



Department of Commerce

Division of Financial Institutions

How to convert a federally chartered credit union to an Ohio state-chartered credit union

Credit Unions

Ohio Revised Code Chapter 1733

Conversions

Ohio Revised Code 1733.341 & Ohio
Administrative Code Rule 1301:9-2-39

Ohio Department of Commerce Division of Financial Institutions

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**STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS**

"An Equal Opportunity Employer and Service Provider"

**APPLICATION FOR THE CONVERSION OF A FEDERAL
CREDIT UNION TO A STATE-CHARTERED CREDIT UNION**

GENERAL INFORMATION AND INSTRUCTIONS

Who Must File this Application

This application must be prepared and filed with the Superintendent of Financial Institutions to obtain authorization to convert an existing federally chartered credit union ("the Applicant") in Ohio into a state-chartered credit union pursuant to Section 1733.341 of the Ohio Revised Code, which states: "...any federally chartered credit union operating in this state may convert to a credit union organized under this chapter upon compliance with applicable state and federal laws, rules and regulations." The conversion application should be sent to the Division of Financial Institutions - Corporate Section; 77 South High Street, 21st Floor; Columbus, Ohio 43266-0121. If there are any questions pertaining to this application, please contact the Corporate Section at (614) 728-8400.

Upon receipt of all of the required documentation, the Division of Financial Institutions ("the Division") will notify the Applicant that the application for conversion has been accepted for processing. The Division will then review the documentation and subsequently notify the Applicant whether the application has been approved, approved subject to certain conditions, or denied.

Note: Applicant will be bound by, and will be expected to conform in all material respects with, all oral and written representations and commitments made in or in connection with this application. Further, all representations and commitments made on behalf of Applicant with regard to the application and relied on by the Superintendent of Financial Institutions in reaching a decision on the application are conditions imposed in writing by the Superintendent in conjunction with the findings and decision and may be enforced under statutory provisions for addressing violations of conditions imposed by the Superintendent in writing.

Name Reservation

To secure the exclusive use of the proposed name of the credit union as a state-chartered institution, the Applicant may reserve the name with the Ohio Secretary of State. The reservation request should be submitted to the Division of Financial Institutions, along with a check in the amount of \$50, payable to the Secretary of State, for the filing fee. Upon receipt of the reservation request, the Division will determine if the name conflicts with that of any current state-

chartered credit union in Ohio and, if no conflict exists, will forward the request to the Secretary of State. The Secretary of State will then determine if the name conflicts with that of any Ohio corporation and, if there is no conflict, will reserve the name for the Applicant's use. The name reservation will remain in effect for the period of time provided in Ohio law.

Contents of Application

This application process consists of two phases. Phase I relates to the approval of the conversion by the Applicant's directors and members and the National Credit Union Administration ("NCUA"). Phase II commences when all of these approvals have been obtained and involves the submission of various documents by the Applicant to enable the Division to evaluate the credit union and the proposed conversion. The application will not be deemed complete and will not be acted upon by the Division until all of the required documentation is submitted. Furthermore, the Division may require additional information from the Applicant as is deemed necessary for the proper analysis of the conversion.

Phase I:

In Phase I, the Applicant shall submit the following:

1. A letter to the Division of Financial Institutions requesting approval to convert from a federal credit union charter to an Ohio state credit union charter and stating the Applicant's reasons for the conversion. The letter must also include a statement regarding whether the Applicant will retain share insurance from the National Credit Union Share Insurance Fund ("NCUSIF") or will terminate its federal insurance and obtain share insurance from a credit union share guaranty corporation licensed under Chapter 1761. of the Ohio Revised Code. Finally, the letter should state the name, title, and telephone number of the contact person to whom questions or requests for additional information regarding the application are to be directed.
2. A certified copy of the proposition or resolution adopted by a majority of the members of the credit union's board of directors which approves the conversion to a state-chartered institution and sets a date for the credit union's membership vote on the conversion.
3. A copy of the notice sent to the members regarding the membership vote on the proposed conversion.
4. A certified copy of the results of the membership vote which demonstrates that the proposed conversion to a state-chartered credit union and, if applicable, the termination of share insurance through NCUSIF was approved by the affirmative vote of a majority of the members who voted.

