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ARTICLE 1 - NAME

1. The name of the Credit Union shall be:
ADVANCE SAVINGS CREDIT UNION LIMITED, and shall hereinafter be called "the Credit Union".

ARTICLE 2 - MEMBERSHIP

Eligibility

- 1.(1) The membership of the Credit Union shall consist of the incorporators and those persons whose applications for membership are accepted by the Board of Directors of the Credit Union.
- 1.(2) (a) Every application for membership in the Credit Union shall be made during normal business hours of the Credit Union, and be made in writing on a form supplied by the Credit Union to the applicant, and requires the applicant to purchase fully paid membership shares as prescribed in Article 8.

(b) The 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.(3) A person under nineteen years of age may be accepted as a member of the Credit Union and 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.

Termination

- 2.(1) The Board of Directors of the Credit Union may terminate the membership of a member if, in their opinion, such member's conduct is detrimental to the Credit Union, and if by a resolution passed by a majority of not less than three-quarters of the directors at a meeting called to consider the resolution. Shares of an expelled member shall be refunded as funds become available; and the refund shall be subject to the conditions of s.35(1) of the Credit Unions Act having been met; and the terminated membership shall not release the terminated member from any remaining liability to the Credit Union.
- 2.(2) A member whose membership is proposed to be terminated under 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 on which the membership is proposed to be terminated.

- 2.(3) A member whose membership is proposed to be terminated under subsection (1) is entitled to appear and be heard in person or by counsel at any meeting at which the resolution is to be considered.
- 2.(4) Within seven days after a resolution is passed in accordance with subsection (1), the Credit Union shall, by registered mail, notify the person whose membership is to be terminated.
- 2.(5) A person whose membership is terminated under subsection (1) may appeal the termination at the next meeting of the members of the Credit Union by sending a notice of appeal to the credit union within fourteen days after the notice was mailed under subsection (4).
- 2.(6) At a meeting of members to which an appeal under subsection (5) is brought, the members shall, by a majority vote, confirm or set aside the resolution of the directors terminating the membership of a member.
- 2.(7) The members of the Credit Union may terminate the membership of a member by special resolution.
- 2.(8) A person who appeals a termination of membership in accordance with subsection (5) shall, notwithstanding the resolution terminating membership, continue to be a member of the Credit Union until the termination is confirmed by a meeting of the members under subsection (6).
- 2.(9) A person whose membership is terminated under this section shall not again be admitted to membership in the Credit Union except by a special resolution of the members at a general meeting.

Withdrawal

- 3.(1) A member may withdraw membership in the Credit Union on any day the Credit Union is open for business; however, withdrawal of 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 to the Credit Union.
- 3.(2) No provisions in relation to the withdrawal from membership in the Credit Union shall affect the provisions of any contract between a withdrawing member and the Credit Union and, without limiting the generality of the foregoing, no provision shall affect the term for which any person has agreed to place deposits with the Credit Union.
4. The termination or withdrawal from membership does not release a person from any liability to the Credit Union.

ARTICLE 3 - MEETINGS

1. The meetings of the members of the Credit Union shall be held ~~at the place within New Brunswick that in such a manner as~~ the directors determine.
2. The rules of order for all meetings of members and directors shall be based upon the book "Call To Order" written by Herb Perry.
3. The fiscal year end of the credit union shall be December 31.
- 4.(1) The directors of the Credit Union -
 - (a) 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 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, and
 - (b) May at any time call a special general meeting of members.
- 4 (2) These by-laws provide that any member of a credit union may, in the presence of a facilitator for the meeting, participate in a meeting of members by means of telephone, electronic means or other communication facilities that permit all persons participating in the meeting to hear each other, and any member participating in a meeting by those means shall be deemed for the purposes of the Credit Union Act, Section 90 to be present at that meeting.
- 4.(2)(3) At the request of the directors, the Superintendent may extend the time in which the annual meeting of the Credit Union may be held.
- 4.(3)(4) 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 at the close of business on the thirtieth day preceding the day on which the notice is given.

Notice of Meetings

- 5.(1) Notice of the time and place of a meeting of members shall be given not less than fourteen days and not more than thirty days before the meeting and shall include:
 - (a) Advertisement in a daily newspaper circulated in the area and/or posted to the credit union's public website, and notice posted in all branches of the Credit Union.

