

**RULES OF THE
JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LIMITED**

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**RULES OF THE
JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LIMITED**

GENERAL

1. A Credit Union (hereinafter referred to as “The Credit Union”) registered under the Co-operative Societies Act of Jamaica.

INTERPRETATION

2. In these Rules:

- a. “Board of Directors” or “Board” shall mean the governing body of the Credit Union, to whom the management of its affairs is entrusted and which shall be constituted in accordance with the provisions of the Rules.
- b. “The Society” or “the Credit Union” shall mean Jamaica Defence Force Co-operative Credit Union Limited.
- c. “The Act” shall mean the Co-operative Societies Act.
- d. “The Regulations” means the Co-operative Societies Regulations, 1950 and any amendment or modification thereof.
- e. “Registrar” means the Registrar of Co-operative Societies and Friendly Societies appointed in accordance with the Act, and includes any person when exercising such powers of the Registrar as may have been conferred upon him under the Act.
- f. “Supervisory Authority” means the Department of Co-operatives and Friendly Societies or any other Relevant Authority as approved by Law.
- g. “Officer” or “Officer of the Credit Union” shall mean any of the members of the Board of Directors, the Supervisory or Credit Committee or other person empowered under the Regulations or Rules to give directions in regard to the business of a Registered Society in accordance with Section 2 of the Act.
- h. “Executive Officer” is any person elected by the Board of Directors to any of the positions named in Article VIII Rule 65.

- i. “Families/Relatives” shall take its lexical meaning, and in the case of these Rules shall include children, step-children, adopted children, parents, spouses, brothers, sisters, aunts, uncles, nieces, nephews, grandparents and grandchildren of a member.
- j. “Service and ex-service affiliated organizations” shall include, professionals providing services to the JDF and affiliates of the JDF Credit Union Ltd.
- k. “Fit and Proper” means a person:
- (1) who, whether in Jamaica or elsewhere –
 - (a) has not been convicted of an offence involving dishonesty;
 - (b) is not an undischarged bankrupt; and
 - (2) whose employment record does not give reasonable cause to believe that the person carried out any act involving dishonesty or any act involving impropriety in the handling of financial and business affairs;
 - (3) who is a person of sound probity;
 - (4) who is able to exercise diligence and sound judgment in fulfilling his responsibilities in relation to the Credit Union;
 - (5) whose relationship with the Credit Union will not threaten the interests of the members. For this purpose, regard should be had of any evidence that a person has engaged in any business practices or financial dealings appearing to be deceitful or oppressive or improper which reflect discredit to his method of conducting business or financial dealings; and
 - (6) who has not contravened any provision of any enactment designed for the protection of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of banking insurance or other financial services, or in the management of companies or due to bankruptcy.

l. “Capital” comprises the total of the following:-

(1) Permanent Shares

(2) Statutory Reserve Fund

(3) Deferred Shares

(4) Institutional Capital

(5) Other eligible reserves as determined by the supervisor of the Credit Unions or any relevant authority as determined by Law; less any amount by which that total has been impaired by operating and other losses.

m. “Voluntary Shares” or “Ordinary Shares” shall mean shares that are issued at no par value and not a part of risk capital and are administered in accordance with the Rules.

n. “Deferred Shares” shall mean shares issued at no par value and paid up in cash, and shall be held by a member for a period of not less than five (5) years. Such shares shall be paid in cash and issued with such rights and restrictions as outlined in these Rules. Deferred Shares shall bear interest at a rate to be determined by the Board of Directors from time-to-time.

o. “Permanent Shares” shall mean shares issued at no par value, paid up in cash and invested as risk capital, which form a permanent part of the capital of the Society, and are issued with such rights and restrictions as outlined in the Rules. Dividend and/or interest may be paid thereon.

p. “The League” shall mean the Jamaica Co-operative Credit Union League.

q. “Share Transfer Fund” shall mean the Fund created and maintained by the Credit Union to facilitate the purchase of Permanent Shares from members who wish to terminate their membership, or facilitate the transfer of shares between members.

r. “Gender Bias” shall mean the practice of proposing candidates of one gender over candidates of the other gender.

s. “Returning Officer” shall mean a person appointed by the Chairman to conduct elections.

