

# Frankenmuth Credit Union

## Volunteer Application

Position: Board of Director – 3-year term

Please Print or Type

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

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

\_\_\_\_\_

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

Email: \_\_\_\_\_

Frankenmuth Credit Union Member Number: \_\_\_\_\_

List briefly your qualifications, availability for meetings, and why you would like to serve as a volunteer for the Board of Director position. Information given will be used as a bio printed for the membership in the Annual Meeting Report.

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Text 989-497-1600



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Visit [frankenmuthcu.org](http://frankenmuthcu.org)

# Basic Board Member Duties

This starts with an understanding of the fundamental legal duties of each individual board member, which include:

- **Duty of Care** – Each board member has a legal responsibility to participate actively in making decisions on behalf of the organization and to exercise their best judgment while doing so. You are responsible for your activities and the activities of Frankenmuth Credit Union employees. The Duty of Care is primarily a common law standard, and as such is extremely vague and ambiguous.
  - Participate actively in the work of the board.
  - Question possible illegal and/or unethical activities.
  - Assure that the financial arrangements are safe and sound, and
  - Confirm that all security and corporate activities comply with banking laws.

## **Symptoms of Lack of Care**

- Poor attendance
  - Nonparticipation at meetings
  - Lack of preparation for meetings
  - Silence when you believe that there is a questionable situation.
  - Unwillingness to take a stand when you believe there is a serious managerial or financial problem within the credit union or other inaction.
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- **Duty of Loyalty** – Each board member must put the interests of the organization before their personal and professional interests when acting on behalf of the organization in a decision-making capacity. The organization's needs come first. It demands that you uphold a standard of good faith and fair dealing with the credit union and its members.
    - You never use your position on the board to profit from any dealings undertaken for the credit union.
    - You never seize a corporate opportunity for yourself; and
    - You always reveal any possible conflicts of interest that you have with the interest of the credit union. (Best rules: inform the board both orally and in writing of a possible conflict of interest, disqualify your self from voting on the item that presents the potential or actual conflict of interest)

## **Avoiding Breaches of the Duty of Loyalty**

- Always disclose all possible conflicts or interest to the board as soon as possible.
- Abstain from making decisions which would give rise to even the appearance of any impropriety; and

- Always remember that directorship you hold is a sacred trust with the members and that rewards flowing from that relationship should only arise from the faithful execution of your duty.
  - Business development – you should realize that management knows more about making a loan than you do. Let management make the credit decisions.
- **Duty of Obedience** – Board members bear the legal responsibility of ensuring that the organization complies with the applicable federal, state, and local laws and adheres to its mission.
- **The Model Business Corporation Act** -States that a director shall perform his/her duties in good faith, in a manner he/she reasonably believes to be in the best interest of the corporation, and with such care as an ordinary prudent person in a like position would use under similar circumstances.
    - “Similar Circumstance” language infers that a director’s responsibilities is defined in part by his/her own qualifications and upon the nature and complexity of the corporate enterprise. Skill is not required, because skill has never been a prerequisite to being a director. **What is required however, is that the individual use “ordinary care”.**

## Code of Ethics

There is a code of ethics for which all directors should conduct themselves.

1. Conflict of Interest
2. Personal borrowing, investments, and outside employment activities
3. Arm’s length transactions with suppliers
4. Confidentiality of corporate records and a policy on release of member information.
5. Bribery and other aspects of inside abuse
6. Political contributions

## DIRECTORS RESPONSIBILITIES

- Ensure competent management and directors.
- Ensure that appropriate plans and policies are in place.
- Monitor operations; ensure adequate internal controls and compliance with applicable laws and regulations.
- Oversee business performance.

### Competent Directors Are Characteristics

1. **Awareness** – directors are aware of the credit union's operating environment. They are well informed about the laws, regulations, and industry trends that affect the credit union. They believe ignorance is negligence.
2. **Diligence** -they are diligent participants, accountable for the board's decisions. Since absence from board meeting is not a release from responsibility, the diligent director will attend all meetings, ask questions, review materials, and request explanations.
3. **Independence** - directors exercise objective judgement. They don't go along with a board decision just to prevent conflict.
4. **Loyalty**- is demonstrated by the manner in which personal affairs are handled. A loyal director will play an important role in the credit union's business development program.

### Steps For Selecting a Director

1. demonstrates the ability, qualifications, and experience necessary to perform the job.
2. Had the highest reputation and credibility.
3. Possess the intelligence and knowledge necessary to understand banking and make sound business decisions.
4. Demonstrate the willingness to be active.
5. Competent, ethical, honest, and motivated to serve the credit union.

### Board Meetings

1. remember why you are there; board meetings are serious business not a social gathering.
2. Come prepared.
3. Participate actively.
4. Never miss a meeting or arrive tardy.
5. Focus on the proceedings.
  6. Understand the impact of your actions.