

SECTION II - STRUCTURE

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BOARD OF DIRECTORS

The Cryovac Federal Credit Union Board shall consist of nine members elected at the Annual Meeting; each to a three (3) year term. In order for the Board to operate more efficiently, three new Board members shall be elected each year. If a Board member is unable to fill his/her term; the Board shall elect a replacement for him/her for the remainder of the calendar year. At the next Annual Meeting a replacement shall be elected to fill the remainder of the original unexpired term.

It is the responsibility of each Board member to attend every meeting, if possible. The leadership of the Credit Union is his/her charge.

Responsibilities:

- o Overall control and direction of the Credit Union.
- o Meet at least once a month.
- o Establish operating policies.
- o Approve membership applications on a monthly basis.
- o Establish loan, collection and charge-off policies.
- o Establish share policy and declare dividends.
- o Assure confidentiality for all member transactions.
- o Appoint Investment Committee.
- o Authorize depository institutions and borrowing procedures.
- o Retain Credit Union Manager/staff, and assign duties accordingly.
- o Act on loans to directors, Supervisory Committee members, manager and manager's family members.
- o Plan and conduct Annual Meeting.
- o Request amendments to Charter and By-Laws as needed.
- o Appoint Security Officer and determine security needs.
- o Appoint Marketing Committee.
- o Appoint Education Committee to ascertain training and educational needs of Credit Union volunteers; Management and Staff; and address these needs per the Committee's recommendations.

Approved February 4, 2004

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CRYOVAC FEDERAL BOARD OFFICERS

Officers of Cryovac Federal Credit Union Board are elected by the Board at the regular monthly meeting that immediately follows the Annual Membership Meeting (usually in January).

The duties of the Treasurer are performed by the Credit Union Manager as outlined in the Federal Credit Union By-Laws.

EXECUTIVE COMMITTEE

The Executive Committee consists of:

- President
- Vice President
- Treasurer

The Executive Committee is authorized to:

- ✓ Sign on the Credit Union checking account
- ✓ Borrow money on behalf of the Credit Union

NOMINATING COMMITTEE

The Nominating Committee is elected by the Board for a one-year term and consists of three members. This committee usually consist of the three Board members who are in their third year of service.

It is the Nominating Committee's duty to seek qualified Board and Committee members and to make recommendations to the Board concerning various Credit Union positions.

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INVESTMENT/FINANCIAL COMMITTEE

The Investment/ Financial Committee shall consist of the following:

- President
- Vice President
- Treasurer
- Manager
- Three (3) or more CFCU Members

The Committee Chairperson may appoint non-board credit union members to serve on the committee.

The Committee is authorized to carry out all duties and responsibilities outlined in the Investment/ Financial Policy (Section VI of the Policy Manual).

MARKETING/MEMBER NEEDS COMMITTEE

The Marketing/Member Needs Committee shall consist of the Credit Union Manager and three (3) or more Credit Union members. The Committee Chairperson may appoint non-board credit union members to serve on the committee.

The Committee is responsible for developing an ongoing plan to communicate and/or explain all credit union services to members. It will also serve as a liaison between the Board and the membership to ascertain new or revised service needs. The Committee will report to the Board of Directors quarterly all activity and/or planned promotions.

The Marketing/ Member Needs Committee will be authorized to allocate and disburse funds for marketing/ promotions as approved by the Board of Directors in the annual budget.

SUPERVISORY COMMITTEE

The Supervisory Committee shall consist of five (5) members; each elected by the Board for a three (3) year term. However, as a matter of information to the general membership, the names of those being considered for service on the Supervisory Committee will be announced at the Annual Membership Meeting prior to their election.

It is also the general policy of CFCU to maintain a full nine (9) member Board of Directors and a five (5) member Supervisory Committee. Federal Credit Union By-laws state that one (1) member of the Supervisory Committee can legally serve on the Board if desired. While these two entities work together in the management of CFCU, the CFCU Board of Directors feel that an individual should not hold a position on both the Board and Supervisory Committee simultaneously.

