Obligations and Liabilities of Credit Union Directors

I. GENERAL RESPONSIBILITIES OF CREDIT UNION DIRECTORS

A. Must act in good faith in your position of trust.

B. Exercise same care that average prudent person would in your position.

C. Must act within the scope of your authority under the Credit Union charter, Credit Union bylaws, pertinent laws, the National Credit Union Administration (NCUA) Rules and Regulations.

II. SPECIFIC DUTIES OF CREDIT UNION DIRECTORS

A. Maintain general direction and control.
   1. Should not be involved in day-to-day management of the Credit Union

B. Must attend regularly scheduled Board meetings (which are held on a monthly basis) and additional special Board meetings (which are held as needed). Will be expected to serve on committees which may also meet one or more times per month.

C. Establish Board governance policies

III. IMPROPER ACTIVITIES BY DIRECTORS

A. Failure to comply with laws and regulations governing consumer credit and regulations of the NCUA.

B. Any action exceeding the Credit Union charter or bylaws.

C. Imprudent investment of Credit Union funds.

D. Improper payment of dividends.

E. Embezzlement that was preventable.

F. Any action or inaction resulting in damage to the Credit Union.

G. FDIC's 10 most common reasons for suits or regulatory action against Directors:
   1. Approving self-serving, improvident or excessive loans.
   2. Failing to comply with regulatory directives.
   3. Failing to supervise its employee (the CEO) properly.
   4. Failing to authorize and conduct periodic audits.
   5. Failing to implement internal control procedure.
   6. Authorizing improper dividend payments.
   7. Improperly monitoring and maintaining liquidity reserve requirements.
   8. Failing to attend Board meetings on a regular basis.
   9. Extending too much investment in a limited area.
  10. Failing to exercise independent judgment from that of the Chief Executive Officer.
IV. YOU CAN BE SUED

A. By the NCUA or other governmental agency.

B. In a derivative suit by a Credit Union member.

V. HOW TO PREVENT YOURSELF FROM BECOMING PERSONALLY LIABLE

A. Insist the Credit Union be operated in a good, businesslike manner.
   1. Put things in writing.
   2. Periodic evaluations of the CEO, directors, and committee members.
   3. Require adequate insurance coverage.
   4. Require Credit Union to have competent legal counsel.

B. Monitor the CEO wisely.
   1. Regularly attend all Board meetings. Attend Committee meetings as appropriate.
   2. Participate intelligently at these meetings. Educate yourself as much as possible in those areas related to the Credit Union.

C. Avoid self-serving policies and conflicts of interest.

D. Establish codes of ethics.

VI. HOW THE CREDIT UNION CAN PROTECT DIRECTORS

A. Indemnification.

B. Insurance:
   1. CUNA Full Discovery Bond (Blanket 58I Bond) does NOT protect officers and directors from personal liability.
   2. Insurance against personal liability is available through additional two CUNA endorsements to the Full Discovery Bond.
      a. Directors and Officers Liability Policy.
      b. Officers and Staff Liability Policy.
INFORMATION FROM CANDIDATE FOR SLFCU BOARD OF DIRECTORS

NAME: ________________________________

ADDRESS: ________________________________

SLFCU ACCOUNT #: ________________________________

WORK PHONE: ________________________________

HOME PHONE: ________________________________

For SLFCU Administrative Office Use

DATE CANDIDATE PICKED UP BLANK PETITION FORM ______________

DATE SIGNED PETITION, CERTIFICATION, AND BIOGRAPHICAL INFORMATION RETURNED TO SLFCU ADMINISTRATION ______________

PETITION VERIFIED BY TELLER OF ELECTION ______________
STATEMENT OF NONDISCRIMINATION POLICY
Sandia Laboratory Federal Credit Union's lending policies, procedures, and practices will not in any way discriminate against any person on the basis of race, color, religion, national origin, sex, marital status, age (providing the applicant has the capacity to enter into a legal contract), the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act, or any other prohibited basis. This policy of nondiscrimination will cover all aspects of Credit Union services, including, in particular, the application for, consideration of, granting, servicing, and collection of extensions of credit.

