

Kingston Community Credit Union

Special Resolutions and Recommended By-Law Changes 2017

Message from the Board of Directors

The last substantial amendments to the By-Laws were approved by the members of Kingston Community Credit Union in 2010. These were required amendments related to revisions to the *Credit Union and Caisses Populaires Act (1994)* that were proclaimed in 2009.

Every Credit Union has By-Laws approved by its members that outline how the credit union operates as a legal entity. While these By-Laws are a legal and regulatory requirement, they also help ensure that our organization operates efficiently and successfully. Kingston Community Credit Union has undertaken a full review of its By-Laws and on January 31st 2017 the Board of Directors recommended the following changes be brought forward to the Membership for vote.

A lot of work and careful thought have gone into updating and improving the current By-Law for the benefit of our membership and the Credit Union. Below please find the full text of the Special Resolutions along with further details regarding the changes. They can also be picked up at any of our branches. We hope that you will support the special resolutions being presented to you. Should you have any questions you are welcome to forward them to me at kccu@kccu.ca.

We look forward to seeing you at our Annual General Meeting on March 7th, 2017, and encourage you to participate in the vote on the special resolutions.

Thank you on behalf of the Board,

Jon Dessau, CEO

Overview

The Board is proposing amendments in three categories:

1. amending the Articles of Incorporation of the Credit Union to incorporate provisions that would permit the Credit Union to issue special shares of two classes (Investment Shares and Dividend Shares) to members, and set out the rights and privileges of holders of Membership shares and the special shares (page 3 below);
2. a Special Resolution which, if approved, would authorize and direct the Credit Union to make an application to the Superintendent of Financial Services to approve a Stated Capital reduction for Membership Shares which, if approved, would have the effect of reducing the minimum membership share capital requirement for adult individuals and entities from 30 \$5.00 shares (\$150.00) to 5 \$5.00 shares (\$25.00), and permit the Credit Union to return the difference to existing such Members in the form of credits to deposit accounts or cash (page 20 below);
3. deleting all existing By-laws of the Credit Union, and replacing them with a new comprehensive By-law that incorporates improvements typically found in the current by-laws of other Ontario credit unions similar to the Credit Union in terms of size and complexity. Most of these improvements entail changes in wording and organization that promotes clarity and better adheres to the requirements of the Credit Union and Caisses Populaires Act (*the Act*) and Regulations thereunder and can best be termed as housekeeping changes. However, significant changes strengthen governance by clarifying Director eligibility, and shortening Director term limit to five consecutive terms (page 22 below).

Special Resolution #1 rationale: Special Resolution amending the Articles of Incorporation of the Credit Union to incorporate provisions that would permit the Credit Union to issue special shares of two classes (Investment Shares and Dividend Shares) to members, and set out the rights and privileges of holders of Membership shares and the special shares.

Presently Kingston Community Credit Union (KCCU) has issued membership shares only, at a value of \$5 per share. As a minimum requirement for membership, youth must hold one share (\$5), and entities and adults aged 21 and over must hold thirty shares (\$150). In addition, members of the Credit Union may acquire membership shares for an additional consideration of \$1,000, the maximum permitted under article 8 of Regulation 237/09 under *the Act*. Member Shares form part of the Credit Union's regulatory capital and are not insured by the Deposit Insurance Corporation of Ontario.

Under new international banking rules (Basel III), credit union member equity shares, as currently constituted, do not qualify as capital. These rules apply to federally incorporated banks and credit unions in Canada, and your Board and management foresee the possibility that such rules could be extended to credit unions subject to Ontario legislation and regulations. As at December 31st, 2016, KCCU held regulatory capital of 11% of Assets, well above the minimum regulatory requirement of 4%. Members held \$2.32 million in member share equity representing 2 percentage points of our regulatory capital percentage. Though there are no reasonable grounds for believing that the Credit Union would be caused to be in contravention of any provision of *the Act*, the Board deems it prudent that the Credit Union By-Laws include the provisions necessary for raising additional capital through the issuance of dividend or investment shares to the membership, should it in the future be in the best interest of the Credit Union and the members to do so.

Class A and B investment and dividend shares may only be issued to members of the Credit Union. It is prohibited to issue any shares to non-members.

Class A investment shares may only be issued to members of the Credit Union by an initial offering statement inviting members to subscribe or thereafter as dividends on Class A shares already held by the member.

Class B Dividend shares may only be issued as dividends declared on member shares or thereafter as dividends on Class B shares already held by the member. Such shares may sometimes be referred to as patronage shares.

Allowing for the issuance of investment and dividend shares is now standard among our peers in the credit union system, and the Board invites your support for this measure that is deemed a prudent contingency and tool to help ensure the Credit Union's long-term stability and the member's security.

**SPECIAL RESOLUTION
OF THE MEMBERS OF
KINGSTON COMMUNITY CREDIT UNION LIMITED
AMENDING THE CREDIT UNION'S
ARTICLES OF INCORPORATION**

WHEREAS the Credit Union wishes to avail itself of the opportunity to raise additional capital from its members;

AND WHEREAS the Credit Union wishes to offer to its members, pursuant to offering documents prescribed by legislation, non-voting special shares in the capital of the Credit Union;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Credit Union's articles of incorporation be amended by adding the following provisions to the end thereof:

SHARE TERMS AND CONDITIONS

1. The classes and any maximum number of shares that the Credit Union is authorized to issue are:
 - (a) an unlimited number of membership shares;
 - (b) an unlimited number of Class A Special Shares (the "Class A Shares"), issuable in series, of which the initial series shall be:
 - (i) an unlimited number of Class A Special Shares, Series 1 (the "Class A Shares, Series 1"); and
 - (c) an unlimited number of Class B Special Shares (the "Class B Shares"), issuable in series, of which the initial series shall be:
 - (i) an unlimited number of Class B Special Shares, Series 1 (the "Class B Shares, Series 1").
2. The rights, privileges, restrictions and conditions attaching to each class and series of shares, beyond those set out in the Act are as follows:

(a) **General Interpretation**

(i) Defined Terms:

Any capitalized words used in these articles which are not specifically defined herein shall have attributed to them the meaning given to such words in the Act.

(ii) Definitions:

As used in these articles, the following terms shall have the following meaning:

“**Act**” means the *Credit Unions and Caisses Populaires Act, 1994*, S.O. 1994, c. 11, as amended from time to time;

“**Business Day**” shall mean a day other than a Saturday, Sunday, public holiday or other day on which financial institutions are authorized or required by law to be closed;

“**Credit Union**” means Kingston Community Credit Union Limited;

“**Redemption Amount**” shall mean the Redemption Price, plus all declared and unpaid dividends thereon;

“**Redemption Date**” shall mean the Business Day on which the Credit Union redeems specified shares; and

“**Redemption Price**” shall mean an amount for each share equal to the amount paid up thereon by the shareholder, plus declared but unpaid dividends.

(iii) Actions Required to be Taken on or Before a Specified Date:

In the event any date on or by which any action is required to be taken by the Credit Union hereunder is not a Business Day, then such action shall be deemed to be required to be taken on or by the next succeeding date that is a Business Day.

(b) **Membership Shares**

The rights, privileges, restrictions and conditions attaching to the Membership Shares are:

(i) Payment of Dividends:

The holders of the Membership Shares shall be entitled to receive dividends in cash or

in the form of Class B Shares if, as and when declared by the board of directors of the Credit Union, out of the assets of the Credit Union properly applicable to the payment of dividends, in such amount, and payable at such times and at such place or places in Canada, as the board of directors may from time to time determine. Subject to the rights of the holders of Class A and B Shares, which are entitled to receive dividends in priority to the Membership Shares, the board of directors may, in their sole discretion, declare dividends on the Membership Shares.

(ii) Participation upon Liquidation, Dissolution or Winding-up:

In the event of the liquidation, dissolution or winding-up of the Credit Union, or other distribution of assets or property of the Credit Union among its members or shareholders for the purpose of winding-up its affairs, and after the payment of all debts and liabilities, including any dividends declared and not paid, and the purchase for cancellation or redemption of all outstanding shares, the remaining property of the Credit Union shall be distributed or disposed of among the members at the time of dissolution equally, irrespective of the length of time each member has been a member.

(iii) Voting Rights:

The holders of the Membership Shares shall be entitled to receive notice of and to attend annual and special meetings of the members of the Credit Union, and to one vote at such meeting, regardless of the number of Membership Shares held by the member.

(iv) Redemption on Withdrawal or Expulsion from Membership:

Subject to section 62 of the Act, the Credit Union shall redeem Membership Shares when a member dies, or otherwise withdraws or is expelled from the Credit Union. Upon expulsion from membership, the Credit Union shall, after deduction of all amounts due from the member, forthwith pay to anyone so removed from membership, in cash or by cheque, the issue price of his or her Membership Shares, plus any declared but unpaid dividends thereon. In the case of a withdrawal from membership, payment shall be made within ninety days of the member's giving notice of his or her intention to withdraw.

(v) Redemption on Reduction of Membership Share Requirement:

Subject to the Act and the regulations passed thereunder, the Credit Union may, upon giving notice as provided in the Credit Union's by-laws, redeem on the Redemption Date the whole or any part of the then outstanding Membership Shares if:

- (1) the members of the Credit Union have passed a special resolution to amend the membership by-law to reduce the number of membership shares that a person or entity must subscribe for to become a member; and
- (2) the payment by the Credit Union to redeem the Membership Shares would not cause the Credit Union to be in contravention of section 84 of the Act.

Payment for each share to be redeemed shall be the Redemption Amount therefor.

Payment of the Redemption Amount for each share shall be made by the Credit Union within 30 days of the Redemption Date.

(vi) Payment to Members on a Stated Capital Reduction of Membership Shares:

In the event the Credit Union reduces the stated capital account for Membership Shares in accordance with terms and conditions of a special resolution approved by the members and the Superintendent, the balance of each affected member's membership share account shall be reduced by the member's proportionate share of the reduction in the aggregate stated capital account for Membership Shares. The Credit Union shall pay to each affected member an amount equal to the member's proportionate share of the reduction within 60 days of the effective date of the reduction, after deducting any amount due from the member in respect of which the member is then in default of payment. Payment may be effected by payment in cash or by a credit entry to any demand deposit account in the name of the Member on the records of the Credit Union.

(vii) Transfer:

Transfer of Membership Shares other than to the Credit Union is prohibited.