- (b) Letter of notice to the auditor of the Credit Union.
- 5.(2) 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 directors, the financial statements of the Credit Union and the auditor's report, **approval of the maximum aggregate amount to be paid to all directors as remuneration for the performance of their duties during the current fiscal year of the credit union**, election of directors, and appointment of the auditor; shall be deemed to be special business.
- 5.(3) Notice of a meeting of members at which special business is to be transacted shall state:
- (a) The nature of that business in sufficient detail to permit the member receiving the notice to form a reasoned judgement on it, and
 - (b) The text of any 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.
6. A member or any other person entitled to attend a meeting of members may in any manner waive notice of the meeting, and attendance of the member or other person at the meeting is a waiver of notice of the meeting, except where that person attends for the express purpose of objecting to the transaction of business on the grounds that the meeting was not lawfully called.
7. A member entitled to vote at a meeting of members may submit a proposal to be presented at a meeting of the members, subject to those conditions and methods described in s. 72(1) of the Credit Unions Act for members submitting a proposal to be presented to a meeting of the members.

Quorum

- 8.(1) A number of members equal to the number of directors plus five, constitutes a quorum. For the purposes of this section, "member" means only those in attendance who have met the conditions in Article 2.
- 8.(2) If 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.
- 8.(3) If a quorum is not present at the opening of a meeting of the members, the members present may adjourn the meeting to a fixed time and place but may not transact any business.

Voting

- 9.(1) Subject to subsection 4(3) of Article 3 of these By-laws, a member of the Credit Union who is ~~nineteen~~-eighteen years of age or over, may vote at a meeting of members.
- 9.(2) Subject to subsection (1), a member of the Credit Union has only one vote on any question that may be voted on at meetings of members, unless they are authorized under subsection 10(1) of Article 3 of these By-laws to vote on behalf of a body corporate or association, in which case they are entitled to vote on their own behalf as well as on behalf of the body corporate or association.
- 10.(1) If a body corporate or association is a member of the Credit Union, the Credit Union shall recognize an individual authorized by a resolution of the directors or governing body of the body corporate or association to represent it at meetings of members of the Credit Union.
- 10.(2) An individual authorized under subsection (1) may exercise on behalf of the body corporate or association the individual represents, all the powers the body corporate or association could exercise if it were an individual member.
11. No member, other than a member that is a body corporate or association, shall vote by proxy at any meeting of members of the Credit Union.
12. Two or more individuals may jointly hold a membership in the Credit Union but that membership is entitled to only one vote.
13. An executor or administrator holding a membership in the Credit Union in the capacity of executor or administrator shall represent that membership at meetings of the Credit Union and may vote as a member.

Methods Of Voting

- 14.(1) Voting at a meeting of members shall be in the form and manner established by the Board of Directors from time to time, and may include mail ballot, in branch ballot, electronic voting, or other means. ~~shall be by a show of hands except where a ballot is demanded by a member entitled to vote at the meeting.~~
- 14.(2) ~~A member may demand a 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.~~

Requisition By Members To Call Special Meeting

- 15.(1) Five percent of members who are entitled to vote at a meeting of members or 250 members entitled to vote at that meeting, whichever represents the lower number of members ~~One hundred 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 purposes stated in the requisition.

- 15.(2) The requisition referred to in subsection (1), which may consist of several documents of like form each signed by one or more members with each member's name and address clearly printed, shall state the business to be transacted at the meeting and shall be sent to the registered office of the Credit Union.
- 15.(3) On receiving the requisition referred to in subsection (1), the directors shall call a meeting of members to transact the business stated in the requisition, unless the business of the meeting as stated in the requisition includes a matter described in sections 72(5)(b) to (e) of the Credit Unions Act.
- 15.(4) If the directors do not within thirty days after receiving the requisition referred to in subsection (1) call a meeting, any member who signed the requisition may apply to the Court for an order calling a meeting and directing the manner of conducting the meeting.
- 15.(5) Unless the members otherwise resolve at a meeting called for under subsection (4), the Credit Union shall reimburse the members for the expenses incurred by them in requisitioning, calling and holding the meeting.

