

**Rule 1. INTERPRETATION**

- 1.1 These Rules of CCEC Credit Union are subject always to the provisions of the Credit Union Incorporation Act, Financial Institutions Act, and the Company Act as it applies. In these Rules, all references to the "Act" mean the aforesaid and any regulations made pursuant to any of them. In these Rules, all references to the feminine shall include the masculine and all bodies politic where appropriate, and the singular shall include the plural.

**Rule 2. MEMBERSHIP**

- 2.1 The common bond of membership of the credit union shall be the common bond approved by the Superintendent of Credit Unions as may be amended from time to time, and, except as otherwise permitted by the Act or as hereinafter provided, membership shall be limited to persons within the common bond, but a person who has been eligible under the common bond and has become a member of the credit union shall not be excluded from membership or have her membership terminated by reason of the fact that circumstances have changed so that she no longer falls within the common bond.
- 2.2 a) Every application for membership shall be in writing, in a form prescribed by the directors, and shall be signed by the applicant.
- b) Each applicant shall be designated as either:
- i) a Junior Member, being an individual who has not attained the age of majority;
  - ii) a Youth Member, being an individual aged 19 to 25 years, inclusive;
  - iii) a Group Member, being any group of five or more persons, incorporated pursuant to the laws of the Province of B.C., or of any other Province, or of the Dominion of Canada, that has among its objects the promotion of cooperativism or community organization, or that is active in the field of cooperativism or community organization;
  - iv) an Individual Member, being all applicants not included in i), ii) and iii) above.
- c) Every applicant for membership shall, at the time of making application, make payment of an entrance fee of one dollar (\$1) and of the full purchase price of the Class A (Mandatory) equity share or shares required to be held by a member on the date of application for membership.
- 2.3 A member in good standing is a member, including a junior member, who at the date on which good standing is determined:
- (a) has purchased, paid for and holds the number of Class "A" (Mandatory) equity shares required by these Rules; and
  - (b) is not more than 90 days delinquent in any obligation to the credit union.

**Rule 3. SHARES AND DEPOSITS**

- 3.1 The shares of the credit union shall be divided into three classes of shares, each consisting of an

unlimited number of shares, designated as Class A (Mandatory) equity shares, Class B (Voluntary) equity shares, and Class C non-equity shares.

3.2 All classes (except where specified) of equity shares shall have attached thereto the following rights and restrictions:

- a) subject to the Act and Regulations, a member is entitled to redeem equity shares upon any of the following events:
  - i) the death of the member, or
  - ii) the member withdrawing from membership in the credit union, or
  - iii) the credit union terminates the membership of the member, or
  - iv) if the member is a Group Member, upon the liquidation or winding up of that Group Member.

and an application for redemption of equity shares shall be in writing and accompanied with such evidence as the credit union may require that an event entitling redemption has occurred.

- b) Subject to the Act, the credit union may redeem any equity shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.
- c) Subject to the Act, the credit union may, but shall not be required to redeem any additional equity shares required by Rule 3.10 held by a member if all indebtedness of the member to the credit union has been fully paid and discharged, and the member requests, in writing, that such equity shares be redeemed.
- d) Without a resolution to the contrary, the directors shall limit the number of equity shares of each class redeemed in any one calendar year to 10 per cent of the aggregate amount of each class of equity shares issued and outstanding as of the previous financial year end.

3.3 Subject to these Rules and the Act, the directors may establish policies regarding payment, redemption of, and dividends on any and all classes of shares. Such policies may differ for each class of shares.

3.4 Subject to the provisions of the Act that specify the minimum number of membership shares for which a member must subscribe and pay, the directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of equity shares as required by these Rules.

3.5 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.

- 3.6
  - a) A member may withdraw from membership, and the membership of any person may be terminated, in accordance with the Act.
  - b) Where a member is a director or member of a committee at the time of withdrawal or

termination of membership, the withdrawal or termination shall constitute a resignation from her position as director or member of a committee.