(c) **Class A Special Shares (the "Class A Shares")**

(i) Directors' Authority to Issue Shares in Series

The board of directors of the Credit Union may issue the Class A Shares at any time and from time to time in one or more series, in accordance with the terms and conditions of an Offering Statement for which a Receipt has been issued by the Superintendent under the Act, or thereafter as dividends on Class A Shares already held by the shareholder. Before the first shares of a particular series are issued, the

board of directors of the Credit Union may fix the number of shares in such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series, including, without limiting the generality of the foregoing, the rate or rates of, amount or method or methods of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rates, amount or methods of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the Redemption Price and terms and conditions of redemption (if any), the rights of retraction (if any), and the prices and other terms and conditions of any rights of retraction and whether any additional rights of retraction may be vested in such holders in the future, voting rights and conversion or exchange rates (if any). Before the issue of the first shares of a series, the board of directors of the Credit Union shall send to the Superintendent of Financial Services articles of amendment in the prescribed form containing a description of such series, including the designation, rights, privileges, restrictions and conditions determined by the directors.

(ii) Ranking of Class A Shares

No rights, privileges, restrictions or conditions attached to a series of Class A Shares shall confer upon a series a priority in respect of dividends or return of capital in the event of the liquidation, dissolution or winding-up of the Credit Union over any other series of Class A Shares. The Class A Shares of each series shall rate on a parity with the Class A Shares of every other series with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Credit Union in the event of the liquidation, dissolution or winding-up of the Credit Union, whether voluntary or involuntary, or any other distribution of the assets of the Credit Union among its members or shareholders for the purpose of winding up its affairs.

(iii) Issuance

Class A Shares may only be issued to persons who are members pursuant to the terms and conditions prescribed in the by-laws of the Credit Union, and who, if they are natural persons, have attained the age of eighteen years. Any invitation to the public to subscribe for Class A Shares in the Credit Union is prohibited.

(iv) Dividends Preferential

Except with the consent of the holders of all the Class A Shares outstanding expressed by a majority vote of the Class A Shareholders at a meeting called for

that purpose, no dividend shall at any time be declared and paid on or set apart for payment on the Class B Shares, the Membership Shares, or any other class of shares which by its terms ranks junior to the Class A Shares, in any fiscal year, unless and until the preferential dividend on all the Class A Shares outstanding in respect of such fiscal year has been declared and paid or set apart for payment.

(v) Participation Upon Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Credit Union or other distribution of assets or property of the Credit Union among its members and shareholders for the purpose of winding-up its affairs, the holders of the Class A Shares shall be entitled to receive from the assets and property of the Credit Union a sum equivalent to the aggregate Redemption Amount of all Class A Shares held by them respectively before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of any Class B Shares, Membership Shares, or class of shares which by its terms ranks junior to the Class A Shares. After payment to the holders of the Class A Shares of the amount so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Credit Union, but retain any rights they may have as holders of shares of other classes of shares in the Credit Union.

(vi) Voting Rights

The holders of the Class A Shares, in their capacity as holders of Class A Shares, shall be entitled neither to receive notice of nor to attend any meeting of the members of the Credit Union and shall not be entitled to vote at any such meeting; the holders of the Class A Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution or winding up of the Credit Union or the transfer, as that term is defined in section 206 of the Act, of all or a substantial portion of the Credit Union's assets or the amalgamation of the Credit Union with another credit union, or an amendment to the articles of the Credit Union which will have a direct effect on the terms and conditions of the Class A Shares, and each such Class A Share held shall entitle the holder to one (1) vote on each question considered at any such meeting.

(vii) Transfer Restrictions

No Class A Share in the capital of the Credit Union shall be transferred to any person other than a person who is a member on the register of the Credit Union, and no transfer may occur without the express consent of directors of the Credit Union, expressed by a majority vote of the board of directors.

(d) **Class A Special Shares, Series 1 (the “Class A Shares, Series 1”)**

There shall be, and the Credit Union shall be authorized to issue an unlimited number of a series of Class A Shares called the Class A Shares, Series 1 (the “Class A Shares, Series 1”), which shall have attached thereto the following rights, privileges, restrictions, and conditions, in addition to those outlined in paragraph (c) above:

(i) Non Cumulative Dividends

The holders of the Class A Shares, Series 1, shall be entitled to receive, and the Credit Union shall pay thereon, as and when declared by the board of directors of the Credit Union, out of the assets of the Credit Union properly applicable to the payment of dividends, a preferential non-cumulative cash or stock dividend at a rate determined by the directors from time to time on the Redemption Price per share.

If, after the expiration of any fiscal year of the Credit Union, the board of directors in its discretion shall not declare a dividend on the Class A Shares, Series 1, for the fiscal year, then the rights of the holders of the Class A Shares, Series 1, to such dividend or to any undeclared part thereof for such fiscal year shall be forever extinguished.

(ii) Redemption at Option of Holder (Retraction)

Except as herein described below, the Class A Shares, Series 1, are not redeemable at the option of the holder. Notwithstanding the above, but subject to the terms of the Act:

- (1) any holder of the Class A Shares, Series 1, who has been expelled from membership in the Credit Union, or the estate representative of any holder of the Class A Shares, Series 1, who has died, may at any time; and
- (2) any holder of the Class A Shares, Series 1, other than a holder or estate representative referred to in paragraph (1) above, may at any time five years or more after the date on which the first of such shares were issued pursuant to the terms and conditions of an Offering Statement;

request that the Credit Union redeem, in its sole and absolute discretion, any of the Class A Shares, Series 1, registered in the name of such holder on the books of the Credit Union, by tendering to the Credit Union at its head office a share certificate

or certificates representing the Class A Shares, Series 1, which the registered holder or estate representative thereof desires to have the Credit Union redeem, together with a request in writing specifying:

- (A) that the registered holder desires to have the Class A Shares, Series 1, represented by such certificate or certificates redeemed by the Credit Union; and
- (B) the Redemption Date on which the holder desires to have the Credit Union redeem such Class A Shares, Series 1, provided that the Redemption Date shall be not less than 30 days after the day on which the request in writing is given to the Credit Union.

For the purposes of this clause 2(d)(ii) and clause 2(d)(iii), any Class A Shares, Series 1, purchased by the holder and issued in accordance the terms and conditions of a particular Offering Statement, as well as those subsequently issued to the holder as dividends on such purchased shares, and replacement shares subsequently issued to give evidence of an approved transfer of the purchased shares (and dividend shares, as applicable) between members, shall all be deemed to have been issued on a common issue date, being the issue date prescribed by the relevant Offering Statement.

Redemption requests will be considered by the directors of the Credit Union on a first-come, first-served basis. Requests must be delivered in the form prescribed by the Credit Union from time to time, together with a share certificate or certificates representing the Class A Shares, Series 1, which the registered holder or estate representative desires to have the Credit Union redeem. If the request is approved, the Credit Union shall, subject to limits detailed below, on the Redemption Date, redeem such Class A Shares, Series 1, by paying to such registered holder or the estate representative, the Redemption Amount for each of the Class A Shares, Series 1, being redeemed. The said Class A Shares, Series 1, from and after the Redemption Date shall cease to qualify for dividends, and the holder thereof shall not be entitled to exercise any of the rights of holders of Class A Shares, Series 1, in respect thereof, unless payment of the Redemption Amount is not made on the Redemption Date, in which event the rights of the holder of the said Class A Shares, Series 1, shall remain unaffected.

In any one fiscal year, the Credit Union shall not redeem greater than ten percent of the number of Class A Shares, Series 1, issued and outstanding at the end of the immediately preceding fiscal year of the Credit Union. If more than ten percent of the issued and outstanding Class A Shares, Series 1, qualify for redemption at the option of the holder and are approved for redemption in any one fiscal year, the redemption of the shares represented by the requests that exceed this limit shall be

delayed until a Redemption Date in the subsequent fiscal year, as long as that Redemption Date is prior to the Redemption Dates for any new requests for redemption submitted and approved during that year.

(iii) Redemption by the Credit Union

The Credit Union may, upon giving notice as hereinafter provided, redeem, at any time after the date five (5) years from the date on which the first of the shares was issued pursuant to the terms and conditions of a particular Offering Statement, the whole, or from time to time, any part, of the then outstanding Class A Shares, Series 1, issued pursuant to the terms and conditions of that particular Offering Statement, or subsequently issued as dividends on such shares, or subsequently issued as replacement shares thereof, on payment of the Redemption Amount.

(iv) Idem

(A) Notice:

In the case of redemption of Class A Shares, Series 1, under the provisions of clause 2(d)(iii) hereof, the Credit Union shall, at least 21 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Class A Shares, Series 1, to be redeemed, a notice in writing of the intention of the Credit Union to redeem such Class A Shares, Series 1. Such notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at his address as it appears on the records of the Credit Union, or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such shareholders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount, and the date on which redemption is to take place, and, if part only of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed.

(B) Payment:

On or after the date so specified for redemption, the Credit Union shall pay, or cause to be paid, to, or to the order of, the registered holders of the Class A Shares, Series 1, to be redeemed, the Redemption Amount thereof, on presentation and surrender, at the head office of the Credit Union or any other place designated in such notice, of the certificates representing the Class A Shares, Series 1, called for redemption. Such payment shall be credited to the member's account with the Credit Union. If a part only of the

shares represented by any certificate is redeemed, a new certificate for the balance shall be issued at the expense of the Credit Union. From and after the date specified for redemption in any such notice, the Class A Shares, Series 1, called for redemption shall cease to qualify for dividends, and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless payment of the Redemption Amount shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the shareholders shall remain unaffected.

(C) Failure to Present:

The Credit Union shall have the right, at any time after the mailing of notice of its intention to redeem any Class A Share, Series 1, to deposit the Redemption Amount of the shares so called for redemption, or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account, to be paid, without interest, to, or to the order of, the respective holders of such Class A Shares, Series 1, called for redemption, upon presentation and surrender of the certificates representing the same, and, upon such deposit being made or upon the date specified for redemption in such notice, whichever is later, the Class A Shares, Series 1, in respect whereof such deposit shall have been made shall be redeemed, and the rights of the holders thereof after such deposit or such Redemption Date, as the case may be, shall be limited to receiving, without interest, their proportionate part of the total Redemption Amount so deposited, against presentation and surrender of the said certificates held by them respectively, and any interest allowed on such deposit shall belong to the Credit Union.

