



State of Rhode Island  
Department of Business Regulation



**DIVISION OF BANKING**

Please submit this filing along with all required responses and attachments in PDF form to;

**DBR.Bankinquiry@dbr.ri.gov**

If you have any questions, please contact the Division at; 401-462-9503

**APPLICATION FOR APPROVAL TO ESTABLISH A CREDIT UNION**

Filed on Behalf of: \_\_\_\_\_  
(Name of Proposed Credit Union)

Date of Filing: \_\_\_\_\_

Application is hereby made to the State of Rhode Island Department of Business Regulation pursuant to Rhode Island General Laws § 19-5-2 for the issuance of a Credit Union Charter and a Certificate of Public Convenience and Advantage pursuant to Rhode Island General Laws § 19-2-3 for the location listed below.

Proposed Location: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Application Coordinator:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State & Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date of Filing: \_\_\_\_\_

Applicants for a credit union charter shall follow requirements contained in the applicable section(s) of R. I. Gen. Laws Title 19 as heretofore amended and shall file the application with all attachments. The application shall include the following:

- 1. Agreement to Form

File an original and two (2) duplicate originals of the Agreement to Form using the enclosed form that complies with the provisions of R. I. Gen. Laws § 7-6-34.

2. Oath of Officials

Complete and file the enclosed Certificate of Election of Directors - Directors' Oaths Of Office (to be completed by each member of the Board of Directors and each member of the Credit Committee and Supervisory Committee)

3. Minutes of the First Meeting of the Subscribers to the Agreement to Form

Provide a **certified** copy of the Minutes of the First Meeting of the Subscribers to the Agreement to Form [a minimum of fifteen (15) citizens of Rhode Island is required] with evidence that the notice of the meeting complies with the provisions of R. I. Gen. Laws § 7-6-33. The minutes must indicate the number of persons attending the subscribers meeting.

4. Subscribers to the Agreement to Form

Provide a list of subscribers who have signed the organization certificate (original Agreement to Form), which names should be identical to the signatures on the organization certificate. Each subscriber listed must subscribe to at least one share in the credit union.

5. Potential Credit Union Membership

Provide a description of the potential membership that includes the following:

- The number of employees for occupational credit unions;
- The number of active members for associational credit unions; or
- The population per most recent census for community credit unions.

6. Business, Civic or Community Sponsors

Provide a list of business, civic, or other community organizations which support the proposed credit union. The list should indicate the support pledged including the names and titles of officials who were contacted. Obtain and attach letters of support from these individuals.

7. Past Credit Union Experience

If the subscribers have ever been granted a credit union charter, provide information on the current status of such credit union (i.e. active, or date, place, and reason for dissolution, liquidation, or merger).

8. Member Interest Survey

Provide the results of the potential member interest survey of a at least two hundred fifty (250) potential members. The results shall include at a minimum, the following:

- A) A copy of survey form(s) utilized
- B) The number of persons surveyed
- C) The number of persons responding
- D) The number of persons pledging an initial deposit
- E) The total dollars pledged
- F) The number of persons pledging systematic savings
- G) The total dollars pledged per month

9. Authorization for Background Check and Release

Each subscriber and each proposed officer, director (must be a multiple of 3), credit committee member (must be a minimum of 3), and supervisory committee member (must be a minimum of 3 and maximum of 5) must complete and file the enclosed Authorization for Background Check and Release and the following:

**FD258 FINGERPRINT CARDS.**

Two Form **FD258** fingerprint cards issued by the Federal Bureau of Investigations (FBI) along with the cards, provide a check in the amount of **\$35.00** made out to **BCI**, for the fingerprint-processing fee. (Contact your local FBI office, local Attorney General Office, or local Police Office for fingerprint cards). Improperly taken fingerprints will require resubmission of new cards at additional costs to the applicant/licensee.

Persons residing in the State of Rhode Island **must go directly to the Rhode Island Department of Attorney General** for fingerprinting (in this case submission of the fingerprint cards to the Division is not required) along with a check or money order payable to **BCI** in the amount of **\$35** for the fingerprint processing fee.

10. The applicant must file prompt written notification to the Division of Banking (“Division”) of any changes in the directorate or active management that occur or are planned prior to opening or within the first year of the credit union's operation.

11. Expenses related to the Organization of the Credit Union

Provide a list of all expenses related to the organization of the credit union either paid or anticipated prior to the opening date and include any expenses for work performed during the organization phases for which disbursement has been deferred beyond the opening date. With respect to such expenses include the following information:

A) Type of fee:

- Attorney;
- Consultant;
- Application and investigation;
- Pre-opening salaries;
- Pre-opening travel and Entertainment;
- Other \_\_\_\_\_(describe).

B) Name of recipient:

- Association with the credit union;
- Type of relationship;
- Amount.

C) Source of payment for organizational expenses

12. Proposed Services and Hours of Operation

Provide a description of the proposed services to be offered and the proposed hours of operation.

13. Business Plan

Provide a copy of a five (5) year business plan complete with projected financial statements and a description of all assumptions used and the following:

- i. Description of the proposed field of membership
- ii. A mission statement
- iii. Availability of financial services from other institutions
- iv. Analysis of market conditions

14. Business Plan (continued)
- v. Membership goals
  - vi. Financial services needed/desired and those to be provided
  - vii. Credentials of key employees
  - viii. Description of the physical facility
  - ix. Budgets
  - x. Written policies (lending<sup>1</sup>, investment, & funds management)
  - xi. Identification of common bond overlap with other credit unions (include explanation of impact of overlap)

15. Organizational Chart and Management Plan

Provide a copy of the proposed organizational chart and management plan along with a description of the duties and responsibilities for each committee and each key officer position and the names of the persons serving as key officers and/or committee members. Indicate the number of full-time and part-time employees including the key officers.

16. Personal Financial Statements of Credit Union Officials

Each proposed officer, director, and committee member must submit signed personal financial statements prepared and dated no later than ninety (90) days from the date of application.

17. Field of Membership and Primary Trade/Market Territory

Provide a description and a map of the proposed credit union's primary trade/market territory that includes the identity and location of all financial institutions and credit unions now serving the primary trade/market territory to be served by the proposed credit union.

18. Demographics

Provide a description of the demographics of the primary trade/market territory which addresses at a minimum the following:

- A) Population
- B) Employment
- C) Housing units
- D) Median value of housing units

19. Corporate Bylaws

Provide a certified copy of the proposed credit union's bylaws that reflect the guidelines of the Federal Credit Union Model Bylaw and Amendment Provisions.