- 3.7 a) An equity share shall be issued at and have a par value of \$1.00.
- b) Subject to the Act, equity shares which are redeemed, transferred or purchased by the credit union shall be redeemed, transferred or purchased at par value, plus any dividends declared but unpaid thereon.
- 3.8 Equity shares may only be subscribed for, and purchased by, or transferred to a member of the credit union.
- 3.9 Each member of the credit union, at the time this Rule comes into force, shall subscribe, fully pay for, and hold the following number of Class "A" (Mandatory) Equity Shares:
- a) except as provided below, each member: 50 shares;
- b) each junior member: 5 shares;
- c) each Youth Member: 25 shares;
- d) Each incorporated Group Member: 100 shares.
- 3.10 Notwithstanding Rules 3.9 and 3.11, and subject to the Act, a member who borrows from the credit union may be required to subscribe for and purchase such additional Class A (Mandatory) equity shares or Class B (Voluntary) equity shares as the directors may from time to time by resolution determine.
- 3.11 The number of Class A (Mandatory) equity shares required to be owned by a member may be altered by special resolution of the membership. but an increase in that number shall not be effective until the expiration of not less than 90 days after notice of the increase is deemed to have been received by the members.
- 3.12 a) If, on the expiration of the period of notice described in Rule 3.11, a member is not the owner of the required number of Class A (Mandatory) equity shares, the credit union may apply any money on deposit and interest thereon or invested in Class B (Voluntary) equity shares or Class C non-equity shares in the name of the member so that the member shall own the number of Class A (Mandatory) equity shares required by Rule 3.9.
- b) If, on the expiration of the period of notice described in Rule 3.11, a member is not the owner of the required number of Class A (Mandatory) equity shares and the member has insufficient monies on deposit or invested in Class B (Voluntary) equity shares or Class C non-equity shares to permit the purchase of sufficient equity shares pursuant to Rule 3.12 a), the member's membership shall terminate in accordance with the Act.
- 3.13 a) A member who is a Junior Member shall, upon reaching the age of majority, purchase the

- number of Class A (Mandatory) equity shares which on that date a Youth Member is required to own pursuant to these Rules.
- b) A member who is a Youth Member shall, upon reaching the age of twenty-six years, purchase the number of Class A (Mandatory) equity shares which on that date an Individual Member is required to own pursuant to these Rules.
  - c) If, on the thirtieth day preceding the day on which a Junior Member attains the age of majority, that member does not own the number of Class A (Mandatory) shares then required to be held by a Youth Member, then Rules 3.12 (a) and 3.12 (b) shall apply, except that no notice shall be required.
  - d) If, on the thirtieth day preceding the day on which a Youth Member attains the age of twenty-six years, that member does not own the number of Class A (Mandatory) shares then required to be held by an Individual Member, then Rules 3.12 (a) and 3.12 (b) shall apply, except that no notice shall be required.
- 3.14 Without precluding any other method of giving notice, a notice under Rule 3.11 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 4th day, Saturdays and holidays excepted, following the date or mailing.
- 3.15
- a) Equity shares may be held jointly, but nothing in this Rule diminishes the number of shares for which each member must subscribe.
  - 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.
  - c) If any equity share requires redemption, the credit union shall not be required to redeem any equity share that is jointly held until the death of the last joint holder.
- 3.16 Subject to the Act, the credit union may redeem any equity shares or non-equity shares upon which it has a lien, specific or statutory, without notice to the member at any time after the due date for payment of the debt secured by the lien and may set off the proceeds of the redemption against the debt, and the residue (if any) shall be paid to the person entitled to the equity shares or non-equity shares at the time of the exercise of the lien.
- 3.17
- a) Interest on deposits, 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, and the directors may delegate the power to make such determinations.
  - b) Dividends, patronage refunds, or bonuses declared, if any, at the discretion of the directors may be paid as an allocation of Class A (Mandatory) equity shares, Class B (Voluntary) equity shares, or Class C non-equity shares.
  - c) Dividends declared, if any, may, at the discretion of the directors, be at a different rate for different classes of shares.
- 3.18 No member is entitled to withdraw money on deposit irrespective of the terms thereof to the extent to which the monies on deposit represent the security for a loan and do not exceed the outstanding balance thereof.

**Rule 4. BORROWING AND LENDING**

- 4.1 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.
- 4.2 Subject to the Act, the Directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and may, by resolution, delegate the power to make loans and to make the determination aforesaid.

