PLAN FOR CONVERSION
State Form 18936 (R / 2-26)
DEPARTMENT OF FINANCIAL INSTITUTIONS

DEPARTMENT OF FINANCIAL INSTITUTIONS
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PLAN FOR CONVERSION

WHEREAS the Board of Directors of
_____ Federal Credit Union

_____, Indiana has determined that it would be in the interests of the shareholders of the Federal Credit Union to convert the Federal Credit Union into a Credit Union organized under and pursuant to The Indiana Credit Union Law and under the name of _____ Credit Union, and

WHEREAS applicable statutes of the United States authorize such conversion upon compliance with certain legal requirements, and

WHEREAS the statutes of the State of Indiana permit a Credit Union incorporated under Indiana law to convert to a Federal Credit Union without approval by any authority of the State of Indiana,

NOW, THEREFORE, the following plan of conversion is adopted:

1. The plan of conversion shall be consummated at such time as the following actions have been taken and approvals obtained:

   (a) Approval of the Plan of Conversion of the Federal Credit Union into the State Credit Union by a majority of the entire board of directors of the Federal Credit Union.

   (b) Approval of the Articles of Incorporation, By-laws, and Plan of Conversion of the Federal Credit Union into the State Credit Union by a majority vote of the members of the Federal Credit Union at a meeting of such shareholders at which a quorum is present after written notice of the time, place and object of such meeting has been sent, or upon waiver of such notice by all shareholders of the Federal Credit Union.

   (c) Execution and filing Articles of Incorporation of the State Credit Union with the Department of Financial Institutions, the approval of the same by such Department and recording a copy thereof in the office of the Secretary of State of Indiana and the Recorder of _____ County, Indiana.

   (d) Surrender of the Charter of the Federal Credit Union to the Administrator, National Credit Union Administration.

2. The amount of capital stock of the State Credit Union upon the consummation of the Plan of Conversion shall be the same as the capital stock of the Federal Credit Union at that time.

3. The franchise of the Federal Credit Union will automatically terminate when its conversion into the State Credit Union is consummated, and the State Credit Union shall be considered the same business and corporate entity as the Federal Credit Union. Any reference to the Federal Credit Union in any contract, will or document shall be considered a reference to the State Credit Union if not inconsistent with the provisions of the contract, will or document or applicable law.

4. The Articles of Incorporation and By-laws of the Credit Union shall be as follows (omitting names and addresses of incorporators in Article IX of Articles of Incorporation)

Articles of Incorporation

ARTICLE I

The name of this corporation is
_____ Credit Union, of

_____, Indiana.

ARTICLE II

The post office address of the principal office of this corporation is:

_____
Street Number

_____
City, State, Zip

_____
(County)

ARTICLE III

The purposes for which this corporation is formed are _____

_____

_____

ARTICLE IV

The period during which this corporation shall continue as a corporation is unlimited.

ARTICLE V

The qualification for membership in this credit union shall be:

_____

_____

_____

_____

ARTICLE VI

The capital stock of this corporation is member-shares. The credit union may issue shares of stock, the par value shall be _____.

ARTICLE VII

The maximum number of Directors of this corporation shall be _____.

ARTICLE VIII

The name, post office address and term of office of each member of the First Board of Directors are as follows:

Name	Post Office Address	Term of Office
1.		
2.		
3.		
4.		
5.		
6.		
7.		

ARTICLE IX

The name and post office address of each of the incorporators and the number of shares subscribed by each of them are as follows:

Name	Post Office Address	Term of Office
1.		
2.		
3.		
4.		
5.		
6.		
7.		

(Note: Additional articles may be included to state any other provisions, consistent with the laws of this state relative to Credit Unions, for the regulation, operation, or limitation of the business or powers of the union, its directors and shareholders.)

IN WITNESS WHEREOF, we have hereunto signed our names in triplicate this _____ day of _____, 20_____

_____

_____

_____

_____

_____

_____

STATE OF INDIANA)

COUNTY OF _____)

Personally appeared before me the undersigned, a Notary Public within and for the aforesaid County and State, the within named _____

_____

who acknowledged the execution of the foregoing Articles of Incorporation.