(e) **Class B Special Shares (the “Class B Shares”)**

(i) Directors' Authority to Issue Shares in Series

The board of directors of the Credit Union may issue the Class B Shares at any time and from time to time in one or more series, as dividends on Membership Shares or previously issued Class B shares. Before the first shares of a particular series are issued, the board of directors of the Credit Union may fix the number of shares in such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series, including, without limiting the generality of the foregoing, the rate or rates of, amount or method or methods of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such

rates, amount or methods of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the Redemption Price and terms and conditions of redemption (if any), the rights of retraction (if any), and the prices and other terms and conditions of any rights of retraction and whether any additional rights of retraction may be vested in such holders in the future, voting rights and conversion or exchange rates (if any). Before the issue of the first shares of a series, the board of directors of the Credit Union shall send to the Superintendent of Financial Services articles of amendment in the prescribed form containing a description of such series, including the designation, rights, privileges, restrictions and conditions determined by the directors.

(ii) Ranking of Class B Shares

No rights, privileges, restrictions or conditions attached to a series of Class B Shares shall confer upon a series a priority in respect of dividends or return of capital in the event of the liquidation, dissolution or winding-up of the Credit Union over any other series of Class B Shares. The Class B Shares of each series shall rate on a parity with the Class B Shares of every other series with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Credit Union in the event of the liquidation, dissolution or winding-up of the Credit Union, whether voluntary or involuntary, or any other distribution of the assets of the Credit Union among its members or shareholders for the purpose of winding up its affairs.

(iii) Issuance

Class B Shares may only be issued to persons who are members pursuant to the terms and conditions prescribed in the by-laws of the Credit Union. Any invitation to the public to subscribe for Class B Shares in the Credit Union is prohibited.

(iv) Dividends Preferential

Except with the consent of the holders of all the Class B Shares outstanding expressed by a majority vote of the Class B shareholders at a meeting called for that purpose, no dividend shall at any time be declared and paid on or set apart for payment on the Membership Shares or on any class of shares which by its terms ranks junior to the Class B Shares, in any fiscal year, unless and until the preferential dividend on all the Class B Shares outstanding in respect of such fiscal year has been declared and paid or set apart for payment.

(v) Participation Upon Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Credit Union or other distribution of assets or property of the Credit Union among its members and shareholders for the purpose of winding-up its affairs, the holders of the Class B Shares shall be entitled to receive from the assets and property of the Credit Union a sum equivalent to the aggregate Redemption Amount of all Class B Shares held by them respectively before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of the Membership Shares or the shares of any class of shares which by its terms ranks junior to the Class B Shares. After payment to the holders of the Class B Shares of the amount so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Credit Union, but retain any rights they may have as holders of shares of other classes of shares in the Credit Union.

(vi) Voting Rights

The holders of the Class B Shares, in their capacity as holders of Class B Shares, shall be entitled neither to receive notice of nor to attend any meeting of the members of the Credit Union and shall not be entitled to vote at any such meeting; the holders of the Class B Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution or winding up of the Credit Union or the transfer, as that term is defined in section 206 of the Act, of all or a substantial portion of the Credit Union's assets or the amalgamation of the Credit Union with another credit union, or an amendment to the articles of the Credit Union which will have a direct effect on the terms and conditions of the Class B Shares, and each such Class B Share held shall entitle the holder thereof to one (1) vote on each question considered at any such meeting.

(vii) Transfer Restrictions

No Class B Share in the capital of the Credit Union shall be transferred to any person other than a person who is a member on the register of the Credit Union and without the express consent of directors of the Credit Union expressed by a majority vote of the board of directors.

(f) **Class B Special Shares, Series 1 (the “Class B Shares, Series 1”)**

There shall be, and the Credit Union shall be authorized to issue an unlimited number of a series of Class B Special Shares called the Class B Special Shares, Series 1 (the “Class B Shares, Series 1”), which shall have attached thereto the following rights, privileges, restrictions, and conditions, in addition to those

outlined in paragraph (e) above:

(i) Non-Cumulative Dividends

The holders of the Class B Shares, Series 1, shall be entitled to receive, and the Credit Union shall pay thereon, as and when declared by the board of directors of the Credit Union, out of the assets of the Credit Union properly applicable to the payment of dividends, a preferential non-cumulative cash or stock dividend at a rate determined by the directors from time to time on the Redemption Price per share.

If, after the expiration of any fiscal year of the Credit Union, the board of directors in its discretion shall not declare a dividend on the Class B Shares, Series 1, for the fiscal year, then the rights of the holders of the Class B Shares, Series 1, to such dividend or to any undeclared part thereof for such fiscal year shall be forever extinguished.

(ii) Redemption at Option of Holder (Retraction)

Except as herein described below, the Class B Shares, Series 1, are not redeemable at the option of the holder. Notwithstanding the above, but subject to the terms of the Act:

- (1) any holder of the Class B Shares, Series 1, who has been expelled from membership in the Credit Union, or the estate representative of any holder of the Class B Shares, Series 1, who has died, may at any time; and
- (2) any holder of the Class B Shares, Series 1, other than a holder or estate representative referred to in paragraph (1) above, may at any time five years or more after the date on which each share sought to be redeemed was issued;

request that the Credit Union redeem, in its sole and absolute discretion, specified Class B Shares, Series 1, registered in the name of such holders or deceased holders, as the case may be, on the books of the Credit Union, by tendering to the Credit Union at its head office a share certificate or certificates representing the Class B Shares, Series 1, which the registered holder or his/her estate, as the case may be, desires to have the Credit Union redeem, together with a request in writing specifying:

- (A) that the registered holder or the estate representative desires

to have the Class B Shares, Series 1, represented by such certificate or certificates redeemed by the Credit Union; and

(B) the Redemption Date on which the holder or the estate representative desires to have the Credit Union redeem such Class B Shares, Series 1, provided that the Redemption Date shall be not less than 30 days after the day on which the request in writing is given to the Credit Union.

The Credit Union shall maintain Class B Share, Series 1, account records for each holder that enable the Credit Union to readily identify, at any given time, the issue dates of the shares that comprise the aggregate of the shares held in each account.

Redemption requests will be considered by the directors of the Credit Union on a first-come, first-served basis. Requests must be delivered in the form prescribed by the Credit Union from time to time, together with a share certificate or certificates representing the Class B Shares, Series 1, which the registered holder or estate representative desires to have the Credit Union redeem. If the request is approved, the Credit Union shall, subject to limits detailed below, on the Redemption Date, redeem such Class B Shares, Series 1, by paying to such registered holder or the estate representative, the Redemption Amount for each of the Class B Shares, Series 1, being redeemed. The said Class B Shares, Series 1, from and after the Redemption Date shall cease to qualify for dividends, and the holder thereof shall not be entitled to exercise any of the rights of holders of Class B Shares, Series 1, in respect thereof, unless payment of the Redemption Amount is not made on the Redemption Date, in which event the rights of the holder of the said Class B Shares, Series 1, shall remain unaffected.

In any one fiscal year, the Credit Union shall not redeem greater than ten percent of the number of Class B Shares, Series 1, issued and outstanding at the end of the immediately preceding fiscal year of the Credit Union. If more than ten percent of the issued and outstanding Class B Shares, Series 1, qualify for redemption at the option of the holder and are approved for redemption in any one fiscal year, the Class B Shares, Series 1, redemption of the shares represented by the requests that exceed this limit shall be delayed until a Redemption Date in the subsequent fiscal year, as long as that Redemption Date is prior to the Redemption Dates for any new requests for redemption submitted and approved during that year.

(iii) Redemption by the Credit Union

The Credit Union may, upon giving notice as hereinafter provided, redeem, at any time after the date five (5) years from their date of issue, any part of the then outstanding Class B Shares, Series 1, that so qualify for redemption, on payment of

the Redemption Amount.

(iv) Idem

(A) Notice:

In the case of redemption of Class B Shares, Series 1, under the provisions of clause 2(f)(iii) hereof, the Credit Union shall, at least 21 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Class B Shares, Series 1, to be redeemed, a notice in writing of the intention of the Credit Union to redeem such Class B Shares, Series 1. Such notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at his address as it appears on the records of the Credit Union, or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder, provided, however, that accidental failure to give any such notice to one or more of such shareholders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount, and the date on which redemption is to take place, and, if part only of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed.

(B) Payment:

On or after the date so specified for redemption, the Credit Union shall pay, or cause to be paid, to, or to the order of, the registered holders of the Class B Shares, Series 1, to be redeemed, the Redemption Amount thereof, on presentation and surrender, at the head office of the Credit Union or any other place designated in such notice, of the certificates representing the Class B Shares, Series 1, called for redemption. Such payment shall be credited to the member's account with the Credit Union. If a part only of the shares represented by any certificate is redeemed, a new certificate for the balance shall be issued at the expense of the Credit Union. From and after the date specified for redemption in any such notice, the Class B Shares, Series 1, called for redemption shall cease to qualify for dividends, and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless payment of the Redemption Amount shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the shareholders shall remain unaffected.

(C) Failure to Present:

The Credit Union shall have the right, at any time after the mailing of notice of its intention to redeem any Class B Share, Series 1, to deposit the Redemption Amount of the shares so called for redemption, or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account, to be paid, without interest, to, or to the order of, the respective holders of such Class B Shares, Series 1, called for redemption, upon presentation and surrender of the certificates representing the same, and, upon such deposit being made or upon the date specified for redemption in such notice, whichever is later, the Class B Shares, Series 1, in respect whereof such deposit shall have been made shall be redeemed, and the rights of the holders thereof after such deposit or such Redemption Date, as the case may be, shall be limited to receiving, without interest, their proportionate part of the total Redemption Amount so deposited, against presentation and surrender of the said certificates held by them respectively, and any interest allowed on such deposit shall belong to the Credit Union.

- 3. Any director or officer of the Credit Union is hereby authorized and directed, for and on behalf of the Credit Union, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution (including, without limitation, the delivery of articles of amendment in the prescribed form to the Superintendent of Financial Institutions), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

PASSED by the Board of Directors of Kingston Community Credit Union Limited this 31st day of January, 2017.

PASSED by the membership of Kingston Community Credit Union Limited this 7th day of March, 2017.

WITNESS the Corporate Seal of Kingston Community Credit Union Limited.

Chair

Corporate Secretary

Special Resolution #2 rationale: a Special Resolution which, if approved, would authorize and direct the Credit Union to make an application to the Superintendent of Financial Services to approve a Stated Capital reduction for Membership Shares which, if approved, would have the effect of reducing the minimum membership share capital requirement for adult individuals and entities from 30 \$5.00 shares (\$150.00) to 5 \$5.00 shares (\$25.00), and permit the Credit Union to return the difference to existing such Members in the form of credits to deposit accounts or cash.

