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	<b>EXCESSIVE OR LUXURY EXPENDITURES POLICY</b>	Date: January 2013
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It is the policy of Community First Guam FCU (the "Company") to adhere to the following principles and practices related to excessive or luxury expenditures. It is the policy of Company that excessive or luxury expenditures, defined as expenditures that are not reasonable expenditures for staff development, performance incentives or other activities conducted in the normal course of Company's business, shall be prohibited.

All expenditures by the Company must have a legitimate business purpose, follow a defined approval process, and be reasonable in nature and amount as determined by management or the board of directors as required herein.

In the normal course of business, the Company provides expense reimbursement to employees for business related expenses in reasonable amounts. To be reimbursed for such legitimate business expenses, the employee must provide an expense report with proper documentation requirements, and certification that the expense was business related and that it is in compliance with this policy.


This Excessive or Luxury Expenditures Policy is intended to strengthen and supplement existing policy and procedures and ensure compliance with United States Department of the Treasury standards regarding excessive or luxury expenditures.

#### **I. Entertainment and Events.**

Legitimate expenditures for entertainment and events may include, but are not limited to, the following:

- Board and Management educational or business related trips, conferences and meetings.
- Annual shareholders meetings.
- Board of directors meetings, both on and offsite.
- Management or employee meetings called by appropriate Company personnel for legitimate business purposes.
- Conferences, schools, or other professional development activities.
- Training and staff development meetings to improve participants' skills and/or their familiarity with the Company's products or services, procedures and policies, and corporate values.
- Employee recognition programs to motivate and reward employees for achievement and/or productivity.
- Member or potential member meetings or Company sponsored events to offer the Company's products or services, obtain feedback, show appreciation to customers or for other legitimate business purposes.
- Company sponsored events, typically within local markets, that advance charitable or civic purposes where the Company can enhance its public image while supporting the local community and fulfilling its obligation for good corporate citizenship.

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- Employee meetings as a result of Company mergers and/or acquisitions. All such expenditures must be for legitimate business purposes and reasonable in nature and amount.
- Holiday parties are part of an employee appreciation process. Holiday parties are to be held locally and will be budgeted and approved by the Board of Directors.
- Board retreats are used for educational purposes, and kept in consideration, and looked at in the same view and discretion as all other expenses. Board education is a vital part of maintaining, and keeping a dynamic director base, and this policy should not limit a retreat that is focused on strategic planning or education.

The CEO and CFO shall be responsible for implementing adequate controls to assure that all entertainment and/or event expenses paid by the Company are for legitimate business purposes, are reasonable in nature and amount and are not excessive. All entertainment and/or event expenses shall be properly documented. The more substantial the expenditure, the more thorough the documentation required.

Any entertainment and/or event expense that does not serve a legitimate business purpose or is not reasonable in nature and amount shall not be approved under any circumstance.

## II. Office and Facility Renovation.

Renovations of facilities and office spaces are to be consistent with the approved current five year strategic plan, and tracked within a annual approved budget of the Company. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for member use.

At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a member perspective.

## III. Aviation or Other Transportation Services.

When traveling on Company business, air travel reservations should be made so as to secure the best available fare consistent with the reasonable time of travel and convenience requirements for the trip.

- All air travel, unless otherwise authorized by written policy, must be coach class.
- Chartered flights in lieu of a commercial flight are not allowed.
- When needed for Company business, Company personnel may, but are not required to, rent a vehicle if it is a more reasonable mode of transportation given the nature of travel than other available modes of transportation such as

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taxis, limousines and airport/hotel shuttles or when travel requirements necessitate having the flexibility of a rental car. Whenever multiple employees are traveling together, every effort to ride share or carpool should be made.

- Company executive officers may not contract for a chauffeured limousine.

**IV. Other Activities or Events.**

Other similar items, activities or events for which the Company may incur expenses, or reimburse an employee for incurring expenses, which are not specifically addressed elsewhere in this policy (e.g. performance incentives) shall be for legitimate business purposes and reasonable in nature and amount.

All meetings or events attended by senior executives (as defined by applicable Treasury Department guidelines) and/or board members shall be devoted to specific business purposes and well-documented. Participating senior executives and board members shall be responsible for any expenses incurred for non-business related activities, and shall promptly reimburse Company for any such expenses if paid by Company.

**V. Required Reporting**

The process for approving and reporting expenditures covered by this policy, as well as the actual amount of expenditures incurred, may be subject to audit by the Company's internal audit staff to confirm policy compliance. Any violations or departures from policy requirements shall be promptly reported to the CEO or COO, unless such violations or departures relate to the CEO or COO. Violations or departures from this policy by the CEO or COO should be promptly reported to the board of directors through either the CFO or any member of the Supervisory Committee.

**VI. Certification:**

The CEO and CFO shall certify, at least annually, that the approval of any expenditure under this policy requiring the prior approval of any senior executive officer, or the Company's Board of Directors was properly obtained with respect to each such expenditure.

All Directors and Officers shall certify their understanding of and compliance with this Policy on the form attached as Appendix A. This Policy, and any subsequent amendments, shall be posted on the Company's website and provided to the U. S. Department of Treasury and National Credit Union Administration.

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**APPENDIX A**

**EXCESSIVE OR LUXURY EXPENDITURE POLICY  
ANNUAL DIRECTOR, AND OFFICER CERTIFICATION**

This is to certify that I have read, understand and agree to comply with the Community First Guam FCU's Excessive or Luxury Expenditures Policy.

\_\_\_\_\_

Print Name

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

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