WITNESS my hand and Notarial seal this _____ day of _____, 20____

_____
(Notary Public)

My Commission Expires _____

(Note: At the time of filing of the above application, the incorporators are required to submit a set of By-laws with the acknowledgment of their adoption by the incorporators as provided by the Act.)

BYLAWS
OF

_____

_____, Indiana.

Article I

Section I. The provisions of the Indiana Code concerning credit unions in IC 28-7-1 and all acts amendatory thereof and supplemental thereto in so far as said provisions pertain to credit unions are hereby made a part of these by-laws.

Article II
Meetings

Section I. Annual Meetings. The annual shareholders' meeting shall be established by resolution of the Board of Directors as prescribed in IC 28-7-1-4.

Section 2. Special Meetings. The Board of Directors may, at its discretion, call special meetings of the shareholders and shall do so upon the order of the Supervisory Committee, or upon the written request of at least ten (10) percent of the shareholders. Notice of special meetings shall clearly state the time, place, and purpose for such and shall be given as prescribed in Section 3 of this article. No business other than that specified in the notice shall be transacted at such special meeting.

Section 3. (*) Notice. Notice of all meetings shall be given by the Secretary not less than fifteen (15) nor more than thirty (30) days prior to such meeting by

_____

(*) Notice of meetings shall be mailed by the Secretary to each shareholder of record if absentee voting is one of the methods of voting selected by the Board of Directors.

Section 4. Order of Business. The order of business of all such meetings shall be:

(a) Attendance
(b) Reading of the minutes of the last meeting
(c) Report of the Directors
(d) Report of the Treasurer
(e) Report of the Credit Committee
(f) Report of the Supervisory Committee
(g) Unfinished business
(h) New business
(i) Elections
(j) Adjournment

Section 5. Quorum. A quorum shall consist of not less than fifteen (15) members, the exact number of which shall be _____. If a quorum is not present on the day first scheduled, the meeting shall be postponed and rescheduled upon seven (7) days notice to the shareholders. At any such rescheduled meeting, those members present shall constitute a quorum for the transaction of business.

Section 6. Voting. At all such meetings, each member with one or more fully paid shares shall have but one vote. A member may cast his vote by ballot, roll call, absentee ballot, (cross out those which do not pertain), the exact method or methods of which shall be (*) selected by resolution of the Board of Directors not less than fifteen (15) days prior to the meeting. Members which are organizations shall have but one vote which shall be cast by a delegated agent representing such organization, whose delegation shall be recorded with the Secretary of the credit union prior to the meeting. Unless otherwise provided in these by-laws or the Act, the vote of a majority of the members present in person or by absentee ballot, shall be the act of the corporation.

(*) When selecting the method or methods of voting, it should be remembered that ballot voting and roll call voting cannot be used together at the same meeting for elections.

Article III
Directors and Officers

Section I. Nominations. Prior to any meeting at which an election is to be held, a nominating committee, consisting of not less than three (3) nor more than ten (10) members, may be appointed by the Board of Directors, whose duty it shall be to nominate a complete list of candidates for the various positions to be filled at such meeting. No such report or activity of said nominating committee shall in any manner affect the rights of the members to make other nominations from the floor or otherwise.

Section 2. Number and Vacancies. The Board of Directors shall consist of _____ members who shall be elected by the shareholders of the credit union at the annual shareholders' meeting as provided in these by-laws. Vacancies occurring on the Board shall be filled within thirty (30) days after their creation for the remaining unexpired term of that year by the majority vote of the remaining Directors and until the regular election at the next annual shareholders' meeting.

Section 3. Organization and Meetings. Within thirty (30) days after the annual shareholders' meeting, the Board of Directors shall hold an organization meeting to elect from its own number a Chairman, Vice Chairman or Vice Chairmen, Secretary, and Treasurer. The offices of Secretary and Treasurer may be filled by one person at the discretion of the Board. The Board may also appoint a President and Vice President or Vice Presidents, who shall be the active chief executive officers of the credit union, and may give such officers the authority as may appertain to such positions. Assistant Secretaries and Assistant Treasurers may also be appointed by the Board if deemed advisable. Thereafter, the Board of Directors shall meet at least once each month. At any meeting of the Board, _____(**) members shall constitute a quorum. (**) A quorum may be no less than a majority of the Board members.