3. Where the context of these Rules so permit, words denoting the singular shall include the plural and the masculine gender shall be deemed to include the feminine gender and vice versa.

ARTICLE I

NAME AND OBJECTIVES

Name of the Credit Union

4. The name of the Credit Union shall be Jamaica Defence Force Co-operative Credit Union Ltd.

5. The registered office of the Credit Union shall be Up Park Camp, Kingston 5 or such other place in Jamaica as may be determined from time to time by the Board of Directors and notified to the Registrar.

Objectives of the Credit Union

6. The objectives for which the Credit Union is established are –

- a. to promote thrift among its members by affording them an opportunity to accumulate their savings;
- b. to create for them a source of credit for provident or productive purposes at a reasonable rate of interest;
- c. to provide the opportunity for members to use and control their money for their mutual benefit;
- d. to draw, make, accept, endorse, discount, execute and issue Promissory Notes, Bills of Lading, Bills of Exchange, Bills of Sale, Warrants and other negotiable or transferable instruments;
- e. to do all the other acts and things as are incidental or conclusive to or consequential upon the attainment of the above objectives.

ARTICLE II

MEMBERSHIP

Qualification Membership

7. Membership in the Credit Union shall be limited to:
 - a. Members of the Jamaica Defence Force.
 - b. Civilian employees of the Jamaica Defence Force.
 - c. Employees of the Jamaica Defence Force Co-operative Credit Union Limited.
 - d. Members or employees of service and ex-service affiliate organizations to the Jamaica Defence Force.
 - e. Adult members of the Jamaica Combined Cadet Force (JCCF).
 - f. Employees based at Jamaica Defence Force installations within non-military organizations.
 - g. Relatives of members who qualify under a)(b)(c)(d) (e) &(f) above.
 - h. Other Co-operatives.
8. Children of members who are less than sixteen (16) years of age may be admitted as Savers.
9. All members of the Credit Union upon leaving the employment of the Jamaica Defence Force or members leaving any of the aforementioned affiliated groups, may retain their membership in the Credit Union at the discretion of the Board of Directors.

Application for Membership

10. Applications for membership must be made in writing on a form approved by the Board, and must be signed by the applicant. The Application Form shall provide for: -
 - a. The member's account number;

- b. Name;
- c. Marital Status
- d. Telephone numbers
- e. Nationality
- f. Address;
- g. Date of birth;
- h. Tax Registration Number (TRN);
- i. E-mail address
- j. Valid identification
- k. Date of approval;
- l. Agreement to conform to the rules of the Credit Union;
- m. Agreement to subscribe to a minimum of five hundred dollars (\$500.00) in ordinary shares and two thousand dollars (\$2,000.00) in permanent shares, or such amount that is to be determined and recommended from time to time by the management of the Society, subject to the approval of the Board of Directors;
- n. Whether the application was approved by the Board of Directors
The signature of the Secretary and any other Officer of the Credit Union.

12. An applicant shall not be registered as a member until: -

- a. It shall have been determined that he is eligible for membership under Article II, Rule 7, of these Rules.
- b. His application for membership shall have been approved by the affirmative vote of a majority of the Directors or a majority of the members of a duly appointed and authorized Executive Committee present at the Meeting at which the application is acted upon;

c. He has paid an Entrance Fee of one hundred dollars (\$100) and has subscribed to the minimum required amounts of Ordinary and Permanent Shares.

13. An account number shall be assigned to each member as a means of identifying his account with the Credit Union and such numbers shall be issued in consecutive order.

Joint Accounts

14. Persons who have the necessary qualifications for membership and are desirous of holding joint account may apply in writing to the Secretary. The application shall state the residence and occupation of each person, whether the tenancy will be tenancy-in-common or a tenancy with the right of survivorship and shall contain such information as the Board and the Regulator of the Credit Union may from time to time decide.

