

BOARD POLICY: 1-01

BOARD OF DIRECTORS CODE OF CONDUCT POLICY

Date Adopted: October 1, 2006

Last Amended: Never Amended

OVERVIEW AND PURPOSE

Credit Union ONE is a federally insured depository institution. As such its operations and services are subject to member, public and regulatory scrutiny. It is important that the credit union and its Directors abide by the highest levels of professional and ethical conduct as a means of providing confidence in the credit union and the banking system as a whole. As a result the Board adopts this Policy to require a Code of Conduct, which is attached to this Policy and is incorporated by reference.

The Code of Conduct is intended to provide guidance and direction to the Directors of Credit Union ONE regarding their legal, ethical, and fiduciary responsibilities. In doing so, the Board of Directors individually and collectively become accountable to each other and various stakeholders within the credit union and its community. Transparency and full disclosure provide credibility and confidence that the credit union is operating safely and soundly, and in a manner that is consistent with appropriate ethical standards and business practices.

The Board of Directors adopts this Policy requiring a Code of Conduct with the intention of setting the highest standards for themselves, employees of the credit union, as well as any committee that serves the membership. Further, a Code of Conduct must meet the minimum standards as set forth in Michigan Department of Insurance and Financial Services Bulletin 2005-07-CU. Each Director is expected to conduct him/herself without regard to personal gain and in all cases for the best interests of the credit union and its members. Directors are expected to hold themselves and each other accountable to conduct themselves ethically and in compliance with all laws and regulations that govern the operation of the credit union.



BOARD OF DIRECTORS CODE OF CONDUCT

INTRODUCTION

The quality of the Credit Union's leadership is one of the most important factors in its success. Therefore, it is the Board's position that each Director must maintain a high degree of competence and understanding in all areas of the Credit Union's policies and act with the highest degree of ethical conduct in all business and personal dealings.

This Code of Conduct ("Code") is intended as guidance for Directors with respect to recognizing and handling ethical issues, as well as to provide information on how to manage ethics and to assist in fostering a culture of openness, transparency and accountability within Credit Union ONE. The Code applies to all Directors and other volunteer committee members appointed by the Board of Directors, who shall be referred to as Directors in this Code of Conduct.

ELIGIBILITY

Each Director must meet all of the following eligibility criteria:

- He or she is a Member in Good Standing of the Credit Union as defined below;
- He or she is acceptable as a bonding risk by a bonding company licensed to do business in Michigan and approved by the National Credit Union Administration;
- He or she has not been removed as a Director, Officer, or employee of a financial institution by a federal regulator, a state regulator other than the DIFS Director, or a court of competent jurisdiction;
- He or she has not been removed as a Director, Officer, or employee of a credit union, financial institution, or other legal entity pursuant to the DIFS Director's enforcement powers under any law of this state;
- He or she has not been convicted within the preceding 20 years of a crime involving dishonesty or breach of trust; and
- He or she has not been convicted by a court of competent jurisdiction of a violation, or found in violation by a court of competent jurisdiction or the DIFSS Commissioner, of any law of this state enforced or administered by the Commissioner.

"Member in Good Standing" means ownership of one share, and has not been habitually negligent in attending to personal financial business. Habitually negligent means no reported delinquencies in the previous 24 months, has no charged-off accounts in the previous in the previous seven years, has not filed for bankruptcy protection in the last seven years, and has not missed more than two payments on any obligations due to any creditor in any twelve month period.

DISCHARGE OF DUTIES

Directors are expected to discharge their duties consistent with the highest standards of personal, professional and ethical conduct. Directors are expected to act in good faith and with a degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position.

The Board of Directors provides for the general direction and affairs of the Credit Union through development of strategic direction, approving budgets, establishing policies, and monitoring the performance of the organization. The President/Chief Executive Officer is primarily responsible for the management and day-to-day operations of the Credit Union. A Director should not engage or interfere in decisions related to personnel decisions, policy implementation, or the general business operations of the credit union. Any situation involving a Director's opinion that a decision or action made by Management is misguided or otherwise inconsistent with direction given or expected by the Board of Directors, should be addressed in an executive session of the Board and the President/Chief Executive Officer.

CONFIDENTIALITY

Directors are provided access to confidential or proprietary information pertaining to the Credit Union, its members, vendors, business partners, and others. Directors must maintain the confidentiality of all such information, except when disclosure is authorized or legally mandated. Confidential or proprietary information includes, but is not limited to:

- Any non-public information that would be harmful to the Credit Union or useful to competitors if disclosed;
- The Credit Union's C.A.M.E.L. rating as provided by regulatory officials, the findings or Management responses to any examinations or audits, legal opinions, or any reports or other data provided by consultants or other third parties retained by the Credit Union;
- Personnel matters;
- Matters involving actual or potential litigation;
- Real estate transactions;
- Other matters related to the strategic business endeavors of the Credit Union; or
- Disclosure of information concerning transactions between the Credit Union and its members or others.

