

ST. JOSEPH'S CREDIT UNION LIMITED

CHARTER BY-LAWS

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DEFINITIONS AND INCONSISTENT PROVISIONS

In these by-laws, unless the context otherwise requires:

- (a) “Act” means the *Credit Union Act*, SNS 1994, c 4, and includes the Regulations made under S. 257 of the Act;
- (b) “associate” means a person, other than a member, who has rights, as set out in these by-laws or the Act, in the credit union;¹
- (c) “body corporate” includes a credit union or other body corporate wheresoever or howsoever incorporated;
- (d) “bond of association” includes groups having a common bond of occupation or association, the residents within a well-defined neighborhood, community or rural or urban district, including a rural trading area, employees of a common employer or members of bona fide fraternal, religious, co-operative, labor, rural, educational and similar organizations, and members of the immediate family of such persons;
- (e) “Central” means the Atlantic Central continued by the Act;
- (f) “Corporation” means the Nova Scotia Credit Union Deposit Insurance Corporation established pursuant to S. 155;
- (g) “court” means the Supreme Court of Nova Scotia;
- (h) “creditor” means a person, other than a depositor, to whom the credit union owes money and includes, as the context requires, the creditor's heirs, executors, administrators and assigns;
- (i) “debt obligation” means a bond, debenture, note or other evidence of indebtedness or guarantee, whether secured or unsecured;
- (j) “deposit” means money placed in an account in the credit union;
- (k) “deposit insurer” means any stabilization fund, stabilization board, deposit insurance corporation, or deposit guarantee corporation that monitors and regulates the performance of or protects the deposits in any member of the Central, and includes, as the context requires, the Nova Scotia Credit Union Deposit Insurance Corporation;
- (l) “director” means an individual occupying the position of director of the credit union;
- (m) “individual” means a natural person;

- (n) “member” means a person having rights through a membership interest in the credit union in accordance with the provisions of the Act and the Articles of Incorporation and these by-laws and includes, as the context may require, a member’s legal representative, and an associate of the credit union;
- (o) “membership” means the holding of the status of member;
- (p) “Minister” means the member of the Executive Council assigned responsibility for this Act;
- (q) “officer” includes the chair, vice-chair and secretary appointed by the Board of Directors, and such other officers as the Board of Directors considers appropriate;
- (r) “ordinary resolution” means a resolution passed by a majority of the votes cast by members who voted in respect of that resolution;
- (s) “patronage refund” means an amount that, pursuant to the Act, is allocated among and credited or paid by the credit union to its members or associates, based upon the business done by each of them with or through the credit union;
- (t) “person” includes an individual, partnership, association, body corporate, trustee, executor, administrator, or legal representative;
- (u) “prescribed” means prescribed by the Regulations;
- (v) “Regulations” means all regulations now or hereafter in force made pursuant to the Act;
- (w) “security interest” means an interest in or charge upon property of the credit union taken by a creditor to secure payment of a debt or performance of any obligation of the credit union, and includes a certificate evidencing a share or debt obligation;
- (x) “send” includes deliver;
- (y) Superintendent means the Superintendent of Credit Unions appointed pursuant to s. 256 of the Act;

Singular and Plural

Unless the context otherwise requires, defined words importing the singular will include the plural and vice versa.