Your Board has identified both Community Engagement and the Financial Strength and Sustainability as key strategic priorities. The Board and staff of your Credit Union have put much thought into identifying any barriers to reaching those in the community most in need of our financial services and support, and to overcoming the obstacles to growing our membership among the younger generations. It became a priority to reduce the minimum adult member share requirement from the present \$150 to \$25. \$150 can be a real obstacle to new members, and a perceived barrier to participation in co-operative banking.

When we introduced our 30 share requirement (30 shares at \$5=\$150) many years ago, it made sense to do so to raise needed capital for growth. Over time due to long term success of the Credit Union, undivided earnings have been built up as a substantial cushion to permit growth. We meet and far exceed regulatory capital requirements at the present time. Under recent international banking rules (Basel III), credit union member equity shares, as currently constituted, do not qualify as regulatory capital. These rules apply to federally incorporated banks and credit unions in Canada, and your Board and management foresee the possibility that such rules could be extended to credit unions subject to Ontario legislation and regulations. Your Board deems it prudent to reduce the role of member equity shares in meeting our capital adequacy targets well in advance of any requirement to do so.

As at December 31st, 2016, KCCU held regulatory capital of 11% of Assets. Members held \$2.32 million in member share equity representing 2 percentage points of our regulatory capital percentage. Should all adults and entity members of the Credit Union reduce their member share holding to the new minimum of 5 shares or \$25, our capital adequacy ratio would be 9%, well above the minimum regulatory requirement of 4%. There are no reasonable grounds for believing that the Credit Union would be caused to be in contravention of any provision of *the Act*.

The Credit Union will retain the ability for members to hold at his, her, or its discretion, up to an additional 200 shares or \$1000. Many members already do so, contributing an extra \$1 million to our current equity capital. The Board invites the members to continue in this manner to share

in the success of the Credit Union.

This is the full text of the Resolution:

BE IT RESOLVED AS SPECIAL RESOLUTIONS OF THE MEMBERS THAT:

- (a) the stated capital account for the Membership Shares issued by Kingston Community Credit Union Limited be reduced by reducing the minimum membership share capital requirement for individuals of the age of 21 years or older and artificial entities from thirty (30) five dollar (\$5.00) shares to five (5) five dollar (\$5.00) shares, in accordance with the provisions of section 72 of the *Credit Unions and Caisses Populaires Act, 1994* (Ontario), as amended (the “Act”);
- (b) the Credit Union is authorized and directed to apply to the Superintendent of Financial Services (the “Superintendent”) for approval of the resolution set out in paragraph (a) above, pursuant to the provisions of section 72 of the Act; and
- (c) the resolution set out in paragraph (a) above shall have no effect unless and until it is approved in writing by the Superintendent.

Special Resolution 3: deleting all existing By-laws of the Credit Union, and replacing them with a new comprehensive By-law that incorporates improvements typically found in the current by-laws of other Ontario credit unions similar to the Credit Union in terms of size and complexity.

Most of these improvements entail changes in wording and organization that promotes clarity and better adheres to the requirements of the Credit Union and Caisses Populaires Act (*the Act*) and Regulations thereunder and can best be termed as housekeeping changes. However, significant changes strengthen governance by clarifying Director eligibility, and shortening Director term limit to five consecutive terms.

The proposed replacement By-law was drafted with the assistance and advice of the Credit Union's lawyers, and passed by the Board of Directors. The Board of Directors recommends that the Members confirm the proposed By-law by way of a Special Resolution. In the opinion of the Board of Directors, the replacement By-law:

- (a) has form and content that is more consistent with that of the current by-laws of other credit unions in Ontario of a size and complexity similar to that of the Credit Union;
- (b) uses language that better matches the language used in the Credit Union's governing statute and regulations;
- (c) excludes provisions from the replaced by-laws that are deemed no longer necessary;
- (d) excludes provisions from the replaced by-laws that were discovered not to be fully compliant with the Credit Union's governing statute and regulations;
- (e) improves the clarity of a number of provisions;
- (f) clarifies and puts all of the eligibility requirements for directors in one place.

The Board also wishes to draw your attention to the following more substantive improvements on the existing By-Law in:

- (g) providing a more fulsome discussion of the term of office and issues that can arise in a director general election, including acclamations and how ties are resolved.
- (h) shortening the number of consecutive terms a director can serve from 12 terms (of three years) to 5 terms. Such a shortened number of consecutive terms is now standard in good succession planning and considered best practices to help promote continued diversity on boards. Transitional provisions for long-term current Directors are built in.
- (i) eliminating the office of Treasurer, which was a hold-over from the days when the Treasurer was the CEO of the Credit Union.
- (j) correcting the definition of quorum at a Board meeting to a majority of the full number of required directors on the Board.
- (k) introducing the flexibility to offer pre-meeting balloting for elections and special resolutions, including by mail, in-branch or by electronic means.

This is the full text of the Resolution and the new By-Law #1:

BE IT RESOLVED as a special resolution of the members of Kingston Community Credit Union Limited that the By-law passed by the Board of Directors on January 31st, 2017 be and is hereby confirmed, without variation.

BY-LAW NO. 1

**A By-law relating generally to the conduct of the affairs of
Kingston Community Credit Union Limited**

CONTENTS

1. Interpretation
2. Membership
3. Business of the Credit Union
4. Directors
5. Committees
6. Officers
7. Meetings of Members
8. Protection of Directors, Officers & Others
9. Shares
10. Dividends and Rights
11. Meetings of shareholders
12. Lending
13. Information to Members and shareholders
14. Notices
15. Effective Date

BE IT ENACTED AND IT IS HEREBY ENACTED as a By-law of Kingston Community Credit Union Limited (hereinafter called the “Credit Union”) as follows:

ARTICLE ONE
INTERPRETATION

Definitions

1.01 In the By-laws of the Credit Union, unless the context otherwise requires:

- (1) “Act” means the *Credit Unions and Caisses Populaires Act, 1994* and the regulations and guidelines made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the By-laws (as hereinafter defined) of the Credit Union to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (2) “Articles” means the articles of incorporation or other instrument by which the Credit Union is incorporated;
- (3) “Appoint” includes “elect” and *vice versa*;
- (4) “Board” means the board of directors of the Credit Union;
- (5) “By-laws” means this By-law and all other By-laws of the Credit Union from time to time in force and effect;
- (6) “Child” means, regarding an individual, the individual’s biological, adopted, or foster child (which shall include a step-child), and the Spouse of such a child;
- (7) “Committee” means any committee of the Board;
- (8) “Non-Business Day” means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act, 2006* (Ontario);
- (9) “Parent” means, regarding an individual, the biological or adoptive parent (which shall include a step-parent) of the individual or his or her Spouse;
- (10) “Qualified Individual” means an individual who meets all of the eligibility requirements set out in Section 4.02 to serve as a director of the Credit Union;
- (11) “Recorded Address” means, in the case of a member or shareholder, his or her or its address as recorded in the members or securities register; and, in the case of joint members or shareholders, the address appearing in the members or securities register

in respect of such joint holding, or the first address so appearing if there is more than one; and, in the case of a director, officer, auditor or member of a committee of the Board, his or her latest address as recorded in the records of the Credit Union;

- (12) “Shareholder” means the holder of any Share of the Credit Union;
- (13) “Shares” means membership Shares and any other Share issued by the Credit Union, unless a form of Share is specifically excluded in the By-laws or the context otherwise requires;
- (14) “Sibling” means, regarding an individual, the biological or adoptive brother or sister (which shall include a step-brother or step-sister) of that individual or his or her Spouse, and the Spouse of such a brother or sister;
- (15) “Signing Officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Credit Union by section 3.03 hereof or by a resolution passed pursuant thereto; and
- (16) “Spouse” means, regarding an individual, his or her spouse as defined for the purposes of Part III of the *Family Law Act* (Ontario).

All terms contained in the By-laws and which are defined in the Act shall have the meanings given to such terms in the Act.

Gender, Plural, etc.

1.02 In these By-laws, the singular shall include the plural and the plural shall include the singular; references to individuals as male or female shall be deemed to be references to all individuals; and the word “person” shall include individuals, bodies corporate, corporations, cooperatives, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

ARTICLE TWO

MEMBERSHIP

Bond of Association

2.01 Membership in the Credit Union shall be limited to:

- (a) Any person who, if that person is an individual, whether a minor or adult, resides or is employed within the City of Kingston, the County of Lennox and Addington as far north as to include Northbrook, the County of Frontenac, the Township of Rideau Lakes, the Township of Leeds and the Thousand Islands, and the Towns of Gananoque and Westport;
- (b) For greater certainty, employees of the Credit Union;
- (c) Related persons or entities of such members qualifying under paragraphs (a) and (b) hereof, and under the Act;
- (d) Her Majesty the Queen in right of Ontario or in right of Canada; corporations, including municipalities as defined in the *Municipal Affairs Act*; unincorporated associations; or partnerships registered under the *Business Names Act* or a predecessor thereof, subject to any conditions that may be imposed by the Act;
- (e) Persons or entities not otherwise qualifying for membership under the Credit Union's bond of association, as long as the aggregate number of such members does not exceed 3% of the number of members of the Credit Union, the admission to membership of such persons or entities has been specifically approved by the Board, and the names of such persons or entities admitted to membership on this basis are identified as such in the records of the Credit Union; and
- (f) A person or entity who originally qualified for and became a member under paragraphs (a), (b) or (c) above and who no longer qualifies under paragraphs (a), (b) or (c) above.

Membership Application

2.02 Application for membership shall be made in writing, and the Board may from time to time specify the form of such application. No person shall become a member of the Credit Union until that person's application for membership has been approved by the Board or by an employee authorized by resolution of the Board to approve such applications on its behalf.

Membership Shares

2.03 (a) No individual under the age of twenty-one years shall become a member of the Credit Union until he or she has fully paid for one (1) five dollar (\$5.00) membership Share of the Credit Union.

(b) No individual of the age of twenty-one years or older, and no entity, shall become a member of the Credit Union until he or she or it has fully paid for five (5) five-dollar (\$5.00) membership Shares of the Credit Union.

(c) Every member shall maintain ownership of at least the required minimum number of membership Shares in order to keep his, her or its voting rights.

(d) Any member of the Credit Union may also hold, in his, her or its discretion, additional membership Shares, provided that the total number of discretionary membership Shares held pursuant to this paragraph 2.03(d) does not exceed two hundred (200) such Shares.

