

TERMS&CONDITIONS OF CREDIT UNION MEMBERSHIP:

Credit union members are either to be an Oddfellow or have a member of their household who is an Oddfellow. Each year an annual subscription of £2 is payable from all members.

Rule 7 - Common bond qualification for membership

7 (1) The qualification for admission to membership of the credit union shall be so that in consequence thereof there shall be a common bond between all the members.

(2) A person who is a member of the same household as, and is a relative of a member of the credit union who fulfils the qualification for admission in paragraph (1) of this rule directly, shall be deemed to be qualified for and eligible for membership.

Rule 8 - Individual membership and joint accounts

(1) Only individuals shall be members of the credit union. An individual may hold more than one account in the credit union.

(2) The credit union may offer a joint account facility to members. A joint account shall only be available to two individuals who each qualify, for, obtain and continue to hold individual membership, under the common bond qualification. The credit union shall establish a procedure on the operation of a joint account.

(3) In the event of the death of one of the holders of a joint account, the joint account shall, subject to any contrary written agreement, become the property of the survivor.

Rule 9 - Non-qualifying members

9 (a) A member of the credit union who ceases to qualify, for membership shall become a "Non-qualifying member". A non-qualifying member may retain their membership and voting rights in the credit union, and continue to acquire shares and to receive loans subject to the provisions of these rules.

(b) The number of non-qualifying members shall not exceed 10% of the total membership or such other permitted maximum as may be prescribed by law. If the number of members should exceed 10%, the Board of Directors shall take all practical steps to reduce this number below 10%. Ultimately the Board shall be required to expel from membership those members who have most recently become non-qualifying members, Subject to **Rules 14 to 16**.

Rule 10 - Junior depositors' conversion to adult membership

10 Subject to any additional policy and procedures that may be established by the Board of Directors, a junior depositor shall convert to adult membership upon reaching the age of 18.

A member between 16 and 18 years of age may not be an officer of the credit union and may not receive loans nor act as a guarantor for loans. Full membership rights shall be granted automatically upon the member reaching the age of 18.

Rule 11 – Applications for membership

An applicant for membership may be admitted to membership only when:

- A. it has been determined that he or she fulfils the common bond qualification for entry to membership; and
- B. he or she has completed and submitted a membership application form; and
- C. he or she has provided their date of birth and sufficient evidence to prove their identity and address, as required to comply with all relevant laws, regulations and rules established in respect of money laundering prevention; and
- D. he or she has paid an annual membership fee of an amount recommended from time to time by the Board of Directors and agreed by members at the AGM. Such fee shall be returned to him or her if their application is refused; and
- E. he or she has paid for at least a £1 share in the credit union;
- f. he or she has been formally accepted into membership through a procedure established by the Board of Directors.

Section C: Cessation of Membership

Rule 12 - Cessation of membership

12 A person shall cease to be a member of the credit union:

- A. on their voluntary withdrawal from the credit union in accordance with **Rule 13**; or
- B. on death; or
- C. at the discretion of the Board of Directors, membership shall be withdrawn if a Member's share balance is not brought up to the minimum shareholding established by the Board, in accordance with **Rule 22** within 6 months of admission to Membership, or is reduced to below the minimum shareholding established by the Board, and he or she fails to take remedial action as described in **Rule 22**;
- D. on their expulsion from the credit union in accordance with **Rules 14 to 16**.

Rule 13 - Withdrawing from membership

13 A member without any liability to the credit union may voluntarily withdraw from Membership of the credit union at any time by applying for, and receiving, their Shareholding in the credit union; subject to any notification period currently in force. Members with an outstanding liability to the credit union shall be required to settle their account prior to being permitted to withdraw from membership.