ARTICLE 1 – MEMBERSHIP

- 1.01 Applications for membership or for associate status shall be on an accepted form and shall be approved by the Board of Directors or approved in the manner authorized by the Board of Directors. In these By-Laws, unless the context otherwise requires:
- 1.02 The Board of Directors of the credit union may refuse to accept any application for membership if they are satisfied that it is not in the interest of the credit union to accept the application.
- 1.03 Any person applying for membership must satisfy the common share purchase requirements as set out in Articles 2.02 and 2.03 of these Charter By-laws.
- 1.04 A person under eighteen years of age may be accepted as a member of the credit union and common and surplus shares may be held and money may be received by the credit union in that person's name or in the name of a trustee for that person if the trustee is a member or is eligible to be a member of the credit union.
- 1.05 A credit union may not be a member of another credit union.
- 1.06 Associate status shall be limited to:
- (a) non-individuals and may include any form of company, association, charitable organization, municipality, or other government agency,
 - (b) individuals who are not full-time residents of the area serviced by the credit union, and
 - (c) individuals acting as trustees. Beneficiaries under a trust agreement do not need to be members or associates of the credit union.
- 1.07 At no time shall the number of associates exceed ten percent of the number of members of the credit union.
- 1.08 Subject to the Act an associate of a credit union, as described in the Act, shall have all the rights and privileges and is subject to all of the obligations of a member of a credit union, except that an associate shall not
- (a) vote at any meeting of members, or
 - (b) become an officer or a Director of the credit union.
- 1.09 Two or more individuals may jointly hold a membership in the credit union, and that

membership may vote in accordance with Articles 4.20 and 4.21 of these Charter By-laws.

Termination

- 1.10 The directors, by a resolution passed by a majority of not less than three-quarters of the directors at a meeting called to consider the resolution, may terminate the membership of a member.
- 1.11 The member whose membership is proposed to be terminated by a resolution of the directors pursuant to subsection (1) is entitled to at least seven days' notice of the meeting at which the resolution is to be considered, together with a statement of the grounds upon which the membership is proposed to be terminated, and is entitled to appear, either personally or by or with an agent or counsel, to make submissions at the meeting.
- 1.12 Within seven days after the date on which the resolution referred to in subsection (1) is passed by the requisite majority, the credit union shall, in the same manner as that provided for the giving of notice of a meeting of members, notify the person whose membership was terminated of the resolution.

Withdrawal

- 1.11 The credit union may require up to ninety days notice in writing of a member's or associate's intention to withdraw deposits or to redeem any common or surplus shares. Withdrawal of common or surplus shares and deposits may be restricted subject to payment in full of any outstanding loans, service charges, or other liabilities owed by the withdrawing member or associate of the credit union.
- 1.12 The termination of or withdrawal from membership or associate status does not release a person from any liability to the credit union.

ARTICLE 2 - COMMON SHARES

General

- 2.01 Common shares shall have an issue price of five dollars (\$5.00) per share.

Requirements

- 2.02 Each member of the credit union shall be required to purchase and hold ten (10) fully paid common shares, with such purchase being made by full payment in money or as otherwise set out in the policies of the credit union.
- 2.03 Members under the age of eighteen (18) shall be required to purchase one common

share. Upon reaching the age of 18, the credit union may allow the member to purchase the remaining share requirement outright or to participate in a subscription plan to fulfil their membership requirement.

Redemption

- 2.04 Subject to Section 34 of the Act, common shares may be redeemed or purchased by the credit union at a price per share not to exceed the issue price. Such redemption is subject to approval by the Board of Directors at such time as the member is no longer

eligible for membership in the credit union, or the member withdraws from membership in the credit union, or the member is terminated from membership by the Board of Directors, or the member is deceased.

Ranking

- 2.05 Common shares shall rank behind all other classes of shares issued by the credit union and holders of common shares shall not, upon winding up or liquidation of the credit union, be entitled to redeem, in whole or in part, any common shares until the amounts outstanding on all other classes of shares have been paid in full.

Dividends

- 2.06 Subject to Section 36(1) of the Act, dividends may be declared and paid on common shares as may be established by a resolution of the Board of Directors. Dividends declared by the credit union on common shares may be deposited to each eligible member's surplus share account where the proceeds shall be used to purchase surplus shares.

ARTICLE 3 - SURPLUS SHARES AND PATRONAGE REFUNDS

Surplus Shares

- 3.01 Surplus shares shall have an issue price of one dollar (\$1.00) per share.

Redemption of Surplus Shares

- 3.02 Surplus shares shall be redeemed or purchased by the credit union at a price per share not to exceed the issue price. Such redemption or purchase is subject to compliance with the Act and to approval by the Board of Directors at such time as the member or associate is no longer eligible for membership or associate status in the credit union, or the member or associate withdraws from membership or associate status in the credit union, or the member or associate is terminated from membership or associate status by the Board of Directors, or the member or

associate is deceased.

