bylaws. The executive officer shall also perform such other duties as customarily appertain to the office of the executive officer or as he may be directed to perform by resolution of the board not inconsistent with the Act and regulation and these bylaws.

SECTION 4. The ranking assistant executive officer available shall have and exercise all the powers, authority, and duties of the executive officer during the absence of the latter or his inability to act.

SECTION 5. The financial officer shall manage this credit union under the control and direction of the board, unless the board has appointed a management official in the addendum to this article who shall act as general manager. Subject to such limitations, controls, and delegations as may be imposed by the board, the financial officer shall:

- (a) Have custody of all funds, securities, valuable papers, and other assets of this credit union.
- (b) Sign all notes of this credit union, and all checks, drafts, and other orders for disbursement of its funds.
- (c) Provide and maintain full and complete records of all the assets and liabilities of this credit union.
- (d) Within 15 days after the close of each month, prepare and submit to the board a financial statement showing the condition of this credit union as of the end of the month, including a summary of delinquent loans. He shall promptly post a copy or such statement in a conspicuous place in the office of the credit union where it will remain until replaced by the financial statement for the next succeeding month.
- (e) Prepare and forward to the Commissioner of Financial Institutions such financial and other reports as the Commissioner may require.
- (f) If so, authorized by the Board, and within the standards and limitations prescribed by the Board, employ tellers, clerks, bookkeepers, and other office employees and have the power to remove such employees.

- (g) Perform such other duties as customarily appertain to the office of the financial officer or as he may be directed to perform by resolution of the board not inconsistent with the act and regulations and these bylaws.

The board may employ one or more assistant financial officers, none of whom may also hold office as executive officer, or assistant executive officer and may authorize them, under the direction of the financial officer, to perform any or the duties devolving on the financial officer, including the signing of checks. When designated by the board, any assistant financial officer may also act as financial officer during the temporary absence of the financial officer, or in the event of his temporary inability to act.

SECTION 6. The board may appoint a management official who may be a member of the board, and who shall be under the direction and control of the board or of the financial officer, as determined by the board. The management official may be assigned any or all the responsibilities of the financial officer described in Section 5 of this article. The board shall determine the title and rank of each management official and shall record them in the addendum to this article.

The board may employ one or more assistant management officials, none or whom shall be a member of the board. The board may authorize assistant management officials, under the direction of the management official, to perform any of the duties devolving on the management official, including the signing of checks. When designated by the board, any assistant management official may also act as management official during the temporary absence of the management official or in the event of his temporary inability to act.

SECTION 7. The board shall employ, fix the compensation, and prescribe the duties of such employees as may, in the discretion of the board, be necessary and have the power to remove such employees, unless it has delegated these powers to the financial officer or management officials, except that neither the board, the financial officer, nor the management official shall have the power or duty to employ, prescribe the duties of, or remove any Loan Officer appointed by the Credit Committee, where the bylaws provide for an elected credit committee, or necessary clerical and auditing assistance employed or utilized by the Supervisory Committee, where the bylaws provide for an elected supervisory committee.

SECTION 8. The recording officer shall prepare and maintain full and correct records of all meetings of the members and of the board, which records shall be prepared within 7 days after the respective meetings. The recording officer shall promptly inform the Commissioner in writing of any change in the address of the office of this credit union or the location of its principal records. He shall give or cause to be given in the manner prescribed in these bylaws, proper notice of all meetings of the members, and shall perform such other duties as he may be directed to perform by resolution of the board not inconsistent with the act and regulations and these bylaws.

The board may employ one or more assistant recording officers, none of whom may also hold office as executive officer, assistant executive officer, or financial officer, and may authorize them under the direction of the recording officer to perform any of the duties devolving on the recording officer.

ADDENDUM: The title and rank of the board officers and management officials of this credit union are as follows:

- (a) The Executive officer is to have the title of Chairman.
- (b) The Assistant Executive Officer is to have the title of Vice Chairman.
- (c) The Financial Officer is to have the title of Treasurer.
- (d) The Assistant Financial Officer is to have the title Assistant Treasurer.
- (e) The Recording Officer is to have the title of Secretary.
- (f) The Assistant Recording Officer is to have the title Assistant Secretary.
- (g) The Management Official is to have the title of President-CEO.
- (h) The Assistant Management Official is to have the title Vice President.

**ARTICLE VIII
LOAN OFFICER(S)**

SECTION 1. The loan officer(s) shall inquire carefully into the character and financial condition of each applicant for a loan and his/her sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them and to determine whether the loan sought is for a provident or productive purpose, and will be of probable benefit to the borrower; and shall determine the security, if any, which shall be required for each loan and the terms upon which it shall be repaid, with the limitations provided by law and set by the board of directors. When there are pending more applications than can be granted with the funds available, preference shall be given, in all cases, to the applications for smaller loans, if the need and credit factor are nearly equal.