Enacting, Amending, or Repealing By-laws

- 16.(1) Subject to the Credit Unions Act and the Articles of the Credit Union, 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 by-laws in relation to those matters authorized or required by the Credit Union Act to be dealt with by by-law.
- 16.(2) Notwithstanding subsection (1), no by-law and no amendment or repeal of a by-law shall be effective until it is approved by the Superintendent.
- 16.(3) A proposed by-law or a proposed amendment or repeal of a by-law may be sent to the Superintendent for approval before its adoption by the members of the Credit Union.
- 16.(4) Where a by-law or an amendment of a by-law is approved by the Superintendent before adoption by the members of the Credit Union,
- (a) the by-law or the amendment or repeal of the by-law must be adopted by the members of the Credit Union within thirty days after the receipt of the approval of the Superintendent, and
 - (b) a certified copy of the adopted by-law or amendment or repeal of the by-law must be filed with the Superintendent within thirty days after its adoption by the members of the Credit Union or such later date as may be authorized by the Superintendent.

ARTICLE 4 - NOMINATION AND ELECTIONS

1. The nomination of the Board of Directors shall take place at the annual meeting of the Credit Union or at a special meeting of members called for the purpose.

Nomination Committee

- 2(1)(i) The Chair of the Board (The Chair) may appoint, at least 30 days prior to the annual or special meeting of members where elections are to take place, a nomination committee made up of three members;
 - (ii) The names of the three members appointed to the committee, along with their telephone numbers, must be posted in the office(s) of the Credit Union; and if possible, in other public places in the business area of the Credit Union;
 - (iii) The committee will receive the names of members interested in serving on the Board of Directors, will enquire as to whether these interested persons are eligible to serve, and shall before the annual or special meeting of members advise those interested individuals whether or not they are eligible to serve as a director.
 - (iv) The committee shall place in nomination the names of all candidates who are eligible.

~~3. The nominating committee shall submit their report to the meeting, but before the report is acted upon, 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.~~

~~4.3. When nominations are closed, the Chair shall appoint such scrutineers as are required who shall distribute the ballots and collect same, and when the vote is taken shall tally the same, to oversee voting by the members. The appointed scrutineers shall tally the votes and provide the results to the Chair who shall announce the results of the election.~~

~~4. Where vacancies still exist following 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 such that an election is required, the method of election shall be by one vote per member and the nominee(s) receiving the highest number of votes shall be declared elected.~~

5. If the members fail to elect the required number of directors at a meeting, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum. Failing this, a meeting of the members must be called to fill the vacancies on the board.

6. Where there are two or more candidates for any position on the board, ~~a ballot shall~~

~~be taken~~ voting shall take place, however if only one position is open and only one person is nominated, the Chair shall declare such member elected by acclamation.

The nominees receiving the highest number of votes shall be declared elected. 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 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).

7. Should a nominee not be present at the meeting, the nominee's consent to stand for election to the board must be obtained from the nominee and declared to the members present at the meeting prior to the election.
8. Ballots with more names written than vacancies shall be considered spoiled ballots and not counted.

Eligibility for Election as a Director

9. Any person who is a member of the Credit Union under Article 2, is eligible to be elected to the board of directors of the Credit Union.
10. The following persons are disqualified from being a director of the Credit Union:
 - (a) Anyone who is less than nineteen years of age;
 - (b) Anyone who is not an individual;
 - (c) Anyone who is not a member of the Credit Union;
 - (d) A person who has the status of a bankrupt;
 - (e) An employee of the Credit Union, Atlantic Central, the New Brunswick Credit Union Deposit Insurance Corporation, or the Financial and Consumer Services Commission. ~~the Credit Union Central of New Brunswick or the Risk Management Agency.~~
 - (f) An auditor of the Credit Union or a member of the firm of accountants of which the auditor is a member;
 - (g) A solicitor of the Credit Union;
 - (h) A person employed in the Civil Service whose official duties are concerned with the affairs of credit unions;
 - (i) Without the written approval of the other directors, a person or the spouse of a person who has a loan with the Credit Union that is more than three months in arrears;
 - (j) A person or the spouse of a person who has a loan with the Credit Union that is more than six months in arrears.

- (k) A Director cannot be a former employee or a person who is a member of the immediate family of a former employee who was employed by the Credit Union in the three years preceding an Annual General Meeting.

- 11. Subject to Sections 9 and 10, a director is eligible for re-election but is not, in any case, eligible to serve as a director for more than nine consecutive years.

Term of Office

- 12.(1) The members of the Credit Union shall by ordinary resolution at each annual meeting of the members at which an election of directors is required, elect directors to hold office for a term not exceeding three years.
- 12.(2) It is not necessary that all directors elected at a meeting of members hold office for the same term.
- 12.(3) A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of members following that director's election.
- 12.(4) Notwithstanding anything in this section to the contrary, if directors are not elected at a meeting of the members, the incumbent directors continue in office until their successors are elected.