Dividends on Surplus Shares

- 3.03 Subject to Section 36(1) of the Act, dividends may be declared and paid on surplus shares as may be established by a resolution of the Board of Directors.

Patronage Refunds

- 3.04 A Patronage Refund is defined as an amount that is allocated among and credited or paid by a credit union to its members or associates based upon the business done by each of them with or through the credit union. The Board of Directors shall have the authority to determine the manner in which patronage refunds shall be calculated.
- 3.05 After providing for all known liabilities, making allowance for impaired accounts and making such other provisions as are required by the Act and the Regulations and after providing for payment of dividends, if any, on all classes of shares, the directors of the credit union may allocate, as a patronage refund among, and credit to, its members any surplus arising from the operations of the credit union in each fiscal year, and each member shall be entitled to a share thereof proportionate to the business done by that member with or through the credit union in that fiscal year as computed by the directors at a rate approved by the resolution of the directors.

ARTICLE 4 - MEETINGS

Place

- 4.01 The meetings of the members of the credit union shall be held at such a place within the Province of Nova Scotia as may be determined by the Board of Directors from time to time.

Rules of Order

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

Fiscal Year End

- 4.03 The fiscal year end of the credit union shall be December 31.

Annual Meeting

- 4.04 The Board of Directors of the credit union shall call an annual meeting of the

members to be held within four months after the end of the fiscal year of the credit union

- (i) to consider the annual report of the Board of Directors, the financial statements of the credit union and the auditor's report,
- (ii) to appoint the auditor,
- (iii) to elect Directors, and
- (iv) to deal with such other matters as may properly come before the meeting.

Notice of Meetings

- 4.05 Notice of the time and place of any meeting of members shall be given to all members and the auditor of the credit union in a manner that is accessible to all members, but at a minimum shall be posted in the branches of the credit union and a notice either in a local newspaper or on the credit union's website or any other electronic means not less than fourteen clear days and not more than thirty clear days before the meeting.
- 4.06 Where a meeting of the members is adjourned by one or more adjournments for more than seven days, notice of the adjourned meeting shall be given in the same way as for an original meeting.

Record Date

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

Special Meetings

- 4.08 The Board of Directors of a credit union may at any time call a special general meeting of members.
- 4.09 All business transacted
- (a) at a special meeting of members, or
 - (b) at an annual meeting of members; except consideration of the annual report of the Board of Directors, the financial statements of the credit union and the auditor's report, election of Directors, and appointment of the auditor; and any other business authorized by these Charter By-laws to be transacted at an annual meeting,

is deemed to be special business.

- 4.10 Notice of a meeting of members at which special business is to be transacted shall be given in accordance with Sections 67(5) and 67(6) of the Act.

Requisition By Members to Call Special Meeting

- 4.11 St. Joseph's Credit Union Limited members who have the right to vote at a meeting sought to be held, may, by written requisition, require the Board of Directors to call a special meeting of members for the purposes stated in the requisition. The requisition may consist of several documents of like form, each signed by one or more members, and shall be sent to the registered office of the credit union. The members making the requisition shall:

- (a) identify themselves by providing to the Board of Directors their names, addresses and signatures, and
- (b) include in the requisition information with sufficient detail as to why the requisition is being made so the Board of Directors and the members may form a reasonable judgement as to the intent of the requisition.

The lesser of five percent of the membership at the end of the last fiscal year and 250 members, who have the right to vote at a meeting sought to be held, may, by written requisition, require the directors to call a special meeting of members for the purpose stated in the requisition.

General

- 4.12 A member entitled to vote at a meeting of members may submit a proposal to be presented at the annual meeting of the members, subject to those conditions and methods described in Section 69 of the Act.

Quorum

- 4.13 A number of members equal to the number of Directors plus five (5), constitutes a quorum for all meetings of members.

- 4.14 Where a quorum is present at the opening of a meeting of the members, the members present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

- 4.15 Where a quorum is not present at the opening of a meeting of the members, the

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members present may adjourn the meeting to a fixed time and place but may not transact any other business.

