



BEFORE THE
DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of an Application for)
Approval of)
)
)
)
)
)
to Form a Credit Union)

Date: _____, 20__

APPLICATION FOR APPROVAL TO FORM A CREDIT UNION

This application will not be filed unless accompanied by the statutory fee of Five Dollars (\$5.00), (Financial Code Section 14152).

TO THE COMMISSIONER OF BUSINESS OVERSIGHT:

Application is hereby made for the written consent of the Commissioner of Business Oversight to the proposed organization of a corporation to engage in the credit union business, as provided in the Credit Union Law (California Financial Code, Division 5, Chapter 2) at or in the vicinity of:

| | | | |
|-------------------|--------|----------|------------|
| (Proposed Street) | (City) | (County) | (Zip Code) |
|-------------------|--------|----------|------------|

(Proposed Name of the Credit Union)

Please indicate the name, address, and telephone number of the person who is to be contacted for any information regarding this application:

Name: _____

Address: _____

Telephone No. (_____) _____
(Area Code)

GENERAL INSTRUCTIONS:

The following shall be furnished as exhibits on separate sheets. The reference to each exhibit should be shown in the space provided on this form. Do not file duplicate exhibits unless so requested.

1. Corporate Form

- a. Exhibit ____. A certificate of reservation of the proposed name to be obtained from the California Secretary of State pursuant to Corporations Code, Section 7122, and Government Code, Section 12199.
- b. Exhibit ____. A draft of the proposed Articles of Incorporation (See Financial Code Sections 14100, 14101 and 14102).
- c. Exhibit ____. A draft of the proposed bylaws. If the proposed bylaws have been approved by this Department previously as standard bylaw provisions appropriate for all credit unions, please note that fact here.

2. Management

- a. Exhibit ____. A listing of all proposed Officers, including the Chief Executive Officer and the Chief Financial Officer (if any), Directors, Credit Committee members (or Credit Manager) and Supervisory Committee members. Use the format, as shown below, with appropriate titles and/or designations:

| | | | | | |
|-------------|-------------|------------|------------|------------|------------|
| CREDIT | SUPERVISORY | DIRECTOR | OFFICER | COMMITTEE | COMMITTEE |
| <u>NAME</u> | | <u>(X)</u> | <u>(X)</u> | <u>(X)</u> | <u>(X)</u> |

- b. Exhibits__ through ____. A Credit Union Official - Questionnaire (on form attached) for each person listed in 2a above. (Financial Code Section 14153)
 Copies may be made of said form as are necessary.

- c. Exhibits____ through____. A statement for each person listed in 2a, above, that he/she has a copy of and is familiar with the California Credit Union Law (Financial Code) and the Commissioner's Rules (Code of Regulations), in the format attached.

- d. Exhibit____. A detailed description, submitted by the proposed Board of Directors, of the results of an investigation conducted by them of the proposed Chief Executive Officer. This report must show, at a minimum, the following:
 - (1) Results of a credit check, identifying credit bureaus or other sources utilized.
 - (2) Results of contacts with previous employers, identifying the persons contacted by name and institution. Comments received should be summarized - positive, and negative and no comment.
 - (3) Summarized candidate's qualifications to supervise.
 - (4) Proposed salary and proposed employment contract, if any.

- e. Exhibit____. Original of "Agreement by Directors and Committeemen to Serve".

3. FIELD OF MEMBERSHIP

- a. Exhibit____. Completed "Field of Membership Questionnaire". Complete only the field of membership questionnaire which relates to the applicant's proposed field of membership (i.e., common bond of employment, association, or residence). See questionnaires attached.

- b. Exhibit____. Completed "Minutes of Organization Meeting". A sample format is included with this application.

- c. Exhibit____. Results of a survey of the proposed membership demonstrating the initial interest in the credit union. Please enclose a sample of the form used for this survey. A sample "Credit Union Survey" is included with this application for optional use.

