

Corrections ->

- The reference to “2.11” should be to “2.10”
- The reference to “- 9.5” should be removed
- The reference to “9.9” should be to “9.4”
- An explanation for the changes to Rules 9.5 and 9.9 was missed. It should read “Rules 9.5 and 9.9 clarify that the returning officer is responsible for these duties.”

Special Resolution 1: Be it resolved that the Rules of the Summerland & District Credit Union be repealed and replaced with the revised Summerland & District Credit Union Rules attached as Appendix “A”.

Summerland Credit Union would like to update and modernize its Rules. The Rules were last revised in 1994. Since then there have been a number of changes such as changes to the laws relating to credit unions. The revised Rules govern its relationship with you, our members, and provide flexibility for future developments such as the possibility of electronic voting in the future.

The specific changes being recommended are discussed below. References are to the new section numbers.

The *Company Act* no longer exists. Rules 2.20, 2.21, 2.24, 2.25, 2.31, 2.33(c), 2.34, 3.1, 3.2, 4.13(b), 4.49, 7.1 and Definitions (c) were changed or removed to remove the incorrect reference and insert new references where applicable.

A member eligible to vote can now not be more than 60 days delinquent rather than the 90 day period previously allowed. This ensures that the people directing the future of the credit union are the ones properly supporting the credit union.

In order to be flexible, while not currently being considered, the Rules have been changed to accommodate provisions used by other credit unions.

- Rule 2.10 sets additional details about Class D shares, which were always authorized but not fully described in the past. At the end of 2016 the Credit Union had [x] capital while only required to have [x]. While there are no capital concerns, the Board wanted to provide for future needs with these changes.
- Rule 2.12(e), 2.19, 2.22, 2.7, 2.9 changes remove the complicated share system for joint members and now clarifies that each holder of a joint account is to be a member in her own right. While we will continue to service joint accounts where only one person is a member, the rule change removes the concept of “joint members”. If a joint account holder is not an individual member, that person will not have to hold membership shares but that person will also not be entitled to membership privileges such as voting rights.
- Rule 4.5(f) allows the Board to set additional criteria for nomination as a director. While it has not yet been determined if any criteria will be added, it allows flexibility in the future to add criteria such as financial literacy in the future.
- Rule 4.6 gives a procedure to remove a Director who is not fulfilling her duties instead of the current procedure to call a special general meeting if the Director fails to vacate office as required by the

Rules. As special meetings can be a considerable expense the Board wishes to ensure that there are effective mechanisms for director accountability.

- Rule 4.17, 4.16, 4.16, 9.3 and 9.4 were changed to accommodate electronic voting in the future.
- Rules 5.9 – 5.17 and 5.20 add clarity for general meetings including special general meetings. As special general meetings can be a considerable expense the Board would like to clarify that they can only be called for valid credit union related business.
- Rules 9.5 and 9.9 clarify that the returning officer is responsible for these duties.

A number of other housekeeping changes were made:

- Rule 2.7 was removed as it just mirrored the terms of the Credit Union Deposit Insurance provisions.
- Rule 2.14 and 2.15 now also include Class “C” shares
- Rule 2.16 and 2.21 were changed to mirror the law.
- Rule 2.17(b) this now clarifies that a junior member has 30 days grace period to become a full member as opposed to having to become a full member before his birthday.
- Rule 4.7 a typographical error was corrected.
- Sections have also had to be renumbered to accommodate these changes and cross references corrected.

If you would like a copy of the current Credit Union Rules a copy can be picked up at the Summerland & District Credit Union reception desk; if you are unable to come into the Credit Union please visit our website at www.sdca.com or you can contact Sandy Laidman at 250-494-6052 or slaidman@sdca.com to have a copy mailed to your home address.

Instructions for casting the ballot(s) and the return thereof:

- please complete the Ballot for the special resolution;
- place the completed ballot into the ‘Ballot’ envelope and seal
- complete the Ballot Authentication envelope and place the ‘Ballot’ envelope into it and seal
- Voting will commence on **September 11, 2017**; all ballots must be received in the credit union office by 5:00 pm on **October 6, 2017**.
- Please note that no ballot shall be counted unless that ballot is actually received by the credit union before the close of business of the credit union on the day specified above.

A ‘For’ Vote means you agree with the changes to the Rules. An ‘Against’ vote means you do not want the Rules to be changed.

If you are unable to come into the Credit Union to return your ballot, please return by mail and we will reimburse the postage to the Member number noted on the *Ballot Authentication Envelope*.

Thank you.

Summerland & District Credit Union