CONFLICTS OF INTEREST

Unless the matter involves setting deposit or loan rates, or fees for services, or other general policies applicable to all Members, a Director with a conflict of interest must promptly disclose it to the entire Board and recuse him or herself from deliberation and abstain from any action on the item for which the conflict exists.

A "conflict of interest" exists when a Director's personal or business (or someone or a business associated with a Director) interests interfere, or reasonably appear to interfere, with the interests of the Credit Union. All Directors are required to complete an annual disclosure form relating any known conflicts of interest or possible conflicts of interest.

Gifts and Entertainment

Directors are expected to adhere to the credit union's Bank Bribery Act Policy which sets conditions and limits upon acceptable conduct for the receipt of gifts, benefits or entertainment. In addition, the giving of some gifts may be inappropriate in a business setting. No Director in his or her capacity as a representative of Credit Union ONE may solicit, offer or give anything that is or may present the appearance of inappropriate conduct or a conflict of interest.

Fair Dealing

Credit Union ONE adheres to a policy of fair dealing in its activities. Directors should deal fairly with Credit Union ONE's member-owners, suppliers, competitors and employees. No Director should take unfair advantage of anyone through manipulation, improper concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

PROTECTION AND PROPER USE OF ASSETS

Credit Union ONE assets are to be used only for legitimate business purposes. Directors should adopt adequate policies to assure the protection and efficient use of Credit Union ONE's assets, since theft, carelessness and waste have a direct impact on profitability and expose the Board and the Credit Union to multiple risks including financial, reputation, compliance, and legal risk.

COMPENSATION AND EXPENSES

The Michigan Credit Union Act specifies that credit union directors serve as volunteers and are not eligible to receive compensation for their services as Directors. However, Directors may be reimbursed for expenses incurred while acting in an official capacity and the Credit Union may pay for Credit Union related business expenses incurred by a Director while acting in an official capacity. Reimbursement or payment of expenses will be made in accordance with established Board policy and in compliance with DIFS Bulletin 2005-10-CU. Any matter upon which a Director acts which involves the compensation or services to be rendered by a Director shall be acted upon in strict compliance with the Conflict of Interest section of this Policy as set forth below.

ACCESS TO EMPLOYEES

Directors have full and free access to employees of Credit Union ONE. Directors will use good judgment to ensure that contact with employees is not disruptive to the business operations of the Credit Union. It is expected that Directors will not put any employee in the position of maintaining the confidentiality of their communications from other Directors or the President/Chief Executive Officer.

The Board welcomes regular attendance at each Board meeting of the appropriate representatives of senior management of the Credit Union as shall be determined from time to time, subject to the Board's right in all instances to meet in executive session with some or no management representatives present.

COMPLIANCE

It is Credit Union ONE's policy and practice to comply with all material applicable laws, rules, regulations, and bylaws. Directors should adhere, and cause the Credit Union and its employees to adhere to the standards imposed by those laws, rules and regulations in carrying out their responsibilities to the Credit Union.

Directors are expected to maintain sufficient knowledge and understanding of the legal and regulatory requirements imposed upon the Credit Union and the Board. This knowledge and understanding is to be gained through formal and informal education/training as set forth in the Board Education Policy, as well as personal experience, knowledge and background.

BUSINESS CONTINUITY

The Board of Directors is responsible to assure the Credit Union is in sound financial and operational condition, and is strategically positioned for long term viability and growth. As such, Directors are required to retain oversight in crucial areas such as:

- Strategic Planning – Vision Statement
The Board collaborates with Management to develop a 3-5 year strategic business and financial plan. This strategic plan provides clear long term objectives and goals and objectives, and written statement of the Board of Director's vision for the Credit Union.

- Capital Adequacy
The Board will establish net worth ratio targets that are consistent with the Strategic Plan, annual Operating Plans, and other Board policies related to financial risk and operations. At all times Net Worth Ratio targets will be consistent with established regulatory requirements.
- Risk Management
The Board maintains comprehensive financial and operational policies that establish acceptable levels of risk consistent with Strategic Plans and net worth. The Board maintains a comprehensive reporting and audit systems to monitor risk and assure it is managed accordingly.
- Succession Planning
The Board maintains and annually reviews written Succession Plan Policies for the President/CEO position and for the Board of Directors.

ATTENDANCE

Each Director is expected to devote sufficient time and effort to maintain a strong understanding and awareness of issues affecting the Credit Union. Directors are expected to attend all meetings of the Board unless otherwise excused by the Chairperson. Board meetings may be held in person or by any means that enable all participants to communicate simultaneously with each other.