15. An application of a joint membership to withdraw from the Society or to vary the composition of the joint membership must be signed by all persons comprising the joint membership.

16. A member cannot be assigned to no more than two joint accounts.

17. No non-member may hold or own a joint account.

Resignation and Expulsion

18. No member may resign while a borrower, or an endorser or a guarantor of any loan due to the Credit Union. A member ceases to be a member when he withdraws or otherwise disposes of all his shareholding (changed on 24 Jun 05).

19. A member may be expelled by a two-thirds vote of the members of the Credit Union present at a General Meeting or a Special Meeting called for the purpose, but only after an opportunity has been given to the member to be heard and only if the member has been properly notified in writing by the Board of Directors not less than fourteen days before such a meeting. On expulsion, a member shall be entitled to repayment of the amount held by him as shown by the Credit Union's books, subject to the provisions of Article III, Rule 27.

20. Withdrawn or expelled members shall have no further rights in the Credit Union but are not by such withdrawal or expulsion released from any liability to the Credit Union existing at the date of such withdrawal or expulsion.

21. Subject to such conditions as the Board of Directors may establish, a member who ceases to be within the field of membership of the Credit Union may retain his membership therein.
22. A person ceases to be a member -
 - a. On death;
 - b. Ceasing to hold the minimum Ordinary and Permanent shares as stated in Rule 10 subpara m.
 - c. On his being found to be of unsound mind.
 - d. On expulsion from the Society.

Members Register

23. The Credit Union shall keep a Register to be called the “Register of Members”, wherein shall be entered: -
 - a. The name, address and occupation of each member and his book or account number;
 - b. The date on which each member’s name was entered in the Register;
 - c. The date on which any member ceased to be a member.

ARTICLE III

SHARES AND LIABILITY

Shares

24. The Capital of the Credit Union shall be unlimited, divided into permanent and deferred shares. The liability of each member, in case of liquidation, is limited to the nominal value of the shares held.
25. The maximum amount of shares of any class which may be held by any one member shall not exceed twenty per cent (20%) of the total Share Capital.

Transfer of Shares

26. Shares in the Society may be transferred to any member or anyone eligible for membership with the consent of the Board of Directors and upon payment of a fee of one hundred dollars (\$100.00) for each transfer;

a. provided that:

(1) no transfer of Permanent Shares shall be effected if the member requesting such transfer is liable to the Credit Union as a borrower or co-maker.

(2) Such transfer shall carry dividend credit with it.

(3) All applications for transfer of shares shall be made in the form approved by the Registrar of Co-operative Societies or the relevant Supervisory Authority.

b. Subject to the existence of funds adequate to the purpose in the Share Transfer Fund, the Board of Directors may accept from a member Permanent Shares for transfer to the Society. For this purpose the Board of Directors shall create a Share Transfer Fund and maintain a file of applications for such transfers, and such applications shall be dealt with in order of receipt, provided that the Board of Directors shall have discretion to give priority to an application from a member where hardship or distress is shown to the satisfaction of the Board of Directors.

27. Money paid in ordinary shares, may be withdrawn in whole or in part on any day when the Credit Union is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding six (6) months; provided however that no member may withdraw any shareholding below the amount of his total liability to the Credit Union as a borrower, endorser, co-maker or guarantor.

28. Money paid in permanent shares, may be redeemable subject to transfer, sale or re-purchase of such shares, on any day when the Credit Union is open for business; but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding six (6) months; provided however that the member is not liable to the Credit Union as a borrower, endorser, co-maker or guarantor.

29. Monies paid in deferred shares may be redeemable subject to the contracted agreement as set by the Board of Directors which shall include a penalty levied for the redemption of these shares prior to the expiration of five (5) years.

30. The Board of Directors may establish conditions under which Christmas Club, Vacation Club and other savings programmes may be established by the Credit Union.