Section 4. Powers and Duties of the Board. The Board of Directors shall have the general management of the; affairs, funds, and records of the corporation together with such other powers and duties prescribed in IC 28-7-1. The supervision of the Board over the business of the corporation shall be such as will enable them at all times to know its general financial condition and to check or prevent imprudent or dishonest conduct of any of its officers or officials. The Directors are agents of the corporation and are personally liable for losses and waste of money and property occurring through the violation of their duties and/or the law. The Board of Directors shall review a record of all loans approved by the Credit Committee and/or loan officers(s) not later than their next regular meeting.

No officer or other member of the Board of Directors shall receive compensation for his services as such, unless such officer or member of the board also acts as President, Vice President, or Manager, in which case remuneration for such services may be fixed by the Board at its discretion.

Section 5. Review and Reversal. The shareholders of the credit union, by majority vote of those present at any annual meeting or special meeting called for that purpose, shall have the power to review the acts and reverse the decisions of the Board of Directors, including, but not limited to, amendments made to these by-laws by the Board.

Section 6. Recall of Directors. The shareholders of the credit union, by a two-thirds (2/3) vote of those present at any annual meeting or special meeting called for that purpose, shall have the power to declare the office of any member of the Board vacant, and shall elect his successor to serve for his unexpired term.

Section 7. Duties of the Officers. The duties of the officers elected by the Board of Directors shall be as follows:

(a) The duties of the Chairman shall be to preside at meetings of the Board of Directors and the shareholders, and to perform such other usual duties of his office.

(b) The Vice Chairman or lst Vice Chairman shall, in the absence of the Chairman, perform the duties of the Chairman, and such other duties as the Board of Directors may from time to time prescribe.

(c) The Treasurer shall be the custodian of the funds, securities, books of account, and all other valuable records of the credit union. He shall maintain, or cause to be maintained, proper books of entry containing in detail financial transactions of the credit union and he, the President, the Vice President, Assistant Treasurer, any employee, or any combination thereof designated by the Board by resolution, shall sign all checks, drafts, and notes drawn by the credit union. In the event of the inability of the Treasurer to perform his duties or as otherwise directed by the Board by resolution, the duties of the Treasurer may be delegated to the President, Vice President, Secretary, or Assistant Treasurer.

(d) The Secretary shall keep complete and accurate minutes of all meetings of the Board of Directors and the shareholders. Minutes shall be signed by the Chairman or

presiding officer and attested to by the Secretary, not later than the next regular meeting. The Secretary shall give notice of all shareholders' meetings in the manner prescribed in these by-laws and shall perform all other duties incident to this office.

(e) A loan officer or loan officers may be appointed by the Board of Directors who shall have the power to approve or disapprove loans in accordance with the provisions of IC 28-7-1 and these by-laws. A loan officer may be any officer or employee of the credit union, but no more than one member of the Credit Committee may serve as such. Each loan officer shall furnish to the Credit Committee a record of each loan approved or disapproved by him within seven (7) days of the date of the filing of the application by the member. All loans disapproved by the loan officer shall be acted upon by the Credit Committee. In accordance with the Act, no loan officer may disburse funds of the credit union for any loan which has been approved by him.

Article IV
Credit Committee

Section I. Number. The Credit Committee shall consist of _____ members, who shall be (*) . No member of this committee shall be a member of the Supervisory Committee or the Board of Directors unless and until his term of office on said committee is terminated. No member of this committee shall receive compensation for services as such. The committee shall elect from its own number a chairman to preside at meetings.

(*) The Credit Committee may be either "elected by the members" or appointed by the Board of Directors" at the Board's discretion. The number may be not less than three (3) nor more than seven (7).