20. Fidelity Bond

Provide evidence of fidelity bond coverage for all active directors, officers, and employees of the proposed credit union and a copy of the written policy adopted by the board of directors which establishes the aggregate amount and form of coverage. The bond must comply with the minimum bonding requirements of R. I. Gen. Laws § 19-2-19 and Banking Regulation 230-40-05-1 (copy enclosed).

---

<sup>1</sup> R. I. Gen. Laws § 19-5-16 limits aggregate loans to one person or entity to the greater of one percent (1%) of the credit union's total assets or twenty percent (20%) of total unimpaired capital, as defined in R. I. Gen. Laws § 19-1-1, of the credit union.

21. Federal Deposit Insurance

Provide evidence that the proposed credit union has obtained federal deposit insurance with the National Credit Union Administration ("NCUA") through the NCUA National Credit Union Share Insurance Fund.

22. Community Reinvestment Act

R. I. Gen. Laws § 19-9-4 requires that any persons filing an application for approval to establish a credit union to file a report in substantially the same form as those reports that are required under the Community Reinvestment Act of 1977, United States Public Laws 95-128 [12 U.S.C. §§ 2901 to 2905], as amended from time to time. An applicant for a community credit union charter shall therefore file a Community Reinvestment Act ("CRA") Statement and, at a minimum, the following information as it relates to the proposed activities of the applicant credit union (not applicable to credit unions whose bylaws significantly limit the Field of membership):

- A) The projected geographic distribution of the credit union's credit extensions, credit applications, and credit denials;
- B) The effect of the matter which is the subject of the application upon the economy of the neighborhood, city or town, region or state;
- C) The applicant's proposed participation, including investments, in local community development and redevelopment projects or programs;
- D) The applicant's proposed origination of residential mortgage loans, housing rehabilitation loans and small business or small farm loans within its community or the purchase of such loans originated in its community; and
- E) The applicant's proposed participation in governmentally-insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms.
- F) A statement which addresses whether the applicant intends to engage in any practices intended to discourage application for any types of consumer credit.

23. Proposed Branch Facilities and Site Description

- A) Provide a physical description of the building premises. Specify the amount of available parking, walk-up, drive-up, handicapped access, vault, safe deposit boxes, automated teller machines (If applicable, applicant must complete a Request to Establish a Customer-Bank-Communication Terminal.
- B) Provide a description of the buildings and area surrounding the proposed branch office. Comment on local traffic patterns, including public and private transportation, zoning, building or construction restrictions or other dominant characteristics of the area surrounding the proposed branch office site.

24. Manner of Occupancy

Indicate whether the proposed site will be leased or purchased by the applicant. Identify the person or entity from whom the proposed credit union office will be leased or purchased. Identify and explain any exclusive clauses contained in the purchase or property agreement or any other agreements between the applicant and subsequent purchases or lessees. If the agreement lacks exclusive or restrictive clauses, provide a statement signed by an official of the applicant certifying the absence of such clauses.

25. Insider Disclosure

Provide the identity of any insider that is involved in or that will be financially benefited by the proposed purchase or lease along with a delineation of each insider's involvement in the acquisition, construction, lease or operation of the proposed facility. If no insider is involved, a statement to that effect signed by the president and secretary must be provided.

***Item 26 shall apply only to occupational and associational credit union charter applicants.***

26. Sponsoring Company or Association

Provide the following:

- A) The purposes and goals of the company or association sponsoring this charter.
- B) The year in which the sponsor company or association was established and the phone number and address of sponsor company's or association's headquarters.
- C) The length of time that sponsor company or association has been in existence.
- D) A description of any facilities and assistance that the sponsor company or association will provide such as:
  - i. Office space (describe);
  - ii. Office supplies;
  - iii. Payroll deduction;
  - iv. Funding for start-up costs; and
  - v. Information on the highest number and the lowest number of employees or association members during the past three years along with an explanation for any large variance.
  - vi. An explanation of any negotiations now in progress between management and labor that could lead to work stoppages.
  - vii. Information on any significant changes in the corporate structure in the past three years and any contemplated changes in the corporate structure of the sponsor company or association.
  - viii. Except for religious and labor union groups, submit a copy of the current bylaws, the constitution or articles of incorporation, and recent financial statements (i.e. balance sheet and income statement dated no earlier than ninety (90) days prior to the date of the application) for the sponsor company or association.
  - v. Other \_\_\_\_\_ (describe).

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

27. Published Notice of Application

Upon complete review of the initial submission of this application, the Division of Banking will post on its departmental website a Notice of Application Filed with publication dates to be determined by the Division of Banking pursuant to R. I. Gen. Laws § 19-1-3.

28. Other Information

Any other information that Director of Business Regulation ("Director"), or the Director's designee, may request relative to the application.

29. Certification of Information

Provide a certification by the President/Vice president and Secretary/Treasurer of the proposed credit union, that the information contained in the application is true and that any schedules provided correctly represent the true state of the matters contained within the application to the best of their knowledge and belief.

30. Application Fee

Applicant shall pay an application fee based upon the hours spent by the Division processing the application, which fee shall be submitted to the Division within thirty (30) days of receipt of a decision by the Director on the application.

**PRIOR TO SUBMISSION OF THE CREDIT UNION CHARTER APPLICATION, APPLICANT SHALL SCHEDULE A MEETING WITH THE ASSOCIATE DIRECTOR & SUPERINTENDENT OF BANKING, OR HIS OR HER DESIGNEE, TO DISCUSS THE OPERATIONS AND BUSINESS PLAN FOR THE PROPOSED CREDIT UNION.**

**In reviewing the application, the Director shall determine whether:**

1. The Agreement to Form is in conformity to law;
2. The conditions under which the credit union is to be established do not render unlikely its successful financial operation (potential membership of at least 500 members unless convincing support provided by applicant that credit union is viable with fewer members); and
3. That the standing of the proposed members is such as to give assurance that its the credit union's affairs will be administered in accordance with the spirit of R. I. Gen. Laws § 19-5-2 and that the formation will benefit the proposed membership.

**POST APPROVAL PROCEDURES**

1. Applicant must file with the Division evidence that the Agreement to Form, in triplicate, has been filed with the Office of the Rhode Island Secretary of State.
2. Within thirty (30) days of the date of the Decision on the application by the Director of Business Regulation, applicant shall pay an application filing fee pursuant to R. I. Gen. Laws §19-1-3 and Banking Regulation 230-40-05-2.