(e) The provisions of paragraph (b) shall not apply unless and until the Superintendent has approved a stated capital reduction application by the Credit Union to reduce the minimum membership share capital for the persons identified therein from thirty shares to five shares. In the absence of such approval, the requirement is thirty (30) five dollar (\$5.00) membership Shares.

Minors

2.04 Individuals under the age of eighteen years may become members of the Credit Union, but may not receive any loan from the Credit Union unless a person of the age of eighteen years or more is jointly and severally liable for such loan, or unless the loan is guaranteed by the Government of Canada, the government of a Canadian province or territory, or the government of a Canadian municipality.

Voting Rights

2.05 Each member of the Credit Union who complies fully, as of the record date (as hereinafter defined) for any membership meeting of the Credit Union, with all requirements of membership outlined herein, including, without limitation, the minimum membership Share requirements contained in section 2.03 hereof, has one vote at that meeting. Notwithstanding the above, no member of the Credit Union who is an individual under the age of 16 years shall be entitled to vote.

Expulsion

2.06

(a) Where a member:

- (i) commits an act of misconduct in the affairs of the Credit Union;
- (ii) fails to abide by the By-laws, including, without limitation, failing for any reason to hold the required minimum number of membership Shares of the Credit Union pursuant to section 2.03 hereof; or
- (iii) fails to repay indebtedness to the Credit Union in accordance with the conditions of repayment,

the Board may give ten days' advance notice to such member of intent to remove such member from membership, personally or by prepaid mail addressed to such member at such member's Recorded Address, and, after giving the member an opportunity to be heard and to be represented at the Board meeting by a person authorized under the *Law Society Act* to represent the member, by resolution at a Board meeting, such member may be expelled from membership. The Corporate Secretary shall, within five (5) days after the resolution expelling a member was passed, notify the member of the decision of the Board by mail to the member's Recorded Address. Subject to section 62(3) of the Act in respect of Shares, the Credit Union shall forthwith pay to a member so expelled any balance standing to the credit of such person on the books of the Credit Union, after deducting all amounts due from the member to the Credit Union, within ninety days after the day on which the member is expelled.

- (b) An expelled member may appeal the decision of the Board at the next annual or general meeting of the Credit Union by giving the Board notice of his or her intention to appeal the expulsion within twenty-one (21) days after receiving the notice of expulsion. If written representations of not longer than two thousand (2,000) words from an expelled member appealing his or her expulsion are received by the Credit Union at least seven (7) days before the mailing or publication of the notice of the general meeting, the Board shall, at the expense of the Credit Union, include with the notice of meeting a notice that those representations are available for inspection by members at the head office and branches of the Credit Union. The members of the Credit Union, at that general meeting, by resolution passed by a majority of the votes cast at the meeting, may confirm, vary, or set aside the Board's decision to expel the member.

Withdrawal

2.07 Where a member wishes to withdraw from the Credit Union, the member shall give notice in writing of the member's intention to withdraw to the Board. Subject to section 62 of the Act and the Articles, the Credit Union shall, after deducting all amounts due from the member to the Credit Union, remit the balance of his or her or its Shares and deposits to such member, within ninety days after the member gives notice of intention to withdraw.

Language

2.08 The Credit Union's language of operation shall be English.

Records

2.09 Each member is entitled to a record specifying the amount paid upon Shares, deposits and loans by him or her.

ARTICLE THREE

BUSINESS OF THE CREDIT UNION

Corporate Seal

3.01 The Credit Union may have a corporate seal, which shall be adopted and may be changed by resolution of the Board.

Financial Year

3.02 The financial year of the Credit Union shall end on December 31 of each calendar year.

Execution of Instruments

3.03 Contracts, documents or instruments in writing requiring the signature of the Credit Union may be signed on behalf of the Credit Union by any two officers or directors, and instruments in writing so signed shall be binding upon the Credit Union without any further authorization or formality. The Board shall have power from time to time by resolution to appoint any officer or officers, or any person or persons, on behalf of the Credit Union, either to sign contracts, documents and instruments in writing generally, or to sign specific contracts, documents or instruments in writing.

The seal of the Credit Union may, when required, be affixed to contracts, documents and instruments in writing signed as aforesaid, or by any officer or officers, or person or persons, appointed as aforesaid by resolution of the Board.

The term "contracts, documents, or instruments in writing" as used in these By-laws shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of Shares, Share warrants, stocks, bonds, debentures, notes or other securities and all paper writings.

The signature or signatures of the Chair of the Board, a Vice Chair, the Corporate Secretary, an Assistant Corporate Secretary, the Chief Executive Officer, or any director of the Credit Union, and/or any other officer or officers, or person or persons, appointed as aforesaid by resolution of the Board, may, if specifically authorized by resolution of the Board, be printed, engraved, lithographed or otherwise reproduced upon contracts, documents, or instruments in writing, or bonds, debentures, notes or other securities of the Credit Union executed or issued by or on behalf of the Credit Union, and all contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Credit Union upon which the signature or signatures of any of the foregoing officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the Board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced, and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Credit Union.

Banking Arrangements

3.04 Subject to section 3.05 and the Act, the banking business of the Credit Union, or any part thereof, including, without limitation, the borrowing of money and, subject to the Act, the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the Board may from time to time by resolution prescribe or authorize.

Borrowing

3.05 The Credit Union shall be authorized to borrow money on the credit of the Credit Union at such rates of interest and on such conditions as the Board may determine, provided that the Credit Union shall not borrow in the aggregate an amount exceeding fifty percent (50%) of its regulatory capital and deposits.

ARTICLE FOUR

DIRECTORS

Number of Directors and Quorum

4.01

- (a) *Number* – The Board shall consist of seven (7) directors.
- (b) *Quorum* – The quorum for the transaction of business at any meeting of the Board shall be a majority of the Board.

Eligibility for Office

4.02 Only an individual who:

- (a) is a member of the Credit Union, and, in particular, but without limiting the generality of the foregoing, in full compliance with the minimum membership Share requirements contained in section 2.03 hereof;
- (b) is at least eighteen years of age;
- (c) is a Canadian citizen or a person lawfully admitted to Canada for permanent residency and ordinarily resident in Canada;
- (d) will not, at his or her proposed date of appointment or election, have then continuously served as a director of the Credit Union for five (5) consecutive terms;
- (e) is not disqualified under the Act;
- (f) is not the chief executive officer or an employee (whether full-time or part-time), board member, or committee member of another credit union;
- (g) is not a former employee of the Credit Union, or the Spouse, Parent, Child or Sibling of a former employee of the Credit Union, unless that former employee has not been employed by the Credit Union in the sixty (60) months immediately preceding the date of the determination of the individual's eligibility to serve as a director of the Credit Union;
- (h) is nominated in accordance with section 7.10 hereof if he or she is seeking election at a meeting of members other than a meeting called for the purpose stated in Section 4.05; and

- (i) has disclosed to the Board, in a timely fashion before either the election in which the individual is a candidate is held during a meeting of members, or a Board meeting at which a resolution to appoint him or her to fill a vacancy described in Section 4.07 is presented, everything he or she is required by the Act to disclose as a candidate for director of a credit union;

is eligible to be a director of the Credit Union.

For the purposes of paragraph (d) of this Section 4.02:

1. “terms” shall be deemed to mean periods of time that could be of varying length, not exceeding three (3) years, for which a director has been elected or appointed in the past;
2. any director who resigned or who was removed from office or whose duties were suspended at any time during the final year of a term shall nevertheless be deemed to have served continuously as a director for the full term;
3. any director whose position became vacant at the close of the annual meeting of members held immediately prior to the effective time of this By-law, but who was re-elected at that annual meeting for an additional three-year term, shall be deemed to have served continuously for only one term as of close of the third annual meeting next following the annual meeting at which he or she was re-elected, notwithstanding any previous period of actual service; and
4. any director who continuously served during a term of office that spanned the period of time before, during, and after the annual meeting of members held immediately prior to the effective time of this By-law, shall be deemed to have served continuously for only one term as of the close of the subsequent annual meeting of members at which that term of office was scheduled to expire, notwithstanding any previous period of actual service.

Director Term of Office

4.03

- (a) Subject to the Act, a member elected as a director shall take office at the close of the membership meeting at which he or she is elected.
- (b) Except where an election is held to fill the unexpired portion of a director's term or as otherwise specifically provided in this section, directors shall be elected or acclaimed for terms of three (3) years, or until their successors in office are elected or Appointed. Notwithstanding the above, prior to the delivery of the notice of a meeting of members at which an election is to be held, the Board, by ordinary resolution, may declare that the persons to be elected at such meeting will be elected or acclaimed for terms of office of varying lengths, not exceeding three (3) years, if the Board deems it advisable to do so in order to avoid a future situation in which three (3) or more directors will vacate their offices and be ineligible for re-election at the same annual general meeting or
- (c) If, in an election, terms of office of varying lengths are to be filled, the nominees obtaining the greater number of votes shall be declared to be elected to the longer terms of office available.
- (d) If, in an election, an equality of votes results which must be resolved to determine which person or persons are elected to the Board and which person or persons are not so elected, or which person or persons are elected for three-year terms and which person or persons are elected to terms shorter than three years, there shall be a run-off election involving only those candidates involved in the equality of votes.
- (e) If, in the case of an acclamation of all nominees, terms of office of varying lengths are to be filled, the terms shall be assigned by voluntary agreement among the nominees or, failing that, by chance in a manner determined by the Chair of the Board in his or her sole and absolute discretion.

Manner of Election

4.04 At every annual general meeting of the Credit Union, an election shall be held to fill the places of members of the Board whose terms of office have expired.

Removal of Directors by Members

4.05 Subject to the provisions of the Act, the members may, by special resolution passed at a meeting specially called for that purpose, remove any director from office, and, if such a special

resolution is passed, the members shall elect, at the same meeting, a Qualified Individual to fill the vacancy created by such removal.

Vacation of Office

4.06 A director ceases to hold office when he or she dies, resigns, becomes disqualified pursuant to the Act or pursuant to section 4.02 hereof, is removed from office by the members or the Superintendent of Financial Services in accordance with the Act, or his or her term expires, except that a death, resignation or removal which occurs, or a disqualification which is first discovered, after notice of forthcoming vacancies in the Board have been posted pursuant to section 7.10(b) hereof shall be deemed to result in a vacation of office on the day following that annual general meeting.