Section 2. Meetings. The Credit Committee may meet at any time and shall meet as often as necessary. The Chairman of the committee shall notify each member in advance of each meeting. The Credit Committee shall maintain complete and accurate minutes of all meetings in a special minute book provided for that purpose, including all loans approved and disapproved by the committee. Such minutes of the meeting shall be signed by the Chairman not later than the next meeting.

Section 3. Powers and Duties. A majority of the Credit Committee shall be present before acting on any loan application. Approval of loan applications by the committee shall be unanimous of all members present when the loan is considered. No loan shall be made if any member of the Credit Committee shall disapprove thereof. All loans disapproved by any loan officer shall be acted upon by the committee. Loan applicants may appeal the decision of the committee to the Board of Directors whose decision in the matter shall be final. A record of all loans approved by the committee and/or loan officer(s) shall be reviewed by the Board at their next regular meeting.

Section 4. Vacancies. (1) Vacancies shall be filled by the Board within thirty (30) days after such vacancy is created.

(2) Vacancies shall be filled by the Board within thirty (30) days after such vacancy is created and until the next election by the members.

(1) To be used if the by-laws provide for appointment of the Credit Committee by the Board of Directors. Cross out number (2).

(2) To be used if the by-laws provide for election of the Credit Committee by the members. Cross out number (1).

Article V

Supervisory Committee

Section I. Number. The Supervisory Committee shall consist of _____members, who shall be elected by the members. No members of this committee shall be a member of the Credit Committee or Board of Directors unless and until his term of office on said committee or board is terminated. No member of this committee shall receive compensation for his services as such. The committee shall elect from its own number a chairman to preside at meetings.

Section 2. Meetings. The Supervisory Committee shall meet at least once every three (3) months and otherwise as often as deemed necessary. The chairman of the committee shall notify each member in advance of each meeting. The committee shall maintain complete and accurate minutes and records of all meetings and proceedings. All reports of the committee shall be presented to the Board of Directors for its review, and subsequently filed and preserved with the records of the credit union. Such minutes of the meetings shall be signed by the chairman not later than the next meeting.

Section 3. Powers and Duties. The powers and duties of the Supervisory Committee shall be those set forth in IC 28-7-1-18.

Section 4. Vacancies. Vacancies on the Supervisory Committee shall be filled as provided in IC 28-7-1-18.

Article VI
Shares and Shareholders (*)

Section 1. Shareholders. Every member of the credit union having purchased one or more shares of stock is a shareholder. The maximum number of shares anyone member may purchase shall be determined from time to time by the Board of Directors.

Section 2. Shares. The credit union is authorized to issue shares of stock, the par value of which shall be consistent with the Articles of Incorporation.

Section 3. Joint Share Accounts. Shares may be issued in joint tenancy with the right of survivorship with any person designated by the credit union member, but no joint tenant shall be permitted to vote, obtain loans, or hold office unless he is a member. Shares may also be issued in the name of a minor without a guardian, and treated as other shares.

Section 4. Expulsion and Termination of Membership. Ceasing to meet the qualifications for membership as set forth in the Articles of Incorporation or, as in the Board's discretion, failing to otherwise comply with the responsibilities as a member of the credit union shall be sufficient cause for expulsion and shall be regarded as notice of termination of membership. All amounts paid-in on shares of a terminating member, whether voluntary or by expulsion, together with any dividends credited thereto, shall be paid to such member only as funds become available, and after deducting as amounts due the credit union by such terminating member. After termination, such member shall have no further rights in the credit union nor to any of its benefits, however such termination shall not relieve such member from any remaining liability to the credit union. The Board may however resolve that such members may retain membership if they meet certain reasonable minimum standards.

(*) The Indiana Credit Union Act requires that the terms, conditions, limitations and restrictions with regard to the issuance of shares as stated in these by-laws must be approved by the Department. [IC 28-7-1-9(8)]

Section 5. Withdrawals. Except as otherwise provided in these by-laws, any or all amounts paid-in on shares, less pledged amounts, may be withdrawn by a member in any way and manner prescribed herein and as approved by the Department. The Board may, by resolution, require sixty (60) days notice in writing for any withdrawal. Withdrawals shall be paid in the order of their filing, as funds become available.