**Supplemental Forms and Regulations:**

1. Application For Certificate and Agreement to Form
2. Certificate Of Election of Directors – Director & Committee Member Oath Of Office
3. Authorization For Background Check and Release
4. Notice of Application Filed
5. Request To Establish a Customer Bank Communication Terminal
6. Banking Regulations:

230-40-05-2 Applications of Regulated Institutions  
230-40-05-1 Bonds of Officers and Employees  
230-40-05-4 Credit Unions  
230-40-10-5 Interest on Escrow Accounts

Application for Approval to Establish a Credit Union 08-30-2022





**State of Rhode Island**  
**Department of Business Regulation**



**DIVISION OF BANKING**

**APPLICATION FOR CERTIFICATE FOR A CREDIT UNION (APPLICATION)**

We, \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

being the President and a majority of the Directors elected at an adjournment of the first meeting of the subscribers to the Agreement to Form a Credit Union (“Agreement to Form”) for the purpose of forming a credit union pursuant to Title 19, Chapter 5 of the Rhode Island General Laws to transact business authorized by Title 19 within this State, hereby certify:

**FIRST:** That a true copy of the Agreement to Form, with the names of the subscribers thereto is attached hereto as Exhibit A and made a part hereof

**SECOND:** That the following is the name of each subscriber to the Agreement

Name	Name
1 _____	11 _____
2 _____	12 _____
3 _____	13 _____
4 _____	14 _____
5 _____	15 _____
6 _____	16 _____
7 _____	17 _____
8 _____	18 _____
9 _____	19 _____
10 _____	20 _____

[Attach additional pages hereto if necessary]

**THIRD:** A. A duly executed Notice of First Meeting, duly signed by the subscriber designated in the Agreement to Form is attached hereto as Exhibit B and made a part hereof.

OR

B. All of the subscribers to the Agreement to Form have executed a Notice of First Meeting and Waiver (“Notice and Waiver”). A duly executed copy of said Notice and Waiver is attached hereto as Exhibit C. [Note: Must state that all waive notice, and the time, place and purpose of meeting]

**FOURTH:** That the date of the first meeting was \_\_\_\_\_ 20\_\_\_\_,  
which meeting was adjourned to \_\_\_\_\_ 20\_\_\_\_, and from then successively to

\_\_\_\_\_.  
The records of said meeting are attached hereto and marked collectively as Exhibit D.

**FIFTH:** That the name, residence, and post office address of each of the officers of the credit union is as follows:

Name	Office	Residence	Post Office Address

Signatures of the President and a Majority of the Directors

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF RHODE ISLAND

COUNTY OF \_\_\_\_\_

In \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ before me  
personally appeared the above named \_\_\_\_\_  
and severally made oath that the above Application, subscribed by each of them, is true.

[If individual signatures are notarized by different Notary Public, please attach separate pages with additional original notary clauses]

**CERTIFICATE**

WHEREAS, the above written Application has been submitted to the Director of the Department of Business Regulation ("Director"), together with the records of the first meeting of the subscribers to the Agreement to Form for the purpose of forming the \_\_\_\_\_  
\_\_\_\_\_.

WHEREAS, said Director has examined the same;

WHEREAS, the Director finds that Application and records conform to all provisions of applicable laws and regulations, including but not limited to the Banking Laws of the State of Rhode Island, and that public convenience and advantage will be promoted by the establishment of said credit union;

NOW THEREFORE, the undersigned Director grants approval of said Application.

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
Elizabeth Dwyer, Director  
State of Rhode Island Department of Business Regulation

**EXHIBIT A**

*State of Rhode Island*

**AGREEMENT TO FORM CREDIT UNION**

We the subscribers, all citizens and residents of the State of Rhode Island, associate ourselves with the intention to form a credit union to transact business within this State. And we further agree to and with each other:

**FIRST:** That the credit union shall be known by the name of \_\_\_\_\_

\_\_\_\_\_.

**SECOND:** That the credit union shall be formed for the purpose of engaging in the business of

\_\_\_\_\_.

**THIRD:** That the address at which the financial institution's business is to be transacted and its main office shall be located is \_\_\_\_\_

\_\_\_\_\_.

**FOURTH:** That the following is the name, residence address, post office address, and number of shares subscribed for each subscriber to this Agreement to Form:

Name	Residence	Post Office Address	Number of Shares Subscribed
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____
4	_____	_____	_____
5	_____	_____	_____
6	_____	_____	_____
7	_____	_____	_____
8	_____	_____	_____
9	_____	_____	_____
10	_____	_____	_____
11	_____	_____	_____
12	_____	_____	_____
14	_____	_____	_____
15	_____	_____	_____

[Attach additional pages hereto if more than 15 subscribers]

**FIFTH:** The undersigned hereby designates \_\_\_\_\_, one of the subscribers hereto, for the purpose of calling the first meeting of the subscribers to this Agreement to Form.

**Signatures of the Subscribers to this Agreement to Form**

1 \_\_\_\_\_  
2 \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 \_\_\_\_\_  
7 \_\_\_\_\_  
8 \_\_\_\_\_

9 \_\_\_\_\_  
10 \_\_\_\_\_  
11 \_\_\_\_\_  
12 \_\_\_\_\_  
13 \_\_\_\_\_  
14 \_\_\_\_\_  
15 \_\_\_\_\_  
16 \_\_\_\_\_

STATE OF RHODE ISLAND

COUNTY OF \_\_\_\_\_

In \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_  
before me personally appeared the above named \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and severally made oath that the above Application, subscribed by each of them, is true.

[If individual signatures are notarized by different Notary Public, please attach separate pages with additional original notary clauses]

**EXHIBIT B**

**NOTICE OF FIRST MEETING OF THE SUBSCRIBERS**

The first meeting of the subscribers to the Agreement to Form a credit union to be known as \_\_\_\_\_

\_\_\_\_\_ shall be held at \_\_\_\_\_

\_\_\_\_\_ (a.m.)/(p.m.) on \_\_\_\_\_ 20 \_\_\_\_\_

at \_\_\_\_\_.

The purposes of the meeting are \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Notice to be signed either by the subscriber to the Agreement to Form who is designated therein for the purpose, or by a majority of the subscribers. Notice is to be given at least seven (7) days before the day of the meeting, to each subscriber or left at his or her residence and an affidavit of a majority of the signers of the notice that the notice has been duly served, shall be recorded with the records of the first meeting.]