Vacancies

4.07 Subject to the Act, a quorum of the Board may fill a vacancy in the Board by appointing a Qualified Individual to serve as a member of the Board until the next annual general meeting of the Credit Union, at which time the members shall elect a Qualified Individual to fill the unexpired term of the director who vacated his or her office. In the absence of a quorum of the Board, the directors then in office shall forthwith call a special meeting of members to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any member may call the meeting.

Action by the Board

4.08 The Board shall manage or supervise the management of the business and affairs of the Credit Union, but shall not directly manage, or be involved in, the day to day activities of the Credit Union. Subject to section 4.09, the powers of the Board may be exercised at a meeting at which a quorum is present. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum of the Board remains in office.

Meeting by Telephone

4.09 If all the directors of the Credit Union present or participating in the meeting consent, a director may participate in a meeting of the Board or of a committee of the Board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting.

Place of Meeting

4.10 Meetings of the Board may be held at any place within Ontario.

Calling of Meetings

4.11 Subject to the Act, meetings of the Board shall be held from time to time, on such day and at such time (but not less than quarterly) and at such place as the Board, the Chair of the Board, a Vice-Chair or any two directors may determine, and the Corporate Secretary, when directed by the Board, the Chair of the Board, a Vice-Chair or any two directors, shall convene a meeting of the Board.

Notice of Meeting

4.12 Notice of the date, time and place of each meeting of the Board shall be given to each director not less than 48 hours (exclusive of any part of a Non-Business Day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting, except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the Board.

First Meeting of New Board

4.13 Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of members at which such Board is elected.

Adjourned Meeting

4.14 Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

Regular Meetings

4.15 The Board may appoint a day or days in any month or months for regular meetings of the Board, at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

Votes to Govern

4.16 At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

Conflict of Interest

4.17 Subject to the Credit Union's conflict of interest policy, a director, officer, committee member or employee of the Credit Union who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, or is a spouse, parent or child of an individual who is a party to, a material contract or transaction or proposed material contract or transaction with the Credit Union, shall disclose in writing to the Credit Union or request to have entered in the minutes of the meetings of the directors the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the Board for approval, even if such contract is one that in the ordinary course of the Credit Union's business would not require approval by the Board, and a director interested in a contract that ought to be referred to the Board shall not vote on or be present at the consideration of any resolution to approve the same except as permitted by the Act.

Remuneration and Expenses

4.18 The directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings.

ARTICLE FIVE

COMMITTEES

Committee of Directors

5.01 The Board may appoint a committee of directors, however designated, and delegate to such committee any of the powers as set out by the Board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

Transaction of Business

5.02 The powers of a committee of directors may be exercised by a meeting at which a quorum is present.

Audit Committee

Appointment

5.03 (a) The Board shall appoint annually, from among its members, an audit committee, to be composed of three directors. The audit committee shall have the powers and duties provided in the Act.

Chair and Meetings

(b) The audit committee shall elect a Chair, and meetings of the audit committee shall be at the call of the Chair of the audit committee, the Credit Union's auditor or a director, provided that the audit committee shall meet at least quarterly.

Duties

(c) The audit committee shall perform such duties as are set out in the Act, and shall monitor the Board's conflict of interest policy.

Nominating Committee

5.04 The Board may appoint a nominating committee of at least three members, who shall nominate at least one Qualified Individual for each vacancy for which an election is to be held at any meeting of the members of the Credit Union; provided that no director whose current term expires at the meeting at which the election is to be held shall be appointed to serve on the committee unless such director has delivered to the Credit Union a notice declaring his or her irrevocable intention to not accept any nomination for re-election at the meeting. Such nominations shall be filed with the Chair of such committee, in the manner prescribed by section 7.10 hereof.

Advisory Committee

5.05 The Board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

Procedure

5.06 Subject to these By-laws and unless otherwise determined by the Board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

ARTICLE SIX

OFFICERS

Appointment

6.01 The Board shall Appoint a Chair of the Board, a Corporate Secretary, and a Chief Executive Officer, and may Appoint, from time to time, one or more Vice-Chairs (to which title may be added words indicating seniority or function) and such other officers as the Board may determine, and including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with these By-laws and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Credit Union. The Chair and any Vice-Chair must be directors. The Chief Executive Officer must be an employee, but any other officer may but need not be a director, and one person may hold more than one office. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability or refusal to act of any officer or for any other reason that the Board may deem sufficient, the Board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

Chair of the Board

6.02 The Chair of the Board shall be a director who has not, at the time of election or appointment, served as Chair of the Credit Union for longer than two (2) consecutive one-year terms. The Chair shall, when present, preside at all meetings of the Board and Committees as determined by the terms of reference of the Committee in question. The Chair of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him or her by the Board. During the absence or disability or refusal to act of the Chair of the Board, his or her duties shall be performed and his or her powers exercised by the Vice-Chair.

Vice-Chair

6.03 Each Vice-Chair, who must be a director, shall have such powers and duties as the Board or the Chair may specify. The Vice-Chair or, if more than one, the Vice-Chair designated from time to time by the Board or by the Chair, shall be vested with all the powers and shall perform all the duties of the Chair in the absence or inability or refusal to act of the Chair.

Corporate Secretary

6.04 The Corporate Secretary shall give or cause to be given as and when instructed, all notices to members, shareholders, directors, officers, auditors and members of committees of the Board; he or she shall be the custodian of all books, papers, records, documents and instruments belonging

to the Credit Union, except when some other officer or agent has been appointed for that purpose; he or she shall ensure that the records of the By-laws of the Credit Union and the minutes of meetings of the Board, the members, and the shareholders are kept up to date; and he or she shall have such other powers and duties as the Board may specify.

Chief Executive Officer

6.05 The Chief Executive Officer shall carry out, or shall cause to be carried out, the strategic plans and policies as established by the Board, and shall have such other powers and duties as the Board may specify.

Powers and Duties of Other Officers

6.06 The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.

Variation of Powers and Duties

6.07 The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

Term of Office

6.08 The Chair shall be elected or appointed to serve for terms of one (1) year or until his or her successor in office is elected or appointed. Each officer appointed by the Board, who is not an employee of the Credit Union, other than the Chair, shall hold office indefinitely until his or her successor is appointed or until the earlier of his or her resignation or death. Every employee appointed as officer shall hold office indefinitely, but the appointment shall automatically terminate upon the officer's termination of employment. Notwithstanding the foregoing, the Board, in its discretion, may remove any officer of the Credit Union from his or her office with or without cause, without prejudice to such officer's rights under any employment contract.

Terms of Appointment and Remuneration

6.09 The terms of appointment and the remuneration of an officer appointed by the Board shall be settled by it from time to time. The fact that any officer is a shareholder of the Credit Union shall not disqualify him or her from receiving such remuneration as may be so determined.

Conflict of Interest

6.10 An officer or employee of the Credit Union shall disclose his or her interest in any material contract or transaction or proposed material contract or transaction with the Credit Union in accordance with section 4.17.

Agents and Attorneys

6.11 The Board shall have power from time to time to appoint agents or attorneys for the Credit Union in or outside Canada with such power of management or otherwise (including the powers to sub-delegate) as may be thought fit.

Fidelity Bonds

6.12 Subject to the Act, the Board shall require directors, officers, and employees and agents of the Credit Union receiving or having charge of money to furnish bonds for the faithful discharge of their powers and duties, provided by an insurer licensed under the *Insurance Act* (Ontario) to write surety and fidelity insurance, and in an amount at least equal to any minimum amount required by the Act or calculated in accordance with the formula specified in the Act, but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Credit Union to receive any indemnity thereby provided.

ARTICLE SEVEN

MEETINGS OF MEMBERS

Annual Meeting

7.01 Unless otherwise authorized by the Superintendent, the annual meeting of the Credit Union shall be held within 120 days following the fiscal year-end. Subject to the above-noted restriction, meetings of the members of the Credit Union shall be held on such date, at such time, and at such place within 20 kilometres from the head office of the Credit Union, as the Board may by resolution determine.

Electronic Meetings

7.02 A membership meeting may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, be held by telephonic or electronic means. A member who, by such means, votes at the meeting or establishes a communications link to the meeting shall be deemed for all purposes, including,

without limiting the generality of the foregoing, the calculation of quorum pursuant to section 7.07 hereof, to have been present at the meeting.

Order of Business at Membership Meetings

7.03 At an annual meeting, the Board shall place before the members:

- (a) the audited financial statements of the credit union;
- (b) the report of the auditor;
- (c) the report of the audit committee; and
- (d) such further information respecting the financial position of the credit union and the results of its operations as the Board determines should be presented to the members.

The order of business at any special meeting of the members of the Credit Union shall be as determined by the Board.

Notice of Meeting

7.04 Notice of all meetings of the Credit Union shall be given by the Corporate Secretary, who shall, not later than ten days before the date of the meeting or earlier than fifty days before the date of the meeting, give notice of the meeting to each member of the Credit Union who is, as of the record date for such meeting determined in accordance with section 7.05 hereof, a member of the Credit Union in full compliance with the minimum membership share requirements contained in section 2.03 hereof, by posting a notice of the meeting in each office of the Credit Union, and either

- (a) sending the notice by prepaid mail to the Recorded Address of the member. If a particular member has provided an e-mail address and authorized the Credit Union to communicate with him or her in that fashion, the Credit Union may send the notice by e-mail to that address, rather than by prepaid mail to that member's Recorded Address;
- (b) posting the notice on the Credit Union's web-site; or
- (c) publishing the notice in a newspaper that is circulated in the community in which the head office of the Credit Union is situated.

Notice of a meeting at which a special resolution is to be considered, including, without limitation, a special resolution to amend the Credit Union's by-laws, shall include a summary of the special resolution.

The notice shall specify that copies of the financial statements and the reports of the audit

committee and the auditor will be available for inspection at the meeting and at the offices of the Credit Union ten days before the date of the meeting, and shall set out any matters to be dealt with at the meeting, other than the audited financial statements and the reports of the auditor and of the audit committee, in sufficient detail to permit members to form a reasonable judgment on the matter.

Record Date

7.05 The Board may fix in advance a date preceding the date of any meeting of members by no more than 50 days and not less than 10 days, as a record date for the determination of the members entitled to notice of the meeting, provided that notice of such record date shall be given not less than seven days before such record date by newspaper advertisement. If no record date is fixed, the record date for determining the members entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given.

Accidental Omission

7.06 Where notice of a meeting is received generally by the members of the Credit Union entitled to receive such notice pursuant to section 7.04 hereof, the accidental omission to give notice to any member thereof, or the non-receipt of the notice by any member thereof, shall not invalidate any resolution passed or any proceedings taken at the meeting.