ORIENTATION AND CONTINUING EDUCATION

All new Directors are expected to participate in an orientation program, which should be completed within a reasonable time after the Director joins the Board. This orientation will include presentations by Senior Management to familiarize new Directors with the Credit Union, and will be tailored to meet the needs of the Director based upon an assessment of background, skills, and knowledge

Education is a necessary element of maintaining Director competence and the confidence of the Membership. Directors are required to develop a level of confidence in the philosophical, operational and financial topics necessary to discharge their legal and fiduciary responsibilities under applicable laws and regulations. This is accomplished through adherence to the Board Education Policy.

REMOVAL

A Director may be removed from his or her position for good cause as set forth in the Michigan Credit Union Act or the bylaws of this Credit Union. "Good Cause" includes, but is not limited to the following:

- Fraud or other illegal conduct;
- Breach of confidentiality;
- Conflict of interest that is not disclosed;
- Violation of the standards set forth in the Director Code of Conduct;
- Loss of bondability;
- Failure to meet any of the eligibility requirements stated above ;
- Violation of the Michigan Credit Union Act, the bylaws of this Credit Union or any order or rule of the DIFS Director.

Any action to remove a Director shall be done in accordance with the Bylaws of Credit Union ONE. The vacancy created by such a removal will be addressed in the manner described in the Bylaws and the Board Succession Policy.

REPORTING UNETHICAL OR ILLEGAL BEHAVIOR (WHISTLEBLOWER POLICY)

Directors are expected to promote ethical behavior and an environment in which the Credit Union encourages employees to communicate in accordance with the Whistleblower Policy about conduct that may illegal or unethical.

INTERPRETATION AND WAIVER

While this Code addresses an array of situations, it does not provide a comprehensive or complete explanation of all applicable laws and responsibilities relevant to the Credit Union and its Directors. The Board of Directors Policy Book contains multiple policies and procedures that address legal, fiduciary and other responsibilities not set forth in this Code. Each Director should ask questions about particular circumstances that may apply to one or more of the areas described in the Code. Questions should be directed to the Chairperson of the Board, who will consult with the Chair of the Audit Committee and/or seek appropriate advice from legal or other professionals. Under certain circumstances, the Chairperson of the Board and/or the Chair of the Audit Committee may, in their discretion, deem it appropriate to discuss a matter with the full Board.

Any waiver of this Code may be made only by the Board of Directors, and must be documented in the official minutes of the meeting in which such a waiver was discussed and approved.

**STATEMENT OF DISCLOSURE OF
FIDUCIARY CAPACITY AND OATH**

The following Statement of Disclosure, Acknowledgement of Fiduciary Capacity and Oath are required of all Directors. The Secretary of the Board of Directors shall file this Oath with the corporate records of the Credit Union.

I, the undersigned, hereby acknowledge that I have received a copy of the Credit Union ONE Director Code of Conduct.

I certify that, I have read the Code of Conduct and to the best of my knowledge and belief, I have complied with its requirements.

I further acknowledge my fiduciary duty to Credit Union ONE and its membership, and agree to diligently and honestly perform the duties of the office for which I serve, and I will not knowingly violate, or permit to be violated and provisions of applicable federal and state laws, regulations, acts or the Credit Union ONE bylaws.

Date:

Signature:

Print Name:

Position:

CONFLICT OF INTEREST STATEMENT

Name:	Date:
Official Position:	

All Credit Union Officials have an obligation at all times to promote the Credit Union’s best interests. Credit Union policies require all employees and volunteer officials to avoid any situation, which does or may involve a conflict, or appearance of conflict, between their personal interests and the interests of the Credit Union. Please review the Credit Union’s policies and guidelines before completing this statement to become aware of the types of activities and circumstances that require disclosure.

I have read and understand the Credit Union’s policies and guidelines regarding conflicts of interest. As such, I represent that:

1. I am familiar with and will adhere to the Credit Union’s policies.
2. Except as authorized, I have not entered into any prohibited transactions, nor am I aware of having any prohibited relationships.
3. I have the following relationships with Credit Union members, outside companies and other related parties: (If none, write none)

Name of Individual or Entity	Relationship

4. Any situation where I am not sure whether a conflict of interest exists is listed and explained below. (If you have no situations you are unsure of, write none.)

Situation or Issue	Possible Conflict of Interest

5. This credit union has established **\$500** as the maximum reasonable dollar value an official may accept from those doing or seeking to do business with the credit union. If a credit union official is offered or receives something of value beyond what has been authorized as reasonable, the official must disclose that fact to the President/CEO, or the Chairman in the case of the President/CEO, immediately. The President/CEO and Chairman will review the disclosure and determine if what is accepted is reasonable and does not pose a conflict or risk to the integrity of the Credit Union. The Credit Union will keep written reports of all disclosures.

Have you, in the last twelve months, accepted from any business doing or seeking to do business with the credit union a gift or gratuity whose value is \$500 or greater? Circle Yes or No below.

YES NO

If you answered "Yes", please provide an explanation in the space provided below:

Signature