Voting

- 4.16 Subject to Article 4.07 of these Charter By-laws, a member of the credit union who is eighteen years of age or over may vote at a meeting of members.
- 4.17 A member of the credit union has only one vote on any question that may be voted on at a meeting of members.
- 4.18 Subject to Section 72 of the Act, a body corporate or association may authorize an individual to represent it and vote on its behalf at meetings of members of the credit union. If the individual representing the body corporate is also a member in their own right, that individual will be limited to one vote only on any question.
- 4.19 Voting by proxy shall not be permitted.
- 4.20 Subject to Article 4.21 below, where two or more individuals jointly hold a membership in the credit union that membership is entitled to only one vote.
- 4.21 The individuals making up a joint membership are entitled to one vote each, where, if the joint membership was divided up equally among joint holders, each individual within the joint membership would meet the requirements of Article 2.02 of these Charter By-laws.
- 4.22 An executor or administrator holding a membership in the credit union in the capacity of executor or administrator may represent the estate of the member at meetings of the credit union and may vote as a member. If the executor or administrator is also a member in their own right, that individual will be limited to one vote only on any question.

Methods of Voting

- 4.23 Voting at a meeting of members shall be by show of hands, or by voice response, or by mail ballot, or by in-branch ballot, or electronically or by other means as determined by the Board of Directors.
- 4.24 A minimum of three (3) members is required to demand a special ballot, either before or after a vote, by a show of hands and the result of the ballot shall be the decision of the members.

Enacting, Amending, or Repealing By-law

- 4.25 Subject to the Act and the Articles of the credit union, the members of the credit union may, at an annual meeting or special meeting called for that purpose by

special resolution of the members, enact, amend, or repeal By-laws in relation to those matters authorized or required by the Act or Regulations to be dealt with by By-law.

ARTICLE 5 - BOARD OF DIRECTORS

Number

- 5.01 The Board of Directors shall consist of nine (9) members who shall be elected at annual meetings or special meetings where elections are to take place.

Powers and Duties

- 5.02 Subject to the Act, the Regulations and these Charter By-laws, the Board of Directors shall be responsible for the general management of the affairs of the credit union and, without limitation, shall
- (a) authorize termination of membership and establish the form and manner in which all applications for membership or associate status are accepted. The Board of Directors may delegate to the General Manager the authority to approve applications for membership or associate status.
 - (b) establish the manner in which interest rates on loans, and deposits are determined,
 - (c) declare such dividends and patronage refunds as these Charter By-laws may authorize,
 - (d) appoint a credit committee and an audit committee and any other committees it deems necessary and delegate appropriate levels of authority to these committees,
 - (e) approve a loan policy for the credit union,
 - (f) approve an investment policy and authorize investments on behalf of the credit union,
 - (g) approve all other policies deemed necessary for the effective operation of the credit union,
 - (h) ensure effective internal control processes are in place for the credit union,
 - (i) oversee the risk management program of the credit union,

- (j) ensure the credit union maintains adequate insurance and bonding coverage,
- (k) authorize the write-off of uncollectible loans,
- (l) appoint signing authorities for the credit union,
- (m) elect officers of the credit union,
- (n) hire a General Manager for the credit union,
- (o) appoint delegates and alternate delegates as required by Central's By-laws and the policies of the credit union, and
- (p) perform such other duties as may be required by the Act and Regulations, these By-laws, and to ensure the effective and efficient management of the credit union.

Vacancy

- 5.03 A vacancy among the Board of Directors shall be filled by a vote of the members at a meeting of the members. Casual vacancies that occur throughout the year may be filled by the Board of Directors as specified in Article 5.05 of these Charter By-laws.
- 5.04 Where a meeting of members fails, for any reason, to elect the fixed or minimum number of Directors, the Directors elected at that meeting may exercise all the powers of the Board of Directors if the number of Directors so elected constitutes a quorum.
- 5.05 A quorum of Directors may fill a casual vacancy among the Board of Directors except a vacancy resulting from an increase in, or the members' failure to elect, the fixed or minimum number of Directors. The term of the Director appointed to fill the vacancy shall expire as of the next scheduled membership meeting.

