

# HERITAGE CREDIT UNION

## RULES

### **RULE #1 - MEMBERSHIP**

- 1.1 Every application for membership shall be in writing and be accompanied by payment in full of the purchase price of the number of Class A Equity Shares required to be held by the member on the date of application for membership, together with an entrance fee which may be implemented at the discretion of the Directors.
- 1.2 A member in good standing is a member, including a junior member, who at the date on which good standing is determined:
- a) subject to these rules, has purchased, paid for and holds the number of Class A Equity Shares required by the Directors;
  - b) is not in default under any obligation to the Credit Union and for this purpose a member is in default if he has failed to pay:
    - i) a demand debt within five days after a demand for payment;
    - ii) a debt for which he is liable as covenantor, guarantor or indemnitor, after demand for payment, or
    - iii) any other debt on its due date; and
  - c) has paid an annual membership fee which may be implemented at the discretion of the Directors.
- 1.3 A member may withdraw from membership and membership may be terminated, in accordance with the Credit Union Act as amended from time to time (herein referred to as the "Act").

### **RULE #2 – SHARES AND DEPOSITS**

- 2.1 A statutory declaration of a Director or Officer of the Credit Union that a lien of the Credit Union has been exercised or a share forfeited and stating the date of the exercise or forfeiture shall be conclusive evidence of the facts therein stated.
- 2.2 The Directors may determine the forms by which a person may withdraw monies on deposit or request redemption of shares.

- 2.3 The shares of the credit union shall be divided into the following classes of shares, each consisting of an unlimited number of shares: Class “A” Membership Equity Shares; Class “B” Transaction Equity Shares; Class “C” Voluntary Equity Shares.
- 2.4 All shares shall have a par value of One Dollar (\$1.00) each.
- 2.5 All shares issued and outstanding on the date this Rule comes into effect shall be deemed to be Class “A” Equity Shares.
- 2.6 Subject to the Credit Union Incorporation Act and these Rules, the credit union may, by resolution of the directors, redeem or purchase any of its shares.
- 2.7 If the credit union proposes, at its option, to redeem some but not all of the shares of any class, the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.
- 2.8 Monies invested in equity shares and dividends thereon shall not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.
- 2.9 Class “A” Membership Equity Shares have attached thereto the following rights and restrictions:
- (a) ownership, assignment, transfer and issue of Class “A” Membership Equity Shares is limited as set out in the Credit Union Incorporation Act.
  - (b) subject to the Credit Union Incorporation Act, the credit union may redeem the Class “A” Membership Equity Shares held by a member if:
    - (i) the member is a natural person and dies, subject to Rule 2.20 and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the Credit Union Incorporation Act and these Rules;
    - (ii) the member is an incorporated company and is dissolved or wound up;
    - (iii) the credit union terminates the membership of the member;
    - (iv) the member withdraws from membership in the credit union.
    - (v) the member is a partnership which dissolves;

- (vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created;
  - (vii) a junior member, within 30 days after his majority was attained; or
  - (viii) such other conditions as the Directors in their discretion resolve.
- (c) Subject to the Credit Union Incorporation Act, the credit union may redeem the Class “A” Membership Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.
- (d) Notwithstanding the foregoing but subject to the Credit Union Incorporation Act, the amount of Class “A” Membership Equity Shares that the credit union may be required to redeem in any financial year is limited to 10% of the amount of such shares issued and outstanding on the last day of the immediately preceding financial year.
- (e) Any redemption or purchase of Class “A” Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.10 Class “B” Transaction Equity Shares have attached thereto the following rights and restrictions:

- (a) Class “B” Transaction Equity Shares may only be issued to a member of the credit union.
- (b) Subject to the Credit Union Incorporation Act, the credit union may redeem the Class “B” Transaction Equity Shares held by a member if:
  - (i) the member is an individual and dies, subject to Rule 2.20;
  - (ii) the member is an incorporated company and is dissolved or wound up;
  - (iii) the member is a partnership which dissolves;
  - (iv) the member, in any other case ceases to be a legal entity according to the Statute by or pursuant to which it was created, or
  - (v) the member requests, in writing, that the Class “B” Transaction Equity Shares be redeemed.
- (c) The credit union may redeem any Class “B” Transaction Equity Shares held by a member on such terms and conditions and at such times as the directors, in their

discretion, resolve.