SECTION 2. Every application for a loan shall be in writing and signed by the applicant. It shall state the purpose for which the loan is desired and contain full and complete information pertaining to the applicant, together with a signed financial statement or combination signed application and financial statement and shall describe the security, if any, offered as provided by law.

SECTION 3. An applicant for a loan may appeal to the board of directors from the decision of the loan officer(s).

**ARTICLE IX
SUPERVISORY COMMITTEE**

SECTION 1. The Supervisory Committee shall consist of three members appointed by board of directors. Regular terms of office for all committee members shall be for periods of two or three years, as the board shall determine and until the appointment of their respective successors. In the event of a vacancy in the membership of the Supervisory Committee, such vacancy shall be filled by the board of directors. The Supervisory Committee shall choose from among their number a Chairman.

- SECTION 2
- (a) The Supervisory Committee shall, at frequent intervals, and at least semi-annually, and when it is deemed necessary, inspect the securities, cash, and accounts of the credit union, and supervise the acts of the Board of Directors, Credit Committee, and officers, and shall make a written report to the Board or Directors of its findings. The Supervisory Committee shall cause a written verification of the members' statement of account to be made from time to time, but not less frequently than every two years. The verification must fully meet the requirements set forth in NCUA Regulations, Sections 701.12 and 701.13.
 - (b) The Supervisory Committee may employ and use such clerical and auditing assistance as may be required to carry out its responsibilities under the law and bylaws and may request the Board to provide compensation for such assistance. At the close of the fiscal year, the committee shall make or cause to be made a thorough audit, as provided by law, and shall make a full report thereof to the Board of Directors, which report shall be read at the Annual Meeting and shall be filed and preserved with the records of the credit union and a copy filed with the Commissioner of Financial Institutions. The audit must fully meet the requirements set forth in NCUA Regulations Sections 701.12 and 701.13.

SECTION 3. By unanimous vote, the Supervisory Committee may suspend until the next meeting of the members, any director, officer, or member of the Credit Committee. In the event of any such suspension, the Supervisory Committee shall call a special meeting of the members to act on said suspension within seven (7) days thereof. By a majority vote, the Supervisory Committee may call a special meeting of the members to consider any violation of the provisions of the State Credit Union Law, or of the Charter or Bylaws of this credit union, or to consider any practice of this credit union which the Committee deems to be unsafe or unauthorized. Notice of any special meeting shall be given in the manner elsewhere herein provided for the giving of notices of special meetings of the membership, and a copy of said notice shall be furnished the Commissioner of Financial Institutions.

ARTICLE X
EDUCATIONAL COMMITTEE

SECTION 1. The Educational Committee shall be appointed by the Board and shall consist of not less than three nor more than five members.

SECTION 2. The committee shall plan, and with approval of the Board of Directors, carry out programs to inform members and potential members of the objectives, procedures, and services of the credit union, and to encourage maximum participation in all activities of the credit union.

**ARTICLE XI
INTEREST RATE, INCIDENTAL COSTS, LATE CHARGES**

SECTION 1. The Board of Directors shall, by resolution, establish the maximum interest rate for the various classifications of loan accounts, at fixed rates or variable rates of interest, subject to the maximum established in Section 2 of this Article.

SECTION 2. The maximum interest rates for the various classifications of closed end loans shall not exceed twenty-four (24%) percent per annum for fixed interest rates or variable interest rates.

SECTION 3. The maximum interest rate for open end credit, revolving credit, or lines of credit loan accounts shall not exceed eighteen (18%) percent per annum for fixed interest rate or variable interest rates.

SECTION 4. The following fees and costs in a transaction secured by real property or in a residential mortgage transaction may be charged to the member:

- (a) Fees for title examination, abstract of title, title insurance, property survey and similar purposes.
- (b) Fees for preparing deeds, mortgages and re-conveyance, settlement, and similar documents.
- (c) Notary, appraisal, and credit report fees.
- (d) Amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the finance charge.

SECTION 5. The following fees and costs in a transaction secured by a mortgage or other security device on movable property may be charged to the member:

- (a) Taxes and fees prescribed by law that are actually paid or will be paid to public officials for perfecting, releasing, or satisfying a security interest.
- (b) The premium for insurance, in lieu of perfecting a security interest, to the extent that the premium does not exceed the fee for perfecting, releasing, or satisfying a security interest that would otherwise be payable.
- (c) Notarial fees not to exceed fifteen dollars for each loan secured by a mortgage or other security device on movable property.