Eligibility

- 5.06 A citizen of Canada who is eighteen (18) years of age, a member of the credit union and satisfies the requirements set out in the Credit Union Act and these Charter By-laws of the credit union may be eligible to hold the position of director except:
- (a) an undischarged bankrupt,
 - (b) a current employee of the credit union, or anyone who, in the past two years, has been an employee of the credit union, Atlantic Central or the

Nova Scotia Credit Union Deposit Insurance Corporation,

- (c) an auditor, or a partner of the auditor's firm of the credit union,
- (d) the solicitor, or a partner in the solicitor's firm of the credit union,
- (e) a civil servant whose official duties are concerned with the credit union,
- (f) a member who is in arrears for more than 90 days under a debt obligation to a credit union,
- (g) a person who is in breach of any policy of the credit union,
- (h) a person who has not completed the director training requirements as set out in the Credit Union Act 82(3), or
- (i) a person who fails to attend three consecutive Board meetings, without cause satisfactory to the other members of the Board of Directors.
- (j) A person who is not a permanent resident of Canada.

5.07 A non-individual shall not be a Director of the credit union.

Term

5.08 Subject to Articles 5.06 and 5.13 of these Charter By-laws, members of the Board of Directors shall be elected for terms of three years.

5.09 Subject to Article 5.06 of these Charter By-laws, a Director is eligible for re-election.

Nominations

5.10 The Board of Directors shall appoint, at least ninety (90) days prior to the annual meeting or special meeting where elections are to take place, a Nominations Committee made up of three members.

The names of Committee members shall be posted in the office(s) of the credit union along with an invitation for nominations to the position of director. Included with the invitation for nominations shall be the position description of a credit union director.

The invitation shall be posted for a period of four weeks prior to the close of nominations.

- 5.11 Nominations shall be made on an approved form signed by two members in good standing and signed by the nominee confirming that he or she is eligible to serve as a director in accordance with Article 5.06. Such form shall include background information regarding the nominee.

Credit Union directors whose terms have expired and who wish to be re-elected will follow the same nomination procedures as above.

The closing date for nominations to be received by the Nominations Committee shall be no later than forty (40) days prior to the date of the members' meeting.

Elections

- 5.12 The Chair of the Nominations Committee shall present the list of nominees for the vacant position(s) to the members at the annual or special meeting where elections are to take place.

Nominees shall be invited to briefly address the meeting to give further background on their candidacy.

- 5.13 The method of election shall be by one ballot at the annual or special meeting where elections are to take place, and the nominee(s) receiving the highest number of votes shall be declared elected.

The meeting shall appoint scrutineers who shall distribute and collect the ballots, and, when the vote is taken, the scrutineers shall tally the vote and report the result of the election to the Chair.

Where a vacancy exists due to an unexpired term of a director, that position shall be filled for the remainder of the term vacated.

Where the nominees are to be elected for various terms with one ballot, the nominee(s) receiving the highest number of votes shall be declared elected for the longest term(s).

- 5.14 Where the number of nominees equals the number of vacancies available, or where there are insufficient nominees to fill the vacant positions of director, those duly nominated shall be declared elected by acclamation.

Where vacancies still exist, the Chair shall call three times for additional nominations from the floor, and after a reasonable time has elapsed, a motion to close nominations shall be in order. If this call results in sufficient nominations to fill the vacant positions such that an election is required, the method of election shall be by one ballot at the members' meeting and the nominee(s) receiving the highest number of votes shall be declared elected.

If the position(s) of Directors cannot be filled because two or more nominees receive an equal number of votes, the meeting may, by resolution carried by a clear majority of those present, provide that a second ballot may be cast. Only those nominees so tied for the position(s) shall be entered on the second ballot. In the event a tie remains, the scrutineer shall write the names of the nominees separately on blank sheets of paper of equal size and of the same colour and texture, and after folding them in a uniform manner so that the names are concealed, deposit them in a receptacle and direct some person to pick one of the sheets. The nominee(s) whose name(s) appears on the sheet(s) picked will become the director(s).