- (d) Notwithstanding the foregoing, but subject to the Credit Union Incorporation Act, the amount of Class “B” Transaction Equity Shares that the credit union may be required to redeem in any financial year is limited to 25% of the total amounts of such shares issued and outstanding on the last day of the immediately preceding financial year.
- (e) Any redemption or purchase of Class “B” Transaction Equity Shares shall be at par value plus any dividend declared but unpaid thereon.

2.11 Class “C” Voluntary Equity Shares have attached thereto the following rights and restrictions:

- (a) Except with the consent of the directors, Class “C” Voluntary Equity Shares may only be held or beneficially owned by a member of the credit union or by one or more persons jointly with a member of the credit union.
- (b) The credit union may redeem any Class “C” Voluntary Equity Shares on such terms and conditions and at such times as the directors, in their discretion, resolve;
- (c) Any redemption or purchase of Class “C” Voluntary Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.12 The credit union may require evidence as to the events described in Rule 2.9 or Rule 2.10 before redeeming equity shares.

2.13 Each member of the credit union shall subscribe, fully pay for, and hold the following number of Class “A” Membership Equity Shares:

- (a) except as provided below, each member - - - Twenty-five (25) shares;
- (b) each junior member - - - Five (5) shares;
- \* (c) if shares are jointly held - - - Twenty-five (25) shares per member;

2.14 The directors may, by resolution, determine that the number of Class “A” Membership Equity Shares required to be owned by a member shall be increased, **PROVIDED THAT:**

- (a) the directors may not determine that the total number of Class “A” Membership Equity Shares required to be owned by a member shall exceed - - - One Hundred (100) - - - Class “A” Membership Equity Shares;

- (b) On any one occasion, the directors may not determine to increase the number of Class “A” Membership Equity Shares required to be owned by more than - - - Twenty-five (25) - - - Class “A” Membership Equity Shares;
  - (c) A determination by the directors pursuant to this Rule may be made no more frequently than once per financial year;
  - (d) A subsequent determination by the directors shall not be made to have effect within six (6) months of the last such determination;
  - \*(e) Subject to Rule 2.19, a determination by the directors pursuant to this Rule shall not be effective until the expiration of not less than ninety (90) days after notice of a determination is deemed to have been received by the members.
- 2.15 If, on the expiration of not less than 30 days after the deemed receipt of the notice described in Rule 2.14 a member does not hold the required number of Class “A” Membership Equity Shares, the credit union may apply any money on deposit and interest thereon or invested in Class “B” Transaction Equity Shares, and Class “C” Voluntary Equity Shares and dividends credited thereon in the name of the member to the purchase of sufficient Class “A” Membership Equity Shares in the name of the member so that the member shall hold the number of Class “A” Membership Equity Shares required by Rule 2.13 or Rule 2.14.
- 2.16 If, on the expiration of the period of notice described in Rule 2.14 a member does not hold the required number of Class “A” Membership Equity Shares and the member has insufficient monies on deposit or invested in Class “B” Transaction Equity Shares or Class “C” Voluntary Equity Shares to permit the purchase of sufficient Class “A” Membership Equity Shares pursuant to Rule 2.15, the directors may terminate that member’s membership unless that membership shall terminate in accordance with the Credit Union Incorporation Act.
- 2.17 Without precluding any other method of giving notice, a notice under Rule 2.14 sent by post, addressed to the member at the Member’s address shown on the register of members shall be deemed to have been received on the 4<sup>th</sup> day, Saturdays and holidays excepted, following the date of mailing.
- 2.18 (a) A junior member becomes a member with full membership rights and obligations on attaining the age of majority, provided that such member then holds the number of Class “A” Membership Equity Shares required to be held by a member of the age of majority.