ARTICLE 5 - DIRECTORS AND OFFICERS

- 1.(1) The Board shall consist of nine (9) directors duly elected.
- 1.(2) The directors of the Credit Union shall
 - (a) Exercise the powers of the Credit Union directly or indirectly through the employees and agents of the credit union, and
 - (b) Direct the management of the business and affairs of the Credit Union.

Resignations and Removals

- 2.(1) A director of the Credit Union ceases to hold office when the director
 - (a) Dies or resigns;
 - (b) Becomes disqualified under Article 4, Section 10 of these by-laws.
- 2.(2) 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, whichever is later.
- 3.(1) The members of the Credit Union may, by ordinary resolution, at a special meeting, remove any director from office.
- 3.(2) A vacancy created by the removal of a director from office may be filled at the meeting of the members at which the director is removed, or if not so filled, may be filled under Section ~~89-101~~ of the Credit Union Act.
- 3.(3) A director who is being removed from office is entitled to receive notice of and to attend and be heard at a meeting of members at which the director's removal is being considered.

Meetings of the Board

- 4.(1) The directors of the Credit Union may meet ~~at such place in the Province in such a manner~~ and on such notice as the directors may determine.
- 4.(2) A majority of the directors constitutes a quorum at any meeting of directors and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors.
- 4.(3) A notice of a meeting of directors need not specify any matter that is to be dealt with at the meeting except -
 - (a) Any question or matter requiring the approval of the members;

- (b) The filling of a vacancy among the directors;
 - (c) The issuance or redemption of any shares of the Credit Union other than membership shares, or;
 - (d) The approval of any fiscal year-end financial statements and auditor's report.
5. Regular meetings of the Board shall be held at least six times during each fiscal year.
 6. Special meetings of the Board may be called by the Chair at any time and shall be called upon the written request of at least three directors.
 7. If a member of the Board of Directors fails to attend three consecutive Board meetings, without cause satisfactory to the other members of the Board of Directors, his office may be declared vacant by the Board, and after a notice to him to this effect, the Board may fill the vacancy.
 8. The Chair shall only vote in the event of a tie on any question under discussion.

Remuneration of Directors and Committee Members

- 9 (1) The directors 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 members of the Credit Union at the annual meeting of the Credit Union.
- 9.(2) The Credit Union will provide all directors receiving remuneration with a T-4 slip in compliance with the Federal Income Tax Act.

Election of Officers

- 10.(1) The officers of the Board of Directors shall be the Chair, the Vice Chair, the Secretary, and any other officers deemed necessary for the efficient operation of the Credit Union. Such officers shall constitute the Executive Committee.
- 10.(2) The Board of Directors shall meet within ten days following the annual or special meeting of members where their election took place and they shall, from their number, elect a Chair, a Vice Chair and a Secretary;
- 10.(3) The Board of Directors may appoint committees and may delegate to those committees any of the powers of the directors .
- 10.(4) The Board of Directors may appoint a Credit Committee consisting of not less than three members of the Credit Union, of which none may be an employee, and the Chair of the Committee shall be a director of the Credit Union.
- 10.(5) The Board of Directors shall appoint an Audit Committee consisting of not less than

three members of the Credit Union, of which none may be an employee, and the Chair of the Committee shall be a director of the Credit Union.

- 10.(6) The members of other committees appointed by the Board of Directors shall be members of the Credit Union and the Chair of each committee shall be a director of the Credit Union.
- 10 (7) The nominations and elections of the Executive officers will be done by ballot in the order of Chair, then Vice Chair, and then Secretary.
- 10.(8) The director receiving the highest number of votes will be elected, with a tie vote being resolved by a drawing of straws.
- 10.(9) The nomination and election of the Chairs for Credit, Audit and other committees may be done by ballot or verbally.
- 10.(10) The nomination and appointment of members of the Credit, Audit and other committees, other than the Chairs, may be done by ballot or verbally.
- 10.(11) 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 at each meeting of the Board the minutes of the committee's proceedings during the period since the last meeting of the Board of Directors.
- 10.(12) Notwithstanding Subsection (3), no committee or officer appointed by the Board of Directors has authority to
 - (a) Submit to the members any question or matter requiring approval of the members;
 - (b) Fill a vacancy among the directors;
 - (c) Issue or redeem shares, except in the manner and on the terms authorized by the Board of Directors, or
 - (d) Approve the fiscal year-end financial statements.
- 10.(13)
 - (a) A director may become an officer of the Credit Union and may become a member of a committee, and
 - (b) two or more offices of the Credit Union may not be held by the same person.
11. The office of President/Chief Executive Officer shall be appointed by the Board.
12. A recording secretary may be appointed by the Board of Directors.