4. PLAN OF BUSINESS

- a. Exhibit ____. A narrative statement setting forth in reasonable detail, the company's proposed plan of business at the outset and for the future. Include information as to the types of share deposit instruments to be offered, and the kinds of loans and investments which are intended to be made. Provide sufficient information so that the Commissioner will be fully informed as to the objectives of the proposed company, and how those objectives will be met.
- b. Exhibit ____. A schedule showing the proposed annual salary to be paid to managing personnel, type of position, and the proportion of time to be devoted to that position by each. The schedule should cover the first three years of operation. Also, apprise the Commissioner of how the officers and managing personnel will be involved in the business.
- c. Exhibit ____. A schedule showing the number of share deposit instruments to be issued by type, and the dollar value of each, estimated to be outstanding at the end of each of the first three years of operation. Include the estimated dividend rates to be paid for each type of instrument.
- d. Exhibit ____. A schedule showing the number and dollar amount of loans and investments estimated to be outstanding at the end of each of the first three years of operation. Include the estimated rates of charge to be collected for each type of receivable or investment, and submit a written statement of the company's proposed credit and investment policies in the same form as would be used by the officers and employees.
- e. Exhibit ____. A statement as to whether or not the credit union's quarters are to be purchased or rented. Include a summary of the terms of purchase or lease, and details of any furniture, fixtures, and equipment needed with the estimated costs. * If the sponsor will be providing help in this area (or any other areas of operation) provide a letter from the sponsor committing to the type of support to be offered and any time-frames when the support will cease.
- f. Exhibits ___ through ____. Estimated Income Statements and estimated balance sheets for each of the first three years of operation, in a proper chart of account format. Include all assumptions made, sources of information used to support the validity of the assumptions, conclusions reached, and all calculations made to arrive at the figures shown in the financial statements.

The following exhibits should be included **ONLY IF THE PROPOSED CREDIT UNION'S FIELD OF MEMBERSHIP IS BASED ON COMMUNITY RESIDENCE:**

5. Public Convenience and Advantage

- a. Exhibit ____. An economic report of the geographic area (the community) which the proposed credit union intends to serve. The purpose of the report is to demonstrate to the Commissioner that the applicants have carefully and thoroughly studied the community characteristics, and to provide a showing to said Commissioner that there is a need for the credit union facilities in the community and that the community can support the proposed credit union.

The economic report on the community must include:

- (1) The date that the report was prepared and the name of the person preparing the report.
- (2) A map on which is indicated the proposed location, an outline of the proposed member service area, and the location of all existing credit unions within a ten-mile radius of the proposed location.
- (3) A listing of the names and addresses of all credit unions, banks, savings and loan associations, industrial loan companies, and other finance companies within a five-mile radius of the proposed location.
- (4) The following minimum demographic and economic information:
 - (a) The population of the community to be served as shown by the most recent U.S. Census and as presently estimated.
 - (b) A statement as to the estimated growth in population during each of the last three years, together with forecasts of future growth of the community.
 - (c) Mean and median income of residents in community compared to county, state, and national mean and median incomes. Income per household may be substituted for mean and median income.
 - (d) Any other facts, statistics, or conditions that exist showing a need for a new credit union, or showing that the competitive effect of another credit union in the community will be healthy.

- b. Exhibit____. A statement summarizing the most significant factor disclosed by the economic report, supporting the applicant's belief that the public's convenience and advantage will be promoted by the organization and operation of the credit union. This statement should also include the additional services the company can offer to the membership that are not already being offered by the existing financial institutions in the area.

All material submitted in connection with the application will be considered confidential information.

Applicants are aware of Labor Code Section 3700, which requires every employer to be insured against liability for worker's compensation.

Applicants understand that supplemental information submitted by them orally may not be considered a part of the application unless it is confirmed in writing and incorporated into the application by reference.

Applicants understand that the Commissioner may deny the applications if she/he ascertains that any of the reasons set forth in the California Financial Code Section 14155 exist.

The undersigned Declarant certifies that he has read this application, including all documents incorporated herein by reference, that he knows the contents hereof, and that the statements herein are true and correct.

WHEREFORE, applicant prays the application will be filed and that the Commissioner of Business Oversight give his written consent to the proposed organization of a corporation to act as a credit union as set forth herein.

Executed on_____, 20____, at_____, California.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: _____ Signature of Declarant: _____

(EXHIBIT ____)

ARTICLES OF INCORPORATION

OF

_____ CREDIT UNION

KNOW ALL MEN AND WOMEN BY THESE PRESENTS:

That we, the undersigned, all of whom are residents of the State of California, have voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California appertaining to Credit Unions.

AND WE DO HEREBY CERTIFY:

I

That the name of this corporation is and shall be _____
CREDIT UNION.

II

The credit union shall exercise all the powers of a corporation under the Nonprofit Mutual Benefit Corporation Law to the extent provided by Section 14100 of the Financial Code. The purpose of the corporation is to engage in the credit union business and any other lawful activities which are not prohibited to a credit union by applicable laws and regulations.

III

That the principal office for the transaction of the business of this credit union will be located in the County of _____, State of California.

IV

That the name and address in the State of California of the Corporation's initial agent for service of process is:

V

That the names and residences of those who shall be its Directors until the first annual meeting of its members, and who are also its incorporators, are as follows, to wit:

VI

That this credit union is formed without capital stock and is formed upon the membership plan as set forth in the statute appertaining to credit unions; that this credit union is authorized to issue membership shares, the number of which shall be unlimited. That no member shall have more than one vote, irrespective of the number of shares held by him.

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WITNESS our hands and seal this _____ day of _____, 20____.