Resignations, Removals and Suspensions

- 5.15 A resignation of a Director becomes effective at the time a written resignation is received by the credit union, or at a time specified in the resignation, which ever is later.
- 5.16 The members of the credit union may by ordinary resolution at a special meeting remove any Director from office.
- 5.17 A Director who resigns or receives a notice or otherwise learns of an intended action to remove the director from office; or receives a notice or otherwise learns of an intended action to appoint or elect another person to fill the office of director in that person's stead, whether because of that person's resignation or removal or because that person's term of office has expired or is about to expire, is entitled to submit to the credit union a written statement giving the reasons for the resignation or for opposing any action or resolution proposed for the purposes described in clauses (b) and (c).
- 5.18 The Board of Directors may, by a vote of not less than seventy-five 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 has been resolved.

The credit union shall forthwith send a copy of the statement to the Superintendent and no credit union or person acting on its behalf incurs any liability by reason only of circulating a statement in compliance with this section of these by-laws.

Meetings of the Board

- 5.19 The Board of Directors of the credit union may meet at such place and on such notice as the Board of Directors may determine.
- 5.20 A majority of the Directors constitutes a quorum at any meeting of the Board of Directors and, notwithstanding any vacancy among the Board of Directors, a quorum of Directors may exercise all the powers of the Board of Directors.

- 5.21 Regular meetings of the Board of Directors shall be held at least 6 times per year.
- 5.22 Special meetings of the Board of Directors may be called by the Chair at any time and shall be called upon the written request of at least three Directors.
- 5.23 Where all the Directors participating in the meeting consent, a Director may participate in a meeting of the Board of Directors or of a committee of Directors by means of telephone or other such communications facilities as permits all persons participating in the meeting to hear each other, and a Director participating in the meeting is deemed for the purposes of the Act to be present at that meeting.
- 5.24 The Board of Directors shall report to the annual meeting of members the number of board and committee meetings attended by each director.

Remuneration of Directors and Committee Members

- 5.25 The Directors and committee members of the credit union shall be paid such remuneration and shall be reimbursed for such reasonable expenses incurred in the performance of their duties as may be approved by the Board of Directors of the credit union so long as all reporting requirements are met as specified in the Act and in the policies of the credit union.

Election of Officers and Committees

- 5.26 The officers of the credit union shall be the Chair, the Vice-Chair, the Secretary, and any other officers deemed necessary for the efficient operation of the credit union, which may include second Vice-Chair or officer(s) at large.
- 5.27 The Board of Directors shall meet within 30 days following the annual or special meeting of members where their election took place and they shall from their number elect a Chair, Vice-Chair, Secretary and other officers as provided in Article 5.26.
- 5.28 The Board of Directors may appoint a recording Secretary who may or may not be a Director.
- 5.29 The Board of Directors shall appoint a Credit Committee consisting of not less than three members of the credit union, none of whom is an employee, a member of the Audit Committee or the Chair of the Board of Directors and at least one of whom is a director.
- 5.30 The Board of Directors shall appoint an Audit Committee consisting of not less than three members of the credit union, none of whom is an employee, a member of the Credit Committee or the Chair of the Board of Directors and at least one of whom is

a director.

- 5.31 The chair
(a) of the Credit Committee shall be a Director, and
(b) of the Audit Committee shall be a Director.
- 5.32 The Board of Directors may appoint such other committees as it deems appropriate and may delegate to those committees any of the powers of the Board of Directors.
- 5.33 The members of other committees appointed by the Board of Directors shall be members of the credit union and the Chair shall be a Director of the credit union.
- 5.34 A committee appointed by the Board of Directors shall keep minutes of its proceedings and the Chair of that committee shall submit to the Board of Directors at each meeting of the Board of Directors the minutes of the committee's proceedings during the period since the last meeting of the Board of Directors.
- 5.35 Notwithstanding Article 5.32 of these Charter By-laws, no committee or officer appointed by the Board of Directors has authority to:
- (a) hire or establish the terms of employment of the General Manager of the credit union,
 - (b) submit to the members any question or matter requiring approval of the members,
 - (c) fill a vacancy among the Board of Directors,
 - (d) issue or redeem shares, except in the manner and on the terms authorized by the Board of Directors, or
 - (e) approve the fiscal year-end financial statements.