5. A list of the Applicant's core membership groups and select groups.
6. A copy of the decision issued by the Regional Director of the NCUA approving or disapproving the proposed conversion to a state-chartered credit union. If the NCUA denies the request for conversion and the Applicant appeals to the NCUA for reconsideration, submit a copy of the appeal and the NCUA's decision upon reconsideration. If the NCUA rejects the appeal or reconfirms the denial upon appeal, the Applicant shall immediately notify the Division and withdraw its conversion application.
7. A copy of the NCUA Regional Director's approval to terminate federal insurance if the Applicant is terminating its share insurance through the NCUSIF, in which case the Applicant shall also submit a copy of the agreement with a share guaranty corporation licensed under Chapter 1761. of the Ohio Revised Code which establishes that the credit union will have share guaranty insurance upon conversion.

Phase II:

During Phase II, the Applicant must submit the following:

1. A copy of the notice provided to the members notifying them that the membership approved the conversion to a state-chartered credit union and, if federal share insurance is also to be terminated, a copy of the notice to the membership explaining the termination of such insurance through NCUSIF.
2. Original executed copies of the proposed articles of incorporation, code of regulations, and appointment and acceptance of a statutory agent of the resulting state-chartered credit union. Also include a check in the amount of \$125 payable to the Secretary of State for filing the articles. The articles must conform with the Credit Union Act and the general corporation laws of Ohio.
3. A list of the names and addresses of the directors and officers of the proposed state-chartered credit union.
4. A copy of the latest annual audit report.
5. A list the names and addresses of Applicant's service facilities, including any pending or approved-but-unopened service facilities.
6. A copy of Applicant's most recent 5300 Call Report.
7. Detailed information concerning the present status of any formal or informal regulatory agreements or supervisory actions or orders presently in effect or entered against the Applicant within the past ten years.

Entrance Examination

Upon receipt of the application, the Division will request a copy of the most recent report of examination of Applicant from the NCUA. After a thorough review of the information contained in the application and the report of examination, the Superintendent will conduct an on-site entrance examination to evaluate the assets and liabilities and overall safety and soundness of the Applicant.

1733.341 Conversion between state and federal charter

Any credit union operating under this chapter may convert to a federally chartered credit union and any federally chartered credit union operating in this state may convert to a credit union organized under this chapter upon compliance with applicable state and federal laws, rules, and regulations.

Any production credit association organized under the "Farm Credit Act of 1971," 85 Stat. 583, 12 U.S.C.A. 2091 to 2097, may convert to a credit union organized under this chapter upon compliance with applicable state and federal laws and regulations and with the approval of the superintendent of credit unions.

Effective 09/29/94

SAMPLE

(Name of Credit Union) CODE OF REGULATIONS

ARTICLE I PURPOSE

Section 1. Purpose

The purpose of this Credit Union shall be to conduct the business of a Credit Union; to promote thrift among its members; to establish, on a cooperative basis, facilities for savings; to provide credit for provident and productive purposes; to provide assistance to its members in budgeting and money management and the effective use of their assets and resources; and all activities necessary and incidental thereto; and to exercise the powers granted by Section 1701.13 and by Chapter 1733, Ohio Revised Code, and any amendments or supplements thereto hereinafter enacted.

ARTICLE II CORPORATE POWERS AND RESTRICTIONS

Section 1. Powers and General Corporate Authority

In addition to the general authority conferred by Section 1701.13, Ohio Revised Code, but subject to any limitations contained in Sections 1733.01 to 1733.45, Ohio Revised Code, inclusive, or in the Articles of Incorporation or this Code of Regulations, this Credit Union shall have full power and authority to exercise the corporate powers defined in Section 1733.04, Ohio Revised Code, as now in effect or pursuant to any amendments or supplements thereto hereinafter enacted.

Section 2. Restrictions on Corporate Activity

The power and authority of this Credit Union shall be subject to the restrictions and limitations set forth in Section 1733.04(B), Ohio Revised Code, as now in effect or pursuant to any amendments or supplements thereto hereinafter enacted.

ARTICLE III MEMBERSHIP

Section 1. Conditions and Qualifications for Membership

(A) Membership in this Credit Union shall be open to those persons who meet the eligibility requirements as set forth in the Articles of Incorporation, who apply for membership as hereinafter set forth, and who are elected to membership by the Board of Directors, elected to membership by the membership officer, or elected to membership in any other manner specified by the Board of Directors.

