



## **NORTH CAROLINA CREDIT UNION DIVISION**

### **APPLICATION FOR CREDIT UNION CHARTER**

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A credit union is a cooperative, nonprofit association, incorporated under Articles 14A to 14L of Chapter 54 of the North Carolina General Statutes (NCGS), for the purposes of encouraging thrift among its members, creating a source of credit at a fair and reasonable rate of interest, and providing an opportunity for its members to use and control their own money in order to improve their economic and social condition.

Any 12 or more residents of this State, of legal age, who have a common bond may make application to organize a credit union and become charter members thereof by complying with NCGS Section 54-109.2. Credit union membership may include groups having a common bond of similar occupation, association or interest, or groups who reside within an identifiable neighborhood, community, or rural district, or employees of a common employer, and members of the immediate family of such persons.

Prior to filing an application with the North Carolina Credit Union Division (NCCUD), it is strongly recommended that the organizers of the proposed credit union meet with NCCUD staff to discuss the field of membership and operational concepts of the proposed credit union. A draft of the application package including a business plan should be completed prior to the meeting.

A new credit union should have the minimum member requirement as referenced in Rule 04 NCAC 06C .0202(b), to assure a reasonable chance of success and to be of service to members. Smaller groups may be able to obtain credit union service by aligning with an existing credit union. Capable persons must be available to volunteer to serve as officials, directors, and committee members, etc.

All members of the credit union have an equal share of the institution. Any excess capital over the par share value that may be contributed by persons or organizations is "donated capital," and those persons or organizations would receive no additional return or ownership from it.

The amount of net worth will determine the size of loans that can be made. The aggregate lending limit for a borrower of a credit union can be no more than ten percent (10%) of the credit union's unimpaired capital and surplus. Other loan limits may also apply. Therefore, it can be difficult for a startup credit union to make certain consumer loans or home mortgages.

North Carolina state-chartered credit unions are also required to have share (deposit) insurance from the National Credit Union Administration (NCUA) and must therefore meet the NCUA's requirements as well.

The following trade association may be of assistance to you:

**Carolinas Credit Union League**

[www.carolinasleague.org](http://www.carolinasleague.org)

**1-800-822-8859**

When completing an application, please keep the following in mind:

1. The organizers are responsible for ensuring that the statutory requirements in connection with this application are satisfied.
2. Type and submit the application information using the attached forms. Include a copy of the application for federal insurance of accounts filed with the NCUA.

Access a copy of the share insurance application form at:

[https://ncua.gov/files/publications/resources-expansion/NCUA\\_9600.pdf](https://ncua.gov/files/publications/resources-expansion/NCUA_9600.pdf)

3. Submit the application with original signatures where applicable. The submission of an application does not authorize the organizers to begin operation of a credit union. An Applicant may withdraw an application at any time.
4. NCCUD will not accept an incomplete application. Complete responses to all applicable questions will expedite processing of the application.
5. NCCUD may contact any or all organizers, individually or collectively, for information regarding this application.
6. If additional space is necessary to fully answer any question, attach extra pages to this application.
7. Submit amendments to the application in writing. Each amendment must clearly note the specific section, page, and item. NCCUD will acknowledge substantive amendments in writing.
8. Direct any questions pertaining to the completion of this application to the Investigations & Chartering Manager at 984-275-6734.
9. NCCUD reserves the right to request additional documentation and information.
10. Mail a completed application and any supporting documentation to:

North Carolina Credit Union Division  
205 W. Millbrook Road, Suite 105  
Raleigh, North Carolina 27609

Or email to: [support@nccud.nc.gov](mailto:support@nccud.nc.gov)

# APPLICATION FOR CREDIT UNION CHARTER

## A. INFORMATION FOR CHARTER AND BYLAWS

1. Proposed name of credit union: \_\_\_\_\_

2. Contact Person: \_\_\_\_\_

Bus. Tel. No. \_\_\_\_\_ Res. Tel. No. \_\_\_\_\_

3. The credit union will maintain its office at: \_\_\_\_\_

City \_\_\_\_\_ County \_\_\_\_\_

4. Proposed permanent mailing address of credit union:

\_\_\_\_\_

5. Define the proposed field of membership (FOM) credit union will serve:

6. Officials.

The Board of Directors will have (at least 5) \_\_\_\_\_ members.