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SUPERVISORY COMMITTEE *(continue)*

It is the responsibility of the Supervisory Committee to carry out all of the duties outlined in the NCUA manual "Supervisory Committee Guide for Federal Credit Unions". Some of the Supervisory Committee duties are contracted out to an independent auditor. This auditor performs the audits and reports his/her findings to the Supervisory Committee. The Supervisory Committee reports the findings and makes recommendations to the Board.

The Committee's primary responsibilities are:

1. Conduct meaningful audits as required by the NCUA.
2. Submit audit reports to the Board of Directors.
3. Conduct a member account verification annually or as prescribed by the NCUA.
4. Assure confidentiality for all member transactions.
5. Maintain committee records.
6. Report to members at Annual Meeting.
7. Request Board approval for auditors' compensation.
8. Member problems resolution committee.

EDUCATION COMMITTEE

The Education Committee shall consist of the following:

- Credit Union President
- Credit Union Manager
- Three (3) or more Credit Union Members

The Committee Chairperson may appoint non-board credit union members to serve on the Committee.

The Committee's responsibilities are to:

1. Review at least quarterly the training and/or educational needs of Volunteers, Management and Staff.
2. Allocate and disburse funds for education as approved by the Board of Directors in the annual budget.
3. Report quarterly to the Board of Directors training/ educational status and progress.

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SPONSOR COMMUNICATIONS COMMITTEE

This Committee shall be appointed by the Board of Directors and shall consist of three (3) or more members. The Committee Chairperson may appoint non-board credit union members to serve on the committee.

The Committee will act as a liaison between CFCU and the credit union sponsor management.

The Committee will periodically meet with sponsor management to review the Credit Union's progress and solicit their suggestions to improve member services and employee needs.

PLANNING COMMITTEE

The Board of Directors, the Credit Union Manager and the Chairperson at the Financial Investment Committee will serve as a members of the Planning Committee.

The Committee is responsible for making recommendations annually to the Board of Directors on short and long range CFCU goals and objectives.

The Committee will periodically monitor goals and objectives to ascertain their success and/or need for revision.

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LEGISLATIVE ISSUES COMMITTEE

This committee shall be appointed by the Board of Directors and usually consists of five (5) or more members.

The Legislative Issues Committee is established to become and remain aware and informed of legislative issues relating to the financial industry and to credit unions in particular. This committee will be responsible for informing other Board, Committee and Staff members on current legislation and upcoming legislative issues that may be addressed by the membership.

This committee will be authorized to allocate and disburse funds for written information and for attending meetings, forums, seminars or any other activity relevant to obtaining and relaying necessary information (as approved by the Board of Directors in the annual budget).

STAFFING

In the absence of the Credit Union Manager, he/she shall delegate capable staff member(s) to assume all duties and responsibilities for the Credit Union Manager.

These duties will include:

1. Duncan Office - The Duncan Branch Coordinator will assume responsibilities for the Duncan CFCU office and report to the Credit Union Assistant Manager and/or Credit Union President.
2. Simpsonville Office - The Assistant Manager will assume responsibilities of the following duties and report to the Credit Union President:
 - a. Approval of disbursements for accounts payable and petty cash.
 - b. Staff Supervisor for Simpsonville CFCU office.
 - c. Responsible for completing and forwarding all required financial data, as outlined in the NCUA and Federal regulations. She/he will prepare, analyze and forward to the Board meeting and be responsible for any other miscellaneous reporting and/or reports.

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STAFFING (*continued*):

- d Cash Management - Assume the responsibility of monitoring all Cash Accounts at First Carolina Corporate Credit Union. Should Cryovac Federal find itself in a borrowing situation, the Assistant Manager will contact a member of the Financial/Investment Committee to authorize a transfer from the First Carolina Corporate Credit Line to the Disbursement Account.
 - e Certificate Rates - Each Wednesday set the rates as outlined in the Financial Ratio Goals as approved by the Board of Directors.
3. Iowa Park Office - The Iowa Park Branch Coordinator will assume responsibilities for the Iowa Park, TX CFCU office and report to the Credit Union Assistant Manager and/or Credit Union President.

II. Loans

The Consumer Loan Officer at the Simpsonville Member Service Office, along with the recommendation from the originating Loan Officer from that branch or any other CFCU branch shall have the authority to approve or deny any consumer loan that exceeds their individual loan authority.