Quorum

7.07 At all meetings of the members of the Credit Union twenty (20) members shall constitute a quorum, but, if no quorum is present, the presiding officer of the meeting shall adjourn the meeting to a date not less than seven or more than fifteen days thereafter, and the decision of the adjourned meeting shall be binding upon the Credit Union regardless of the number of members then present, provided that notice of the adjourned meeting shall be given by the Corporate Secretary in the manner herein provided, at least seven days prior to the date of the adjourned meeting.

New Business

7.08 At all meetings of the members of the Credit Union, only the business stated in the notice calling such meeting may be transacted.

Elections

7.09 Every member who is entitled to receive notice of the meeting of members pursuant to section 7.04 hereof shall be entitled to one vote on each matter considered thereat. Elections shall be by ballot, and, if a poll is demanded on any question, it too shall be taken by ballot. A demand for a poll may be withdrawn.

Nominations

7.10

- (a) Nominations of Qualified Individuals for each office to be filled by election at a membership meeting shall be made by filing notice thereof, in writing, with the chair of the nominating committee, in care of the Credit Union, not later than 4 o'clock in the afternoon of the last business day which is, or precedes, the date which is four weeks prior to the date of the membership meeting. Any nomination shall be sponsored by at least two members, as evidenced by their signatures, and accepted by the nominee, as evidenced by his or her signature.
- (b) The chair of the nominating committee shall post, or shall cause to be posted, in the head office of the Credit Union, notice of forthcoming vacancies at least 60 days prior to the membership meeting at which the election will occur.
- (c) A list of the nominations so made shall be posted in the head office of the Credit Union as those nominations are received.
- (d) Only nominations made in accordance with this section shall be placed before the membership meeting.

Show of Hands

7.11 Every question submitted to any meeting of members, except for an election and unless a poll is demanded or required, shall be decided in the first instance by a show of hands. In the case of an equality of votes, the chair of the meeting shall, both on a show of hands and at a poll, have a second or casting vote in addition to the vote or votes to which he or she may be entitled as a member.

At any meeting, unless a poll is demanded, a declaration by the chair of the meeting that a resolution has been carried or carried unanimously or by a particular majority, or lost or not carried by a particular majority, shall be conclusive evidence of the fact.

Mail, Electronic and Branch Balloting

7.12 Members may, if the Board determines by resolution permits them to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, vote prior to meetings of members by mail, or by in-branch, telephonic, or electronic means. A member who, by such means, casts a vote shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 7.07 hereof, to have been present at the meeting. In any case where pre-meeting voting is authorized, the minimum notice period for the meeting shall be twenty-five days, and not ten days, so as to allow for a reasonable pre-meeting

balloting period and sufficient time to tabulate the results of such balloting before the scheduled meeting.

Joint Members

7.13 (a) Where two or more persons hold the same Share or Shares jointly, any one of such persons present at a meeting of members has the right, in the absence of the other or others, to vote in respect of such Share or Shares, but, if more than one of such persons are present, they shall vote together as one on the Share or Shares jointly held by them.

(b) Two or more persons jointly holding enough membership Shares to entitle each of them to be a member in his or her own right are all considered as separate members.

Proxies

7.14 A member of the Credit Union which is Her Majesty the Queen, a corporation, a partnership or an unincorporated association shall only cast its vote as a member through a written proxy, signed by the president or other head officer or by the vice-president or secretary or treasurer of such entity, and appointing some one or more persons to vote on its behalf. Any person so appointed need not be a member of the Credit Union. Unless expressly stated otherwise in this By-law, any such proxy shall cease to be valid after the expiration of one year from its date or the end of any meeting for which it was expressly granted, whichever is earlier.

Adjournment

7.15 The chair of a meeting of members may, with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of members is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting which is adjourned. If a meeting of members is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

Proposals

7.16 Upon receipt of a proposal from a member to raise an issue at the annual meeting and a request that a statement in relation to that issue be attached to the notice of meeting, the Board shall, within 10 days of its receipt, meet to consider whether or not the proposal is to be included in the notice of meeting and, where the Board refuses to include the proposal in the notice of meeting, the Chair of the Board shall notify the member submitting it of the refusal, and give reasons therefor.

Requisitions

7.17 Upon the written request of at least 5% of the members of the Credit Union, signed by each such member, stating the general nature of the business to be presented at the meeting, and deposited at the head office of the Credit Union, the Board shall call, as nearly as possible in the same manner as a membership meeting is called pursuant to these By-laws, a general meeting of the Credit Union for the transaction of that business, not later than 21 days from the date the written request was deposited at the head office, and such meeting shall be held within 60 days from the date of the deposit of the requisition. Requisitions may be made in counterpart.

ARTICLE EIGHT

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

Submission of Contracts or Transactions to Shareholders for Approval

8.01 The Board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the members or shareholders called for the purpose of considering the same, and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Credit Union's Articles or any other By-law) shall be as valid and as binding upon the Credit Union and upon all the members and shareholders as though it had been approved, ratified or confirmed by every member or shareholder of the Credit Union.

Indemnity

8.02 Subject to the limitations contained in the Act, the Credit Union shall indemnify a director, officer, or committee member, a former director or officer or committee member, or a person who acts or acted at the Credit Union's request as a director or officer of a body corporate of which the Credit Union is or was a member, shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of the Credit Union or such body corporate, if

- (a) he or she acted honestly and in good faith with a view to the best interest of the Credit Union; and

- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

The Credit Union shall also indemnify such person in such other circumstances as the Act permits or requires.

Insurance

8.03 Subject to the Act, the Credit Union may purchase and maintain insurance for the benefit of any person referred to in section 8.02 against such liabilities and in such amounts as the Board may from time to time determine.

ARTICLE NINE

SHARES

Allotment

9.01 The Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued Shares of the Credit Union, at such times and to such persons and for such consideration as the Board shall determine, provided that no Share shall be issued until it is fully paid as provided by the Act.

Commissions

9.02 Except in respect of membership Shares and subject to the Act, the Board may from time to time authorize the Credit Union to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase Shares of the Credit Union, whether from the Credit Union or from any other person, or procuring or agreeing to procure purchasers for any such Shares.

Registration of Transfers

9.03 Subject to the provisions of the Act, no transfer of Shares shall be registered in a securities register except upon presentation of the certificate representing such Shares with an endorsement which complies with the Act made thereon or delivered therewith, duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board, upon compliance with such restrictions on

transfer as are authorized by the Articles and upon satisfaction of any lien referred to in section 9.05.

Transfer Agents and Registrars

9.04 The Board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Credit Union issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to his or her functions, and one person may be designated both registrar and transfer agent. The Board may at any time terminate such appointment.

Lien for Indebtedness

9.05 The Credit Union shall have a lien on any membership Share registered in the name of a member or his or her legal representatives for any liability of that member to the Credit Union. The Credit Union may enforce any lien that it has on membership Shares registered in the name of a member who has a liability to the Credit Union by any action, suit, remedy or proceeding authorized or permitted by law and, pending such enforcement, the Credit Union may refuse to redeem the whole or any part of such Shares. Notwithstanding the above, the Credit Union may not apply any service charges or other deductions against a member's membership Share account, except against the proceeds of a full redemption of the membership shares on the termination of the member's membership, or against the proceeds of a partial redemption of the membership shares on a stated capital reduction transaction approved by the Superintendent.

Non-recognition of Trusts

9.06 Subject to the provisions of the Act, the Credit Union may treat the person in whose name the Share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Credit Union's records or on the Share certificate.

Share Certificates

9.07 (a) The Credit Union shall not issue certificates for membership Shares, provided that a member shall be entitled to a statement of the number of membership Shares held by the member upon request.

(b) Subject to paragraph (a) hereof, every holder of one or more Shares of the Credit Union shall be entitled, at his or her option, to a Share certificate, or to a non-transferable written acknowledgment of his or her right to obtain a Share certificate, stating the number and class or series of Shares held by him or her as shown on the securities register. Share certificates and acknowledgments of a shareholder's right to a Share certificate, respectively, shall be in such form as the Board shall from time to time approve. Any Share certificate shall be signed in accordance

with section 3.03 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing Shares in respect of which a transfer agent and/or registrar has been Appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the Signing Officers or, in the case of Share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both Signing Officers, may be printed or mechanically reproduced in facsimile upon Share certificates, and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Credit Union. A Share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

Replacement of Share Certificates

9.08 The Board or any officer or agent designated by the Board may in its or his or her discretion direct the issue of a new Share certificate in lieu of and upon cancellation of a Share certificate that has been mutilated, or in substitution for a Share certificate claimed to have been lost, destroyed or wrongfully taken, on payment of such fee, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

Joint Shareholders

9.09 If two or more persons are registered as joint holders of any Share, the Credit Union shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such Shares.

Deceased Shareholders

9.10 In the event of the death of a holder, or of one of the joint holders, of any Share, the Credit Union shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon, except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Credit Union and its transfer agents.

ARTICLE TEN**DIVIDENDS AND RIGHTS****Dividends**

10.01 Subject to the provisions of the Act, the Board may, from time to time, declare dividends payable to members and shareholders according to their respective rights and interest in the Credit Union, and may on such terms as it deems fit from time to time declare a patronage return to its members in proportion to the business done by each member with or through the Credit Union. Dividends and patronage rebates may be paid in accordance with the Act.

Dividend Cheques

10.02 A dividend or patronage rebate payable in cash may be paid by cheque drawn on the Credit Union's bankers or one of them, to the order of each member or registered holder of Shares of the class or series in respect of which it has been declared, and mailed by prepaid ordinary mail to such member or registered holder at his or her Recorded Address, or credited to the member's or shareholder's account with the Credit Union, unless such member or holder otherwise directs. In the case of joint members or holders, the cheque shall, unless such joint members or holders otherwise direct, be made payable to the order of all of such joint members or holders and mailed to them at their Recorded Address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend or patronage rebate to the extent of the sum represented thereby, plus the amount of any tax which the Credit Union is required to and does withhold.

Non-receipt of Cheques

10.03 In the event of non-receipt of any dividend or patronage rebate cheque by the person to whom it is sent as aforesaid, the Credit Union shall issue to such person a replacement cheque for a like amount, on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

Record Date for Dividends and Rights

10.04 The Board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Credit Union, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the

determination of the persons entitled to receive payment of any dividend, or to exercise the right to subscribe for securities of the Credit Union, shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

Unclaimed Dividends and Patronage Rebates

10.05 Any dividend or patronage rebate unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited, and shall revert to the Credit Union.