Indemnification

- 5.36 Subject to Section 102 of the Act, the credit union may indemnify a Director or officer of the credit union or a person who acts or acted at the credit union's request.

ARTICLE 6 – OFFICERS

Appointment and Duties

- 6.01 The officers of the credit union shall be the Chair, the Vice-Chair, the Secretary, and any other officers deemed necessary for efficient operation of the credit union, which may include second Vice-Chair or officer(s) at large.2
- 6.02 The Board of Directors shall meet within thirty (30) days following the annual or special meeting of members where their election took place and they shall from their number elect a Chair, Vice-Chair, Secretary and other officers as provided in Article 6.01.3
- 6.03 The directors shall appoint a secretary who may or may not be a director and such other officers as the directors consider appropriate.
- 6.04 In the absence of the chair and the vice-chair, the directors present at a duly constituted meeting of the directors may appoint from among the directors a person to preside at the meeting.
- 6.05 Subject to the Articles of Incorporation and these by-laws:
- (a) the directors may designate the officers of the credit union, elect or appoint as officers, persons of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the credit union except powers to:
 - (i) submit to the members a question or matter requiring the approval of the members;
 - (ii) fill a vacancy among the directors;
 - (iii) issue or redeem securities, except in the manner and on the terms authorized by the directors; or
 - (b) approve a financial statement of a kind referred to in s. 105 of the Act; the directors may elect or appoint committees and delegate powers, duties and responsibilities to them, except powers to do anything referred to in clause (a);

- (c) a director may become an officer of the credit union and may become a member of a committee; and
- (d) Two (2) or more offices of the credit union may be held by the same person.

ARTICLE 7 – DUTY OF CARE OF DIRECTORS AND OFFICERS

- 7.01 Every director and officer of the credit union, in exercising the powers and discharging the duties of a director or officer, shall:
- (a) act honestly and in good faith with the view to the best interest of the credit union; and
 - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. 4
- 7.02 Every director and officer of the credit union shall comply with the Act, the Regulations, and the Articles of Incorporation and these by-laws.
- 7.03 No provision in a contract, the Articles of Incorporation, the by-laws, or a resolution relieves a director or officer from the duty to act in accordance with the Act and the Regulations or relieves the director or officer from liability for a breach of the Act or the Regulations.
- 7.04 This section is in addition to and not a derogation of any other enactment or rule of law relating to the duty or liability of directors or officers of a credit union.

ARTICLE 8 – INDEMNIFICATION

- 8.01 Subject to s. 102 of the Act, the credit union may indemnify a director or officer of the credit union or a person who acts or acted at the credit union's request as a director or officer.

ARTICLE 9 – CONFLICT OF INTEREST

Interest in “Material Contract”

- 9.01 A director or officer of the credit union who:
- (a) is a party to a material contract or proposed material contract with the credit union as defined in s. 96 of the Act; or
 - (b) has a material interest in a contract or proposed contract between a person and the credit union as defined in s. 96 of Act,
- is deemed to have a conflict of interest with the credit union and shall disclose in writing to the credit union and request to have entered in the minutes of meetings of directors, the nature and extent of the interest and shall not participate in any vote conducted by the directors or of a committee of the credit union relating to the material contract or proposed material contract.
- 9.02 The onus is upon the director or officer and the credit union to demonstrate:
- (a) that the terms of any loan in which the director or officer has a material interest are no more favourable than those offered by the credit union in the ordinary course of business; and
 - (b) for the purpose of s. 96(1) of the Act, that it is reasonable that the services or property be obtained or supplied and such services or property are normally provided to the public in the ordinary course of business by the director or officer.
- 9.03 A director or officer shall make the disclosure required by Article 9.01 of these by-laws forthwith upon the director or officer becoming aware of the conflict of interest in the manner prescribed by the Regulations.
- 9.04 For the purpose of this s., general notice to the directors by a director or officer, declaring that the director is a director or officer of or is to be regarded as having a material interest in any contract made with a person, is a sufficient declaration of interest in relation to any contract so made.
- 9.05 A contract or transaction in which a director or officer has a conflict of interest is neither void nor voidable by reason only of that conflict of interest or by reason only that a director with a conflict of interest is present at or is counted to determine the presence of a quorum of a meeting of directors or a committee of directors that authorized the contract or transaction, if the director or officer disclosed the conflict