**Rule 5. DIRECTORS**

- 5.1 The number of directors 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 provisions in these Rules, shall have all of the power of the directors until the vacancy or vacancies caused thereby have been filled by appointment or election.
- 5.2
- a) Each year, directors shall be elected to replace those whose terms expire and, except as provided in c), a director whose term expires is eligible for re-election.
  - b) Except where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for 3 years.
  - c) A director shall not serve for more than three consecutive terms, and shall not be eligible for election or appointment to fill any vacancy until the next annual general meeting.
- 5.3 Where any offices of directors being filled at any election are for different lengths of terms, the term of each person shall be determined by lot.
- 5.4 No director shall, as such, receive any remuneration, but this shall not prevent a director being reimbursed or paid her out-of-pocket expenses directly related to the performance of her duties, and this shall not prevent a director being employed and remunerated by the credit union in a capacity other than director. At each annual general meeting the Board of Directors shall present to the members a list of directors and credit committee members who also serve as paid employees of the credit union.
- 5.5 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.
- 5.6 Before commencing duties, a director shall complete and submit to the superintendent the personal information return in the form prescribed by the Act, disclosing the prescribed information.
- 5.7 Regular meetings of the Board of Directors shall be held at least ten times annually.
- 5.8 Reasonable notice shall be given of meetings of the directors by personal delivery, mail, fax, telegraph, telex, or telephone, but notice may be waived by a director who does not receive notice.

- 5.9 Special meetings of the Board of Directors may be called by the president and vice-president at any time, and shall be called within fourteen days upon the written requisition of three or more directors.
- 5.10 A majority of the number of persons serving as directors shall constitute a quorum at a meeting of the Board, but a lesser number may adjourn from time to time until a quorum is obtained. In the event that there are positions vacant on the Board, four shall be the minimum number of directors which can constitute a quorum.
- 5.11 A director who is interested, directly or indirectly, in a proposed contract or transaction with the credit union may be counted for the purposes of the quorum required by Rule 5.10.
- 5.12 The office of director shall be vacated if
- a) the director is a person disqualified from acting as a director pursuant to the Act;
  - b) the director ceases to be a member in good standing or has failed, without being excused, to attend regular meetings of the directors for three consecutive months in which meetings are held; or
  - c) the director is ordered to vacate the office by a special resolution of the membership of the credit union presented at a general meeting called for that purpose.
  - d) the director is ordered to vacate by a resolution of the directors passed by not less than two thirds (2/3) of the directors, if that director:
    - i) has failed without being excused to attend three consecutive meetings of the board or any three consecutive meetings of a committee of the board; or
    - ii) is required by the Rules to vacate the office of director, but has not tendered her resignation as a director; or
    - iii) has breached the code of ethical conduct adopted by the board; or
    - iv) has breached the confidentiality of any proceedings, deliberations, or information of the directors, as determined by the other directors in accordance with the policies and procedures established by the Conduct Review Committee.
- At least seven (7) days prior to the directors meeting at which the removal of a director is to be considered, the secretary will provide such director with notice of the meeting and the grounds for considering the director's removal. The director may appear and make submissions at the meeting prior to the directors voting on the resolution for the director's removal.
- 5.13 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 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 thereat.
- 5.14 A resolution, whether or not in counterpart, consented to in writing by all directors or all the 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.

- 5.15 The directors shall annually appoint at least three of their number as the Audit Committee.
- 5.16 The directors shall annually appoint an Investment and Loan Committee.
- 5.17 The directors shall annually elect at least three of their number as the Conduct Review Committee.
- 5.18 Subject to the 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.
- 5.19 Any committee formed under Rule 5.18 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.
- 5.20 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.
- 5.21 Subject to the limitations contained in the 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 who 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 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 or person is made a party by reason of being or having been a 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 a 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 her conduct was lawful.

## **Rule 6. OFFICERS**

- 6.1 The directors shall meet within 30 days after each annual general meeting and shall elect as officers from their own number a president and vice-president.
- 6.2 The directors shall, from their own number or from the general membership, appoint a secretary; and subject to Rules 6.1 and 6.3 may appoint such additional officers as they deem necessary.
- 6.3 The directors shall appoint a treasurer, who shall be the general manager.
- 6.4 Subject to the Act, the treasurer shall appoint such other employees as may be required subject to the policy of the directors. Every employee of the credit union shall be a member of the credit union.
- 6.5 The president and vice-president shall preside, on a rotating basis where practicable, at all meetings of the credit union and of the Board of Directors. They shall also submit to the annual general meetings the directors' report to the credit union.