Rev. 12/11

CONFLICT OF INTEREST
An employee, Director, or member of the Supervisory Committee of this Credit Union should have no relationship with, nor engage in, any activity that might impair independent judgment.

In order to avoid the appearance of a potential conflict of interest, a Director or member of the Supervisory Committee of this Credit Union should not pursue employment with this Credit Union for a period of one year following his or her expired term or resignation.

Employees should not engage in outside employment, if such employment will:

- in any manner interfere with the proper and effective performance of SLFCU duties, or create or appear to create a conflict of interest, or
- subject SLFCU to public criticism or possible embarrassment.

An employee or Director should not make or influence decisions on behalf of SLFCU if any personal interest in the decision exists, whether that interest conflicts or coincides with the interests of SLFCU. An employee or Director should avoid negotiation or decisions regarding any Credit Union activity when the employee or Director's relationship is, or could reasonably be construed to be, other than impartial.

Each employee will be required to file a statement with the Credit Union disclosing in advance all consulting or other comparable employment services that the employee proposes to undertake for others. Such proposed services shall not be performed until written approval is obtained from the President/CEO.

Each Director or officer has the duty to reveal to the Board of Directors, and each continued employee has the duty to reveal to his/her supervisor, the facts in any situation where the individual's private interests are in conflict with those of the Credit Union.

This includes any potential conflicts of interest such as those in which an individual has been inadvertently placed due to either business or personal relationships with members, suppliers, business associations, or competitors of the Credit Union.

Rev. 5/97

INSIDER ACCOUNTS
All "insider" accounts (defined by auditors as accounts of Board and Supervisory Committee members and their spouses) shall be flagged on the Credit Union's computer system.
CODE OF CONDUCT, Continued

BANK BRIBERY ACT COMPLIANCE
In connection with the Bank Bribery Amendments Act, consistent with the intent of the statute to proscribe corrupt conduct within financial institutions, the SLFCU code of conduct prohibits any employee, officer, director, committee member, agent or attorney for SLFCU from:

- soliciting for themselves or for a third party (other than the Credit Union itself) anything of value from anyone in return for any business, service or confidential information of the Credit Union, and from accepting anything of value (other than bona fide salary and fees referred to in 18 U.S.C. 215 [c]) from anyone in connection with the business of the Credit Union either before or after a transaction is discussed or consummated. This includes self-dealing or otherwise trading on their positions with the Credit Union or accepting from one doing or seeking to do business with the Credit Union a business opportunity not available to other persons or made available because of such person's position with the Credit Union.

Exceptions to the restrictions:

- permit acceptance of something of value.
  ⇒ if acceptance is based on a family or personal relationship existing independent of any business or institution,
  ⇒ if the benefit is available to the general public under the same conditions under which it is available to the Credit Union official, or
  ⇒ if the benefit would be paid for by the Credit Union as a reasonable business expense if not paid for by another party

- permit acceptance of meals, refreshments or entertainment, all of reasonable value and in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions, provided these expenses would be paid for by the Credit Union if not paid for by the other party as a reasonable business expense;

- permit acceptance of loans from banks or financial institutions on customary terms to finance proper and usual activities of Credit Union officials, such as home mortgage loans, except where prohibited by law;

- permit acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, and similar items; permit acceptance of discounts or rebates on merchandise or services that do not exceed those available to other members;

- permit acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, Christmas, or bar mitzvah;

- permit acceptance of civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment

If a Credit Union official is offered or receives something of value beyond what is of reasonable value, the Credit Union official must disclose that fact to the CEO (or Executive Committee).

The CEO and Executive Committee shall review the disclosures and determine that what is accepted is reasonable and does not pose a threat to the integrity of the Credit Union.

On a case-by-case basis, the CEO (or Executive Committee) may approve of other circumstances, not identified above, in which a Credit Union official accepts something of value in connection with Credit Union business, provided that such approval is made in writing on the basis of a full disclosure of all relevant facts and is consistent with the bank bribery statute.