Rule 14 - Expulsion from membership

14 Subject to **Rule 15**, a member may be suspended from participation in the credit union pending the completion of an investigation. The investigation may recommend the member's subsequent expulsion from membership of the credit union. Such recommendation shall be voted upon by passing a resolution carried by a majority present at a joint meeting of the Board of

Directors and of the Supervisory Committee. A member may be suspended, and subsequently expelled, from the credit union for any grave and sufficient reason including, but not limited to, the following:

- a. Wilful breach of, or refusal to comply with, any of these Rules;
- B. Divulging confidential information obtained by reason of being an officer of the Credit union;
- E. maliciously and knowingly spreading false reports about the management of the Credit union;
- F. Wilfully making any entry, or erasure in, or omission from any passbook, record or return of the credit union with intent to falsify it;
- G. Actively working against the interests of the credit union and/or its membership;
- H. Allowing their account to become dormant and failing to remedy the situation in accordance with **Rule 18**;
- I. Using the credit union as a vehicle for committing an offence constituting money laundering as defined in the **Money Laundering Regulations 1993** or subsequent legislation;
- J. Committing an offence of dishonesty against the credit union, wilfully destroying or damaging records or other property of the credit union, or knowingly passing forged notes or other instruments through the credit union;
- or
- K. If, after admission, any declaration in their application for membership is found to be wilfully false or misleading or any defect is discovered in their qualification for Membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion;
- L. Abusive behaviour towards credit union staff or volunteers
- M. becoming a non-qualifying member in accordance with **Rule 9(b)** provided that the member shall be given at least ten days' notice of the joint meeting of the Board of Directors and of the Supervisory Committee and of the intention to expel him or her and shall be given an opportunity of being heard or represented at the joint meeting.

Rule 15 - Notice of expulsion

15 The notice of expulsion shall be sent by special delivery to the last known address and shall include a reference to **Rule 16**. The notice of expulsion of the member shall not become effective until 30 days after the date of posting the notice of expulsion or until the determination of their appeal under Rule 76, if any, whichever is the later.

Rule 16 - Appeal against expulsion

16 A member shall have 14 days from receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon the written request of a member on whom notice of expulsion has been served in accordance with **Rule 15**, convene a special general meeting of the members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on him or her. The member shall have the right to be represented and heard at such general meeting. The special general meeting shall have power, by a majority decision of members' present, to confirm the

member's expulsion or to direct that he or she shall remain a member of the credit union.

Rule 17 - Liability of expelled member

17 1. Withdrawal or expulsion of a member from the credit union shall not relieve such member from any liability which existed at the time of their withdrawal or expulsion.

2. The amount deposited by a member who withdraws or is expelled shall be paid to Him or her as funds become available, but only after all monies owed by him or her to the Credit union has been deducted. Any amount due to a withdrawn or expelled member shall be repaid within a period of less than 60 days beginning on the day following the expulsion or notice of intention of withdrawal. No payment of any description shall be paid to such a member unless all their liabilities to the credit union have been or shall subsequently be fully discharged.

Rule 18 -Dormant accounts

1 8 (1) If after the date of registration of this rulebook a period of 12 months passes during which there have been no transactions on the account of a member (or on any of their accounts if they have more than one), the Board of Directors shall have discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this determination.

(2) The Board of Directors shall have the discretion to levy an annual membership fee on each dormant account, of such sum as may be recommended from time to time by the Board of Directors and agreed by members at the AGM.

(3) In relation to a member who does not comply with the minimum shareholding requirement set out in **Rule 22**, and whose membership is dormant, the Board of Directors may declare the balance on their account, or accounts, to be forfeit to the credit union and their membership withdrawn in accordance with the provisions of **Rule 22** (c);

(4) In relation to a member who does comply with the minimum shareholding requirement set out in **Rule 22**, but whose membership is dormant, the credit union may alert the member to the dormancy by following this procedure:

A. the credit union shall send a letter to the member's last known address notifying the member that there have been no transactions on their account (or accounts if they have more than one) during the last 12 months, and providing the member with a three month period to determine their future use of their account or accounts;

B. the letter shall contain information on reactivating or closing the account and Withdrawing from membership.

c. Reference shall be made to these Rules which permit the credit union to charge an annual membership fee;

d. The letter shall refer to **Rule 18(5)** which enables the credit union to remove dormant accounts into a suspense account and subsequently expel the member from membership.