ARTICLE ELEVEN**MEETINGS OF SHAREHOLDERS****Not to Govern Certain Meetings**

11.01 This Article Eleven is not to govern members' meetings, which are governed by Article Seven hereof.

Meetings

11.02 Subject to the Act, meetings of shareholders shall be held at such time as the Board or the Chair of the Board may from time to time determine, for the purpose of transacting any business required by the Act to be placed before the shareholders and for the transaction of such other business as may properly be brought before the meeting.

Special Meetings

11.03 The Board or the Chair of the Board shall have power to call a special meeting of shareholders at any time.

Place of Meetings

11.04 Meetings of shareholders shall be held at such place within Ontario as the directors may by resolution determine.

Notice of Meetings

11.05 Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 14.01 (except for meetings of the holders of the Credit Union's Class B Shares, to which section 7.04 shall apply if the Credit Union obtains an order of the Superintendent exempting it from the requirement to deliver a management information circular and proxy form to each such shareholder regarding that meeting) not less than 10 days nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more Shares carrying the right to vote at the meeting. Notice of a meeting of shareholders shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

List of Shareholders Entitled to Notice

11.06 For every meeting of shareholders, the Credit Union shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of Shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to section 11.07, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Credit Union or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

Record Date for Notice

11.07 The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and, if any Shares of the Credit Union are listed for trading on a stock exchange in Canada, by written notice to each such stock exchange. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

Chair, Secretary and Scrutineers

11.08 The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the Chair, or a Vice-Chair. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the Corporate Secretary of the Credit Union is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

Persons Entitled to be Present

11.09 The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Credit Union and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

Quorum

11.10 Subject to sections 11.11 and 11.12, regarding Class A Shares issued by the Credit Union, two persons present in person, each being a Class A Shareholder entitled to vote at the meeting, or a duly appointed proxy-holder for an absent Class A Shareholder entitled to vote at the meeting, shall be a quorum at any meeting of the Class A Shareholders for the choice of a chair of the meeting and the adjournment of the meeting; for all other purposes a quorum at any meeting of Class A Shareholders, unless a greater number is required to be present or a greater number of shares are required to be represented at the meeting by the Act or by the Articles or any other By-law, shall be persons present in person, each being a shareholder entitled to vote at the meeting or a duly appointed proxy-holder for an absent Class A Shareholder entitled to vote at the meeting, not being less than two in number and holding or representing by proxy not less than fifty-one percent (51%) of the total number of the issued Class A Shares of the Credit Union for the time being enjoying voting rights at such meeting.

Subject to sections 11.11 and 11.12, regarding Class B Shares issued by the Credit Union, two persons present in person, each being a Class B Shareholder entitled to vote at the meeting or a duly appointed proxy-holder for an absent Class B Shareholder entitled to vote at the meeting, shall be a quorum at any meeting of the Class B Shareholders for the choice of a chair of the meeting and the adjournment of the meeting; for all other purposes a quorum at any meeting of Class B Shareholders, unless a greater number is required to be present or a greater number of Shares are required to be represented at the meeting by the Act or by the Articles or any other By-law, shall be persons present in person, each being a Class B Shareholder entitled to vote at the meeting or a duly appointed proxy-holder for an absent Class B Shareholder entitled to vote at the meeting, not being less than twenty (20) in number.

If there is no quorum at any meeting of shareholders of the Credit Union, then the meeting shall be adjourned to such date not being less than 10 days later, and to such time and place as may be announced by the chair at the meeting, and, subject to section 11.18 hereof, it shall not be necessary to give notice of the adjourned meeting.

At such adjourned meeting, the persons present at such meeting, provided that there are at least two such persons present in person, each being a shareholder entitled to vote at the meeting or a duly appointed proxy-holder for an absent shareholder entitled to vote at the meeting, shall be a quorum for the transaction of the business for which the meeting was originally called.

Right to Vote

11.11 Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Credit Union has prepared the list referred to in section 11.06, every person who is named in such list shall be entitled to vote the Shares shown opposite his or her or its name except to the extent that such person has

transferred any of his or her Shares after the record date determined in accordance with section 11.07 and the transferee, having produced properly endorsed certificates evidencing such Shares or having otherwise established that he or she or it owns such Shares, has demanded not later than 10 days before the meeting that his or her name be included in such list. In any such case the transferee shall be entitled to vote the transferred Shares at the meeting. At any meeting of shareholders for which the Credit Union has not prepared the list referred to in section 11.06, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more Shares carrying the right to vote at such meeting.

Proxies

11.12 Every shareholder entitled to vote at a meeting of shareholders may Appoint a proxy holder, or one or more alternate proxy holders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing, executed by the shareholder or his or her attorney authorized in writing, and shall conform to the requirements of the Act.

Time for Deposit of Proxies

11.13 The Board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours, exclusive of any part of a Non-Business Day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Credit Union or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Corporate Secretary of the Credit Union or by the chair of the meeting or any adjournment thereof prior to the time of voting.

Joint Shareholders

11.14 If two or more persons hold Shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the Shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the Shares jointly held by them.

Votes to Govern

11.15 At any meeting of shareholders every question shall, unless otherwise required by the Articles or By-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes, either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

Show of Hands

11.16 Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried, and an entry to that effect in the minutes of the meeting, shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

Ballots

11.17 On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxy holder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the Shares which he or she is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

Adjournment

11.18 The chair at the meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

ARTICLE TWELVE

LENDING

Lending

12.01 The Credit Union may make loans in accordance with the Act and its lending policies as adopted by the Board from time to time.

ARTICLE THIRTEEN

INFORMATION AVAILABLE TO MEMBERS AND SHAREHOLDERS

Annual Statements

13.01 Every member or shareholder applying in writing therefore shall be entitled to receive a copy of the Credit Union's most recent annual audited financial statements. Copies of the most recent financial statements of any subsidiaries of the Credit Union shall be open to inspection by the members and shareholders, and to the making of extracts thereof, during normal business hours free of charge.

Members and Shareholders Registers

13.02 A member or shareholder shall be entitled to have access to or to review an extract from the members or shareholders register, containing only the names of the members or shareholders, at the head office of the Credit Union during normal business hours on not less than 3 full business days' written notice to the Credit Union by such member or shareholder.

Information Available to Shareholders

13.03 Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Credit Union's business which in the opinion of the directors it would be inexpedient in the interests of the Credit Union to communicate to the public.

Directors' Determination

13.04 The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Credit Union or any of them

shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any document or book or register or accounting record of the Credit Union except as conferred by statute or authorized by the Board or by a resolution of the shareholders in general meeting.

Fee

13.05 A member of the Credit Union shall be entitled to a copy of the By-laws upon payment of a fee of twenty-five dollars (\$25.00), or such lesser amount as the Board may from time to time establish.

ARTICLE FOURTEEN

NOTICES

Method of Giving Notices

14.01 Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Articles, the By-laws or otherwise to a member, shareholder, director, officer, auditor or member of a committee of the Board, shall be sufficiently given if delivered personally to the person to whom it is to be given, or if delivered to his or her or its Recorded Address, or if mailed to him or her or it at his or her or its Recorded Address by prepaid mail, or if sent to him or her or it at his or her or its Recorded Address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the Recorded Address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box, and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Corporate Secretary may change or cause to be changed the Recorded Address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by him or her to be reliable.

Signature to Notices

14.02 The signature of any director or officer of the Credit Union to any notice or document to be given by the Credit Union may be written, stamped, typewritten or printed, or partly written, stamped, typewritten or printed.

Proof of Service

14.03 A certificate of the Chair, a Vice-Chair, the Corporate Secretary or the Chief Executive Officer or of any other officer of the Credit Union in office at the time of the making of the certificate, or of a transfer officer of any transfer agent or branch transfer agent or Shares of any class of the Credit Union, as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor, or publication of any notice or other document, shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Credit Union as the case may be.

Computation of Time

14.04 In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, both the date of giving the notice and the date of the meeting or other event shall be excluded.

Undelivered Notices

14.05 If any notice given to a member or shareholder pursuant to section 14.01 is returned on three consecutive occasions because he or she or it cannot be found, the Credit Union shall not be required to give any further notices to such member or shareholder until he or she or it informs the Credit Union in writing of his or her new address.

Omissions and Errors

14.06 The accidental omission to give any notice to any member, shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

Deceased Members or Shareholders

14.07 Any notice or other document delivered or sent by post or left at the Recorded Address of any member or shareholder shall, notwithstanding that such member or shareholder, being an individual, be then deceased, and whether or not the Credit Union has notice of his or her decease, be deemed to have been duly served in respect of the Shares held by such member or shareholder (whether held solely or with any person or persons) until some other person be entered in his or her stead in the records of the Credit Union as the holder or one of the holders thereof, and such service shall for all purposes be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and on all persons, if any, interested with him or her in such Shares.

Persons Entitled by Death or Operation of Law

14.08 Every person who, by operation of law, transfer, death of a member or shareholder or any other means whatsoever, shall become entitled to any Share, shall be bound by every notice in respect of such Share which shall have been duly given to the shareholder from whom he or she or it derives his or her or its title to such Share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he or she became so entitled) and prior to his or her or its furnishing to the Credit Union the proof of authority or evidence of his or her or its entitlement as prescribed by the Act.

Waiver of Notice

14.09 Any member or shareholder (or his or her duly appointed proxy holder), director, officer, auditor or member of a committee of the Board or advisory committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her or it under any provision of the Act, the regulations thereunder, the Articles, the By-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing, except for a waiver of notice of a meeting of members or shareholders or of the Board or of a committee of the Board, which may be given in any manner.

ARTICLE FIFTEEN

EFFECTIVE DATE

Effective Date

15.01 Subject to the Act, these By-laws shall come into force upon being passed by the Board and confirmed by a special resolution of the members.

Repeal

15.02 All By-laws previously enacted are revoked upon the coming into force of these By-laws.

PASSED by the Board of Directors of Kingston Community Credit Union Limited at a meeting duly called and held at Kingston, Ontario this **31st** day of January, 2017.

WITNESS the corporate seal of Kingston Community Credit Union Limited.

CONFIRMED by two thirds of the votes cast at a general meeting of the members of Kingston Community Credit Union Limited duly called for the purpose and held at Kingston, Ontario, this **7th** day of March, 2017.

Chair

Corporate Secretary