- (b) If, on the 30<sup>th</sup> day following the day on which a junior member attains the full age of majority, that member does not own the number of shares referred to in Rule 2.18(a) then Rules 2.15 and 2.16 shall apply, except that no notice shall be given.
- 2.19 A person who becomes a member of the credit union at any time after notice is given under Rule 2.14 shall, as a condition of membership, subscribe and fully pay for the number of Class “A” Membership Equity Shares required to be held by a member.
- 2.20
  - (a) Equity shares may be held jointly, but nothing in this Rule diminishes the number of Class “A” Membership Equity Shares that a member must hold.
  - (b) All jointly held equity shares carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription and signed by all parties jointly holding the shares.
  - (c) The credit union shall not be required to redeem any equity share that is jointly held, until the death of the last joint owner.
- 2.21 Where required by applicable legislation, the credit union shall issue share certificates for equity shares, each of which shall state on it’s face the words “NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION”.
- 2.22 Every share certificate issued by the credit union shall be in such form as the directors approve and shall comply with the Credit Union Incorporation Act and the Company Act.
- 2.23 If any share certificate is worn out or defaced, then, on production of the certificate to the credit union, the certificate may be cancelled and a new certificate issued in place of that certificate; and if any share certificate is lost or destroyed, then, on proof of the loss or destruction to the satisfaction of the directors, on paying to the credit union a fee not exceeding that prescribed under the Company Act, and on giving such indemnity as the directors deem adequate, a new certificate in place of the lost or destroyed certificate shall be issued to the party entitled to it.
- 2.24 A share certificate registered in the names of two or more persons shall be delivered to the person first named on the register of members.
- 2.25 No equity shares shall be transferred without the previous consent of the directors expressed by a resolution of the directors, and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer.
- 2.26 No transfer or assignment of equity shares is effective until the register of member of the credit union is completed, indicating the transfer or assignment.

- 2.27 No transfer of equity shares shall be registered unless a proper instrument of transfer has been delivered to the credit union, but an instrument of transfer is not required for the credit union to register a transmission of shares in compliance with the Credit Union Incorporation Act and the Company Act.
- 2.28 Subject to the Credit Union Incorporation Act, the Company Act, its constitution, and these Rules, the credit union shall, on application of the transferor or transferee of an equity share, enter the name of the transferee on its register of members.
- 2.29 The instrument of transfer of any equity share shall be in writing in a form, if any, on the back of the credit union's share certificates or any other form that the directors approve.
- 2.30 If the directors so require, each instrument of transfer shall be in respect of only one class of shares.
- 2.31 Every instrument of transfer shall be executed by the transferor and left at the registered office of the credit union for registration, together with the share certificate, if any, for the shares to be transferred and such other evidence, if any, as the directors may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer which are registered shall be retained by the credit union but any instrument of transfer that the directors decline to register shall be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration.
- 2.32 The signature of the registered owner of any equity share or his duly authorized attorney on the form of transfer constitutes an authority to the credit union to register the shares specified in the form of transfer in the name of the person named in that form as transferee.
- 2.33 Neither the credit union nor any director, officer or agent is bound to enquiry into the title of the transferee of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.
- 2.34 Subject to the Rules and the Credit Union Incorporation Act, a person who becomes entitled to an equity share as a result of a death or bankruptcy on any member or auxiliary member, on producing the evidence required by the Company Act, or who becomes entitled to a share as a result of an order of the court of competent jurisdiction or a statute, on producing such evidence as the directors think sufficient that he is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the Credit Union Incorporation Act to hold such a share.
- \*2.35 (a) A member may subscribe for a maximum of Five Thousand (5,000) Class "A" Membership Equity Shares;