(B) All applications for membership must be in writing, and each applicant must subscribe to at least one membership share.

(C)(1) All applicants for association membership, and all corporations, unincorporated societies or associations, or any other organization of individuals, including labor organizations, applying for membership must, in addition to the application for membership, also file a written statement, on forms prepared by or acceptable to the Credit Union,

setting forth the name or names of the person or persons who are authorized, individually or jointly, to borrow, make deposits, withdrawals, appoint proxies and execute consents, waivers or releases on its behalf. Until rescinded or superseded in writing, the Credit Union shall be entitled to rely upon such written statement, and any action, payment or withdrawal pursuant thereto shall be a valid and sufficient release and discharge of the Credit Union in connection with any transaction concerning such shares or share accounts.

(2) The total value of all share purchases in the Credit Union by an association member shall not exceed ten percent (10%) of the value of all outstanding shares at the time of purchase. The total value of all shares owned by association members shall not exceed twenty-five percent (25%) of the aggregate value of all shares of the Credit Union.

Section 2. Membership Term

(A) A person, corporation, unincorporated society or association, and an organization becoming a member of this Credit Union may remain a member hereof until such time as such member dies, resigns, or is expelled from membership by the Board of Directors.

(B) Upon good cause, any member may be expelled by the Board of Directors, but only after such member has been notified and given sufficient opportunity to be heard. If a member is expelled, Article III, Section 4, shall govern redemption of any share or share accounts of such member.

Section 3. Voting Rights of Members

(A) Each member who is a natural person sixteen years of age or older, and who owns at least one membership share, shall be entitled to cast one vote, regardless of the number of shares, of any class, owned by such person on each matter submitted to the membership to be voted upon, or otherwise submitted to the membership for consent, waiver, release or other action. The Board of Directors may establish a higher minimum voting age, but in no event shall such age be greater than eighteen.

(B) Corporations, unincorporated societies or associations, and organizations who are association members, may be represented at any annual or special meeting of the membership, and shall be entitled to cast one vote, regardless of the number of shares, of any class, owned by such corporation, unincorporated society or association, and organization. Such vote shall be cast as set forth in Section 1733.13(B), Ohio Revised Code, and any amendments or supplements thereto hereinafter enacted, or by the person or persons designated in the written statement on file with the Credit Union setting forth their name or names and authorizing them to cast such vote. A voting representative shall be eligible for all elective or appointive office in the same manner as if he were a natural member.

Section 4. Withdrawal From Membership

A member may withdraw from membership and redeem his shares or share accounts. Upon withdrawal and redemption, the withdrawing member shall be entitled to the face amount of his shares or share accounts plus any dividends that may have been credited thereto, less any obligations to the Credit Union. Such shares or share accounts shall continue to participate in the dividends, if any, payable prior to actual withdrawal

ARTICLE IV
CLASSES AND TYPES OF SHARES
AND SHARE ACCOUNTS;
LIMITATIONS; REDEMPTION

Section 1. Classes of Shares

As provided by Section 1733.24, Ohio Revised Code, as now in effect or pursuant to any amendments or supplements thereto hereinafter enacted, and as further provided in Article IV of the Articles of Incorporation, the Board of Directors may establish one or more classes of shares and share accounts.

Section 2. Joint Tenancy With Right of Survivorship

Any member may designate any person or persons to own or hold share or share accounts, of any class, with him in joint tenancy with right of survivorship, and not as tenants in common. Such other person or persons shall not, however, be entitled to exercise any of the rights of membership, unless such person or persons otherwise qualify for membership, apply for such membership, and are elected into membership as hereinabove provided.

Section 3. Trust

Shares or share accounts, of any class, may be issued in the name of a member in trust for a beneficiary, as provided in Section 1733.24(F), Ohio Revised Code, as now in effect or pursuant to any amendments or supplements thereto hereinafter enacted.

Section 4. Minors

A minor may purchase shares or share accounts, of any class, and except for qualification as a voting member, as hereinabove provided in Article III, Section 3, subparagraph (A), the Credit Union may deal with such minor with respect to such shares or share accounts owned by him as if he were of legal age.