We declare that we are the persons who executed the foregoing articles of incorporation, which is our act and deed.

(EXHIBIT ____)

BYLAWS

(May use a revised current set of standard bylaws)

DEPARTMENT OF BUSINESS OVERSIGHT

AGREEMENT BY DIRECTORS AND COMMITTEEMEN/WOMEN TO SERVE

We, the undersigned, having been duly designated to occupy the position indicated below, do hereby agree to serve in said offices of the proposed Credit Union until the first annual meeting held in accordance with the Credit Union Law and the bylaws of this Credit Union and until the election of our successors. We further pledge to carry out the duties and responsibilities commensurate with said office as promulgated by the Credit Union Law and the bylaws of this Credit Union.

BOARD OF DIRECTORS:

as President

as Vice President

as Treasurer

as Secretary

as Director

as Director

CREDIT COMMITTEE (or Credit Manager):

as Chairman/Chairwoman

as Secretary

as Member

SUPERVISORY COMMITTEE:

as Chairman/Chairwoman

as Secretary

as Member

Subscribed before me, an officer competent to administer oaths, at _____,
Signed this ____ day of _____, 20___. Title
(Notary public or other competent officer)

FIELD OF MEMBERSHIP QUESTIONNAIRE

COMMON BOND OF EMPLOYMENT

1. What is the number of potential members (the number of employees)?
2. What was the highest number of employees during the past three years?_____.
Lowest number of employees in the past three years?_____.
Please explain any large variance in the above numbers.
3. How many persons in the group have signified their intention to join and support the credit union?
4. How was this information obtained?
5. How many persons attended the charter-organization meeting?
6. Describe the business or activity in which the employer is engaged.
7. How long has the employer been in existence?
Are there any contemplated changes in the corporate structure of the employer?
_____. Are any negotiations now in progress between management and labor that could lead to work stoppages? If so, explain.
8. Are the executives of the company (or employer) favorable toward the proposal to organize a credit union?
Discuss and give names and titles of the executives who may be contacted.
9. What facilities and assistance, if any, will the employer provide?
Office space_____; Payroll deduction_____; Other
10. If the credit union cannot operate on the employer's property, explain how it will be able to transact business effectively with the members.

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11. If the field of membership is based on employment in more than one company or agency, outline the factors or conditions which provide an adequate common bond for credit union purposes (common ownership, common facilities, etc.)

12. If the employees to be served by the credit union work in more than one location or city, give information as follows:
 - a. Number of employees at each location

 - b. How will business be transacted with outlying groups?

 - c. Why is it proposed to organize one credit union for the entire group?

FIELD OF MEMBERSHIP QUESTIONNAIRE

COMMON BOND BY ASSOCIATION

1. What is the number of potential members (number of members in the organization)?
2. How many persons in the group have signified their intention to join and support the credit union?
How was this information obtained?
3. How many persons attended the charter-organization meeting?
4. Information concerning the organization that forms the basis for the field of membership:
 - a. State the purpose of the organization and benefits of membership.
What dues are required?
 - b. In what year was the organization established?
Is it incorporated?
 - c. Give statistics as to trends in membership during the last 5 years.
 - d. What is the frequency of member meetings?
 - e. Except for church, labor union groups, or local units of national organizations, submit a copy of bylaws and a recent financial statement.

5. Are the officials of the organization favorable toward the proposal to organize a credit union?

6. What facilities and assistance, if any, will the organization provide?
 - a. Office space

 - b. Other

7. If the organization will not provide office space for transacting the credit union's business, explain how operations can be carried on effectively.

8. If the field of membership embraces the membership of more than one organization, the proposal should be supported with information as to the degree of overlapping of the membership of the two or more organizations, mutuality of objectives, and other reasons why it is believed that an effective and workable common bond exists for credit union purposes.

FIELD OF MEMBERSHIP QUESTIONNAIRE

COMMON BOND BY RESIDENCE

1. Potential membership: Total population_____. Number of commuters living outside the chosen area (estimated)_____.
2. How many persons in the group have signified their intention to join and support the credit union? _____ How was this information obtained?
3. How many persons attended the charter-organization meeting?
4. Information about the community to be served:
 - a. List the factors or conditions, which make this residential unit a logical group for credit union operation.
 - b. If the area to be served by the credit union is adjacent to any major metropolitan area, explain why it is not considered part of such metropolitan area.
5. Which community organizations support the proposed credit union? (List and show the support pledged.)
6. Will the office of the credit union be convenient for the members (please explain)?
7. Please provide information to support that the area chosen represents one well- defined area, distinguishable from the immediate surrounding areas. Such information may include:
 - Political Jurisdictions
 - Major Trade Areas (shopping patterns)
 - Traffic Flows
 - Shared/common Facilities (for example, educational, medical, police fire protection, school districts, water, etc.)
 - Organizations/clubs whose membership is made up exclusively of persons within the area.

