

PROPOSED BY-LAWS

**OF
[New Credit Union]**

I. REGISTERED OFFICE

- 1.01 Registered office of [New Credit Union] shall be in the Place within the Province of Newfoundland and Labrador specified in the Articles of Amalgamation.

II. DEFINITIONS

- 2.01 In the by-laws, unless otherwise stipulated by the content:

- (a) "Act" means the Credit Union Act and the amendments thereto and Regulations thereunder;
- (b) "Associate Member" means, but is not restricted to:
 - (a) a person under the age of 19 who may subscribe as a youth associate;
 - (b) a business, committee, or organization that is a subsidiary of a member of the credit union; or
 - (c) "not for profit" community groups operated by volunteers,

who are subject to the privileges and restrictions described under Article 4.07

- (c) "Board" means Board of Directors of the Credit Union;
- (d) "Credit Union" means [New Credit Union];
- (e) "Deposit" means money placed in an account in the Credit Union or a financial Central as prescribed by the Regulations;
- (f) "Director" means in relation to the Credit Union an individual occupying the position of Director;
- (g) "Equity Shares" means the shares of the Credit Union which will be or are issued to the members, and shall have an issue price fixed by the articles in compliance with the Act;
- (h) "Member(s)" means a person who is a Shareholder of the Credit Union and who in accordance with the by-laws qualifies for membership in the Credit Union;
- (i) "Minister" means the Minister of the Government of Newfoundland and Labrador responsible for the administration of Credit Unions under the Act;
- (j) "Ordinary Resolution" means a resolution passed by a majority of the votes cast by the persons who voted in the respect of that resolution;
- (k) "Regulations" means the regulations made under the Act;
- (l) "Superintendent" means Superintendent of Credit Unions;
- (m) "Special Resolution" means a resolution passed by a majority of not less than 2/3 of the votes cast by the persons who voted in respect of the resolution.
- (n) "Patronage Refund" means an amount that under the Act is allocated among and credited or paid by the Credit Union to its members, based on the business done by each of them with the Credit Union.

III. OBJECTIVES AND PURPOSES

- 3.01 The objectives for which this Credit Union is registered shall be to carry on the business of a credit union as permitted by the Act and Regulations.

IV. MEMBERSHIP

- 4.01 Membership in this Credit Union shall be open to all persons not otherwise ineligible for membership pursuant to these By-Laws, the Act or any other law.
- 4.02 Application for membership shall be made in writing in the form prescribed by the Credit Union. The Board may authorize those officers and employees, as it may designate, to admit members. Subject to these by-laws and the laws of general application, the Directors of the credit union may refuse to accept an application for membership if they are satisfied that it is not in the interest of the credit union to accept the application.
- 4.03 A person who is under the age of majority may enjoy all rights of membership, execute all instruments and give all acquittances necessary to be executed or given under the By-laws, but:
- (a) if he/she is under nineteen years of age, he/she does not:
 - (i) have the right to vote, or
 - (ii) except under a joint and several promissory note signed by him/her and by a person over the age of majority have the right to borrow any amount in excess of his/her savings in the Credit Union.
 - (b) if he/she is under nineteen years of age, he/she does not have the right to be an officer of the Credit Union or a member of a committee.
- 4.04 A person approved for membership shall subscribe for the minimum number of shares determined by the Board but shall not be less than that required under the Credit Union Act and Regulations as a condition of membership.
- 4.05 A member wishing to withdraw from the Credit Union shall give notice of intention to do so. At the time his/her shares shall either be repaid or transferred to another member, provided that the Board shall have the right to temporarily suspend the rights of payment or transfer for a period not in excess of 2 months.
- 4.06 Where a member withdraws or is expelled, he/she has no further rights in the Credit Union but is not released from any liability to the Credit Union.
- 4.07 The Credit Union may provide for associate membership subject to these By-Laws, the Act and Regulations. Associate members shall have all the rights and privileges and be subject to all the obligations of a member except they shall not be eligible for loans; shall not be entitled to vote; or shall not be eligible to become Directors.
- 4.08 Where a member of a credit union dies and there is no executor of a will of the deceased member or administrator of the estate of the deceased member, the credit union may on the receipt of an affidavit or other proof of death and proof of claim, pay a maximum amount of \$10,000 (ten thousand dollars) as prescribed by regulation, out of a deposit account of the deceased member to the person who appears to be entitled to the amount of the deceased member's interest and payment made under this section releases the credit union from further liability in relation to money paid.
- 4.09 A person whose application for membership has not been approved, shall have the right to appeal to the next general meeting of the Credit Union.

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- 4.10 Two or more persons may jointly hold a membership in the Credit Union, but that membership is entitled to only one vote.