The Real Estate Loan Officer at the Simpsonville Member Service Office, along with the recommendation from the originating Loan Officer from that branch or any other CFCU branch shall have the authority to approve or deny any real estate loan that exceeds their individual loan authority.

Either combination as stated above may also make exceptions as outlined in Section IV Page D and Page G.

- III. In the absence of all designated staff, the Credit Union President will assume the authority to perform the duties and responsibilities of the Credit Union Manager.
- IV. Procedures to implement these policies will be reviewed with the responsible staff members.

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- V. The Administrative Assistant shall be responsible for the following:
 - A. Cash Management – Assume the responsibility of monitoring all cash Accounts at First Carolina Corporate Credit Union. Should Cryovac Federal find itself in a borrowing situation, the Administrative Assistant will contact a member of the Financial/Investment Committee to authorize a transfer from the First Carolina Corporate Credit Line to the Disbursement Account.
 - B. Certificate Rates – Each Wednesday, contact the Chairperson of the Financial/Investment Committee who will set the rates as outlined in the Financial Ratio Goals as approved by the Board of Directors.
 - C. Review the Credit Union Manager’s incoming correspondence and follow through with the necessary action and/or disposition.

- VI. In the absence of all designated staff, the Credit Union President will assume the authority to perform the duties and responsibilities of the Credit Union Manager.

- VII. Procedures to implement these policies will be reviewed with the responsible staff members.

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REQUIRED MEETINGS

ANNUAL MEETING

The Annual Meeting of the Cryovac Federal Credit Union general field of membership is held in January of each year; preferably the third or fourth Thursday evening at 5:00 P.M. The meeting is held at a place determined by the Board and a written notification is sent to each member prior to the meeting date.

The purpose of the Annual Meeting is to:

1. Report to the members all activity of the previous year and to report all pertinent financial data.
2. Elect new Board members.
3. Answer questions and open the floor for comments from the members.
4. Allow all members an opportunity to participate in the governing of Cryovac Federal Credit Union

Approved January 25, 1993

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MONTHLY BOARD MEETING

The Board, of Cryovac Federal Credit Union will meet monthly. The meeting place will be announced prior to the meeting day. A quorum of five Board members is necessary to conduct Credit Union business. The purpose of the Monthly board meeting is to:

1. Review the previous month's activity (the Credit Union Manager is responsible for all monthly reports).
2. Discuss and act on pending items.
3. Chart objectives for the Credit Union and authorize their implementation.

It is the duty of each Board and Committee member to attend the Monthly Board Meeting*. Any Board member who fails to attend the regularly scheduled Monthly Board Meeting* for three (3) consecutive months may be asked to resign. The unexpired term would be filled as recommended by the Nominating Committee.

* Included both Regular and Executive Sessions of the Board meeting.

MONTHLY SUPERVISORY COMMITTEE MEETING

The CFCU Supervisory Committee will meet monthly. The meeting place will be announced prior to the meeting day. The purpose of the monthly Supervisory Committee meeting is to:

1. Review the previous month's activity and follow-up on any actions deemed necessary at that meeting.
2. Discuss and act on any pending items.
3. Review any security items of interest or occurrence since last month's meeting.

It is the duty of each Supervisory Committee member to attend the monthly committee meeting. Any Supervisory Committee member who fails to attend the regularly scheduled committee meeting for three (3) consecutive months may be asked to resign. The unexpired term would be filled as approved by the Board of Directors.

In addition to Board members, it is also the duty of each Supervisory Committee member to attend the Monthly Board Meeting*. Any Supervisory Committee member who fails to attend the regularly scheduled Monthly Board meeting 8 for three (3) consecutive months may be asked to resign. The unexpired term would be filled as recommended by the Nominating Committee.

* Includes both Regular and Executive Sessions fo the Board Meeting.