**EXHIBIT C**

**NOTICE OF FIRST MEETING AND WAIVER**

WE, the undersigned, being all the subscribers, waive notice of the first meeting of the subscribers to the within Agreement to Form, and fix the time and place of such meeting to be held at \_\_\_\_\_ (a.m.)/(p.m.) on 20\_\_\_\_, at \_\_\_\_\_.

The purposes of the meeting are \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Signatures of Subscribers:**

1 _____	9 _____
2 _____	10 _____
3 _____	11 _____
4 _____	12 _____
5 _____	13 _____
6 _____	14 _____
7 _____	15 _____
8 _____	16 _____

---

Name of Credit Union

---

Address

---

---

---

**CERTIFICATE OF ELECTION OF DIRECTORS**

**AND**

**DIRECTOR & COMMITTEE MEMBER  
SUBSCRIPTION TO OATH OF OFFICE**

---

---

\_\_\_\_\_ 20 \_\_\_\_\_

Received and filed

\_\_\_\_\_ 20 \_\_\_\_\_



## RHODE ISLAND CREDIT UNION CERTIFICATE OF ELECTION OF DIRECTORS

The undersigned \_\_\_\_\_ Secretary of  
 the \_\_\_\_\_  
 (Name of Credit Union)  
 located in \_\_\_\_\_, Rhode Island, hereby  
 certifies that at a meeting of the \_\_\_\_\_  
 (Subscribers or Members, whichever is applicable)  
 of said Corporation, held on \_\_\_\_\_  
 the following named persons were elected Directors thereof for the ensuing year, and that such election has been duly recorded in  
 the records of said Corporation.

Name	Place of Residence
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	

\_\_\_\_\_ {Secretary-Clerk}

**CREDIT UNION  
DIRECTORS & COMMITTEE MEMBERS OATH OF OFFICE**

STATE OF RHODE ISLAND,

County of { \_\_\_\_\_ }

We, the undersigned Directors and Committee Members of the \_\_\_\_\_

(Name of Credit Union)

in \_\_\_\_\_, Rhode Island, do each for himself and not for the other, solemnly swear that we will severally, so far as the duty devolves upon us, diligently and honestly administer the affairs of said Corporation, and that we will not knowingly violate, or willfully permit to be violated, any of the applicable provisions of Title 19 of the General Laws of Rhode Island and/or other General Laws of Rhode Island applicable to the operations of credit unions, or any addition thereto or amendment thereof.

Name	Place of Residence
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
Supervisory Committee	
Supervisory Committee	
Supervisory Committee	
Credit Committee	
Credit Committee	
Credit Committee	
Credit Committee	

Subscribed and sworn to this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_  
before the undersigned, a notary public in and for said State.

\_\_\_\_\_  
Notary Signature



**State of Rhode Island**  
**Department of Business Regulation**



**DIVISION OF BANKING**

Please submit this filing along with all required responses and attachments in PDF form to;

**DBR.Bankinquiry@dbr.ri.gov**

If you have any questions, please contact the Division at; 401-462-9503

AUTHORIZATION FOR BACKGROUND CHECK AND RELEASE  
FINANCIAL INSTITUTION AND CREDIT UNION

**Financial Institution/ Credit Union Name** \_\_\_\_\_

**Address** \_\_\_\_\_

**City, State, Zip Code** \_\_\_\_\_

I, \_\_\_\_\_,  
(Type or Print Full Name and Title)

of \_\_\_\_\_,  
(Type or Print Residence Address, City, State, Zip Code)

having a date of birth of \_\_\_\_\_ and social security number of \_\_\_\_\_ hereby voluntarily direct and authorize the Division of Banking of the Department of Business Regulation to utilize the above information as part of its evaluation of my general character and financial condition. The information may be used for purposes of obtaining a credit report on me and/or may be shared with the Bureau of Criminal Identification of the Department of the Attorney General for the State of Rhode Island to make available to the Department of Business Regulation any criminal record or other disposition that the Bureau of Criminal Identification has on file in reference to me.

I hereby waive and release any and all manner of actions, cause of actions, and demands of every kind, nature and description, arising from any release of criminal records and requests there from, whatsoever against the State of Rhode Island, the Bureau of Criminal Identification, the Attorney General, the Department of Business Regulation, the employees of the Attorney General's Office and the employees and officials of the Department of Business Regulation in both law and equity which I may now have or in the future may have.

*Upon submission of an application for a financial institution or credit union charter or a change in a regulated entity's officers, directors, or principal owner, each such officer, director, manager or principal owner must provide a signed response to the questions on Page 2 of 2. An affirmative response to any question requires a signed explanation. (Additional copies of this form may be reproduced as needed.)*

**Attach copy of a Photo ID (i.e. Valid Drivers License or ID Card.**

**Attached:**

---

---

**Financial Institution/ Credit Union Name** \_\_\_\_\_

**Individual's Name** \_\_\_\_\_  
(Type or Print)

Has the director, officer, manager or principal stockholder or any organization in which said person served as a director, officer, manager, or a principal stockholder ever:

1. Made application for a financial license in this state or any other state that was denied, refused or withdrawn, or had a financial license suspended, revoked or canceled?  
YES \_\_\_\_\_ NO \_\_\_\_\_

2. Been enjoined or restrained by order of any court from continuing any conduct or practice in connection with the type of activity for which a license is being requested?  
YES \_\_\_\_\_ NO \_\_\_\_\_

3. Adversely been the subject of or named in any order issued by any court, official or agency of any state or other authority engaged in regulating the business activity for which a license is being requested?  
YES \_\_\_\_\_ NO \_\_\_\_\_

4. Been the subject of any bankruptcy, receivership, or insolvency proceedings?  
YES \_\_\_\_\_ NO \_\_\_\_\_

5. For any violation of law other than a motor vehicle violation been (check all that apply):

Arrested YES \_\_\_\_\_ NO \_\_\_\_\_ Prosecuted YES \_\_\_\_\_ NO \_\_\_\_\_

Indicted YES \_\_\_\_\_ NO \_\_\_\_\_ Convicted YES \_\_\_\_\_ NO \_\_\_\_\_

6. Attach copy of a Photo ID (i.e. Valid Drivers License or ID Card.)

---

---

The undersigned certifies that the above responses are true and accurate to the best of my knowledge and belief.

