

Credit Union Rules

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1. Membership

- 1.1 Every application for membership shall be in writing and be accompanied with payment in full of the purchase price of the number of Class A shares required by these rules together with an entrance fee as determined from time to time by the directors.
- 1.2 (a) Notwithstanding Rule 1.1, an application for membership need not be accompanied by payment for the purchase price of any shares of the credit union where the applicant is already a holder of the required number of shares.

(b) In the case of a joint membership, each joint shareholder must hold the minimum number of shares required in order to become a voting member, otherwise the first shareholder named on the membership application is the voting member.
- 1.3 A member may withdraw from membership, and membership of any person may be terminated, in accordance with these rules and the *Credit Union Incorporation Act* (hereinafter referred to as the "Act").

2. Shares and Deposits

- 2.1 The capital of the credit union shall be divided into three classes of shares, each having the respective rights and restrictions set forth in these rules, and being designated as:
 - (a) Class A shares or "membership shares", which are Equity Shares (mandatory), and
 - (b) Class B shares or "Investment shares", which are Equity Shares (voluntary), and
 - (c) Class C shares or "Share Savings", which are Non-Equity Shares.
- 2.2 (a) Equity shares have the special rights and restrictions provided in the Act and these Rules. Money invested in Equity Shares is not guaranteed by the Credit Union Deposit Insurance Corporation under the Act.

- (b) Class A shares shall not be issued until they have been fully paid up at not less than par value.
- 2.3 (a) Subject to the Act and Rules 2.4 and 2.5, Equity Shares may only be subscribed for, purchased by, or transferred or assigned to the credit union or a member thereof, at par value, and in the case of redemption, par value plus any dividends declared but unpaid on them.
- (b) All classes of shares have a par value of \$1.00
- 2.4 Equity Shares are not transferable or assignable without the resolution of the directors, obtained in advance, and no transfer or assignment of shares is effective until the record of share holdings maintained by the credit union is completed indicating the transfer or assignment.
- 2.5 (a) Subject to the Act and notwithstanding Rule 2.3(a) Equity Shares may be redeemed or purchased by the credit union at the discretion of the directors or upon the application of the member owning such shares on such terms and conditions as the directors may from time to time determine.
- (b) Without limitation, the directors may, subject to the Act:
 - (1) determine:
 - (i) the maximum number of applications; and
 - (ii) the minimum and maximum amount of each application, in each case, which a member may make in any year; and
 - (iii) the maximum aggregate amount of redemption and repurchase by the credit union within any financial year of the credit union and;
 - (iv) the period of time within any financial year of the credit union during which any such application may be made; and
 - (2) generally or specifically, waive or alter determinations and make different determinations from time to time in respect of any such applications by a member or the legal and personal representatives of a deceased member.
- 2.6 (a) Equity Shares may be held jointly.
- (b) All jointly held Equity Shares shall 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.
- 2.7 (a) Each member of the credit union shall subscribe for, purchase and fully pay for the number of Class A Equity Shares as established herein:
 - (i) each adult member 5 shares;
 - (ii) each incorporated company 5 shares;
 - (iii) each partnership 5 shares;
 - (iv) each member in a joint purchase as contemplated in Rule 1.2(b) 5 shares per member; and
 - (v) each association 5 shares.