(5) If the member does not reactivate or close their account or accounts within three months of receipt of the letter from the credit union, the Board of Directors has the discretion to:

A. hold any monies within the account or accounts of such member in a suspense account pending the member's subsequent withdrawal of their money, or activity on the account;

B charge the annual membership fee:

C expels the member from membership in accordance with **Rule 14 (H)**

Rule 19 Maximum Shareholding

(1) The nominal value of each share shall be £1. A member must purchase and hold at least one obligatory membership share. The Board of Directors has the discretion under **Rule 22** to require an individual to hold a minimum shareholding not exceeding £5 as a condition of remaining in membership of the credit union.

(2) Shares shall be withdrawable subject to the provisions of **Rule 21**.

(3) Shares shall not be transferable and the credit union shall not issue to a member a share certificate denoting ownership of a share.

Rule 20 - Maximum shareholding

20 No member shall have, or claim an interest in, shares of the credit union exceeding the greater of £10,000 (or such other amount as may be prescribed by law) and 1.5 per cent of the total shareholdings in the credit union. The maximum shareholding limit on a joint account shall be double the limit on an individual account. For the purpose of calculating an individual's shareholding, the amounts held separately in an individual and joint account shall be amalgamated. For the purpose of these rules, the total shareholdings in the credit Union shall be taken to be the total shareholdings as shown in the most recent audited balance sheet to have been sent with the credit union's annual return pursuant to **Rule 80**.

Rule 21 - Withdrawing shares

21 (1) Subject to paragraph 2 of this rule, money paid in on shares, or instalments for the acquisition of shares, may be withdrawn on any day when payment for shares may be made. However, if required, the credit union may request up to sixty days' notice from a member to withdraw shares.

(2) If a member is in default as a borrower, or a withdrawal of shares would reduce a member's paid-up shareholding in the credit union to less than their total liability (including contingent liability) to the credit union, whether as a borrower, guarantor or otherwise, the Board of Directors shall have discretion to consider a share withdrawal request.

Rule 22 - Minimum shareholding

22 The minimum shareholding required to remain in membership of the credit union shall be a sum not exceeding £5 as may be determined by the Board of Directors. The Board of Directors shall have discretion to withdraw membership from any member whose account has not been brought up to the minimum shareholding requirement within 6 months of admission to membership, or any member whose account is reduced below the minimum shareholding, through adopting the following procedure.

A. Written notice to their last known address shall be sent to any such member.

B. The notice shall require the member to increase their share balance to the minimum required shareholding or withdraw their shares within 6 months of the date of the notice.

Rule 23 - Insuring shares

23 The Board of Directors of the credit union shall enter into arrangements with a person carrying on the business of insurance for the purpose of providing insurance cover on the members' shareholdings in the credit union. Any monies paid to the credit union by virtue of the said insurance arrangements shall be credited to the share account of the insured member subject to the provisions of **Rule 20**.

Rule 24 - Financial Services Compensation Scheme

24 Members' shares and junior deposits are protected by the Financial Services Compensation Scheme, subject to the current terms of the Scheme that may be in existence.

Rule 25 - Junior deposits

25 The credit union may, if the directors so determine, take deposits up to a total of £10,000, or such higher maximum sum as may be prescribed by law, from a minor under the age of 16 years who upon the age of majority would be qualified to become a member of the credit union.

Section E: Loans

Rule 26 - Loans to members

26 (1) The credit union may make to a member who is aged 18 years or older a loan for a provident or productive purpose. The Board of Directors shall determine from time to time the loan policy which shall apply to all members. The loan policy shall include:

- A. the maximum amounts available for loans
- b. Any limits or requirements that may be attached to secured and unsecured loans
- C. The rate of interest charged on loans (not to exceed a rate of one per cent per month, or such other rate as may be prescribed by law)
- D. The application procedure for loans.

(2) The credit union shall not at any time make a loan to a member if the making of Such a loan would bring the total amount outstanding on loan to members above such limit as may be prescribed by law or rules established by the FSA.

(3) Two members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan.