Full Name (Type or Print) \_\_\_\_\_

Title \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Notary Public \_\_\_\_\_

Notary Seal

My Commission Expires \_\_\_\_\_, 20\_\_\_\_

**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING**

**BANKING REGULATION 230-RICR-40-05-2**

**APPLICATIONS OF REGULATED INSTITUTIONS**

**TABLE OF CONTENTS**

<b>2.1.</b>	<b>AUTHORITY.</b>
<b>2.2</b>	<b>PURPOSE.</b>
<b>2.3.</b>	<b>SEVERABILITY.</b>
<b>2.4.</b>	<b>DEFINITIONS.</b>
<b>2.5.</b>	<b>PROVISIONS - FILING FEES.</b>
<b>2.6.</b>	<b>APPLICABILITY.</b>
<b>2.7</b>	<b>EFFECTIVE DATE.</b>

**2.1. AUTHORITY.**

This regulation is promulgated pursuant to the authority granted in Section 3 of Chapter 1 of Title 19 of the General Laws of Rhode Island.

**2.2. PURPOSE.**

The purpose of this regulation is to set forth fees for applications filed by regulated institutions, financial institutions and credit unions with the Director of the Department of Business Regulation to carry out the provisions of Section 19-1-3 of the General Laws of Rhode Island entitled "Applications - General". The actions and information required by this regulation are hereby declared to be necessary and appropriate in the public interest.

**2.3 SEVERABILITY.**

If any provision of this regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this regulation are severable.

**2.4. DEFINITIONS.**

Unless otherwise provided by this regulation or unless the context clearly requires otherwise, terms used in this regulation shall have the same meaning as the terms as defined in Title 19.

**2.5. FILING FEES.**

Each regulated institution, financial institution and credit union which files an application with the Director shall pay an application fee, equal in amount to the total cost of the salary and benefits, calculated on an hourly basis, of the person(s) employed by the Division of Banking having actually participated in the review of the application. The Division of Banking shall submit a bill to the applicant with the decision on the application, detailing the application fee. The detailed breakdown of the bill to the applicant shall include but not be limited to the total hours of review time, the name(s) of the person(s) reviewing the application and the charge per hour. The maximum number of hours per type of application which shall be included in the bill to the applicant will be established by the Division of Banking at a public hearing pursuant to R.I.G.L. ' 19-1-3.

**2.6. APPLICABILITY.**

Application fees shall only apply in those instances in which an application for approval is required by Title 19 of the Rhode Island General Laws. For certain types of transactions, approvals may be granted without the need for the filing of an application.

Applications and associated fees are required for approvals by the Director, including but not limited to the following:

- (a) Agreements to Form;
- (b) Amendments to Agreements to Form;
- (c) Establishment of branches;
- (d) Relocations of branches;
- (e) Mergers of financial institutions
- (f) Interstate banking, including but not limited to interstate acquisitions, mergers, and purchase and assumptions;
- (g) Interstate branching; and
- (h) Changes in control.
- (i) Other approvals which, in the discretion of the Director, require the filing of an application

Applications, and therefore application fees, are not required to be filed for approvals including but not limited to the following:

- (a) Mergers of credit unions;
- (b) Conversions to stock form of financial institution;
- (c) Amendments to by-laws;
- (d) Establishment of electronic devices and machines;
- (e) Conversions to federal charter;
- (f) Voluntary liquidations;
- (g) Conservatorships; and
- (h) Receiverships.

## **2.7. EFFECTIVE DATE.**

Effective date: August 9, 1998.  
Refiled date: December ,2001.

**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING**

**BANKING REGULATION 230-RICR-40-05-1  
BONDS OF OFFICERS AND EMPLOYEES  
TABLE OF CONTENTS**

- 1.1. AUTHORITY.**
- 1.2. PURPOSE.**
- 1.3. SEVERABILITY.**
- 1.4. DEFINITIONS.**
- 1.5. PROVISIONS.**
- 1.6. EFFECTIVE DATE.**

**1.1. AUTHORITY.**

This regulation is promulgated pursuant to the authority granted in Section 19 of Chapter 2 of Title 19 of the General Laws of Rhode Island.

**1.2. PURPOSE.**

The purpose of this regulation is to set forth amounts for fidelity bond coverage for officers and employees of regulated institutions to carry out the provisions of Section 19-2-19 of the General Laws of Rhode Island entitled "Bonds of officers and employees - Supervision by director". The actions and information required by this regulation are hereby declared to be necessary and appropriate in the public interest.

**1.3. SEVERABILITY.**

If any provision of this regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this regulation are severable.

**1.4. DEFINITIONS.**

Unless otherwise provided by this regulation or unless the context clearly requires otherwise, terms used in this regulation shall have the same meaning as the terms as defined in Title 19.

**1.5. PROVISIONS.**

It is the duty of the board of directors of each regulated institution to require bonds in such form and amount to insure the regulated institution is adequately protected from loss in the case of officers or employees failing to honestly discharge their duties.

The aggregate amount and form of coverage shall be determined by the board of directors in a written policy adopted by the board of directors. The policy should be premised upon a consideration of such factors as the adequacy of the current internal control system, the internal auditing safeguards employed, the number of employees, the amount of deposits, the amount of assets under management and the amount of cash and securities normally held by the regulated institution. However, the board of directors shall require coverage in such form and in such amount as to meet any requirements of the regulated institution's federal deposit insurer. The board of directors of financial institutions which are not federally insured because they do not accept deposits shall require coverage in such form as would be required by the financial institution's federal deposit insurer, if such institutions were federally insured. The minimum amount of the bond for financial institutions which are not federally insured shall be set by the board of directors and shall be based upon the greater of total assets or total assets under management as indicated in the following table:

Total Assets	Minimum Bond
\$0 to \$50,000,000	\$100,000 plus \$50,000 for each million or fraction over \$1,000,000.

\$50,000,001 to \$300,000,000	\$2,550,000 plus \$10,000 for each million or fraction over \$50,000,000.
Over \$300,000,000	\$5,000,000.

**1.6. EFFECTIVE DATE.**

Effective date:	August 9, 1998; compliance optional until November 7, 1998.
Refiled date:	December, 2001.



**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING**

**BANKING REGULATION 230-RICR-40-05-4  
CREDIT UNIONS  
TABLE OF CONTENTS**

- 4.1. AUTHORITY.**
- 4.2. PURPOSE.**
- 4.3. SEVERABILITY.**
- 4.4. DEFINITIONS.**
- 4.5. PROVISIONS.**
- 4.6. EFFECTIVE DATE**

**4.1. AUTHORITY.**

This regulation is promulgated pursuant to the authority granted in Chapter 5 of Title 19 of the General Laws of Rhode Island.