- (b) A member may subscribe for a maximum Five Thousand (5,000) Class “B” Transaction Equity Shares.
  - (c) A member may subscribe for a maximum of Five Thousand (5,000) Class “C” Voluntary Equity Shares, or such larger number not exceeding Twenty-Five Thousand (25,000) as the directors may from time to time prescribe by resolution.
- 2.36 (a) Dividends, patronage refunds, or bonuses declared, if any, at the discretion of the directors may be paid as an allocation of Class “A” Membership Equity Shares, Class “B” Transaction Equity Shares, or Class “C” Voluntary Equity Shares.
- (b) Dividends declared, if any, may at the discretion of the directors, be at a different rate for different classes of shares. The directors may declare a different rate of patronage refund, if any, on different types of deposits, different type of loans, and the use of different types of services of the credit union.
- 2.37 Subject to the Credit Union Incorporation Act, Financial Institutions Act and the Company Act, the directors may develop and offer such participation programs as they deem in the best interests of the credit union.
- 2.38 Class “A” Membership Equity Shares, Class “B” Transaction Equity Shares and Class “C” Voluntary Equity Shares shall be recorded in the member’s name and a statement of each member’s shareholdings shall be prepared at least annually.

### **RULE #3 – BORROWING AND LENDING**

- 3.1 Subject to the Act, the Directors of the Credit Union may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, terms of repayment and security as they determine by resolution.
- 3.2 Subject to the Act, the Directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment, security and notwithstanding Rules 1 and 2, the minimum number of shares that a borrower must own.
- 3.3 The Directors may, by resolution, delegate the power to make loans and to make the determinations set out in Rule 3.2.
4. Directors and Management
- 4.1 The number of directors at the Credit Union shall be nine, but if that number is reduced by death, resignation, disqualification or removal from office or by failure to elect or appoint a director pursuant to these Rules, the remaining Directors [, save as provided by any other provision in these Rules,] shall have all the powers of the Directors, until the vacancy or vacancies caused thereby have been filled by appointment or election.



- 4.2 Each year, directors shall be elected to replace those whose terms expire and a director whose term expires is eligible for reelection.
- 4.3 Except where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for three (3) years.
- 4.4 Where any offices of directors being filled at any election are for different lengths of terms, the term of each person shall be determined in proportion to the number of votes the candidate or nominee receives, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are two (2) or more persons having equal number of votes;
- or, if there is an election by acclamation, the terms shall be determined by lot.
- 4.5 A member in good standing, other than a person disqualified by rule 4.6, shall be eligible for election as a director.
- 4.6 No person who:
- a) is a person disqualified from becoming or acting as a director pursuant to the Company Act, the Financial Institutions Act or the Credit Union Incorporation Act;
  - b) is or becomes a paid employee of the Credit Union or an affiliate of the Credit Union or the parent, spouse, child, or step-child, of a paid employee of the Credit Union or an affiliate of the Credit Union;
  - c) was an employee of a Credit Union or an affiliate of a Credit Union during the one-year period prior to the date that nominations for the office of director under these rules closed;
  - d) is an employee, officer or director of a bank, trust company, loan company, savings and loan association, deposit taking institution, lending institution or another Credit Union (other than a director of a Central Credit Union) or a subsidiary of any of them except where that person has been requested or authorized in writing by the directors to serve as a director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution, other Credit Union or a subsidiary of any of them;
  - e) has not been a member in good standing of the Credit Union for twelve(12) consecutive months; or

- f) being a director, has failed, without being excused, to attend regular meetings of the directors for three consecutive months in which meetings are held;

is eligible to hold office as a director and, if holding office as a director, shall vacate office forthwith.

- 4.7 Before commencing duties, a director shall complete and submit to the Superintendent the personal information return in form prescribed by the Financial Institutions Act, disclosing the prescribed information.
- 4.8 At least one hundred twenty (120) days before an annual general meeting, the directors shall appoint a nominating committee of not less than three (3) members, who shall be natural persons and not junior members and who may, but need not, be directors, provided however, that no director whose term of office is expiring at the annual general meeting next following the appointment of the committee may serve as a member of the committee.
- 4.9 At least ninety (90) days before an annual general meeting, the nominating committee shall:
  - a) notify all members of the Credit Union that an election of directors is to take place, specifying the number of positions which are to be filled;
  - b) advise all members that, for purpose of being eligible to vote in an election, a person must be a member, other than a junior member, in good standing thirty (30) days prior to the date on which balloting is to commence; and
  - c) invite the submission to it, in writing, for consideration, the names of proposed candidates, prior to the date on which nominations shall close which shall be specified in the notice, and which date shall not be less than thirty (30) days from the date of the notice.
- 4.10 No member, unless he or she is a member of the nominating committee, may nominate more than one (1) candidate in respect of an election of a director or directors.
- 4.11 Only a member in good standing who is not a junior member is eligible to cast a ballot in an election of a director or directors.
- 4.12 A member of a Credit Union who is not an individual may vote in an election of directors by an individual who:
  - a) is not a member, and

