

ASSET POLICY COMMITTEE CHARTER

JUNE 2008

PURPOSE

The purpose of the Asset Policy Committee is to do work for the Board of Directors. They do this by ensuring that policies are in place to preserve the integrity of the Balance Sheet.

The Asset Policy Committee (the “Committee”) is appointed by the Board of Directors (the “Board”).

GOVERNANCE

The Committee shall consist of three to five members of the Board, one of whom shall be the Treasurer, who need not be the Chairperson. The members of the Committee shall serve terms of two years, with no less than one member, but no more than three members up for appointment each year. Members serving on the Asset Policy Committee must not also hold a position on the Credit Union’s Supervisory Committee.

The Committee shall keep a complete record of all its proceedings. All reports of the Committee shall be filed and preserved with the records of the Credit Union.

DELEGATION

The Committee, with appropriate authority from the Board, may delegate certain components of its responsibilities and duties, as it deems appropriate, to (1) subcommittees comprised of the Committee’s own members, or (2) officers of the Credit Union or committees comprised of officers of the Credit Union with concurrence from the CEO. Each such delegation shall be reflected in the Committee’s minutes or in one or more of the Finance Policies.

OVERSIGHT

The following functions shall be the common recurring activities of the Committee in carrying out its purposes. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt such other policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board, from time to time, related to the purposes of the Committee.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate.

GENERAL FINANCE RESPONSIBILITIES

With regard to the Credit Union’s finances, in general, the Committee shall perform the following functions:

- Have such meetings with management as the Committee deems appropriate to discuss significant financial risk exposures facing the Credit Union and the steps that management is taking to monitor and control such exposures.

- Monitor the Credit Union’s treasury responsibilities related to capital adequacy, interest rate risk management and funds management, including cash, investment and borrowing activities.
- Monitor the management of credit risk, inclusive of an annual review of the allowance for loan loss by the Credit Union’s Chief Loan Officer, and Chief Financial Officer.
- Monitor any significant transactions in assets outside the Credit Union’s ordinary course of business.
- When appropriate, the Committee may, at its discretion, consult with such officers as they deem appropriate concerning financial matters that may have a significant impact on the Credit Union’s financial condition, earnings or policies.
- Monitor aspects of financial activities of the Credit Union’s CUSO’s that are material to the Credit Union’s reserve position.
- Review and determine whether to approve transactions that are subject to the Committee's authority (See Policy Oversight).
- Review and make recommendations to the Board as to approval of transactions that are subject to the Board's authority (See Policy Oversight).

POLICY OVERSIGHT

The Asset Policy Committee of the Board will have oversight responsibility for the following policies:

- 1000 Membership Qualifications
- 1100 Member Shares, Deposits, and Non-Deposit Investment Products
- 1200 General Loans
- 1250 General Member Business Loans
- 1251 Mortgage Lending Member Business Loans
- 1300 Investment
- 2200 Accounting and Expense Control
- 2600 Asset/Liability Management
- 4000 Marketing
- 4100 New Product Development

GUIDANCE OVERSIGHT

At least annually, the Asset Policy Committee will review “guidelines” for the following:

1. Capital Adequacy
2. Liquidity
 - a. Operational
 - b. Contingent
3. Net Interest Income
4. Net Economic Value

5. Interest Rate Risk
6. Authorized Wholesale Funding Limits

REPORTING

The Committee shall:

- Report regularly to the Board following meetings of the Committee. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee or the Chair to make such a report.
- Create written minutes of its meetings which will be provided to the Board.

COMMITTEE PERFORMANCE REVIEW

With regard to the Committee's performance review, the Committee shall:

- Review and re-assess, periodically, the adequacy of this Charter and, if appropriate, recommend changes to the Board.