of interest in accordance with this s., did not participate in the vote to authorize such contract or transaction and the contract or transaction was approved by the directors or the members and it was reasonable and fair to the credit union at the time it was approved.

- 9.06 Where a director votes on a resolution in which the director has declared a conflict of interest, the contract or transaction that is the subject of the resolution will only be valid if it is approved by not less than two-thirds ($\frac{2}{3}$) of the votes cast by the members at a special meeting of the credit union.
- 9.07 Where a director or officer of the credit union fails to disclose a conflict of interest in accordance with this s. or participates in a vote which is not subsequently ratified by the members, the court may, upon the application of the credit union or a member of the credit union, set aside the contract or transaction on such terms as it sees fit.
- 9.08 A director or officer of the credit union who, without reasonable cause, fails to disclose a conflict of interest in accordance with this s. is guilty of an offence and liable on summary conviction to a fine not exceeding five thousand (\$5,000) dollars and such director or officer, on conviction, shall cease to hold office and shall not be eligible for election as a director or for appointment as an officer of a credit union for a period of five (5) years after the date of the conviction.

ARTICLE 10 – AUDITOR

Filling Vacancy

- 10.01 The directors shall forthwith fill any vacancy in the office of auditor.
- 10.02 Where there is not a quorum of directors, the directors then in office shall, within twenty-one (21) days after a vacancy in the office of auditor occurs, call a special meeting of members to fill the vacancy and, if they fail to call a meeting or if there are no directors, the meeting may be called by any member.
- 10.03 An auditor appointed to fill a vacancy holds office for the unexpired term of the auditor's predecessor.

ARTICLE 11 – NOTICE

Notice

- 11.01 A notice or document required by the Act, or by these by-laws to be sent to a person entitled to receive notice from the credit union may be sent electronically to the

person at the latest electronic mail address of the person as shown in the records of the credit union or the Central, by prepaid mail addressed to, or may be delivered personally to:

- (a) the person at the latest address of the person, as shown in the records of the credit union; and
- (b) In the case of a director, at the latest address of the director, as shown in the records of the credit union, or in the last notice filed pursuant to s. 88 of the Act. ⁵

Deemed Receipt

- 11.02 A notice or document mailed in accordance with Article 11.01 of these by-laws is deemed to have been received by the person entitled to receive notice at the time it would be delivered in the ordinary course of mail, unless there are reasonable grounds for believing that the person did not receive the notice or document at that time or at all.
- 11.03 Where the credit union mails a notice or document to a person in accordance with Article 11.01 of these by-laws and the notice or document is returned on two (2) consecutive occasions because the person cannot be found, the credit union is not required to send any further notices or documents to the person until the credit union is informed, in writing, of that person's new address.
- 11.04 Where these by-laws provide for the giving of a notice to members pursuant to Article 11.01 of these by-laws by insertion of the notice in a newspaper or other publication, the notice is deemed to have been received by the members at the time the publication containing the notice is distributed in the ordinary course.
- 11.05 Where these by-laws provide for the giving of a notice to members pursuant to Article 11.01 of these by-laws by posting the notice in a specified place or places, the notice is deemed to have been received by the members at the time the notice is posted.

ARTICLE 12 – SEAL

- 12.01 An instrument or agreement executed on behalf of the credit union by a director, an officer or an agent of the credit union is not invalid merely because a corporate seal is not affixed thereto.