Section 5. Method of Payment of Shares

(A) Membership shares may be paid in cash or in regular payday installments of at least twenty-five cents (\$.25) per share. Membership shares shall have a par value of five dollars (\$5.00), and when installment payments equal five dollars (\$5.00), a membership share shall be credited to the subscriber as paid in full and shall be credited with dividends in the manner prescribed in this Code of Regulations.

(B) If, pursuant to Article IV of the Articles of Incorporation, Article IV, Section 1. of this Code of Regulations, and Section 1733.24, Ohio Revised Code, the Board of Directors creates different classes of shares, the method of payment, special services, dividends, minimum and maximum numbers of such shares that may be owned by members, and redemption or conditions or repurchase shall be as set forth by the Board of Directors.

Section 6. Notice of Redemption of Shares or Share Accounts

The Board of Directors may, by resolution, require advance written notice, not to exceed sixty days, of a member's intention to redeem his shares or share accounts, of any class.

ARTICLE V MEMBERS' MEETINGS

Section 1. First Meeting

For purposes of this Code of Regulations, the meeting of the members for its adoption shall be theAnnual Meeting.

Section 2. Annual Meeting

The Annual Meeting of the members for the election of Directors and the consideration of reports shall be held prior to March 1 of each year, at such time as is convenient and in a place that is accessible to members, as the Board of Directors shall designate. Upon due notice, there may also be considered and acted upon at an Annual Meeting any matter which could properly be considered and acted upon at a Special Meeting, in which case and for which purpose the Annual Meeting shall also be considered as, and shall be, a Special Meeting.

Section 3. Notice of Meetings

Notice of all meetings of the members shall be mailed, or personally delivered, to each member no less than thirty days before any such meeting. If such notice is mailed, it shall be directed, postage prepaid; to the members at their respective addresses as they appear upon the records of the Credit Union. All notices with respect to

any shares or share accounts, of any class, in joint or common ownership may be given to the member who is named first upon the records of the Credit Union.

Section 4. Special Meetings

Special Meetings of the members may be called by the Board of Directors, or by written required of not less than ten percent (10%) of the members. The purpose or purposes of any Special Meeting shall be stated in the notice of such meeting, and no other business shall be considered, unless such Special Meeting is held at the same time as the Annual Meeting, as hereinabove provided.

Section 5. Order of Business

Unless otherwise specified in the notice, or otherwise ordered by majority vote of the members in attendance, the order of business of the Annual Meeting shall be:

- (a) Call to order.
- (b) Roll call of Board and Committeemen.
- (c) Determination of Quorum.
- (d) Reading of the minutes of the last meeting.
- (e) Report of the Directors.
- (f) Report of the Treasurer.
- (g) Report of the Credit Committee.
- (h) Report of the Audit Committee.
- (i) Unfinished business.
- (j) New business (including elections).
- (k) Adjournment.

Section 6. Quorum

Twenty-five (25), or ten percent (10%) of the members eligible to vote, whichever is the greater number, shall

constitute a quorum for the transaction of all business. If a quorum is not present on the date first appointed, the meeting shall be adjourned for not more than sixty (60) days, and a new notice shall be sent or delivered to members as hereinabove provided. At such adjourned meeting, the members present shall constitute a quorum for the transaction of all business.

Section 7. Required Vote

Unless otherwise provided by law, or this Code of Regulations, the act or vote of a majority of the members present, at any meeting at which a quorum is present shall control.

ARTICLE VI BOARD OF DIRECTORS: ELECTIONS

Section 1. Nominating Committee

Not less than ninety (90) days prior to each annual meeting, the President shall appoint a nominating committee of not less than three (3) members. It shall be the duty of the nominating committee to nominate at least one (1) member for each vacancy for which regular terms expire.

ARTICLE VII BOARD OF DIRECTORS

Section 1. Size of Board; Terms; Vacancies

(A) The Board of Directors shall consist of _____ members. Regular terms of office for directors shall be for a period of three (3) years. The regular terms shall be so fixed at the beginning that approximately an equal number of terms shall expire at each annual meeting.

(B) If, for any reason, a vacancy occurs on the Board of Directors, the

remaining Directors, though less than a majority, may fill such vacancy for the unexpired term.