SECTION 6. (a) The credit union may charge the member a late charge on any loan installment not paid in full within ten days after its scheduled date, in an amount not exceeding the greater of:

- (1) 20% of the interest due
- (2) 5% of the overdue payment, but not exceeding \$35.00

- (b) A late charge may be collected only once on an installment however long in remains in default.

SECTION 7. In addition to the maximum interest rate provided for in the bylaws, the Board of Directors may, by resolution, authorize any other fee or charge not considered a finance charge under Regulation Z or the Truth in Lending Act.

**ARTICLE XII
LOANS TO MEMBERS**

SECTION 1. GENERAL PROVISIONS AND LIMITATIONS

- (a) The credit union board of directors shall establish lending policies for the various kinds of loans the credit union may make to its members, which shall include, but not be limited to the following:
 - Loans – Unsecured
 - Loans – Secured by Co-maker, Chattel or Other
 - Share Loans
 - FHA Title I and VA Home Improvement Loans and Mobile Home Loans
 - Guaranteed Student Loans
 - Conventional Real Estate Loans
 - Home equity Loans or Second Mortgage Loans
 - FHA and VA Real Estate Loans
- (b) The total indebtedness of anyone member shall never exceed 10% of the credit union's unimpaired capital and surplus.
- (c) The lending policies established by the Board of Directors shall set forth the maximum amounts and maximum terms for all loans, except as otherwise provided by law or these bylaws.

SECTION 2. UNSECURED LOANS

Unsecured loans mean personal loans guaranteed by the signature of the member on a promissory note.

SECTION 3. OTHER LOANS – SECURED

Other loans mean personal secured loans secured by a chattel mortgage or other collateral of good and sufficient value or guaranteed by one or more solvent co-makers, who shall furnish evidence of solvency by financial statement.

SECTION 4. SHARE LOANS

Share loans are loans fully secured by a pledge of shares.

SECTION 5. HOME IMPROVEMENT AND MOBILE HOME LOANS

Home improvement loans and mobile home loans are loans secured by insurance contained under Title 1 of the National Housing Act and Veterans Housing Act. Home improvement loans and mobile home loans may be made up to a maximum amount and for such terms as permitted by the guarantee agency.

SECTION 5.1 FHA AND VA REAL ESTATE LOANS

Real estate loans made to members, pursuant to the regulations of the Federal Housing Agency and Veterans Administration and providing a guarantee to the credit union, may be made for such amounts and on such terms and conditions as permitted by the guarantee agency.

SECTION 6. STUDENT LOANS

Student loans may be made to students who qualify for a loan under the Governor's Special Commission on Education Services, or its successor, or under any federally insured student loan program. Student loans are subject to the following requirements:

- (a) Guaranteed student loans may be made up to the maximum amount and for such terms as permitted by the federal or state guarantee agency.
- (b) The interest charged on student loans shall not exceed the rate permitted by the Governor's Special Commission on Education Services.

- (b) The terms and conditions for repayment must be in accordance with the rules of the Governor's Special Commission on Education Services, or its successor.

SECTION 7. CONVENTIONAL REAL ESTATE LOANS.

Conventional real estate loans are loans secured by a first mortgage on real estate situated in the Real estate loans are subject to the following requirements:

- (a) A loan secured by first mortgage on real estate under the provisions of this section shall not exceed 85% of the value of the property mortgaged, as shall be determined by a written appraisal report of an independent appraiser. Cost of the appraisal to be borne by the applicant.
- (b) Such loans shall be supported at cost to the applicant by an opinion rendered by an attorney at law or duly qualified title insurance company that the title to such real estate is good and merchantable, and that such loan constitutes a first and prior mortgage on such real estate, or a mortgage title insurance policy insuring and guaranteeing such loan to be a first lien on such property, and by evidence of payment of all taxes, paving or other assessments other than those for the current year .
- (c) Adequate insurance coverage against loss from fire, windstorm, or tornado.

SECTION 7.1 HOME EQUITY OR SECOND MORTGAGE LOANS

Loans secured by a mortgage on real estate subject to a prior mortgage loan may be made up to 90% of value of the real estate less the balance owing on the prior mortgage (the member's equity in the real estate), for terms not to exceed fifteen years, unless a longer term is approved by the Board of Directors.

SECTION 8. OPEN END, REVOLVING CREDIT, LINE OF CREDIT LOAN PLANS

The credit union may make loans to its members on a revolving credit, open-end credit, or line of credit loan plan in conformity to Regulation Z of the Truth in Lending Act. The maximum amount and maximum terms for open-end credit, revolving credit, and line of credit loan plans for unsecured and secured loans shall be limited to the extent provided in other sections of this article.