- b) by written authorization deposited with the Credit Union at least ten (10) days before the election, is authorized to vote on behalf of that member.
- 4.13 Before the name of a person is placed in nomination as a candidate for election as a director, that person shall deliver to the nominating committee a declaration, in writing stating that the member is willing
- a) to stand for election, and if elected, to serve as a director;
  - b) to observe the provisions of the Credit Union Incorporation Act, the Financial Institutions Act, and the Company Act, as applicable;
  - c) to comply with the directors' conflict of interest guidelines adopted by the directors, from time to time; and
  - d) to observe the Rules of the Credit Union and procedures relating to the election and the conduct thereof.
- 4.14 The nominating committee shall examine each nomination received and determine whether the nomination complies with the Financial Institutions Act and these Rules, and shall accept each nomination of a member qualified to be a candidate whose nomination is in order and reject each nomination which is not in order or that does not comply and notify each nominee accordingly and forthwith after the date on which the nominations close:
- a) place in nomination the name of qualified candidates at least equal to the number of vacancies to be filled in the election;
  - b) place in nomination the names of other candidates nominated in writing by at least three (3) members in good standing and of the age of majority;
  - c) inform each candidate of the provisions of these Rules with respect to the conduct of the election and provide to each candidate a copy of the Rules of the Credit Union and any determinations of the directors relating to elections and the conduct thereof;
  - d) request that each candidate meet with the nominating committee for the purpose of an interview, within fourteen (14) days of the close of nominations; and/or
  - e) request that each candidate complete the personal information return required to be submitted to the Superintendent pursuant to the Financial Institutions Act.

- 4.15 If the number of qualified persons nominated for the offices for which the election is to be held is less than or equal to the number of offices to be filled, the persons so nominated shall be declared by the nominating committee to be elected by acclamation.
- 4.16 Regardless of whether an election is to be held, the Nominating Committee shall notify at least ninety (90) days before the Annual General Meeting, all Members of the Credit Union entitled to vote:
- a) that each member of the Credit Union eligible to vote is entitled to submit an application, not less than thirty (30) days before the election begins, for a ballot which may be cast by mail in accordance with practices for voting by mail as will be established in the first instance by the Nominating Committee and approved by the Board of Directors and thereafter reviewed and amended by the Nominating Committee and approved by the Board of Directors annually, or
  - b) that each Member of the Credit Union eligible to vote is entitled to submit an application, not less than thirty (30) days before the election begins, to vote electronically in accordance with practices for voting electronically as will be established in the first instance by the Nominating Committee and approved by the Board of Directors and thereafter reviewed and amended by the Nominating Committee and approved by the Board of Directors annually, or
  - c) advice of the date (or dates) and time(s) during which voting in the election shall take place;
  - d) advice of the place or places at which polling in the election shall take place;
  - e) a list of conditions under which members will be eligible to vote in the election.
- 4.17 Voting in an election of directors shall be in person on five (5) business days ending not less than ten (10) days before the annual general meeting at any branch office of the Credit Union.
- 4.18 The directors may appoint a returning officer.
- 4.19 A returning officer appointed under Rule 4.18 may, but need not, be a member of the Credit Union but the returning officer shall not be an employee of the Credit Union.
- 4.20 Where a returning officer is appointed, he/she shall be appointed at least sixty (60) days prior to the date on which voting in an election is to commence.