Article VII
Loans

Section 1. Loans to Members. Loans may be made to any member of the credit union, upon approval of the Credit Committee or loan officer, in accordance with the terms, limitations, and conditions provided in the Indiana Credit Union Act and the Uniform Consumer Credit Code.

Section 2. Unsecured Loans. The total unsecured obligations of a member shall at no time exceed the maximum amount prescribed in the Act.

Section 3. Applications. Default. and Payment on Demand. Except for line of credit loans as provided for in IC 28-7-1-17.5, all applications for loans shall state specifically the purpose for which the money is borrowed. If a member defaults on his loan, in the payment of principal and/or interest, the loan in full shall become due and payable on demand or at the discretion of the Board of Directors. When the facts stated in the application for a loan are found to be misrepresented or the proceeds of the loan have been used for purposes other than those for which the loan was granted, the loan shall become immediately due and payable. In addition, in the event the Board shall deem any loan not safe for any reason whatsoever, additional security or immediate repayment of the loan may be demanded.

Section 4. Notes and Security. All loans to a member of the credit union shall be evidenced by notes signed by such debtor. Security for loans made by the credit union may include the signature of one or more co-makers or endorsers, provided such co-makers' or endorsers' credit worthiness is sufficient to support such loan. Security may also include such other collateral as permitted by the Act or other statute.

Section 5. Amounts and Terms. The amount of any loan to a member, the maturity, and the terms for repayment shall be fixed by the Credit Committee or loan officer, subject to the review of the Board, at the time such loan is granted and in accordance with the provisions of the Act.

Section 6. Appeals. Any member may appeal the decision of the Credit Committee to the Board of Directors whose decision in the matter shall be final. Appeals must be delivered in writing to the credit union within _____ days after the loan is refused and shall be considered notice to the chairman of the Credit Committee. Within a period not to exceed _____ days after such appeal is received, the Board shall take action thereon and notify the member and the chairman of the Credit Committee in writing of their decision. If refused, said notice shall include the name, address, and telephone number of the person or office from which a statement of reason for refusal may be obtained. In accordance with applicable statutes and regulations, a member who has

been refused credit shall have sixty (60) days from the date notified of such refusal in which to request specific reasons for said denial. Within thirty (30) days of receipt of such request, the credit union shall provide the member with a statement of specific reasons for being refused credit.

Section 7. Loan Policy. The Board of Directors of the credit union shall, by resolution, establish the loan policies of the credit union which shall be adhered to by the Credit Committee or loan officer (s).

Section 8.. Interest Refunds. Interest refunds on loans may be made in accordance with the provisions of IC 28-7-1-9.

Article VIII
Passbooks and Statements

Section 1. Passbooks. Except as otherwise provided in these by-laws, each member shall receive a passbook in which shall be entered all monies paid by such member to the credit union on account of shares and loans, all monies withdrawn by such member, and all other debits and credits in connection with each account with the credit union. Each entry in such passbook shall be initialed by the officer or employee authorized to receive or pay out money. If a passbook is lost or stolen, the member shall immediately notify an officer of the credit union and may obtain a duplicate passbook upon establishing his right to same and paying a reasonable fee, if any, for the preparation of same.

Section 2. Statements. In lieu of a passbook, a credit union may issue receipts to members for all payments received by the credit union on account of shares and loans. (*) Withdrawals shall be evidenced by withdrawal slips signed by the member or credit union checks endorsed by the member, except in the case of share draft accounts, in which case the signed share draft shall serve as same. When passbooks are not used, each member shall be furnished a statement showing all debits and credits in connection with his account. Statements shall be issued at the end of each dividend period unless requested less frequently in writing by the member, in which case statements shall be issued not less than annually.