SECTION 9. DIRECTORS, COMMITTEEMEN AND OFFICERS LOANS

- (a) Loans may be made to a director, or a Credit Committeeman, or a Supervisory Committeeman, or an officer, through the Credit Committee, up to the amount of their holdings in shares of the credit union.
- (b) For loans in excess of ten thousand dollars plus pledged shares, it is necessary that such loans be submitted to and approved by a majority of the Board of Directors. The Director whose loan is under consideration shall not be present or take part in that portion of the meeting at which his or her loan is considered.

SECTION 10. RESPONSIBILITY OF DIRECTORS OR COMMITTEEMEN

Any Director or Committeeman who knowingly or willfully makes or agrees to the making of any loan to other than a member or another qualified credit union, shall by such act become jointly, severally and in so lido, responsible with the maker or endorser for the full amount of the loan.

SECTION 11. REPAYMENT PRIOR TO MATURITY

A borrower may repay his loan prior to maturity in whole or in part on any day which the office of the credit union is open for transaction of business.

**ARTICLE XIII
RESERVES**

SECTION 1. All amounts required by law shall be set aside as a regular reserve. Provided, however, that when the regular reserve thus established shall reach the minimum balance required by law, no further transfers shall be required, except up to such amounts as permitted by law and as may be needed to maintain such minimum balance. Amounts in excess of the above requirements may be transferred to the regular reserve by authorization of the board. The regular reserve shall be used only for losses on loans to members (including un-recovered collection costs) and such other losses as are authorized by applicable law and regulations.

SECTION 2. In addition to the regular reserve, special reserves to protect the interests or the members shall be established in accordance with law and as required by the Commissioner of Financial Institutions. The Board may also authorize the establishment of any additional reserves which it deems necessary.

SECTION 3. In all respects, this article of the bylaws is subject to and shall be construed under the provisions of R.S. 6:657, as amended.

ARTICLE XIV

DIVIDENDS

SECTION 1. The Board shall establish dividend periods and declare dividends for the various classification of share and share certificate accounts as permitted by the law, R.S. 6:658, and regulations, and in accordance with the following:

- (a) The Board shall establish dividend periods permitted by the law and in such a way that the last dividend period in any calendar year ends on December 31.
- (b) The Board may change the established dividend periods, such change to take effect after the close of the current dividend period and shall take reasonable action to notify the members of the change; except that the change may be applied to the current period if the members are notified a reasonable time prior to the end of such period.
- (c) Dividends may be declared by the Board for an established dividend period from earnings available after provision for reserves required by the law, only during the last month of the dividend period, or the first month following the close of the dividend period. Provided, however, that if the dividend period is monthly, dividends may be declared during the month. Any provided further that if the established period is more frequent than monthly, the board may declare the dividend during the previous month.
- (d) All dividend declarations shall include the establishment of a date on which such declared dividends will be distributed or posted to the accounts or the members.
- (e) Within the limitations of the law, the board shall determine the period of time from which shares may be fully paid up and earn dividend credit for the dividend period.

SECTION 2. (a) Dividends may be declared by the board at such rates and upon such classes of share accounts as determined by the board.

(b) The Board, in determining the dividend rates, shall weigh and consider what serves the best interests of the credit union and of the members, and consider and analyze economic conditions in the light of credit union principles, as well as the following:

- A. Adequacy of Reserves
- B. Delinquency
- C. Costs of funds
- D. Past earning capacity and future trends
- E. Rates of competing financial institutions
- F. Needs of all the members

SECTION 3. No dividend shall be declared or paid in the event of delinquency in loans unless the reserve fund shall be equal to or in excess of the sum of 10% of the unpaid balance of loans delinquent more than 2 months and less than 6 months, plus 25% of the unpaid balance or loans delinquent from 6 months to less than 12 months, plus 50% of the unpaid balance of loans delinquent from 12 months to less than 18 months, and plus 100% of the unpaid balance of loans delinquent 18 months or more; provided, further, that in the event the legal reserve fund does not equal the amount required as herein set forth, then and in that event the reserve fund shall be supplemented by a special reserve for delinquent loans in an amount which will make the reserve fund and the special reserve equal to the sum required in accordance with the schedule herein set forth. The transfer to the special reserve for delinquent loans shall be made from undivided profits or current net earnings before any distribution of dividends.

