

Tulane-Loyola Federal Credit Union

Luxury Expenditures Policy

December 15, 2010

1. Purpose of this Policy

The Board of Directors of Tulane-Loyola Federal Credit Union (TLFCU) has adopted this Excessive or Luxury Expenditures Policy to meet one of the compliance requirements under the American Recovery and Reinvestment Act of 2009 –ARRA- (which amends certain sections of the Emergency Economic Stabilization Act (EESA) of 2008) and the interim final rules published on June 15, 2009 at 31 C.F.R. Part 30. These regulations require that financial institutions that have received funds from the United States Department of the Treasury under the Capital Purchase Program (Community Development Capital Initiative of the Troubled Assets Relief Program) adopt a companywide policy regarding excessive or luxury expenditures.

2. Policy Statement

Tulane-Loyola FCU prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation or other transportation services and all other activities. This includes unreasonable expenditures for conferences, staff development, performance incentives, or other similar measures conducted in the normal course of operations.

All expenditures must be reasonable and appropriate. The list of activities below is not exhaustive and employees should continuously evaluate whether additional items, activities or events are susceptible to excessive spending.

This policy applies to all employees, officers, directors and volunteers of the Tulane-Loyola FCU. Additionally, this policy specifies prohibited expenditures, approval procedures for expenditures which require prior approval, certification requirements of the Chief Executive Officer (CEO) and Treasurer, the reporting of actual or suspected violations, and compliance monitoring.

3. Covered Expenditures

a. Conferences

Tulane-Loyola FCU encourages staff and volunteers to attend conferences that provide appropriate educational and networking opportunities. These conferences should be related to the financial services industry and have a direct correlation to the staff member's job or volunteer's function. Expenditures for conferences will be approved through the annual budget process.

b. Employee Recognition and Holiday Parties

Tulane-Loyola FCU believes that recognition and Holiday parties are important in terms of employee and volunteer appreciation and morale. Accordingly, this policy does not prohibit expenditures in conjunction with such events but they should be reasonable in cost. However, such events will be held in local venues as neither overnight nor travel expenses will be paid by the Tulane-Loyola FCU.

c. Entertainment

Entertainment is defined as an activity that is for business development purposes relating to a current or prospective member, or for further enhancement of the Credit Union's marketing efforts. All expenses incurred by the organization should be for developing business of the Tulane-Loyola FCU. Events and parties focused on members for the purpose of attracting or retaining their business are not deemed as "luxury" or a violation of this policy. These expenses should be documented and detailed as to the benefit derived by Tulane-Loyola FCU through the normal accounts payable process.

d. Renovations

Expenditures for renovations of facilities and office spaces will be controlled by the approved current budget and/or strategic plan. Renovations and improvements of the Tulane-Loyola FCU's offices and facilities are done to ensure a reasonably effective and productive work environment. An exception to this is allowed in an emergency situation, such as an act of nature, and the expenditure is necessary to make a facility operational for either employee or member use. Similarly situations which create a safety/health hazard will be remedied as promptly as possible to prevent accidents or harm to employees or members. Renovations that would have the appearance of being extraordinary or excessive to the Board of Directors should not be made.

e. Retreats

Retreat for volunteers and employees will only be used for education purposes with such expenses controlled and monitored. It is recognized that management and volunteer education is a vital part of attracting and maintaining a strong official family and leadership base, and this policy does not prohibit such retreats that are focused on strategic planning or education.

f. Travel and Transportation

Tulane-Loyola FCU pays for reasonable and appropriate business-related travel expenses. Transportation for Tulane-Loyola FCU staff or volunteers to training venues, conferences, business development meetings, or events and other business-related transportation must be conducted in the most cost-efficient manner available. Decision as to the mode of transportation (e.g. automobile or commercial air service) must be appropriate to the nature of the business-related travel and should take into account factors such as distance, duration, timeliness of travel, weather considerations, etc.

g. Other Expenditures

Tulane-Loyola FCU will continue to scrutinize all expenditures in keeping with its commitment to providing maximum value to its member owners. In the event that other significant expenditures not covered specifically by this policy arise, senior management shall make a determination regarding the action that is most appropriate under the circumstances, including, if necessary, consultation with the Board of Directors of the Credit Union.

4. Prohibited Expenditures

a. Aviation Services and Travel:

Tulane-Loyola FCU will not reimburse for first or business class travel. Private air services are not allowed under any circumstances. Also, Tulane-Loyola FCU will not reimburse employees or directors for aviation or other travel-related expenses associated with any spouse or guest that may accompany them on a business trip. This would include travel, food, and lodging.

b. Office and Facility Renovations:

Expenditures for office furnishings, remodeling, or redecoration for any senior executive officer (SEO) as deemed in the EESA (the aggregate cost of which exceeds \$25,000) is prohibited. This prohibition does not extend to a corporate relocation or remodeling impacting a majority of the corporate offices or a newly-constructed branch, branch renovation, or branch relocation.

c. Expenditures Requiring Prior Approval and Approval Procedures

All expenses not included in the annual budget approved by the Board must be approved in advance by the CEO, and if they exceed \$1,000, by the Board of Directors. In addition, all unbudgeted expenditures for office renovations and aviation services must be approved in advance.

The employee or director seeking approval for any expenditure covered by this policy and not specifically prohibited must request approval in writing explaining the justification and business purpose for the proposed expenditure. The written request for approval should be submitted with as much lead time as is reasonably possible, and in any event no less than five business days for matters that must be submitted to the Board. For any matter that must be submitted to the Board, the CEO will be responsible for submitting the request to the Chairman of the Board.

5. Administration and Certifications

The CEO is responsible for the day-to-day administration of this policy and is accountable for overall adherence to this policy and must approve any exceptions. Strict adherence to this policy is mandated for all Tulane-Loyola FCU employees.

Within 90 days of the completion of each fiscal year, the CEO and Treasurer of the Tulane-Loyola FCU shall certify that the Tulane-Loyola FCU and its employees have complied with this policy during the fiscal year or since the date of enactment of this policy and that any expenses requiring approval were properly approved.

6. Violations

Any employee, officer or director who becomes aware of, or has reasonable grounds to suspect, a violation of this policy must promptly report such violation to the CEO (or, for violations involving such officer, to the Treasurer). All appropriate steps will be taken to protect the anonymity of anyone reporting a violation, and retaliation against those reporting violations will not be tolerated.