(C) Any member, upon election or appointment to the Board of Directors, shall signify his acceptance in writing, or by attending the next regular meeting of the Board of Directors.

Section 2. Meetings

(A) Within three (3) business days after the Annual Meeting, the Board of Directors shall meet and elect from their own number a President, such Vice President as the Directors, by resolution setting forth the order of their authority, may deem necessary, a Treasurer and a Secretary; and adopt such resolutions as are necessary to enable the Credit Union to carry on its business. Thereafter, the Board of Directors shall regularly meet on the _____ of each month, at such times and places as may be fixed by the Directors.

(B) Special Meetings of the Board of Directors may be held at any time upon call of the President, the Treasurer, or any three (3) Directors. Notice of the time and place of any Special Meeting shall be given to each Director by personal delivery, telephone, mail or telegram at least twenty-four (24) hours before the meeting, which notice, unless otherwise required by law or the Code of Regulations, need not specify the purpose of such meeting.

Section 3. Quorum

_____ members of the Board of Directors shall constitute a quorum. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4. Powers and Duties

(A) The Board of Directors may adopt and/or amend By-Laws for their own government.

(B) The Board of Directors may appoint such committees, in addition to the standing committees hereinafter set forth, as deemed necessary to appropriate.

(C) In addition to the general authority conferred upon the Board of Directors by Section 1733.15(A), Ohio Revised Code, the Board of Directors shall:

(1) Appoint a membership officer, not necessarily a Director, who shall have authority to approve applications for membership. Only the Board of Directors, however, shall have the authority to reject an application for membership.

(2) Establish and make written record of interest rates on all loans made by the Credit Union.

(3) Establish and make written record of the percentage of interest rebate, if any, the qualifications for participation for such rebate, manner of computation and payment of same.

(4) Establish and make written record of the amount of surety bond to be required of those persons handling Credit Union funds and records.

(5) Establish and make written record of dividends, if any, to be paid on shares and share accounts, of any class, and method of payment thereof.

(6) Establish and make written record of the maximum amount which may be loaned to any one member, with or without security; and to establish and make written records of the maximum repayments terms, classification or type of loans that may be made and the type of collateral acceptable on loans.

(7) Elect such officers and establish and record their authority, responsibilities, and duties, as deemed necessary to carry on the business of the Credit Union.

(8) Fill, by appropriate action, any vacancies which may occur in the elected or appointed offices and committees of the Credit Union.

(9) Establish and make written record of the amount of a membership or entrance fee, if any, not to exceed one dollar (\$1.00) per member.

(D) When a duly authorized action of the Directors has been recorded in the minutes, the Directors shall have fulfilled their obligation with respect to written records.

ARTICLE VIII OFFICERS

Section 1. Election

The Board of Directors shall elect, annually, as hereinabove provided, a President, such Vice-Presidents as the Directors, by resolution setting forth the order of their authority, may deem necessary,

Section 2. Duties of Officers

The duties of the officers shall be as follows:

(a) The President shall preside at all meetings of the members and of the Board of Directors, and shall perform all other duties, including countersigning

notes drawn by the Credit Union, as the Board of Directors may require.

(b) The ranking Vice President, designated by the Board of Directors, shall exercise the duties of the President during his absence or inability to act. Any other Five Presidents shall perform such duties as the Board of Directors may require.

(c) The Treasurer shall be responsible for the administration and safekeeping of the funds of the Credit Union. He shall be the custodian of the funds, securities, books of accounts, and all other valuable papers of the Credit Union. Unless otherwise specified by the Board of Directors, the Treasurer shall also be the General Manager of the Credit Union, and as such shall be responsible for the employing and dismissal of such assistants as the Board shall authorize, as well as maintaining recognized and accepted standards of office procedures and accounting practices, as require or approved by the Board.

(d) The Secretary shall be responsible for preparing and maintaining complete minutes of all meetings of the members and of the Board of Directors. He shall be responsible for recording the policies of the Board of Directors and shall perform such other duties as the Board may require.

(e) The Board of Directors shall appoint a General Manager and designate his duties. Such General Manager may be selected for such term and paid such compensation as the Directors shall determine. The General Manager need not be a Director, but if he is a Director, and is also the Treasurer, he shall not be compensated for the position of Treasurer.