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BANK RELATIONSHIP

Cryovac Federal Credit Union maintains its primary bank relations with First Carolina Corporate Credit Union, Greensboro, NC. FCCCU provides the following services:

1. Master checking account for all deposits.
2. Zero balance account for disbursements.
3. Daily Investment Account to utilize excess funds for a short period of time.
4. Line of Credit to be approved annually.
5. Broker for the purchase of Government Securities.
6. Investments
7. Wire Transfers

Checking Account #253279714 requires one (1) signature. The following persons are authorized to sign checks on behalf of Cryovac Federal Credit Union:

1. President
2. Treasurer
3. Manager
4. Designated Staff Members

The Line of Credit is to be approved by the Board of Directors and, the Credit Union Manager is authorized to draw against the line as needed. A report of any use of the Credit Line is to be presented to the Board monthly.

Investments are to be made according to the Investment policy.

FEDERAL RESERVE RELATIONSHIP

CFCU will establish a borrowing relationship at the discount window with the Federal Reserve Bank by accepting and approving Operating Circular 10 (a lending agreement) and the Borrowing Resolutions. The President, Treasurer, Manager and Financial Analyst are authorized to set up and operate this line of credit. Any two of these four individuals may operate this line of credit.

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CONTRACTS:

I Bookkeeping - Computer Services

Cryovac Federal Credit Union has contracted with the Electronic Data Systems (EDS) of Dallas, Texas to provide bookkeeping and computer services. These services shall include:

- A. Complete Share and Loan Service for Member Accounts
- B. General Ledger Accounting
- C. Reports
- D. Member Statements

II Member Statement - Newsletter

Cryovac Federal Credit Union has contracted with CUMS, Inc. of Columbia, S.C. to mail quarterly statements and perform related statement mailing services. Therewith, CUMS also prints and mails the quarterly Newsletter as part of the statement.

III Insurance

Cryovac Federal Credit Union has contracted with Cuna Mutual Insurance Company to provide Share Insurance and a grandfathering Borrower's Insurance on loans made prior to April 1, 1980. Cuna Mutual Insurance Company also provides Member Pay Life and Disability Insurance to members.

Cuna Mutual Insurance Co. also provides a Bond Insurance package to protect against loss from misappropriation of funds. Cuna also provides single interest coverage for losses on repossessed vehicles.,

IV Legal Services

An attorney of choice will be retained to represent Cryovac Federal Credit Union in all legal matters.

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ORGANIZATIONAL AFFILIATIONS:

Cryovac Federal Credit Union has voted to be affiliated with the following Credit Union related organizations and to pay the annual dues as required:

SCCUL (South Carolina Credit Union League) - The league provides technical assistance and conducts educational seminars and meetings. The Credit Union Manager will be the voting delegate for all league matters and the Credit Union President will be the alternate.

SCACHA (South Carolina Automated Clearing House Association) - provides automated clearing for direct deposits.

CUNA (Credit Union National Association) - Provides educational opportunities and support materials for various credit union services.

PCCU (Piedmont Chapter of Credit Unions) - Conducts monthly meetings of area credit unions to present programs on timely credit union subjects,

CUES (Credit Union Executive Society Association) - provides guidance for Credit Union Management.

CBI (Credit Union Incorporated) - Provides the credit information necessary to make loan decisions on member applications.

NCUA (National Association Credit Union Administration) - Provides Share Insurance to insure safety of credit union members' funds and provides a federal exam annually.

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ANNUAL BUDGET

The Credit Union Manager is responsible for formulating the Cryovac Federal Credit Union Annual Budget. This budget is to be presented to the Board for review and for final approval.

EXPENSES

The Credit Union Manager is authorized to disburse funds in payment of expenses as approved in the annual budget. The Credit Union Manager may also authorize the purchase of equipment, supplies or other expenditures up to \$2,500.00 without prior Board approval. In addition, the Credit Union Manager has the authority to incur any expense (without being brought to the Board for approval) that will implement expenditure of items in Board approved plans.

FINANCIAL REPORTS

Monthly financial reports (including a Statement of Condition) on all pertinent subjects will be presented at the monthly Board meeting or just prior to the monthly Board meeting.

FIXED ASSETS

A physical inventory will be made annually on all fixed assets. The NCUA guide for depreciation of fixed assets will be used as our guide for this calculation.

FEES

Dormant Account Fee: A fee of \$3.00 per quarter if the aggregate share balance is less than \$25.00 and there has been no activity (except for the payment of dividends) with the prior 24 month period.