- Newspapers or other periodicals published for an about the area.
- Census tracts.
- Common characteristics and background of residents (for example, income, religious beliefs, primary ethnic groups, similarity of occupations, household types, primary age group, etc.
- History of the area.
- In general, what causes the chosen area and its residents to be distinguished from the immediate surrounding areas and residents— some examples are old, well-established ethnic neighborhoods, planned communities, and small/rural towns.

The above was taken from the “Chartering and Field of Membership Manual” prepared by the National Credit Union Administration.

MINUTES OF ORGANIZATION MEETING

_____ CREDIT UNION

A meeting of the persons named as Incorporators of the Credit Union, a credit union to be formed, organized, and exist under and by virtue of the laws of the State of California, said persons being also the Board of Directors and the only persons who are, to and including the date hereof, subscribers for the Shares of this credit union, was held this ___ day of _____, 20___, at _____, California.

There were present the following persons:

being a majority of the incorporators and subscribers to the Shares of this credit union.

It was announced that the proposed Articles of Incorporation of this credit union had been duly prepared and will be filed in the office of the Secretary of State of the State of California, unless otherwise informed by the Commissioner of Business Oversight, and that a certified copy thereof will be filed in the office of the County Clerk of the County

of _____, State of California, being this County in said State where the principal place of business of this credit union is to be located.

Director _____ was called upon to preside and Director _____ to act as secretary.

The President and Secretary thereupon assumed the duties of their respective offices. The Secretary presented a form of membership certificate (as per the following attached) and on motion duly seconded the same was adopted as the form of membership certificate of this credit union.

The Secretary presented the Bylaws for this credit union and on motion duly seconded, the same were unanimously adopted as the bylaws of this credit union.

The said bylaws will be found engrossed and duly certified in the Book of Bylaws of this credit union, beginning with page one (1) thereof. On motion duly seconded, the following resolution was unanimously adopted.

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RESOLVED: That the proposed name of this credit union shall be _____, and the proposed office of this credit union be located at _____ Street _____, California, and is designated as the main office of this credit union.

Thereupon, the Secretary stated that no Shares or Certificates for Funds would be issued or other business transacted by this credit union until it had first applied for and obtained from the Commissioner of Business Oversight a Certificate authorizing it to act as a credit union and that at the time of filing the application for said Certificate the credit union would be required to pay said Commissioner of Business Oversight a fee of five dollars (\$5.00).

Thereupon, on motion duly seconded, the following resolution was unanimously adopted:

RESOLVED: That an application on behalf of this credit union be made by the President or Secretary to the Commissioner of Business Oversight for a Certificate authorizing this credit union to act as such, and that at the time of making said application, the sum of five dollars (\$5.00) be paid to said Commissioner of Business Oversight for filing said application.

The election of a Credit Committee to serve during the ensuing year or until their successors shall be duly elected and qualified, was then held, and the following being duly placed in nomination and each of them duly receiving the unanimous vote of the directors present, were duly declared elected members of the Credit Committee of this credit union.

The election of a Supervisory Committee to serve during the ensuing year, or until their successors shall be duly elected and qualified, was held, and the following being duly placed in nomination and each of them duly receiving the unanimous vote of the directors present, were duly declared elected members of the Supervisory Committee of this credit union.

There being no further business, the meeting adjourned.

Secretary

CREDIT UNION SURVEY
(SAMPLE)

1. Would you be interested in saving through a Credit Union plan? This is only to indicate an interest. Your final decision can be made once the rates and terms have been set.

Yes, I would be interested.

No, I would not be interested.

2. If your answer to #1 is "yes", approximately how much would you intend to save initially? How much would you expect to deposit on a average monthly basis?

\$ _____ initially.

\$ _____ average monthly deposit.

3. Would you be interested in borrowing through a Credit Union plan? This is only to indicate an interest. Your final decision can be made once the rates have been set.

Yes, I would be interested.

No, I would not be interested.

4. If your answer to #3 is "yes", approximately how much would you intend to borrow?

5. If your answer to #3 is "yes". What type of loan(s) would you be interested in? (You may check more than one):

Unsecured Used Auto New Auto Boat

Recreation Vehicle Motorcycle Credit Card

Real Estate Mobile Home Line of Credit

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6. Do you now, or have you ever, belonged to a credit union?

I am now a credit union member.

I have been a credit union member.

I have never been a credit union member.

7. The credit union wishes to charge a \$_____ membership fee. Would this fee stop you from joining the credit union?

NO, I would join and pay a \$_____ fee.

YES, I would not join if there is a \$_____ fee.

(Signature)

(Date)