ARTICLE IX

COMMITTEES

Section 1. Standing Committees

There shall be the following standing committees:

- (a) Executive Committee
- (b) Supervisory Audit Committee
- (c) Credit Committee
- (d) Nominating Committee

Section 2. Executive Committee

The Executive Committee shall consist of at least four members, namely: the President, all Vice Presidents, Secretary, and Treasurer, plus other members as the Board of Directors may appoint. A majority of the members shall constitute a quorum. The Executive Committee shall have all the authority of the Board of Directors to act upon matters arising between meetings of the Directors, except the declaration of dividends and filling vacancies on the Board of Directors. All actions of the Executive Committee shall be fully reported to the Board of Directors at the meeting next following the action of the Executive Committee. The Executive Committee shall keep accurate minutes of its meetings and such minutes shall be filed with the minutes of the meetings of the Board of Directors.

Section 3. Supervisory Audit Committee

(A) The Board of Directors shall appoint a Supervisory Audit Committee of _____ () members whose term of office shall expire at different times and may fix the term of office of the Supervisory Audit Committee at not more than three (3) years from the date of their appointment. No member who is an officer, employee, or Directors of the Credit Union may be appointed to the Supervisory Audit Committee. Any

member of the Supervisory Audit Committee who becomes an officer,, employee or Director of the Credit Union shall resign or be removed by the Board of Directors from the Supervisory Audit Committee.

(B) In addition to the duties set forth in Section 1733.19(B), Ohio Revised Code, the Supervisory Audit Committee shall establish and maintain systematic audit procedures. The committee shall also maintain a written record of such procedures, and make regular reports of its findings and activities to the Board of Directors, to the membership at the Annual Meeting, and at such other times and in such other manner as the Directors may require.

Section 4. Credit Committee; Loan Officers

(A) The Board of Directors shall appoint a Credit Committee of _____ members whose terms of office shall expire at different times and may fix the term of office of the Credit Committee at not more than three (3) years from the date of their appointment.

(B) In addition to the duties set forth in Section 1733.19(D), Ohio Revised Code, but subject to supervision and approval by the Board of Directors, or any general limits set by the Directors, the Credit Committee shall establish loan procedures, receive and review all applications for loans from the Credit Union, approve or reject same, and maintain a written record of and regularly report its activities to the Board of Directors, to the membership at the Annual Meeting, and at such other times and in such other manner as the Directors may require.

(C) The Credit Committee shall choose one of its members as

Chairman, and at least one additional person, not necessarily a member of the Credit Committee, as Secretary. The Credit Committee shall meet as often as may be necessary, giving due notice of such meetings to the membership.

(D) The Credit Committee may appoint one or more loan officers. Such loan officer or officers may approve loans within limits set by the Board of Directors, by By-Law or resolution. Any application for a loan that is not approved by a loan officer shall be considered and acted upon by the Credit Committee.

ARTICLE X LOANS

Section 1. Limitations

Loans may be made to members for provident and productive purposes. Loans may also be made to other Credit Unions. The total of all loans, at any point in time, to association members, shall not exceed three percent (3%) of the unimpaired capital and surplus of the Credit Union. Loans to other Credit Unions may be made as the Board of Directors, with the concurrence of the Credit Committee, may determine, except that the total of all loans to other Credit Unions, including the aggregate of all money paid into any trust established by one or more other Credit Unions for the purpose of making loans to other Credit Unions, shall not exceed twenty-five percent (25%) of the unimpaired capital and surplus of the Credit Union.

Section 2. Requirements for Individual Members Borrowing

An individual member desiring to secure a loan from the Credit Union shall make a written application to the

Credit Committee. Such applications shall set forth the purpose of the loan, and such other information as the Credit Committee may require. If any statement made in the application for a loan is not true, or if the money is used for a purpose other than that which is set forth in the application, the loan shall become immediately due and payable. Subject to the Supervision and approval of the Board of Directors, or any general limits set by the Directors, the Credit Committee shall make policies regarding and, at the time loans are granted, fix the maximum amount of all loans, terms of repayment, terms of the contract, and the form, value and the extent of the security, if any.