**Rule 7. CREDIT COMMITTEE**

- 7.1 The credit committee shall consist of seven members elected pursuant to the Rules.
- 7.2 a) Each year, credit committee members shall be elected to replace those whose terms expire and, except as provided in c), a credit committee member whose term expires is eligible for re-election.
- b) Except where an election is held to fill the unexpired portion of a term, credit committee members shall be elected to hold office for 3 years.
- c) A member of the credit committee shall not serve for more than three consecutive terms, and shall not be eligible for election or appointment to fill any vacancy until the next annual general meeting.
- 7.3 No member of the credit committee shall, as such, receive any remuneration, but this shall not prevent a committee member being reimbursed or paid her out-of-pocket expenses directly related to the performance of her duties, and this shall not prevent a credit committee member being employed and remunerated by the credit union in a capacity other than credit committee member.
- 7.4 Where a casual vacancy occurs among the credit committee members or, for any reason, the position of credit committee member is not filled in an election, the 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.
- 7.5 Regular meetings of the committee shall be held as required by the affairs of the credit union, but at least monthly.
- 7.6 Special meetings of the committee may be called by the chairperson of the committee at any time and shall be called upon the written requisition of two members thereof.
- 7.7 The Board of Directors shall from time to time establish the quorum of the credit committee. A lesser number may adjourn from time to time until a quorum is obtained.
- 7.8 A person holding office as a member of the credit committee shall vacate that office if such person ceases to be a member in good standing or fails to attend regular meetings of the committee for three consecutive meetings without good cause.
- 7.9 The credit committee and every person or persons to whom the duties of approving loans by the credit union are delegated pursuant to or under the provisions of the Act shall, with respect to every loan with which the committee or such person or persons deal, inquire carefully into the character and financial condition of each applicant for a loan and of her sureties (if any) in order to ascertain her and their ability to fulfill the obligations assumed by her and them, and shall determine whether the loan sought is for a provident or productive purpose and will be of probable benefit to the borrower and to the members of the credit union, and complies with the Investment & Lending Policy.
- 7.10 As provided by Section 111 of the Financial Institutions Act the directors may, at their discretion and subject to any conditions they may impose, delegate to the credit committee the power to



lend money, subject to the credit union's Investment & Lending Policy.

- 7.11 The credit committee shall make an examination of all loans made and the applications therefore for loans during the period covered by the examination and shall report to the membership at the annual general meetings
- i) the number of applications received and total amount thereof, and
  - ii) the number of applications approved and the total amount thereof, and
  - iii) any other information regarding loans applied for and approved, in a form requested by the membership by ordinary resolution at previous general meetings.
- 7.12 a) Where more loan applications are pending than can be met from the funds available, preference shall be given to applications which will benefit the greatest number of members of the credit union, provided the security offered compares favourably with the security offered in other applications.
- b) Where a member is refused a loan from the credit union, she shall, upon request, be entitled to written reasons for such refusal.
- 7.13 Members of the credit committee, in exercising the powers and performing the functions of a credit committee member, shall
- a) act honestly and in good faith, and in the best interests of the credit union, and
  - b) exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances, and in doing so shall take into account the interests of shareholders and depositors and, without limiting this, of those to whom the directors owe a fiduciary duty.

#### **Rule 8. GENERAL MEETINGS**

- 8.1 a) Only a member in good standing who is not a junior member may vote on a resolution or in elections.
- b) A corporate member may vote through a duly authorized agent, who is not a member of the credit union and who has been appointed in writing.
- 8.2 The annual general meeting of the credit union shall be held on a date to be fixed by the Board of Directors and in accordance with the provisions of the Act.
- 8.3 Other general meetings may be convened and held in accordance with the provisions of the Act.
- 8.4 Subject to the Act, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.
- 8.5 Subject to the Act the chairperson shall determine the manner by which voting shall be undertaken at a meeting of the credit union.
- 8.6 At a general meeting of the credit union, 35 members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

- 8.7 At each annual general meeting, the directors shall put forward a proposal for the disposition of the surplus of the credit union for the financial year just ended, and the membership shall accept the proposal, or reject the proposal with instructions to prepare a new proposal. But in no circumstances shall the directors be required to recommend a dividend in excess of that recommended in the original proposal.
- 8.8 So far as practicable the order of business at all annual meetings shall be as follows:
- call to order,
  - ascertainment of quorum,
  - appointment of recording secretary,
  - adoption of agenda,
  - approval of minutes,
  - business arising out of minutes,
  - report of the directors,
  - report of the credit committee
  - report of management,
  - presentation of financial statements
  - report of the auditor,
  - approval of auditor's report,
  - appointment of auditor,
  - report of other committees,
  - elections,
  - unfinished business,
  - new business,
  - adjournment.