**4.2 PURPOSE.**

The purpose of this regulation is to provide for: credit union by-law content and amendment procedures pursuant to R.I.G.L.' 19-5-4; a definition for qualified individuals for credit union supervisory committee membership pursuant to R.I.G.L. ' 19-5-9; requirements of loans to credit union officers and directors pursuant to R.I.G.L. ' 19-5-17; and destruction of records programs for credit unions pursuant to R.I.G.L. ' 19-5-21. The actions and information required by this regulation are hereby declared to be necessary and appropriate in the public interest.

**4.3. SEVERABILITY.**

If any provision of this regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this regulation are severable.

**4.4. DEFINITIONS.**

Unless otherwise provided by this regulation or unless the context clearly requires otherwise, terms used in this regulation shall have the same meaning as the terms as defined in Title 19.

For purposes of this regulation, immediate family member shall mean spouse, father, mother, brother, sister, father-in-law, mother-in-law or a person who lives in the same household as the member.

**4.5. PROVISIONS.**

**(a) BY-LAWS**

Credit union by-laws and any amendment to a credit union's by-laws require the approval of the Director. Model by-law provisions permitted pursuant the Federal Credit Union Act are generally allowed and will be approved unless inconsistent with Rhode Island law. This regulation establishes the procedures and policies of the Division of Banking relating to credit union by-law content and form.

Each credit union proposing to amend or change its by laws, should review any proposed amendment with the Division of Banking prior to submitting such an amendment to its membership or board of directors for approval. Each proposed amendment submitted to the Director shall be submitted to the membership or the board of directors at a meeting at which the proposed amendment is duly before the membership or the board of directors for consideration. The submission to the Director for approval of amendment(s) to credit union by-laws must include at least:

- (1) One (1) set of existing by-laws before the proposed amendment(s);
- (2) One (1) set of the amended section(s), with the proposed amendment(s) clearly identified;
- (3) A statement of purpose for each proposed amendment, along with a summary explanation for each amendment being required;
- (4) A copy of the dated notice, signed by the Secretary or comparable officer of the credit union, of either:
  - A. The meeting of the members, if applicable, which clearly states that an amendment to the by-laws will be considered; or
  - B. The meeting of the board of directors, if applicable, which clearly states that an amendment to the by-laws will be considered;
- (5) A copy of the newspaper publication, if required by the by-laws, including the dates of publication;
- (6) Evidence of compliance with any applicable notice of meeting provisions in the credit union's by-laws;
- (7) A copy of the minutes of the membership or board of director meeting, whichever is applicable, evidencing:
  - (i) the existence of a quorum;
  - (ii) the actual motion(s) made;
  - (iii) the action taken on the proposed amendment(s), demonstrating an affirmative vote by at least three-fourths of the members present at the meeting or an affirmative vote by at least two-thirds of the authorized number of members of the board, whichever is applicable; and
  - (iv) a detailed discussion of the proposed amendment(s) or a certification by the Secretary or comparable officer of the credit union that the proposed amendment(s) were available for distribution to all credit union or board members, whichever is applicable, for their review.
- (8) Such other information that the Director shall request.

Proposals submitted to the Director to amend by-laws will be approved or disapproved within sixty (60) days of a completed submission. The Division of Banking will, upon request by the credit union, notify the credit union proposing by-law amendment(s) as to the date of completion of the submission under consideration.

Upon approval, within thirty (30) days, the credit union must submit a revised copy of the by-laws, which incorporates the changes as approved by the Director and the date of such approval.

**(b) SUPERVISORY COMMITTEE**

Only actual members of the credit union, as defined by the Agreement to Form or the by-laws of the credit union, are eligible to become members of the supervisory committee of that credit union. The following are guidelines and factors to be used to determine whether an eligible member is qualified to serve on a credit union supervisory committee, whether elected or appointed. It shall be the duty of the board of directors of the credit union to determine whether a member is "qualified" by applying the following factors and/or standards.

- (1) The member may not be an officer, director or employee of the credit union.
- (2) The member may not be an immediate family member of an officer, director or employee of the credit union.
- (3) The member must be in good standing. Good standing shall include being in compliance with all share, deposit and loan terms, as set forth in the credit union's by-laws, policies and regulations, as applicable to the member.
- (4) The member should have business and/or accounting experience and/or an educational background which would allow the member to discharge the duties and responsibilities of a supervisory committee member, in the opinion of the board of directors. The board of directors of a credit union shall specifically reference such a finding of the member's qualification in the minutes of the meeting at which such member was determined to be qualified, delineating the reasons for such determination of qualification.
- (5) The member or his or her immediate family member may not be a substantial borrower of the credit union. Substantial borrower shall mean, for purposes of this section only, any member and his or her immediate family member who, in the aggregate, have liabilities to the credit union that exceed 0.5% of the total assets of the credit union or 10% of the net capital of the credit union, whichever is greater, directly or indirectly. Indirectly liable shall include but not be limited to loan guarantees, co-signers on loans or loans to entities in which the member and immediate family member has a majority or controlling interest, whether legal or beneficial.
- (6) Each credit union shall establish a written policy, not inconsistent with this regulation or state law, which defines how members qualify for election or appointment, as the case may be, to the supervisory committee and the factors and standards used to determine such qualification.

(c) **LOANS TO OFFICERS, DIRECTORS AND COMMITTEE MEMBERS**

No officer, director or member of a committee may borrow under terms more preferable than those terms offered to other credit union members in the usual course of credit union business. Any loan to an officer, director or member of a committee must be granted in compliance with federal deposit insurance rules and regulations governing loans to officers and directors.

Loans to officers, directors or committee members will be reviewed by the Division of Banking using the same provisions of Federal Reserve System Regulation O, its successor or replacement regulation, which governs lending to officers or directors of banks or other types of deposit taking institutions as well as the provisions of National Credit Union Administration Rules and Regulations Part 701.21(d)(5). Each credit union shall maintain an updated copy of Regulation O or its successor or replacement regulation as well as National Credit Union Administration Rules and Regulations Part 701.21(d)(5). Each credit union must create and maintain a written policy for loans to officers, directors and committee members not inconsistent herewith.

Notwithstanding the above, credit unions are not required to report loans to officers, directors or committee members to the Division of Banking, independent of a request by the Division of Banking for such information.

(d) **RECORDS RETENTION**

Each credit union shall establish and maintain a written records retention and destruction program which shall be available to the Division of Banking at each examination for review and comment, but not approval. Such a program shall be in conformance with any applicable federal deposit insurance laws, rules, regulations or policies. Notwithstanding anything to the contrary in this regulation, each credit union shall establish its record retention program on or before January 1, 1999.