The Credit Committee will have \_\_\_\_\_ members.

The Supervisory Committee will have (at least 3) \_\_\_\_\_ members.

7. Have you completed a criminal and credit background check of all directors and committee members? \_\_\_\_\_ If so, please attach a copy of the records.

8. From your investigation, is it your judgment that the proposed directors and committee members are persons of good character, and that they have the ability and determination to operate a credit union satisfactorily?

## **B. CHARACTER, RESPONSIBILITY, AND GENERAL FITNESS OF SUBSCRIBERS**

1. Has an organizational meeting been held? \_\_\_\_\_ Number in attendance: \_\_\_\_\_

2. Who will assume the credit union's following duties, if it is chartered?

Record keeping: \_\_\_\_\_

Lending/collections: \_\_\_\_\_

Compliance: \_\_\_\_\_

3. Who will submit an application for a surety bond? \_\_\_\_\_
4. Name of person who will maintain contact with the NCCUD after credit union is organized to assist in operations: \_\_\_\_\_
5. The names, mailing addresses, occupations, and number of shares of each of the subscribers to the Articles of Incorporation are as follows (at least 12):

**Name** **Mailing Address** **Occupation** **# Shares**

6. Are all the subscribers within the field of membership? \_\_\_\_\_
7. Are the subscribers representative of the entire group? \_\_\_\_\_ If not, explain:
  
  
  
  
8. Have you completed a criminal and credit background check of all subscribers? \_\_\_\_\_  
If so, please attach a copy of the records.
9. Does your investigation indicate that the subscribers are persons of good character? \_\_\_\_\_
10. Please provide the names, addresses, telephone numbers, and qualifications of three persons who will freely give their time and effort to guide the credit union to a successful operation.

**Person #1:**

**Person #2:**

**Person #3:**

## C. ECONOMIC ADVISABILITY OF ORGANIZING PROPOSED CREDIT UNION

1. Potential membership \_\_\_\_\_
2. Was a survey conducted to gauge the level of interest in forming a credit union? \_\_\_\_\_

If so, please attach a copy of the survey form and provide the following:

Number of people survey was sent to: \_\_\_\_\_

Number of people responding to survey: \_\_\_\_\_

Number of people pledging a donation: \_\_\_\_\_

Total donations pledged: \_\_\_\_\_

Number of people pledging an initial deposit: \_\_\_\_\_

Total initial deposit dollars pledged: \_\_\_\_\_

Number of people pledging systematic savings: \_\_\_\_\_

Total dollars pledged (per month): \_\_\_\_\_

3. Where (what location) is it proposed that the credit union will operate and provide its services? \_\_\_\_\_

4. What is the monthly rent or cost? \_\_\_\_\_ What is the term of lease? \_\_\_\_\_

5. Estimated number of hours per day \_\_\_\_\_ or week \_\_\_\_\_ the credit union facilities will be available to members. Describe the hours of operation \_\_\_\_\_

6. Proposed date to begin business, if the charter is approved: \_\_\_\_\_

7. Attach a business plan containing the following elements:

- Mission statement
- Analysis of market conditions, including if applicable, geographic, demographic, employment, income, housing, and other economic data
- Evidence of member support
- Projections for the dollar amount and number of loans and shares/deposits and the number of members for the first three years of operation

- Financial services needed/desired
- Financial services to be provided to members of all segments within the field of membership
- How/when services are to be implemented
- Organizational/management plan addressing qualification and planned training of officials/employees
- Continuity plan for directors, committee members, and management staff
- Operating facilities, including office space/equipment and supplies, safeguarding of assets, insurance coverage, etc.
- Type of record keeping and data processing system
- Detailed semiannual pro forma financial statements (balance sheet, income and expense projections) for 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> year, including assumptions - e.g., loan and dividend rates
- Plans for operating independently
- Written policies (shares, lending, investments, funds management, capital accumulation, dividends, collections, compliance, etc.)
- Source of funds to pay expenses during initial months of operation, including any subsidies, assistance, etc., and terms or conditions of such resources
- A capital funding plan, including a detailed description of planned funding sources
- Evidence of sponsor commitment (or other source of support) if subsidies are critical to the success of the credit union. Evidence may be in the form of letters, contracts, financial statements from the sponsor, and any other such document on which the proposed credit union can substantiate its projections.