Section 3. Requirements for Credit Union or Association Members Borrowing

Any Credit Union or association member desiring to secure a loan from the Credit Union shall make a written application and shall submit a current financial statement certified as to its truth and accuracy by the authorized agent or agents of an association member, or by the Treasurer and all members of the Supervisory Audit Committee of a Credit Union.

ARTICLE XI
STATEMENTS OF ACCOUNT

Section 1. Member's Record

Each member shall receive, at least every six (6) months, a statement which shall show all monies paid to the Credit Union on account of shares, loans, and other debits and credits in connection with the account. If such statement is lost or stolen, the member shall notify the Treasurer at once, and

may obtain a duplicate statement upon establishing his right to the same.

ARTICLE XII
INVESTMENTS

Section 1. Investment of Funds

The funds of the Credit Union may be invested in any investments that are permitted for Credit Unions in Ohio, pursuant to Section 1733.30, Ohio Revised Code.

ARTICLE XIII
RESERVES

Section 1. Amount to be Set Aside for Reserve Funds

(A) All entrance fees and such amounts as are required by Section 1733.31, Ohio Revised Code, shall be set aside as a reserve funds against losses. Such reserve fund shall not be distributed except in the event of the dissolution and liquidation of the Credit Union.

(B) The Credit Union shall establish and maintain a net liquidity fund equal to five percent (5%) of its total capital, as required by Section 1733.31(C), Ohio Revised Code.

Section 2. Losses

All losses incurred by the Credit Union, except operating losses, shall be charged to the reserve fund. Losses on loans shall be charged to the reserve fund, but only after the Credit Committee and the Board of Directors have, together, concurred that a loss has been sustained. Any sum recovered on items previously charged to the reserve fund shall be credited to the reserve fund.

Section 3. Other Reserve Funds

The Credit Union may create such special reserves as the Board of Directors may establish.

ARTICLE XIV DIVIDENDS

Section 1. Dividends Payable

When declared by the Board of Directors, a dividend shall be paid from the net earnings account, as defined in Section 3 of this Article. Dividends shall be paid on shares, of any class, outstanding at the end of such period, as determined by the Board of Directors. However, dividends on different classes of shares need not be equal. Fully paid shares outstanding at the end of a dividend period shall be entitled to a proportional part of said dividend calculated from the first day of the month of such payment in full, provided such payment is made prior to the 10th day of that month. Dividends shall not be cumulative.

Section 2. Restrictions

No dividend shall be paid when such dividend would result in any impairment of the capital of this Credit Union, whether from potential losses from delinquent loans, or from any other contingency.

Section 3. Method of Determining Annual Net Earnings

The annual net earnings of the Credit Union, for computation of the amount to be carried to the reserve fund, shall be determined by crediting the "profit and loss account:" with income from all sources, and charging against such account all expenses paid or incurred, and interest paid or accrued and unpaid, on debts owing. The credit

balance of the profit and loss account, as thus determined, shall constitute the net earnings for the annual period and such percentage of the net earnings as are required by Section 1733.31, Ohio Revised Code, shall be allocated to the reserve fund. The balance, if any, shall be transferred to the undivided earnings account. Dividends may be paid only from the undivided earnings account or the current year's earnings. But no dividend shall be declared or paid by this Credit Union until it shall have restored any existing impairment of its capital and shall have carried to the reserve fund such part of its net earnings as are required by Section 1733.31, Ohio Revised Code.

ARTICLE XV SUPERVISION AND DISSOLUTION

Section 1. Supervision

The Credit Union shall be subject to supervision by the Superintendent of Financial Institutions, and is subject to such examination as required by law. It shall prepare such reports as may be required by law.

Section 2. Dissolution

This Credit Union may be dissolved as provided by law. Such dissolution shall be under the supervision of the Superintendent of Financial Institutions.

ARTICLE XVI AMENDMENTS

Section 1. Articles of Incorporation and Code of Regulations

The Articles of Incorporation may be amended by a majority vote of the voting members at the Annual Meeting, if notice is given that one purpose of the Annual Meeting is to vote upon such amendments, or at a Special Meeting. The Board of Directors may, at any duly held meeting, adopt amendments to the field of membership article or to the regulations, by an affirmative –vote of two-thirds of the number of directors authorized by the articles or regulations. Such amendments shall be effective only after the same have been approved by the Superintendent of Financial Institutions.