V. SHARE CAPITAL

- 5.01 The par value of each share shall be 5 dollars which shall never be withdrawn, transferred, repaid or otherwise disposed of at more than *par* value.
- 5.02 The membership shares shall be paid in full at the time of subscription or paid by installment as agreed by the Credit Union.
- 5.03 The Credit Union shall have a lien on the shares or other interest of a member for any sum due the Credit Union from the member or for any loan endorsed by him/her as co-maker and may set off any sum credited or payable to a member in or towards payment of any sum due the Credit Union by the member.
- 5.04 The Credit Union shall cause to be kept and maintained a register of its members setting forth the name, address, and share capital of each member.
- 5.05 Shares may be transferred from one member to another member but only in writing, subject to the approval of the Board, and in the form prescribed by the Credit Union.
- 5.06 The Credit Union may issue surplus shares, as defined in the Act, subject to the requirements of these By-laws, the Act and Regulations. Such surplus shares shall have an issue price of one dollar (\$1) per share and shall be subject to the provisions of membership shares governing withdrawals.
- 5.07 Money paid in on shares or installments of shares may be withdrawn with the approval of the Board provided that the provisions of the By-laws governing membership withdrawals shall apply.
- 5.08 The Board shall determine the dividend that may be paid to a withdrawing member, but this dividend shall not exceed the rate paid shareholders for the preceding year or proportion thereof.
- 5.09 The Credit Union shall maintain a level of equity in accordance with the Act and Regulations.
- 5.10 The Credit Union may issue other classes of uninsured non-voting equity shares and set the conditions pertaining thereto, including:
- i. The par value of such a share shall be \$10.00 (ten dollars);
 - ii. The maximum number of shares authorized is 50,000 (fifty thousand);
 - iii. The Board of Directors shall determine the number of shares, if any, to issue and the distribution of them;
 - iv. The Board of Directors shall determine the rate and form of return, if any, to be applied;
 - v. Redemption shall require written application to the Board of Directors;
 - vi. Redemption shall require a 90-(ninety)-day waiting period.

VI. DEPOSIT TRUST ACCOUNTS

- 6.01 Deposits may be withdrawn on any day when the Credit Union is open for business by giving notice to the Treasurer of the Credit Union, but the Board shall have the same power of requiring notice and/or suspending payments as is provided by the provisions of the By-laws governing withdrawals from membership.
- 6.02 Interest on deposits shall be determined by the Chief Executive Officer from time to time.
- 6.03 The Credit Union may receive money on shares and deposit accounts, in trust, if the Trustee is a member of this Credit Union.

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- 6.04 The Credit Union has all the corporate powers and all corporate capacity necessary to receive deposits from the Government of Canada or any province of Canada or from any department, bureau or agent thereof, or from any board, commission, or crown corporation established by or under an Act of the Parliament of Canada or a provincial legislature.
- 6.05 The Credit Union shall maintain liquidity as prescribed by the Act and Regulations.

VII. RECEIPTING OF MONEY AND STATEMENT OF ACCOUNTS

- 7.01 Money paid in or withdrawn, on account of shares and deposits, patronage refunds or other interest creditable to a member shall be evidenced by a computer display or a statement of account which is issued monthly. No funds shall be paid out from the account unless the member's signature is obtained or written notice is presented for proper entries to be made. Receipts shall be issued for the money received.

VIII. LOANS

- 8.01 The Credit Union may make loans to its members in accordance with the Act and Regulations, and Board Policy. As prescribed in the Regulations, the credit union may not make a loan to an associate member.

IX. INVESTMENT AND BORROWING

- 9.01 Investments made by the Credit Union shall be in accordance with the Act and Regulations.
- 9.02 The Credit Union shall not borrow funds in excess of the amounts prescribed by the Act and Regulations.

X. LIFE INSURANCE PRODUCTS AND OTHER FINANCIAL SERVICES

- 10.01 The credit union may sell life insurance products through its branches as permitted under Section 16 (1)(c) and 16(1)(d) of the Act and may also provide other financial services including wealth management, mutual funds, financial planning and taxation services.

XI. FINANCIAL YEAR AND MEMBERSHIP MEETINGS

- 11.01 The fiscal year of the Credit Union shall end on December 31st and its annual meeting shall be held and its annual return filed within the time allowed under the Act, or within any additional period of time as may be allowed by the Minister.
- 11.02 The annual meeting may be held in various locations where the Credit Union operates.
- 11.03 Only members who have satisfied the conditions of membership shall be entitled to vote.
- (a) No member shall have more than one vote at any meeting of the Credit Union. A member that is a corporation, organization or association may vote through a delegate or agent who shall not vote both as a member and as a delegate. An executor or administrator holding a membership in the Credit Union in that capacity shall represent that membership at meetings and may vote as a member. An associate member is not entitled to vote.
- (b) Voting shall be by a show of hands but a secret ballot shall be taken when directed by the President or when demanded by a member entitled to a vote. In the case of a tie, the motion shall be deemed lost. All questions shall be determined by a simple majority vote except where a 2/3 majority vote may be required by the Act, the Regulations or the By-laws.