**ARTICLE XV
DEPOSIT AND DISBURSEMENT OF FUNDS AND INVESTMENTS**

SECTION 1. All funds of this credit union, except for petty cash and cash change funds authorized by Section 3 of this article, shall be deposited in such qualified depository or depositories from among those authorized by applicable law and regulations, as the board may from time to time by resolution designate; and shall be so deposited not later than the second business day after their receipt; provided, however, that receipts in the aggregate of \$300 or less may be held as long as 1 week before they are deposited.

SECTION 2. All disbursements of funds of this credit union shall be made by check or other written instruments signed by the financial officer, management official, assistant financial officer, or an assistant management official, and countersigned by the executive officer, or in his absence or inability to serve by the ranking assistant executive officer; provided, however, that the board may, by resolution, eliminate the requirement of countersigning.

SECTION 3. A cash fund may be authorized by the board by resolution for the purpose of making change, and for such other purposes as prescribed by the board of directors. The credit union shall keep bait money when a cash fund is maintained. The board may authorize, by resolution, the establishment of a petty cash fund for postage and for defraying other expense items in amounts of less than \$10.00.

SECTION 4. The funds of this credit union shall be invested only as authorized by applicable law and regulations.

ARTICLE XVI

INACTIVE ACCOUNTS

SECTION 1. The board of directors may authorize transfer to the Reserve for Inactive Accounts all shares, dividends, and other sums not in excess of \$100.00 from any inactive account standing in the name of any member, provided the credit union has been unable to contact the member by first class mail addressed to the member at the address last shown on the credit union records, and the member's last known address for more than 2 years.

SECTION 2. The board of directors may authorize transfer to the Reserve for Inactive Accounts of shares, dividends, and other sums not in excess of \$100.00 from inactive accounts in the name of one or more joint owners, only when the credit union is unable to contact each of the joint owners in the name manner as provided in Section 1 above.

SECTION 3. All requests to reclaim or to transfer to an active account status any sums transferred to the Reserve for Inactive Accounts must be approved by the Board of Directors.

**ARTICLE XVII
GENERAL**

SECTION 1. All power, authority, duties and functions of the members, Directors, Officers, Committee members, and employees of this credit union, pursuant to the provisions of these bylaws, shall be exercised in strict conformity with the applicable provisions of law, of the Charter, or the Bylaws, and the rules and regulations issued by the Commissioner of Financial Institutions.

SECTION 2. The officers, directors, members of committees and employees of this credit union shall hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the board in connection with:

- (a) The making of loans and extending lines of credit.
- (b) The collection of loans.
- (c) The guarantee of member share drafts by third parties.

SECTION 2.1. In accordance with the above, the board of directors may authorize participation in:

- (a) A credit reporting agency, if it has determined that use of such an agency is essential in the making of loans and extending lines or credit, and that information supplied by the credit union concerning its members will be made available only to legitimate members belonging to that agency and persons who have a legitimate business need for information in connection with a business transaction involving a consumer.
- (b) A consumer reporting agency, if it has determined that information supplied by the credit union is essential to the guarantee of member share drafts by that agency.

SECTION 3. Copies of the organization papers of this credit union, its bylaws, and any amendments thereto, shall be preserved in a place of safekeeping. Returns of nominations and elections and proceedings of all regular and special meetings of the members and directors shall be recorded in the minute book of this credit union. The minutes of the meetings of the members, the Board of Directors, and the Committees, shall be signed by their respective Chairman or presiding officers and by the persons who serve as secretaries of such meetings.

SECTION 4. All books of accounts and other records of this credit union shall at all times be available to the Directors and Committeemen, members of this credit union, and to the duly authorized representatives of the Commissioner of Financial Institutions, upon presentation of proper credentials.

SECTION 5. (a) The credit union may elect to indemnify to the extent authorized by the Louisiana Business Corporation Law:
The current officials, former officials, current employees, and former employees for any liability asserted against them and expenses reasonably incurred by them in connection with judicial or administrative proceedings to which they are or may become parties by reason of the performance of their official duties.

(b) The credit union may purchase and maintain insurance on behalf of the individuals indicated in (a) above against any liability asserted against them and expenses reasonably incurred by them in their official capacities and arising out of the performance of their official duties to the extent such insurance is permitted by the applicable state law or Louisiana Business Corporation Law.

(c) The term "official" in this bylaw means a person who is a member of the board of directors, credit committee, supervisory committee, other volunteer committee, (including elected or appointed loan officers or membership officers), established by the board of directors.

**ARTICLE XVIII
AMENDMENTS TO BYLAWS**

SECTION 1. Amendments to these bylaws may be adopted by the affirmative vote of two-thirds of the members of the Board of Directors present at any duly held meeting thereof convened after at least 10 days' notice, and the notice of such meeting has contained a copy of the proposed amendment or amendments.