ARTICLE XVII EMERGENCY REGULATIONS

Section 1. Emergency Defined

An “emergency” exists when the governor of the State of Ohio or any other person lawfully exercising the powers and discharging the duties of the office of governor, proclaims that an attack on the United States or any nuclear, atomic, or other disaster has caused an emergency for corporations, and such emergency shall continue until terminated by proclamation of the governor or any other person lawfully exercising the powers and discharging the duties of the office of governor.

Section 2. Rules During an Emergency

During an emergency, the following special rules shall be applicable, notwithstanding any contrary provision contained in the Articles of

Incorporation or this Code of Regulations:

(A) Any officer or Director shall call a meeting of the Directors.

(B) Notice of the time and place of such meeting of the Directors shall be given to such of the Directors as it may be feasible to reach at the time and by such means of communication, written or oral, personal or mass, as may be practicable at the time.

(C) The Director or Directors present at any meeting of the Directors which has been duly called and notice of which has been duly given shall constitute a quorum for such meeting, and, in the absence of one or more of the Directors, the director or Directors present may appoint one or more of the officers of the corporation Directors for such meeting.

(D) In the event that none of the Directors attends a meeting of the Directors which has been duly called and notice of which has been duly given, the officers of the corporation who are present, not exceeding two (2) in order of rank, shall be Directors for such meeting, shall constitute a quorum for such meeting, and may appoint one or more of the other officers of the corporation Directors for such meeting.

(E) If the President dies, is missing, or for any other reason is temporarily or permanently incapable of discharging the duties of his office, the next ranking officer who is available shall assume the duties and authority of the office of such deceased, missing, or incapacitated chief executive officer until such time as the Directors shall otherwise order.

(F) The offices of Secretary and Treasurer shall be deemed to be of equal rank and, within the same office and as between the offices of Secretary

and Treasurer, rank shall be determined by priority in time of the first election to the office or, if two or more persons shall have been first elected to office at the same time, by seniority in age.

(G) If, by reasons of such emergency, it is not feasible to hold meetings of the voting members, the Directors and Officers then in office, subject to the foregoing, shall remain in office until a reasonable time after the emergency ceases to exist.

ARTICLE XVII MISCELLANEOUS

Section 1. Supersedes Prior Code of Regulations

This Code of Regulations supersedes the prior existing Code of Regulations.

OPTIONAL PROVISIONS

ARTICLE III

Section 2(A)

This section provides for continuing membership after being separated from the common bond and may be eliminated if that is not desired.

ARTICLE III

Section 3(A)

The ages may be increased or decreased and proxy voting may be provided for by adding the following language:

“a person entitled, as provided in Article III Section (3), subparagraphs (A) and (B) above, to attend a members’ meeting and vote thereat, or to execute consents, waivers, or releases may be represented at such meeting or vote thereat, and execute consents, waivers, and exercise any other rights by proxy or proxies appointed by a writing signed by such person. All such appointments shall be revocable by a later appointment, or by giving notice of revocation in writing or in open meeting. No appointment of a proxy shall be valid after the expiration of eleven months after it is made. Each proxy shall have the power of substitution.”

ARTICLE IV

Section 1 & Section 5(B)

These two sections may be omitted if the credit union is going to have only one class of shares.

ARTICLE IV

Section 5(A)

The payments of twenty-five cents towards the purchase of a share could be increased or decreased.

ARTICLE V

Section 2

The date established for holding the annual meeting of the membership could be changed. Examples are: “prior to March 31st,” “During the month of February,” “The fourth week of January,” “The fourth Monday of January,” etc.

ARTICLE V

Section 6

The quorum requirements could be increased or decreased. It is suggested that the twenty-five minimum be maintained, but the percentage reduced depending on the total membership.

ARTICLE VIII

The titles of the officers could be changed and the title of "Chairman of the Board" added. The only required officers are President, Secretary, and Treasurer. Also some other officer, other than the treasurer could be general manager and chief operating officer.

ARTICLE IX

Section 1

Although the executive and nominating committee could be eliminated, it is recommended that they be part of the Code.

ARTICLE XI

Section 1

The frequency of furnishing statements of accounts could be changed to read either quarterly or monthly.