*Please also complete and submit the following with the application:*

- *The required charter fee (\$5) and an investigation fee (\$20);*
- *A draft copy of the bylaws consistent with Articles 14A and 14L of Chapter 54 and draft copy of articles of incorporation; and*
- *The appropriate attachment based on the proposed type of field of membership.*

*The undersigned certifies that to the best of their knowledge and belief the above information is true and correct.*

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**Organizer of Proposed Credit Union**

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**Title**

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**Date**

## **Attachment A – Associational/Interest Charter Applicant**

1. State the name and street address of the organization sponsoring this charter:

In what year was the organization established? \_\_\_\_\_ Is it incorporated? \_\_\_\_\_

Number of persons in this group: \_\_\_\_\_ Where is the headquarters located? \_\_\_\_\_

2. Are the officers of the sponsoring organization favorable to the formation of the credit union?

\_\_\_\_\_ If so, please provide the meeting minutes where this was discussed or give the names and titles of the officers who were contacted.

3. Will the sponsoring organization assist the credit union by:

\_\_\_\_\_ Providing office space?

\_\_\_\_\_ Providing donations (capital, equipment, supplies, etc.)?

\_\_\_\_\_ Providing operational assistance?

\_\_\_\_\_ Other support? Please explain: \_\_\_\_\_

4. State the purpose and goals of the organization sponsoring this charter:

5. List the types of activities and their frequency, which the organization sponsors that provide contact among the members and from which common loyalties, mutual benefits, and mutual

interests are developed:

6. Give statistics as to trends in membership during the last five years:
  
  
  
  
  
  
  
  
7. What is the frequency of membership meetings? \_\_\_\_\_  
Average attendance: \_\_\_\_\_ Dues required: \_\_\_\_\_
8. What is the geographic territory where members reside:
  
  
  
  
  
  
  
  
9. Submit the following organizational documents: current bylaws, the constitution, articles of incorporation, or equivalent documentation and most recent financial statements, i.e. balance sheet, and income and expense statement, with this application.
10. If the bylaws, constitution, articles of incorporation, or equivalent documentation provide for more than one type of membership and if all classes of membership are to be included in the credit union's field of membership, provide justification for the inclusion of other than "regular" members.

## **Attachment B – Common Employer Charter Applicant**

1. State the name and street address of the company sponsoring this charter:

In what year was the company established? \_\_\_\_\_ Is it incorporated? \_\_\_\_\_

Number of employees: \_\_\_\_\_ Where is the headquarters located? \_\_\_\_\_

2. Describe the business operations of the company.

3. Are there any contemplated changes in the corporate structure of the company? \_\_\_\_\_

4. Have there been any significant changes in the corporate structure in the past 3 years? \_\_\_\_\_

If so, please explain:

5. Is the company favorable to the formation of the credit union? \_\_\_\_\_ If so, please provide proof of this.

6. Will the company assist the credit union by:

\_\_\_\_\_ Providing office space?

\_\_\_\_\_ Allowing/providing payroll deduction services?

\_\_\_\_\_ Allowing employees some company time to devote to credit union affairs?

\_\_\_\_\_ Providing operational assistance?

\_\_\_\_\_ Other support? Please explain: \_\_\_\_\_

7. If the credit union cannot operate on the company's property, explain how members will be able to transact business effectively.

8. If the employees to be served by the credit union work in more than one location or city, identify each location with the corresponding number of employees.

<b>Location</b>	<b>Number of Employees</b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

9. What is the geographic territory where employees reside?

## **Attachment C – Community Charter Applicant**

1. State the identifiable neighborhood, community, or rural district which the credit union will serve:
2. Provide a map that clearly outlines the credit union's proposed boundaries.
3. Please list all other financial institutions that are located within the identifiable neighborhood, community, or rural district that the credit union will serve.

Name of Financial Institution	Location

4. Please provide two letters of support from business, political, civic, or religious leaders for each identifiable neighborhood, community, or rural district that the credit union will serve. The letters should include the leaders' support of the credit union and benefits to the area. Include original signatures on all letters. Elected representatives can provide letters for multiple counties/areas they represent.