(4) Any person knowingly responsible for the issue of a loan to a person other than a member of the credit union shall be jointly and severally liable with the borrower to the credit union in the amount of the loan and accrued interest. acting as a guarantor for a member's loan from the credit union.

Rule 28 - Loans to officers and employees of the credit union

28 A director, committee member or other officer or employee of the credit union may, as a member of the credit union, be granted a loan by the credit union subject to **Rule 73**. Such a member may not be involved in the decision

on the loan and such a loan may not be approved solely by a loan officer. The Supervisory Committee shall be informed of the details of every such loan granted within 14 days of its approval.

Rule 29 - Insuring members' loans

29 The Board of Directors shall enter into arrangements with a person carrying on the business of insurance for the purpose of providing insurance coverage on the liability of any member to the credit union.

Rule 30 - Recovering loans from members

30 (1) The Board of Directors is responsible for ensuring that suitable policies and procedures are established to ensure the repayment of all debts due to the credit union.

(2) All sums due from any member shall be recoverable from him or her, their Executors or administrators, as a debt due to the credit union.

(3) The credit union shall have a lien on any shares of a member for any debt due to it by the member or for any debt which the member has guaranteed, and may set off any sum standing to the member's credit, including any shares, interest rebate and dividends, in or towards, payment of such debt.

Section F: Application of Surplus

Rule 31 - Calculation of profit

31 In ascertaining the profit or loss resulting from the operations of the credit union during any year of account, all operating expenses in that year shall be taken into account (including payments of interest) and provision shall be made for depreciation of assets, for tax liabilities and for bad and doubtful debts.

Rule 32 - Building institutional capital

32 The credit union shall out of its surplus from each year establish and maintain reserves in accordance with the prudential rules on capital adequacy established by the FSA.

Rule 33 - Distribution of surplus

33 Following compliance with the capital adequacy requirements established by the FSA, the credit union may allocate any remaining surplus in the following manner:

a. Voluntary transfer to develop further the institutional capital base of the credit union;

B. subject to **Rule 34**, in the payment to members of dividends on the amount of their paid-up shares;

C. Subject to **Rule 35**, as a rebate of interest paid by or due from members who have received loans from the credit union, such rebate being proportional to the interest paid by or due from such members during that year of account; and

D. After a dividend and/or rebate of loan interest has been paid -for social, cultural or charitable purposes.

Rule 34 - Dividend on shares

34 (1) The maximum amount payable as dividend shall not exceed eight per cent per Annum (or such other maximum rate as may be prescribed by law). If a surplus has been achieved, and dividends are payable, the Board of Directors may recommend the rates of any dividend payments for declaration by the members at an Annual General Meeting.

(2) At each AGM members may be formally asked to delegate to the Board such powers as may be necessary to declare interim dividends and establish differentiated dividend rates on different term share accounts, subject to any regulatory restrictions on the credit union's operations. No dividend declared and authorised for payment by the members in general meeting shall exceed the rate recommended by the Board of Directors.

(3) Any dividend shall be declared on all full shares held during the preceding financial year or interim period. New members joining the credit union shall be entitled to a proportional part of the dividend on any shares held for less than the full year on every full month of membership, a portion of a month being disregarded for the purpose of entitlement to dividend. Dividends shall be paid to those in membership of the credit union on the date that the dividend is declared.

Rule 35 - Rebate of interest on loans

35 Provided that a dividend on shares has been recommended by the Board of Directors in accordance with **Rule 34**, a rebate of interest may be recommended by the Board of Directors for declaration by the members at the annual general meeting. No rebate of interest declared and authorised for payment by the members in general meeting shall exceed the rate recommended by the Board of Directors. Entitlement to rebate of interest is on the same basis as entitlement to dividend.

Rule 36 - Payment of dividends and interest rebates

36 Dividends and interest rebates due to any member may be placed to the credit of their share balance, and shall be so placed in any case where there is any money due by him or her to the credit union whether as borrower, guarantor or otherwise in excess of their shareholding in the credit union unless the application of such dividend and/or interest rebate would increase their shareholding in the credit union to an amount exceeding the maximum share holding permitted by **Rule 20**.