- (b) Junior members shall subscribe for, purchase and fully pay for five (5) Equity Shares.
- 2.8 The directors may from time to time resolve that the minimum required number of Class A shares be increased, but such determination shall not exceed two times the number of shares required in Rule 2.7 to a maximum of 100.
- 2.9 The directors may from time to time establish:
 - (a) the minimum and the maximum number of Class A shares to which any member may subscribe;
 - (b) the minimum and the maximum number of Class B shares to which any member may voluntarily choose to subscribe; and
 - (c) the maximum aggregate number of Class B shares which may be available for subscription by the members at any given time.
- 2.10 Rules 2.7 and 2.8 shall come into force on a date stated in a notice sent to all members of the credit union. The date the rules come into force shall not be less than 90 days following the date on which the notice is deemed to have been received by members.
- 2.11 If, on the expiration of the period of notice required in these rules, the member has not paid for the required number of equity shares, the credit union may apply any money on deposit and interest thereon or invested in non-equity shares and dividends credited thereon in the name of the member to the purchase of sufficient equity shares in the name of the member so that the member shall own the number of equity shares required by these rules.
- 2.12 If there are insufficient funds to put into effect Rule 2.11, the directors may, by resolution, terminate the member's membership, in accordance with the Act.
- 2.13 The directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of Class B shares as required by the Act rules.
- 2.14 (a) Subject to the Act, the directors may issue Equity Share certificates which shall state on their face the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION".
 - (b) Notwithstanding Rule 2.14(a), the shares shall be recorded to the member's name and a statement of shareholdings shall be provided to each member regarding the member's shares, at least once in each fiscal year of the credit union, and in any event shall be provided within 13 months of the last statement.
- 2.15 (a) The directors may set record dates and terms and conditions for entitlement to dividends; and subject to the Act and these Rules, may declare:
 - (i) a dividend on one class of shares in preference to another class of shares; and
 - (ii) different rates of dividend for each class of shares.

- (b) Subject to the Act, all dividends and patronage refunds shall be paid by issuing additional Equity Shares unless otherwise determined by the directors.
- (c) Interest on deposits and dividends on shares, in the absence of an express contract or agreement, shall be paid or credited at times, intervals and in a manner determined by the directors.

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, term, repayment, and security as they determine by resolution.
- 3.2 Subject to the Act, if the directors, pursuant to Rule 3.1, issue debt securities related to equity shareholdings, regardless of the terms of the contract, the directors may redeem the obligation of the credit union to the member, if the member fails to maintain his required equity shareholdings in the credit union.
- 3.3 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 may require an additional number of equity shares be subscribed for and purchased by the member, in excess of the minimum holdings generally required by these rules from time to time.
- 3.4 At the full and timely retirement of the indebtedness by the member referred to in Rule 3.3 above, any additional shares held at the time of the redemption of indebtedness, in the excess of the minimum holdings generally required by these rules from time to time, shall be redeemed upon the member's request in writing, notwithstanding Rule 2.5 but subject to Rule 2.7, the Act, and the *Financial Institutions Act*.

4. Members Directors and Employees

- 4.1 Except where a vacancy occurs, the number of directors of the credit union shall be nine (9), with the directors having the authority to increase the number of directors to (12) if Rule 4.1(a) is invoked.
 - (a) If the credit union enters into a merger or an agreement to purchase all or substantially all of the assets of another credit union in accordance with the Act, the directors of the credit union may appoint as additional directors, for up to two terms of up to three years, persons who are directors of the transferring credit union at the effective date of the asset transfer agreement, but the total number of directors of the credit union following such appointments shall not exceed twelve (12).
- 4.2 Except as to the first election of directors where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for 3 years.
- 4.3 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 received, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are two or more persons having an equal number of votes their election or terms of office, as the case may be, shall be determined by lot.

- 4.4 Each year directors shall be elected to replace those retiring and a retiring director is eligible for re-election.
- 4.5 (a) Any person seeking nomination as a director of the credit union must be and have been a member in good standing since January 2nd of the year prior to the year of election.
- (b) "Member in good standing" means a member who has subscribed and purchased at least the minimum number of shares required by these rules, and who has established the use of core accounts of the Credit Union (chequing and/or savings account plus one other service), and whose loans, if any are current.
- (1) A Director may not be:
- (i) an employee, officer, or agent of the credit union or any bank or trust company; or
 - (ii) previously an employee of the Credit Union or any of its subsidiaries during the three year period immediately prior to the date that nominations for the office of director under these Rules closed.
 - (iii) an immediate relation of an employee, agent, officer, or Director of the credit union; or
 - (iv) a person disqualified from becoming a Director pursuant to the Act, the *British Columbia Business Corporations Act*, or the *Financial Institutions Act*.
 - (v) a person disqualified by Rule 4.15.
- (2) "Immediate relation" includes parent, child, spouse, or sibling.
- (3) The closing date for nominations for directorship shall be held on a date to be determined by the Board of Directors and the members shall be advised, in a manner determined by the Directors, of those persons nominated in advance of the election.
- 4.6 A notice of election or appointment of a person elected or appointed as a director shall be filed with the Superintendent of Financial institutions immediately after the election or appointment occurs, to be effective the date of filing of the notice.
- 4.7 The directors shall meet within 30 days after each annual general meeting and shall elect from their own members a Board Chair and a Board Vice-Chair and shall appoint a Secretary and may appoint such additional officers as they may deem necessary.
- 4.8 The Board of Directors shall meet at least ten times in each year and not less frequently than once in each quarter.
- 4.9 The Board Chair may call a meeting of the Board of Directors at any time and shall

within 14 days of receipt of written request of three directors call a meeting of the Board of Directors.