Indemnification

13. Subject to Section 105 of the Credit Unions Act the Credit Union shall indemnify every member of the Board, every former member of the Board, and every employee or former employee of the Credit Union, and their heirs and legal representatives, against all costs, charges and expenses that such person sustains with respect to any action, suit, or proceeding brought him in the exercise of the powers or duties conferred on him by the provisions of the Credit Unions Act, the Regulations to the Act or any by-law made thereunder.

ARTICLE 6 - DUTIES OF OFFICERS

1. Every director and officer of the Credit Union, in exercising the powers and discharging the duties of a director or an officer, shall
 - (a) Act honestly and in good faith with a view to the best interests of the Credit Union, and
 - (b) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
2. The Chair shall call the meetings of the Board of Directors to order; however, the role of chairing the meeting may be assigned by the Chair to another director.
3. The Vice Chair shall assume the duties of Chair in the absence of the Chair or in the vacancy of the office of the Chair.
4. The Secretary shall ensure that a correct record is kept of all meetings of the Credit Union and the Board of Directors.
5. The President/Chief Executive Officer of the Credit Union
 - (a) Shall carry out such duties as may be assigned by the Board, and shall report from time to time to the Board of Directors;
 - (b) Shall be a signing officer of the Credit Union;
 - (c) Shall be the custodian of the cash, securities, books, records, official seal, correspondence and other property of the Credit Union;
 - (d) Shall be in charge of the staff and shall have supervision over them;
 - (e) Shall determine the duties of the staff and their remuneration within the limits prescribed by the Board of Directors;
 - (f) Shall manage the business activities of the Credit Union, and has the right to control and apply the resources of the Credit Union to achieve the corporate objectives within proposed limits and as approved by the Board of Directors.
6. The President/Chief Executive Officer, or his/her designate, shall attend all meetings of the Executive Committee, Board of Directors and members. The Board, and committees of the Board may meet in-camera as set out in the policies of the credit union.

ARTICLE 7 - AUDIT COMMITTEE

Preamble All sections of Article 7 are subject to ~~those Regulations~~ Rule CU-001 under the Credit Unions Act which deals with the subject of "Audit Committee".

1.(1) The Audit Committee shall hold meetings not less frequently than ~~10~~ six (6) times per year.

1.(2) Additional meetings shall be called by the Chair of the Audit Committee as the business of the Credit Union may require, and

1.(3) Meetings shall also be called by the Chair upon the written request of two or more members of the Committee.

2. The Audit Committee shall –

- (a) Review the audited financial statements of the Credit Union;
- (b) Review each financial report and statement that requires the approval of the Board of Directors before its filing with the Superintendent of Credit Unions;
- (c) Review with the auditor or inspector:
 - (i) The audit or inspection findings,
 - (ii) Any restrictions on the scope of the audit or inspection,
 - (iii) Any problems or conflicts experienced by the auditor or inspector in performing the audit or inspection, and
 - (iv) The recommendations of the auditor or inspector concerning statutory compliance issues and sound business practices as well as accounting and internal control practices of the Credit Union.
- (d) Report and make the recommendations to the Board of Directors respecting the items reviewed in Sections 2(a), (b) and (c).
- (e) Review the responses made by the Board of Directors to reports made by the auditor or inspector under the Credit Unions Act, and
- (f) Report to the Board of Directors any conflict between the auditor or inspector and the management of the Credit Union that the Audit Committee has been unable to resolve within a reasonable time,
- (g) Report to the Board of Directors any significant changes in accounting policies and practices.

3. The Chair of the Audit Committee shall present to the annual meeting of the Credit Union a report describing the work of the Audit Committee during the previous fiscal year of the Credit Union and the period of time leading up to the annual meeting of the Credit Union.
4. The Audit Committee shall ensure that a full and correct record of all proceedings of the Audit Committee be made and kept available for examination by the Superintendent or any person authorized under the Credit Unions Act to examine the records of the Credit Union.