**4.6. EFFECTIVE DATE.**

Effective date: August 9, 1998; compliance with the requirements of sections (b) and (c) of this regulation optional until November 7, 1998.

Refiled date: December ,2001.

**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING**

**BANKING REGULATION 230-RICR-40-10-5**

**INTEREST ON ESCROW ACCOUNTS**

**TABLE OF CONTENTS**

- 5.1. AUTHORITY.**
- 5.2. PURPOSE.**
- 5.3. SEVERABILITY.**
- 5.4. DEFINITIONS.**
- 5.5. PROVISIONS.**
- 9.6. APPLICABILITY.**
- 9.7. EFFECTIVE DATE.**

**5.1. AUTHORITY.**

This regulation is promulgated pursuant to the authority granted in Section 2 of Chapter 9 of Title 19 of the General Laws of Rhode Island.

**5.2. PURPOSE.**

The purpose of this regulation is to set forth procedures to carry out the provisions of Section 19-9-2 of the General Laws of Rhode Island entitled "Escrow accounts - Interest". The actions and information required by this regulation are hereby declared to be necessary and appropriate in the public interest.

**5.3. SEVERABILITY.**

If any provision of this regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this regulation are severable.

**5.4. DEFINITIONS.**

Unless otherwise provided by this regulation or unless the context clearly requires otherwise, terms used in this regulation shall have the same meaning as the terms as defined in Title 19.

Escrow account, for purposes of this regulation, is any account in which a mortgagee holds funds of a mortgagor in escrow for the payment of taxes and insurance premiums with respect to mortgaged property located in this state.

Annual tax service fee, for purposes of this regulation, is an annual fee imposed upon the mortgagor after the closing of the mortgage transaction to enable the mortgagee to determine whether taxes have been paid in accordance with the loan agreement or mortgage. A one-time charge to pay the cost of a tax reporting service, paid by the mortgagor prior to or at the time of closing of the mortgage transaction, is not an annual tax service fee.

### **5.5. PROVISIONS.**

Each mortgagee required to pay interest on escrow accounts shall credit such interest at the rate provided for in Section 19-9-2 of the General Laws of Rhode Island as amended. Interest on the escrow account shall be computed based on the aggregate average daily balance in the escrow account as computed by the mortgagee in its usual course of business. Interest on the escrow account shall be credited annually on December 31 of each year. If the mortgage debt is paid in full prior to December 31 in any year, the interest to the date of payment shall be paid to the mortgagor.

Each mortgagee shall provide notice to the mortgagor of the amount of such interest credit. Such notice may take the form of notice as required by the Internal Revenue Service (i.e. Form 1099 -INT) or a substantially similar form.

### **5.6. APPLICABILITY.**

This regulation and the provisions of the R.I.G.L. ' 19-9-2 apply to mortgages executed on or after June 20, 1995. With respect to mortgages in existence as of June 20, 1995, which were executed on or after July 1, 1979, compliance with this regulation and the provisions of R.I.G.L. ' 19-9-2 is mandatory as of June 20, 1995.

### **5.7. EFFECTIVE DATE.**

Effective date: August 9, 1998.  
Refiled date: December ,2001.

**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING**

**BANKING REGULATION 230-RICR-40-05-3**

**CREDIT UNION CONVERSIONS**

**TABLE OF CONTENTS**

**3.1 AUTHORITY**  
**3.2 PURPOSE**  
**3.3 DEFINITIONS**  
**3.4 PROVISIONS**  
**3.5 SEVERABILITY**  
**3.6 EFFECTIVE DATE**

**3.1 AUTHORITY**

This regulation (“Regulation”) is promulgated pursuant to the authority granted to the Rhode Island Department of Business Regulation (“Department”) by the Credit Union Conversion Act of 2001, R. I. Gen. Laws §§ 19-5.1-3(g), 42-14-17, and 42-35-1 et seq.

**3.2 PURPOSE**

The purpose of this Regulation is to set forth procedures to carry out the provisions of R. I. Gen. Laws § 19-5.1-1 et seq. entitled Credit Union Conversion Act of 2001 (the “Act”) and to protect and preserve the interests and rights of members of a converting Credit Union. This Regulation establishes procedures, **requirements, and options for the conversion of Credit Unions into other forms of Financial Institutions** under the provisions of the Act or financial services entities chartered under the laws of the United States. The actions and information required by this Regulation are hereby declared to be necessary and appropriate to the public interest. Nothing contained in this Regulation shall limit the ability and authority of the Director to consider other information in determining whether or not to approve an application of a Credit Union to convert into another form of Financial Institution.

**3.3 DEFINITIONS**

Unless otherwise provided by this Regulation or unless the context clearly requires otherwise, terms used in this Regulation shall have the same meaning as the terms as defined in R.I. Gen. Laws §§ 19-1-1 and 19-5-1. All terms defined in R.I. Gen. Laws §§ 19-1-1 and 19-5-1 are capitalized in this Regulation

1. "Director" means the Director of the Department of Business Regulation or his or her designee

2. “Eligible Member”, for purposes of this Regulation, means a member as defined in the Credit Union’s by-laws and in the plan of conversion, as of a date designated in said plan of conversion which in no event shall be less than three (3) months prior to the date of adoption of said plan of conversion by the board of directors of the Credit Union.

3. “Resulting Financial Institution”, for purposes of this regulation, means the institution into which the converting Credit Union converts as described in the plan of conversion.