Rev. 09/03
CODE OF CONDUCT, Continued

CONFIDENTIALITY
Officers, Directors, members of committees and employees of this Credit Union shall hold in confidence all transactions of this Credit Union with its members and all information respecting their personal affairs, except to the extent deemed necessary by the Board in connection with the making of loans and the collection thereof.

Rev. 9/88

PRIVACY POLICY
The following is SLFCU’s general privacy policy statement to members:

At SLFCU, we know how important the safeguarding of personal information is to our members, and we share your concerns. We are committed to protecting your privacy, whether you conduct your business with us electronically or in person at one of our office locations. You have entrusted us with meeting your financial needs, and we understand that a critical part of our job in meeting your needs is respecting and preserving your privacy. SLFCU does not, and will not, sell any member information to list services, telemarketers, or outside companies. SLFCU does not share information collected on former members except as permitted or required by law.

We recognize the need to keep sensitive information secure and confidential, not only for all our members, but also for joint account owners, account fiduciaries, and beneficiaries. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to safeguard your non-public personal information. Our employees are trained in the importance of maintaining confidentiality and member privacy.

As required by federal law, we tell our members how we collect, share, and protect non-public personal information in our privacy notice, which is provided at account opening and annually. If you have any questions or concerns about SLFCU's privacy notice, please contact us at (505) 293-0500, toll free at (800) 947-5328, or e-mail ebranch@slfcu.org.

The following is SLFCU’s policy statement to members regarding children’s online privacy. Note that the Children’s Online Privacy Protection Act (COPPA), and the FTC’s related COPPA Rule, apply only to information collected from children under age 13:

The only financial service SLFCU offers online to children under the age of 13 is financial education intended to support the child’s financial literacy. SLFCU does not offer financial products (for example, credit cards or loans) directly to children. We do not knowingly solicit or collect personal data from children, and we do not knowingly market to children online without express parental or guardian consent or notification.

If we receive online information from any child, we will only use the information to respond directly to a child's request or for the intended activity or contest. We recognize that protecting children's identities and online privacy is important and that responsibility rests with us and with parents.

If you believe your child has provided personally identifiable information to SLFCU online and you wish to review and delete such information, please contact us at (800) 947-5328 or at webmaster@slfcu.org.

These policy statements co-exist with other policies (such as those relating to information security, especially the security of member information) to inform SLFCU’s, and its employees’, approach to protecting member privacy.

Rev. 6/15
AFFIDAVIT OF DIRECTOR'S CONSENT

STATE OF CALIFORNIA  }  
} ss.  
COUNTY OF ALAMEDA  } 

, of lawful age and being first duly sworn upon his/her oath, states: I hereby consent to serve as a member of the Board of Directors of Sandia Laboratory Federal Credit Union if elected in SLFCU's 2023 Board of Director's election.

________________________________________  
Signature of Candidate

SUBSCRIBED AND SWORN to by ___________________________ on this ____________
day of _____________________________, 2022.

________________________________________  
Notary Public

My commission expires:

________________________________________
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday, December 2nd</td>
<td>Petition packets are available at the Administration office.</td>
</tr>
<tr>
<td>Tuesday, January 3rd</td>
<td>Closing date for petitions to be submitted to Admin Office. The petition must be accompanied by a brief statement (not more than 100 words) containing qualifications and biographical data of the candidate.</td>
</tr>
<tr>
<td>Wednesday, January 11th</td>
<td>Sample ballot posted at all SLFCU branches.</td>
</tr>
<tr>
<td>Monday, January 16th</td>
<td>Ballot mailed to eligible members by this date.</td>
</tr>
<tr>
<td>Friday, February 10th</td>
<td>Balloting closes; ballots must be returned to SLFCU and received by the Tellers of Election no later than this date.</td>
</tr>
<tr>
<td>Wednesday, February 15th</td>
<td>Election results announced at the Annual Meeting.</td>
</tr>
</tbody>
</table>