- 4.21 The nominating committee and, where applicable, the returning officer may engage such other resource persons as the directors and the nominating committee or returning officer agree are required to conduct the election in a proper manner.
- 4.22 The returning officer(s) shall supervise the election of directors and:
- (a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration that the member has not previously cast a ballot in the election then in progress;
  - (b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be in a manner that ensures the secrecy of the balloting;
  - (c) shall determine whether a ballot is to be accepted or rejected and such determination is final and not open to review; and
  - (d) shall announce at the annual general meeting next following the completion of voting, the results of the election including the total number of ballots cast and the number of spoiled ballots.
- 4.23 A listing of the candidates and the number of votes received by each candidate shall be available to be viewed by members on request in each office of the Credit Union as soon as the results of the ballot have been announced.
- 4.24 Subject to the Financial Institutions Act and these rules, a person elected as a director shall take office at the close of the annual general meeting next following his election, or if the election results with respect to the election of that person are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined provided that, for the purpose of determining that person's length of term, he shall be deemed to have taken office at the close of the annual general meeting.
- 4.25 No candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the Credit Union.
- 4.26 A candidate may submit a photograph of themselves, a resume and a statement not exceeding two hundred and fifty (250) words, setting forth the candidate's biographical information, occupation, Credit Union affiliation, experience and qualifications, which statement shall be reviewed by the nominating committee and may be rejected by the committee if the committee considers it to be lacking in good taste, defamatory, injurious to the reputation of the Credit Union, or if it exceeds two hundred and fifty (250) words.

- 4.27 Where a casual vacancy occurs among the directors, or for any reason, the office of director is not filled in an election the remaining directors may appoint a qualified person to fill the vacancy. Any person so appointed shall hold office until the close of the next annual general meeting.
- 4.28 Where the number of directors of the Credit Union is reduced below the number fixed by, or pursuant to, Rule 4.35 as the quorum for directors, the continuing directors may act for the purpose of filling vacancies up to that number, or of summoning a general meeting of the Credit Union, but for no other purpose.
- 4.29 The directors shall meet within thirty (30) days after each annual general meeting and shall elect from their own numbers a chairperson and vice-chairperson and may elect such additional officer as they consider necessary.
- 4.30 The directors shall meet at least ten (10) times in each year and not less frequently than once in each quarter.
- 4.31 The chairperson may call a meeting of the directors at any time and shall, within fourteen (14) days of receipt of a written request of three (3) directors, call a meeting of the directors.
- 4.32 Reasonable notice of a meeting of directors specifying the place, day, and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at their address as it appears on the books of the Credit Union or by telephone, telegram, telex, or any other method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of directors to any director:
- (a) who is at the time not in the Province of British Columbia; or
  - (b) if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is meeting of directors at which such director is appointed.
- Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any director shall not invalidate the proceedings of that meeting.
- 4.33 A director may waive, in writing, notice of any past or present meeting of the directors.
- 4.34 A majority of the director shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

- 4.35 A director, who is interested, directly or indirectly, in a proposed contract or transaction with the Credit Union may be counted for the purpose of the quorum required by Rule 4.35.
- 4.36 The directors shall appoint or authorize the appointment of such employees as may be required for the proper operation of the Credit Union.
- 4.37 In the absence of the Chairperson or the inability of the Chairperson, for any cause to act, or in case the office of the Chairperson becomes vacant, the Vice-Chairperson shall discharge the duties of the Chairperson.
- 4.38 Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors may adopt rules of order governing their conduct but, where no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.
- 4.39 A director or a committee member may participate in a meeting of the directors or any committee of the directors by means of conference telephones or other communications facilities by means of which all directors or committee members participating in the meeting can hear each other, provided that all such directors or committee members agree to such participation. A director or committee member participating in accordance with this Rule (4.40) shall be deemed to be present at the meeting and to have so agreed and shall be counted in a quorum therefore and be entitled to speak and vote in that meeting.
- 4.40 A resolution, whether or not in counterpart, consented to in writing by all directors or all members of a committee and filed with the minutes of the directors or the committee shall be as valid and effectual as if it had been passed at a meeting of the directors or of the committee, duly called and constituted.
- 4.41 The directors shall annually appoint or elect a minimum of three (3) as the Audit Committee.
- 4.42 The directors shall annually appoint or elect a minimum of three (3) as the Investment and Loan Committee.
- 4.43 The directors shall annually elect a minimum of three (3) of their numbers as the Conduct Review Committee.
- 4.44 Subject to the Credit Union Incorporation Act, the Financial Institutions Act and the Company Act, the directors may delegate any of their powers to committees consisting of such persons as the directors think fit, and to such officer or officers as the directors think fit, and may from time to time revoke such delegation.