**3.4 PROVISIONS**

A. Credit Union Conversion into Mutual Form of Financial Institution. A Credit Union chartered under the Rhode Island General Laws may convert into a mutual form of Financial Institution or financial services entity chartered under the laws of the United States upon satisfaction of the following conditions:

1. A plan of conversion is approved and adopted by at least a two-thirds (2/3) vote of the board of directors of the Credit Union;

2. If applicable, demonstration of compliance with R.I. Gen. Laws § 19-2-1 et seq.;

3. The plan of conversion and application for conversion is filed with the Director prior to the membership meeting and vote of the eligible members and the Director has given written approval of the proposed conversion;

4. The plan of conversion is approved by a majority vote of those Eligible Members pursuant to R.I. Gen. Laws § 19-5-7 of the Credit Union present in person or by proxy at a meeting duly called by the board of directors of the converting Credit Union;

5. The converting Credit Union shall file an application for approval of the plan of conversion in the form required by the Director and shall contain:

a. a copy of the minutes of the meeting of the board of directors approving and adopting the plan of conversion with the secretary's attestation;

b. all other application information and materials required to be submitted pursuant to this Regulation including, without limitation:

(1) a three (3) year business plan for the Resulting Financial Institution;

(2) the Credit Union's most recent financial statements;

(3) all information and materials required by or sent to the National Credit Union Administration;

(4) all information and materials required by or sent to the Federal Deposit Insurance Corporation or other federal banking agency;

(5) all information and materials sent to the members of the converting Credit Union; and,

(6) any other information which the Director may require;

6. All necessary regulatory approvals have been obtained and all conditions imposed by the Director in connection with the granting of the approvals have been satisfied; and,

7. The deposits of any Resulting Financial Institution shall remain federally insured

B. Interests of Members. The Agreement to Form, or bylaws of the Resulting Financial Institution shall confer upon existing members of the converting Credit Union and future depositors of the Resulting Financial Institution, to the extent not inconsistent with the laws applicable to the Resulting Financial Institution, substantially the same rights in the Resulting Financial Institution, including any liquidation rights in the Resulting Financial Institution under R.I. Gen. Laws § 19-5.1-3, as were conferred upon members of the converting Credit Union as in effect immediately prior to the conversion.

C. Contents of the Plan of Conversion. Each plan of conversion shall contain a complete description of all significant terms of the proposed conversion, shall be made available to Eligible Members at least thirty (30) days prior to the vote on the conversion and shall:

1. if necessary, provide for the organization of the Resulting Financial Institution, which shall be in the form of a Financial Institution in mutual form organized pursuant to R.I. Gen. Laws § 19-2-1 et seq. or federal law as the case may be, and shall attach and incorporate the proposed Agreement to Form or charter and bylaws of such Resulting Financial Institution;

2. if necessary, in the case that the converting Credit Union proposes to form one or more holding companies, provide for the organization of one or more holding companies and attach and incorporate the proposed Agreement to Form or corporate charter and bylaws of such holding company or companies;

3. if necessary, provide for amendment of the Agreement to Form or charter and bylaws of the Credit Union to be consistent with an Agreement to Form or charter and bylaws of a state-chartered Financial Institution or financial services entity chartered under the laws of the United States as the case may be, and attach and incorporate such Agreement to Form or charter and bylaws;

4. provide that, upon consummation of the conversion, substantially all of the assets and liabilities, including all of its deposit liabilities, of the converting Credit Union shall be transferred to the Resulting Financial Institution;

5. provide that each member and depositor in the converting Credit Union shall upon consummation of the conversion receive, without payment, an identical account in the resulting financial institution;

6. provide that the plan of conversion as adopted by the board of directors of the converting Credit Union may be substantively amended by the board of directors, including as a result of comments from regulatory authorities, prior to the solicitation of membership approval and at any time thereafter with the concurrence of the Director and that the conversion may be terminated by the board of directors of the converting Credit Union at any time prior to the meeting of members called to consider the plan of conversion and at any time thereafter with the concurrence of the Director;

7. provide that the plan of conversion shall be terminated if not completed within a specified period of time, which shall not be more than 24 months from the date upon which the board of directors or the converting Credit Union approve the plan of conversion, and may not be extended by the converting Credit Union; and,

8. provide that the corporate existence of a Credit Union converting to the Financial Institution or other financial services entity chartered under the laws of the United States shall be deemed to be a continuation of the corporate entity Credit Union so converted.

D. Fairness of Plan of Conversion. The Director shall consider, among other things, the fairness of the plan of conversion to the members of the converting Credit Union. Factors considered by the Director to determine fairness may include, but are not limited to:

1. the adequacy of the disclosure materials;

2. the form of the proxy statement required for the vote of the Eligible Members on the plan of conversion;

3. the extent to which the application materials submitted to the Director conform with laws, rules or regulations of the Federal Deposit Insurance Corporation, the National Credit Union Administration, or other federal banking agency, as the case may be, as in effect at the time of submission of the application to the Director; and,

4. such other factors or information that the Director reasonably determines relevant to the conversion.

E. Disclosure materials.

1. At least thirty (30) days prior to the Credit Union providing any disclosure materials or plan of conversion to the Eligible Members of the converting Credit Union, the Credit Union shall submit such proposed disclosure materials to the Director for review and approval. The Director will either approve or provide comments with respect to the disclosure materials within thirty (30) days of receiving said disclosure materials. If the Director does not approve or provide comments within thirty (30) days from receipt thereof, the Credit Union may provide said disclosure materials to the eligible members. The disclosure materials to be submitted to the Eligible Members shall include at a minimum:

- a. A statement of the reasons for the board of directors' decision to propose the conversion;
- b. A statement of the major positive and negative business effects of the proposed conversion;
- c. The impact of the conversion on the members' interest in the Credit Union; and
- d. A disclosure of any conversion related benefit a director or senior management official may receive.

2. The disclosure materials and plan of conversion shall be made available to Eligible Members at least thirty (30) days prior to the meeting of the members called by the board of directors to consider the plan of conversion.

3. All written communications from a converting credit union to its members regarding the conversion must be written in a manner that is simple and easy to understand. Simple and easy to understand means the communications are written in plain language designed to be understood by ordinary consumers and use clear and concise sentences, paragraphs, and sections. For purposes of this section examples of factors to be considered in determining whether a communication is in plain language and uses clear and concise sentences, paragraphs and sections include the use of short explanatory sentences; use of definite, concrete, everyday words; use of active voice; avoidance of multiple negatives; avoidance of legal and technical business terminology; avoidance of explanations that are imprecise and reasonably subject to different interpretations; and use of language that is not misleading.

F. Credit Union Conversion into Stock Form of Financial Institution. In addition to complying with the provisions of this regulation and specifically the requirements of § 3.4(A) of this Part, any Credit Union converting to or creating a stock form of Resulting Financial Institution or creating a mutual holding company, shall also comply with the provisions of regulations promulgated by the Department with respect to mutual Financial Institutions converting to stock form of ownership and mutual holding companies, respectively. For purposes of said regulations, references to depositors shall mean members of the Credit Union and references to mutual savings banks and mutual financial institutions, shall include Credit Unions.

### **3.5 SEVERABILITY**

If any provision of this regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this regulation are severable.



### **3.6 EFFECTIVE DATE**

Effective date: August 9, 1998.  
Refiled date: December ,2001.