(*) The Indiana Credit Union Act requires that the terms, conditions, limitations and restrictions with regard to the issuance of shares as stated in these by-laws must be approved by the Department. [IC 28-7-1-9(8)]

Article IX
Reserve Funds

Section I. Regular Reserve. A reserve fund shall be established and maintained according to the provisions of IC 28-7-1-24 or Department regulation as prescribed therein. Losses of any nature incurred by the credit union shall be charged to the regular reserve unless and until depleted, at which time additional losses shall be charged to any special reserve for delinquent loans. Any sums recovered on losses previously charged to the reserve shall be credited to same.

Section 2. Special Reserve for Delinquent Loans. Whenever the sum of the formula for delinquent loans, as prescribed in IC 28-7-1-24, shall exceed the amount in the credit union's regular reserve, a special reserve for delinquent loans shall be established and maintained to supplement such regular reserve by an amount equal to such excess. The requirement for said special reserve may be waived by the Director of the Department upon written application by the Board.

Section 3. Maintenance of Reserve Funds. The reserve funds shall be the property of the credit union and shall be held to meet contingencies and cover losses. No share in such reserve funds shall be claimed by any member except on dissolution of the credit union in accordance with the Act.

Article X
Dividends

Section I. Declaration. Dividends may be declared by the Board of Directors in accordance with the Act or applicable regulations. The time and amount of such dividends shall be determined by the Board.

Section 2. Payment. Dividends shall be paid on all fully paid shares outstanding at the end of the dividend period. Shares which become fully paid during the period shall be entitled to a proportionate part of said dividends calculated from the first day of the month on all shares fully paid by the day of the month designated by the Board, but in no case later than the fifteenth day of the month. Dividends may be credited to each member's account or paid by check, at the discretion of the Board, within thirty (30) days after declaration, or as soon thereafter as is feasible.

Article XI.
Elections

Section 1. Methods of Voting. Elections shall be held by ballot, roll call, absentee ballot, as prescribed in Article II. of these by-laws.

Section 2. Directors and Term. Directors shall be elected by the shareholders for a term of three (3) years, except that at the first annual shareholders' meeting of the credit union, _____ Directors shall be elected to serve one (1) year, _____ Directors shall be elected to serve two (2) years, and _____ Directors shall be elected to serve three (3) years. A Director elected to succeed one who has vacated his office as such shall be elected only for the remainder of the unexpired term of such vacated office.

Section 3. Credit Committee. If the members of the Credit Committee are to be elected by the members, as provided for in Article IV of these by-laws, the same shall be elected for a term of three (3) years, except that at the first annual shareholders' meeting of the credit union, members shall be elected to serve one (1) year, _____ members shall be elected to serve two (2) years, and _____ members shall be elected to serve three (3) years. A member of the Credit Committee elected to succeed one

who has vacated his office as such shall be elected only for the remainder of the unexpired term of such vacated office.

Section 4. Supervisory Committee. All members of the Supervisory Committee shall be elected by the shareholders for a term of three (3) years, except that at the first annual shareholders' meeting of the credit union, _____ members shall be elected to serve one (1) year, _____ members shall be elected to serve two (2) years, and _____ members shall be elected to serve three (3) years. A member of the Supervisory Committee elected to succeed one who has vacated his office as such shall be elected only for the remainder of the unexpired term of such vacated office.

Section 5. Eligibility to Hold Office. The Board may, by resolution, establish minimum standards of eligibility to hold an elective or appointive office.

Article XII
Liability of Shareholders

Section 1. Liability for Debts of the Credit Union. No member shall be held liable for the debts of the credit union for any sum beyond the amount of shares actually purchased by him in whole or in part.

Article XIII
Definitions

Section 1. Definitions. As used in these by-laws:

(a) the term "Act" shall mean the Indiana Credit Union Act (IC 28-7-1).

(b) the term "Department" shall mean the Department of Financial Institutions of the State of Indiana.

(c) the term "Regulation" shall mean any rule or regulation issued by the Department of Financial Institutions or any Federal Agency having jurisdiction over certain transactions in credit unions.

(d) the term "Statute" shall mean any applicable Federal or State Law pertaining to credit unions other than the Indiana Credit Union Act.