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- (c) In the case of election to the Board of Directors, voting shall take place by a process that includes all members such as mail-in ballot, in-branch ballot, electronic or other means as determined by the Board of Directors.
- (d) A member shall not vote by proxy at a meeting of members of the Credit Union.

11.04 The purpose of the Annual General Meeting shall be:

- (a) to consider the annual report of the Directors, the financial statements of the credit union and the auditor's report,
- (b) to appoint the auditor,
- (c) to elect Directors, and
- (d) to deal with other matters that may properly come before the meeting.

11.05 Establishment of a Quorum

- (a) A quorum will deemed to have been met when a minimum of 20 members are present and entitled to vote provided that employees and Directors are not included in the minimum requirement.
- (b) Where a quorum is not present at the opening of, or during, a meeting of members, the members present shall adjourn the meeting to a fixed time and place.

11.06 Notice of Meetings of Members

- (a) Notice of the time and place of a meeting of members shall be given not less than 14 days and not more than 30 days before the meeting to each member entitled to vote at the meeting by posting the notice in each branch office of the Credit Union and on the website or other electronic media deemed appropriate by the Credit Union.
- (b) When a meeting of members is adjourned by one or more adjournments for more than 7 days, notice of the adjourned meeting shall be given as for the original meeting
- (c) Notice of a special meeting of members shall state:
 - (i.) The nature of that business in sufficient detail to permit the member receiving the notice to form a reasoned judgement on it, and
 - (ii.) The text of a special resolution to be submitted to the meeting, or, if the full text is too lengthy for convenient inclusion in the notice, a summary of the text.

11.07 The record date for determining the members entitled to receive notice of a meeting of members and entitled to vote at that meeting shall be the close of business 30 days preceding the day on which the notice is given.

11.08 The rules of order for all meetings of the members and the Board of Directors shall be based upon Robert's Rules of Order.

XII. BOARD OF DIRECTORS

- 12.01 (a) The inaugural Board of Directors shall consist of 12 (twelve) members, consisting of 6 (six) Directors appointed from the Boards of each of the amalgamating credit unions, respectively (the "Inaugural Board").
- (b) The initial terms for the Directors on the Inaugural Board shall be staggered to provide continuity of leadership, with each of the amalgamating credit unions allocating their 6 representatives into each of the following terms:
- (i) Two (2) Directors with a term of one (1) year;
 - (ii) Two (2) Directors with a term of two (2) years;
 - (iii) Two (2) Directors with a term of three (3) years.
- (c) Following the completion of the terms of the Inaugural Board, Directors shall be elected for 3-year terms, except where a vacancy exists due to an unexpired term of a Director, that position shall be filled for the remainder of the term vacated.
- (d) Where the nominees are to be elected for various terms, the nominee(s) receiving the highest number of votes shall be declared elected for the longest terms.
- (e) Where the number of nominees equals or is less than the number of vacant positions, those duly nominated shall be declared elected by acclamation. If there are various terms to be filled, a draw shall be held at the members' meeting to determine the terms of such acclaimed Directors.
- (f) Where vacancies exist after the close of nominations, an additional call for nominations shall be made by the chair at the members' meeting. If this call results in sufficient nominations to exceed the vacant positions, an election by ballot shall be held among those nominees at the members' meeting.
- (g) Where an election of Directors results in a tie vote, a draw shall be held at the members' meeting to determine which nominee(s) shall fill the vacant position(s).
- (h) The Board of Directors shall consist of no less than Nine (9) members.
- 12.02 A member in good standing who satisfies the qualification requirements of the Act and the Credit Union By-laws is eligible to be a Director except a person who is in arrears for more than 90 days under a debt obligation to a credit union or a person who has been an employee of the Credit Union during the previous two years.
- 12.03 Removal or Suspension of a Director:
- (a) The members of the Credit Union may, by ordinary resolution, at a special meeting remove a Director from office.
 - (b) The Board of Directors may, by a vote of not less than seventy-five (75) percent, suspend another Director if, in their opinion, a breach of policy by the suspended Director does not justify immediate removal. The suspension may be lifted if the voting Directors elect, by a similar majority, that the breach of policy has been resolved.
- 12.04 Vacancies occurring on the Board between annual meetings may be filled by the Board until the next general meeting, when a successor shall be elected for the unexpired term.
- 12.05 The Board shall hold its ordinary meetings at least six (6) times per year, in addition to any general meeting of members and strategic planning sessions or as often as the business of the Credit Union may require and a majority shall constitute a quorum. All questions shall be decided by a majority vote, and in case of a tie, the motion shall be deemed lost. A Director may participate in a meeting of Directors or a committee appointed by the Directors under section 78 (1) and section

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79 of the Act by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a Director participating in the meeting by those means shall be considered to be present at that meeting.