Returned Check Fee: Effective August 1, 1998 a fee of \$15.00 will be charged when a member presents a check payable to CFCU (to be referred to as "Direct Issue Check") and it is returned due to insufficient funds in the account. This fee may be charged on the account twice if the check is returned on both attempts made for collection.

INTRODUCTION

The purpose of this capitalization policy is to set up guidelines for the depreciation of assets. General classifications have been set up and will be used when determining the useful life of an asset. In regard to salvage value, the Credit Union will assume a value of \$0. The straight line method of depreciation will be used. A specific dollar amount has also been set that will be used to determine if an item should be expensed or depreciated.

DEPRECIATION TIME FRAME GUIDELINES**Furniture and Equipment**

The following is a listing of the general asset classifications for furniture and equipment and the useful life that will be used for depreciation purposes:

Office Furniture Examples: desks, chairs, file cabinets	60 months
Office Equipment Examples: filing systems, telephone systems,	36 months
Appliances Example: refrigerators	60 months
Computer Equipment Examples: PC's, Servers, Software	36 months
ATM Machines Includes: actual machine, sign, set-up costs	36 months
Currency Counters	36 months
Alarm Systems	60 months
Automobiles	60 months
Signs	60 months

Buildings

The following is a listing of different building types and the useful life range that can be used for depreciation purposes:

Buildings	35 years
Portable Units	20 years

Land is carried at cost and not depreciated.

Building Improvements

The following is a listing of different building improvements and the useful life that will be used for depreciation purposes:

Interior Improvements Examples: new carpet, new heat and air conditioning unit	36 months
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Major Interior Improvements
Examples: remodeling

120 months

Major Exterior Improvements
Example: new roof

120 months

EXPENSE GUIDELINES

All repairs and maintenance will be expensed (items that do not add value to the asset) while major additions and improvements will be capitalized. If the total cost of a piece of furniture, a piece of equipment or a building improvement is less than \$2,500, the cost will be expensed when payment is made. Gains and losses on dispositions will be included in current operations.

IMPAIRED ASSETS

The Credit Union will periodically assess if any assets have become impaired. An asset is determined to be impaired if:

- There has been a significant decline in the market value of the asset.
- There has been a significant change in the manner of the use of the asset.
- There has been a physical change in the asset (physical change).
- There has been change in legal or regulator factors that make an asset obsolete.

An asset will be written down to fair value if one of these situations occur.

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RECORD PRESERVATION AND RECONSTRUCTION

Offsite Storage

- A copy of all statements is stored at all three CFCU branches as well as on-line with INTEGRASYS via their E-fichency product.
- A copy of all VISA Check Card and ATM data is stored at INTEGRASYS facility in Plano, TX

Onsite Storage

All permanent records are maintained in the CFCU records room or in fireproof files located in various departments:

- Member files including standard loan documents for Consumer Loans and Real Estate Loans – CFCU file room in fire-proof file cabinets
- Membership cards – CFCU Member Service file cabinets
- Employee records – Manager’s Office in locked fire-proof file
- CU titles, deeds, insurance policies, etc – CFCU file room
- Board Meeting Minutes – Secretary’s fire-proof file cabinet. Once audited and examined, these minutes will be imaged to CD. Once imaged, the CD will be our official record and the originals will be destroyed. (This information will also be added to our shared server.)
- Daily work microfilm – CFCU Bookkeeper’s fire-proof file cabinet
- Daily work paper - Accounting area
- Member statement records – INTEGRASYS E-fichency
- Policy Manual – Main vault and Branch vaults – also available on our web-site at http://www.cryovacfcu.com/policy%20manual/policy_manual.htm
- Charged Off Account Information - Once annually, these documents will be imaged to CD. Once the CD is verified as a true copy of this information, the CD will be our official record and the originals will be destroyed. A copy of this CD will be stored in the Bookkeeper's fire-proof file cabinet and at each CFCU branch location. (this information will also be added to our shared server.)
- Closed Account Membership Cards - Once annually, these documents will be imaged to CD. Once the CD is verified as a true copy of this information, the CD will be our official record and the originals will be destroyed. A copy of this CD will be stored in the Bookkeeper's fire-proof file cabinet and at each CFCU branch location. (This information will also be added to our shared server.)

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