## Rule 9. ELECTIONS

- 9.1 At least ninety (90) days before an annual general meeting, the directors shall appoint a nominating committee of not less than three members, who shall be natural persons and not junior members, and who may, but need not be directors, provided however, that no director or credit committee member 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.
- 9.2 At least thirty (30) days before an annual general meeting, the nominating committee shall:
- a) notify all members of the credit union that an election of directors and credit committee members is to take place, specifying the number of positions which are to be filled;
  - b) advise all members that, for purposes of being eligible to vote in the election, a person must be a member, other than a junior member, in good standing 60 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.
- 9.3 A person who:
- a) is a person disqualified from becoming or acting as a director pursuant to the Act;

- b) has not been a member in good standing of the credit union for 6 consecutive months;
- c) is an employee of the Credit Union, a subsidiary of the Credit Union or an affiliated corporation of the Credit Union.

is not eligible to hold office as a director or credit committee member and, if holding office as a director or credit committee member, shall vacate office forthwith, except that a person shall not be required by reason of serving as a member of the credit committee to file a personal information return or to complete any training program required by the Act.

9.4 Before the name of a person is placed in nomination as a candidate for election as a director or credit committee member, 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 or credit committee member;
- b) to observe the provisions of the Act, as applicable;
- c) to comply with the 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.

9.5 a) After

- i) all nominations of the nominating committee, or
- ii) nominations made by such other procedure as the Rules of the credit union permit

have been placed before the meeting, the chairperson of the meeting shall call for nominations from the floor, and when the chairperson has called 3 times for nominations, nominations shall be closed.

- b) Elections shall be by secret ballot; provided always that if the number of qualified persons nominated for the offices for which the election is to be held is equal to or less than the number required to be filled, the persons so nominated shall be declared by the chairperson to be elected by acclamation.
- c) The conduct of an election by secret ballot, if any is required, shall be in accordance with the directions of the chairperson of the meeting, unless before the taking of the ballot, a different procedure is adopted by a majority vote of those members present.

9.6 a) The Nominating Committee may endorse one or more candidates for election.

b) The Nominating Committee shall inquire into any potential conflicts of interest arising from a candidate's prior employment with the credit union, or the candidate's immediate family member's employment with the credit union, and report on these to the membership prior to the election.

c) The Nominating Committee shall inquire into a candidate's business with the credit union, outstanding legal actions involving the credit union, and other potential conflicts of interest and report on these to the membership prior to the election.

- 9.7 Nominations and elections shall be in the following order:
- a) Nominations for directors;
  - b) Election of directors;
  - c) Nominations for members of the credit committee;
  - d) Election of the members of the credit committee.
- 9.8 A ballot must contain votes for the number of persons to be elected, and any indicating another intention is void.
- 9.9 The directors may, from time to time, determine the method and manner in which candidates shall be permitted to campaign for election, and candidates shall campaign in accordance with the method and manner as determined by the directors.
- 9.10 No candidate shall interfere with the election process or seek assistance in connection with the election from any employee or officer of the credit union.
- 9.11 Every director and credit committee member shall, forthwith after election as a director or credit committee member of the credit union, file with the conduct review committee a statement of disclosure in the form established by the conduct review committee disclosing any conflicts of interest which she may have.

#### **Rule 10. THE SEAL**

- 10.1 The credit union shall have a common seal.
- 10.2 The directors shall provide for the safe custody of the seal at the credit union's registered office, and shall provide for its use.

#### **Rule 11. ALTERATION OF RULES**

- 11.1 Subject to the provisions of the Act and any prescribed rules, the credit union may amend these Rules by special resolution from time to time.

#### **Rule 12. FINANCIAL YEAR END**

- 12.1 The financial year of the credit union shall end on the thirtieth day of September in each year.

#### **RULE 13. ELECTRONIC COMMUNICATION**

Subject to the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act, at the Board's discretion, any information or notices that are required to be provided or mailed to members may be either mailed or provided by electronic means and members may vote by electronic means, the Board of Directors may prescribe such technological and other requirements for the use of such electronic means as the Board of Directors in their discretion considers desirable in the circumstances.