- 4.45 Any committee formed under Rule 4.45 shall, in the exercise of the powers so delegated, conform to any terms and conditions that may from time to time be imposed upon it by the directors.
- 4.46 The meetings and proceedings of any committee consisting of two (2) or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulation made by the directors under Rule 4.46.
- 4.47 Every committee shall report to the next succeeding meeting of the directors all business dealt with by the committee since the last preceding meeting of the directors.
- 4.48 Subject to the limitations contained in the Financial Institutions Act, the Credit Union shall indemnify:
- (a) each director and officer of the Credit Union;
  - (b) each former director and officer of the Credit Union, and
  - (c) each person who acts or has acted at the request of the Credit Union as a director or officer of a corporation of which the Credit Union is or was a member or creditor;

against all costs, charges and expenses, including an amount paid to settle any action or satisfy any action or satisfy any judgement, reasonably incurred by the director or officer or person for any civil, criminal or administrative action or proceeding to which the director or officer of the Credit Union or corporation, if the director or officer of the Credit Union or corporation acted honestly and in good faith with a view to the best interests of the Credit Union and, in the case of criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer of the Credit Union or corporation had reasonable grounds for believing that the conduct of the director or officer was lawful.

5. General Meetings

- 5.1 The annual general meeting of the credit union shall be held on a date to be fixed by the Board of Directors and shall be convened and held in accordance with the provisions of the Act.
- 5.2 Other general meetings may be convened and held in accordance with the provisions of the Act.



- 5.3 Subject to the Act, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, Robert's Rules of Order (Revised) shall be used.
- 5.4 At a general meeting of the credit union one-quarter of the members or 25 members, whichever is the lesser, shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 5.5 So far as practical the order of business at an annual general meeting shall be:
  - A. Approval of Minutes
  - B. Business arising out of Minutes
  - C. Report of the Directors
  - D. Report of the General Manager
  - E. Report of the Auditor
  - F. Approval of Financial Statements
  - G. Report of other Committees
  - H. Appointment of Auditor
  - I. Unfinished Business
  - J. New Business
  - K. Elections
  - L. Good and Welfare
  - M. Adjourn
6. Seal
  - 6.1 The credit union shall have a corporate seal.
  - 6.2 The directors shall provide for the safe custody of the common seal at the registered office of the credit union or such other place as the directors shall determine it shall be kept for safekeeping.
7. Alteration
  - 7.1 Subject to the Act, the credit union may alter these rules by special resolution from time to time.
8. Special Resolutions
  - 8.1 Voting on a special resolution will occur by whichever method or methods the Directors determine, which may include voting in person at a general meeting, voting by mail ballot, voting by ballot at a branch office, voting by electronic means, or any combination thereof.

- 8.2 On any special resolution to be voted on, the Directors shall, at least eighteen (18) days prior to the date set for close of voting on the special resolution, provide to all members entitled to vote a notice setting forth:
- (a) such required or permitted information as the Directors deem necessary or advisable in connection with the special resolution;
  - (b) notice of when voting will take place;
  - (c) clear and precise instructions for voting; and
  - (d) notice of how a member may access or obtain a ballot.
- 8.3 Every member desiring to vote on a special resolution shall:
- (a) provide such proof and particulars of membership as the Directors or the returning officer, if any, may prescribe; and
  - (b) provide a declaration, in the form prescribed by the Directors, that the member is a member in good standing and has not previously voted on the special resolution.
- 8.4 The provisions of these rules and of the Credit Union Incorporation Act relating to notice of and voting on special resolutions shall apply, with the necessary changes and so far as are applicable, to separate resolutions of the holders of the Class “B” Transaction Equity Shares.