- 12.06 The Directors of the credit union may meet at a place and on notice that the Directors may determine and a majority of the required number of Directors constitutes a quorum as provided for under Section 77 of the Act.
- 12.07 It shall be the duty of the Directors of the credit union: to exercise the powers of the credit union directly or indirectly through the employees and agents of the credit union; and direct the management of the business and affairs of the credit union
- 12.08 The Board shall be compensated as allowed by the Act and approved by the members at the Annual General Meeting or a special meeting called for that purpose.

VI. COMMITTEES

- 13.01 The Directors of the credit union may appoint committees and may delegate to those committees the powers of the Directors as provided for in Section 78 and 79 of the Act and under section 28 of the regulations.

VII. AUDIT COMMITTEE

- 14.01 An audit committee established under section 103 of the Act shall be composed of not less than three members of the credit union who are not employees or officers of the credit union and who will be appointed by the board, for a term not to exceed 3 years. The Audit Committee shall perform the duties prescribed in section 28 of the Regulations.

VIII. OFFICERS AND DUTIES

- 15.01 It shall be the duty of the President to preside at all meetings of the Credit Union and of the Board and shall perform other duties that are necessary to the proper conduct of his/her office.
- 15.02 It shall be the duty of the Vice-president to perform the duties of the President in the absence or disability of the President and other duties as the Board may designate.
- 15.03 It shall be the duty of the Secretary to keep a correct record of all meetings of the members and of the Board, give notices of all meetings in the manner prescribed by these By-laws take charge of the Seal of the Credit Union and perform all other duties incident to this office.
- 15.04 It shall be the duty of the Treasurer to:
- (a) be the Chief Executive Officer of the Credit Union provided that the Board may appoint one or more persons to perform or assist in performing the duties of the Treasurer;
 - (b) have custody of the cash, securities, books of accounts and other records of the Credit Union which shall be open at all reasonable time to the Auditors, Board or other person authorized to audit or examine;
 - (c) prepare monthly or quarterly financial statements of the affairs of the Credit Union and to prepare, together with the Secretary, the annual returns of the Credit Union;
 - (d) deposit all funds in his/her possession to the financial institutions prescribed by the Board, retaining only those cash amounts that may not be in excess of the Credit Union's "on the

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premises liability protection limit". Deposit of those funds shall be within not more than 5 days of their receipt.

IX. CONFLICT OF INTEREST

- 16.01 The Credit Union shall prepare and maintain a Conflict of Interest Policy, which Policy shall form part of Credit Union's Policy & Procedures Manual.

X. SURPLUS AND RESERVE

- 17.01 The Credit Union shall maintain equity as required by the Act and Regulations.
- 17.02 The Credit Union may issue a dividend on shares and/or a patronage refund with the approval of the members provided the Credit Union has met the capital requirement prescribed in the Regulations and provided such dividend and/or patronage refund does not reduce the capital below that prescribed amount.
- 17.03 The Credit Union may provide that the whole or part of a dividend and/or patronage refund be credited to the member or applied to the purchase of surplus shares on behalf of the member.
- 17.04 Except with the approval of the Superintendent, the Credit Union shall not declare any interest, dividend or patronage refund if its delinquent loans amount to more than 10 percent of the money out on loan.

XVIII SEAL OF THE CREDIT UNION

- 18.01 (a) The Credit Union shall have its name in legible characters upon a Seal which shall be in the custody of the Secretary and shall be used only under the authority of the Board. The President or Vice-President together with the Corporate Secretary or Chief Executive Officer shall sign each instrument.
- (b) Contracts for service that are deemed to be operational in nature may be signed by the Chief Executive Officer and/or designated authority as provided for in Board Policy.

XIX AMENDMENTS TO THESE BY-LAWS

- 19.01 The Members of the Credit Union may at an annual meeting or general meeting called for that purpose by special resolution of the Members enact, amend or repeal the By-laws.
- 19.02 Notwithstanding 19.01 an amendment or repeal of the By-laws is not effective until it is approved by the Superintendent.

APPROVED by the SUPERINTENDENT OF CREDIT UNIONS ON the

_____ day of _____ A.D._____.