ARTICLE 8 - MEMBERSHIP SHARES

Membership Shares

1. Membership shares shall have an issue price as prescribed in the Articles of Amalgamation.

2. (a) (i) Each member is required by the Credit Union to purchase and hold a minimum of one (1) fully paid membership share. ~~membership shares, with such purchase being made by full payment in money or by subscription in amounts no less than five dollars and over a period of time not to exceed 60 months from the date the member joined the Credit Union.~~ Members may purchase as many membership shares as they wish, up to a maximum of ~~three thousand (3,000)~~ five thousand (5,000) shares. Membership shares are not protected by Deposit Insurance.

- (b) (i) A share in the Credit Union held by a member of the Credit Union immediately before January 31, 1994 shall be deemed to be a membership share.

- (ii) Any amount in excess of the amount fixed under Section 2(a)(i) or Section 2(a)(ii), held by a member in a share deposit account immediately before January 31, 1994 and the commencement of this subsection may, on request of the member, be transferred to an account other than a share deposit account.

3. (a) Subject to subsection 35(1) and 50(1) of the Credit Union Act, membership shares shall be redeemed or paid out at a price not to exceed the issue price at such time as the member is not accepted for membership by the Board of Directors, or the member withdraws from membership in the Credit Union, or the member is terminated from membership by the Board of Directors.

- (b) Membership shares shall rank behind all other classes of shares issued by the Credit Union and holders of membership shares shall not, upon winding up or liquidation of the Credit Union, be entitled to redeem, in whole or in part, any membership shares until the amounts outstanding on all other classes of shares have been paid in full.

Dividends

4. Dividends may be declared and paid on membership shares subject to Section ~~39-46~~ of the Credit Unions Act, and as may be established by a resolution of the Board of Directors. ~~with the approval of the members at the annual meeting of the Credit Union.~~

ARTICLE 9 - SURPLUS SHARES

Surplus Shares

1. The Credit Union is authorized to issue, to any member, surplus shares for a maximum of 5,000 shares for a maximum amount of \$5,000. The Credit Union may issue a fraction of surplus shares.
2. (a) 100 percent of the patronage refund or dividends on shares to be paid to or credited to a member may be applied to purchase, on behalf of the member, surplus shares until a total of three thousand dollars (\$3,000) is accumulated. Thereafter, fifty percent (50%) of patronage refunds or dividends on shares declared by the Credit Union may be paid directly to eligible members' Surplus Share accounts and the remainder will be paid to a chequing or savings account owned by the member. On reaching 5,000 shares or \$5,000, one hundred percent (100%) of the patronage refunds or dividends on shares will be paid directly to a chequing or savings account of the member.

Patronage Refunds

3. Subject to Article 9, Section 7(a), (b) and (c), upon the recommendation of the Board of Directors of the Credit Union, and with the approval of the members at the annual meeting of the Credit Union, a patronage refund may be declared and paid to the members.
4. Patronage refund is defined, for credit union purposes, as an amount calculated as a percentage of the interest paid and the interest earned by the Credit Union during its fiscal year, which is to be returned to the member in proportion to the amount of interest paid or earned by the member through business done with the Credit Union.
5. The patronage refunds may be deposited in surplus shares accounts of eligible members, subject to the requirements of Section 2, with any remainder owing to any individual member to be paid to that member's chequing or savings account.

Dividends

6. Dividends may be declared and paid on surplus shares subject to Section ~~39~~46 of the Credit Unions Act, and with the approval of the members at the annual meeting of the Credit Union.
7. The Credit Union shall not pay a patronage refund or a dividend on shares if there are reasonable grounds for believing that -
 - (a) The Credit Union is, or would be after the payment, unable to pay its liabilities as they become due,
 - (b) The realizable value of the Credit Union's assets is, or would be after the payment, less than the aggregate of its liabilities and ~~equity~~regulatory capital other than

retained earnings, or

- (c) The equity regulatory capital of the Credit Union is, or would be after the payment, less than that required under Section 55 of the Credit Unions Act and Regulations Rules to the Act.

Conditions Affecting Redemption

- 8. The Credit Union shall not make any payment to purchase or redeem shares issued by it if there are reasonable grounds for believing that -
 - (a) The Credit Union is, or would after the payment, be unable to pay its liabilities as they become due, or
 - (b) The realizable value of the Credit Union's assets is, or would be after the payment, less than the aggregate of:
 - (i) Its liabilities, and
 - (ii) The amount that would at that time be required to pay the shareholders that have a right to be paid, on a redemption or in a liquidation, rateably with or before the shareholders of the shares to be purchased or redeemed.