- 4.10 Two days notice shall be given of meetings of the directors by personal or electronic delivery, mail, or telephone. Notice may be waived by a director who does not receive notice.
- 4.11 A majority of the directors shall constitute a quorum but a less number may adjourn from time to time until quorum is obtained.
- 4.12 The directors shall appoint or authorize the appointments of such employees as may be required for the proper operation of the credit union.
- 4.13 In the case of absence of the Board Chair or his inability for any cause to act, or in case the office of the Board Chair becomes vacant, the Board Vice Chair shall discharge the duties of the Board Chair.
- 4.14 A person may be removed as a Director by resolution passed by a majority of not less than 2/3 of the remaining Directors if that Director has breached the policies concerning conflict of interest or the code of conduct and ethics for Directors or breached the confidentiality of any proceedings, deliberations or information of the Board of Directors, as determined by the remaining Directors in accordance with the policies and procedures relating to Director review established by the Board of Directors.
- 4.15 Beginning in calendar year 2017, a person is not eligible to become elected or appointed as a Director of SASCU if that person has served as a Director of SASCU for twelve (12) or more consecutive calendar years immediately preceding the date of election or appointment. For the purposes of this Rule 4.15 only an individual's years of service as a Director of SASCU beginning on or after April 30, 2017 will be counted in determining whether a person has exceeded the twelve (12) consecutive year limit. A person who has served twelve (12) consecutive years as a Director of SASCU may be elected or appointed again only after a period of three (3) years has lapsed.

5. Voting

Subject to the Act, The *Financial Institutions Act* and The *Electronic Transactions Act*:

- 5.1 (a) Voting in an election shall be by voting in person on not less than three (3) business days to be determined by the Directors, at any branches determined by the Directors, and ending not less than five (5) days before the Annual General Meeting; and/or
- (b) The Directors may, in addition to the voting method selected pursuant to Rule 5.1(a), determine that members may vote by such electronic means as may be prescribed by the Directors in their discretion;
- (c) If the Directors determine that a Member may vote by electronic means pursuant to subsection (a) and (b) above, the Directors may prescribe such technological and other requirements for the use of such electronic means as the Directors, in their discretion, consider desirable in the circumstances;
- (d) Unless these Rules expressly provide otherwise:
 - i. where these Rules require the use of documents that are "written", "in

writing” and other similar words, the Directors may permit the use of documents in such electronic forms as the Directors in their discretion consider desirable in the circumstances, provided that such electronic documents are accessible in a manner useable for subsequent reference;

- ii. where these Rules require the provision of delivery of documents, the Directors may permit the provision or delivery of such documents in such electronic form and by such electronic means (including without limitation making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient) as the Directors in their discretion consider desirable in the circumstances, provided that such electronic documents are accessible and capable of being retained by the recipient in a manner useable for subsequent reference; and,
- iii. for the purposes of this Rule 5.1(d) “document” includes without limitation notices, instruments, resolutions and ballots.

(e) In an election of directors, a ballot may contain votes for fewer than the number of directors required to be elected.

6. General Meetings

- 6.1 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.
- 6.2 Other general meetings may be convened and held in accordance with the provision of the Act.
- 6.3 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.
- 6.4 At a general meeting of the credit union one-quarter of the members or thirty members, whichever is the lesser, shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 6.5 So far as practical, 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. Announcement of Election Results
 - I. Appointment of Auditor
 - J. Unfinished Business
 - K. Good and Welfare
 - L. Adjourn

7. Seal

- 7.1 The credit union shall have a corporate seal.
- 7.2 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.

8. Alterations

- 8.1 Subject to the Act, the credit union may alter these rules by special resolution from time to time.