31. The Credit Union shall have a lien on the shares and deposits of a member for any sum due to the Credit Union from the said member, or any loan endorsed by him, and may apply any sum credited to the member thereon in or towards payment of any such debt; provided that Permanent Shares shall not be credited in or towards payment of any such debt.

ARTICLE IV

DEPOSITS

32. The Board of Directors may establish rules and conditions under which a member may deposit money in the Credit Union.

33. Deposits may be withdrawn by cheque or in cash on any day that the Credit Union is open for business, but the Board of Directors may at any time require the member to give up to ninety (90) days' notice of his intention to withdraw the whole or any part of his deposits.

34. Deposits may be received in the name of a minor or in trust for a minor who is a child, grandchild or ward of a member, in such way or manner as the Board of Directors may determine.

35. Deposits received in the name of a minor shall be held for the exclusive right and benefit of the minor and free from the control or lien of all other persons and shall be paid together with interest thereon to the person in whose name the account shall have been issued to the guardian of that person.

36. Interest shall accrue and be paid on deposits from the date of deposit with the Credit Union at an interest rate to be determined by the Board of Directors.

37. Deposits shall be received from members only.

38. No member shall hold more than twenty percent (20%) of the total deposits of the Credit Union.

ARTICLE V

RECEIPTS AND DISBURSEMENTS

39. Money paid in or paid out on account of shares, deposits, loans, interest, entrance or transfer fees or other savings shall be evidenced by an appropriate voucher or receipt. Each voucher or receipt shall identify the person receiving or paying out, on behalf of the Credit Union, the money represented thereon.

40. When a statement of account plan is used, the member's permanent official record for transactions shall be the statement of account, which will itemize all transactions and which must be issued to each member at least monthly or upon request.

41. Deleted April 30, 2014

ARTICLE VI

LOANS AND INTERESTS

Loans

42. Loans shall be made only to members and shall be made for provident or productive purposes only.

43. All applications for loans shall be on the printed form provided by the Credit Union and shall set forth the purposes for which the loan is desired, the security, if any, and such other information as the Credit Committee may require. If the facts stated in the application are found to be misrepresented, or the money used for some other purpose than that for which it was borrowed, the loan shall become immediately due and payable.

44. All applications for loans and the reports thereon by the Credit Committee and any Loans Officer shall be filed as permanent records of the Credit Union.

45. All loans granted shall be secured by the Loan Agreement of the borrower and by such other security, if any, as the Credit Committee or Loans Officer may require.

46. No Officer, member of the Board of Directors, members of Staff, members of the Credit Union or Supervisory Committee and Credit Committee, shall be allowed to borrow from the Credit Union loan in excess of his total savings to a maximum determined by the Board of Directors. Any amount in excess of the determined amount will require approval by the unanimous decision of a meeting at which is present at least a quorum of the Credit Committee and also at least one Director and one member of the Supervisory Committee sitting together. The borrowing member shall not be allowed to take part in the meeting.

47. Subject to the credit policy laid down by the Board of Directors from time to time, the amount of each loan, the period of repayment, and the form and value of security, if any, shall be determined by the Credit Committee. However, the Credit Committee shall have the right to refer any loan to the Board of Directors, for a final decision only in respect of the amount of the loan, the period of repayment and the form and value of the security.

48. A borrower may repay his loan prior to maturity in whole or in part on any day when the Credit Union is open for business.

Interests

49. Rates of interest charged shall be fixed from time to time by the Directors and will be a maximum of:

- a. two percent (2%) per month on unpaid balance for secured loan paid from the share capital of the Credit Union.
- b. two and one half percent (2.5%) per month on unpaid balance for unsecured loans and loans from externally generated funds.

ARTICLE VII

BOARD OF DIRECTORS

Composition

50. The business of the Credit Union shall be conducted by the Board of Directors, which shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than five (5) nor more than fifteen (15)

members, all of whom shall be members of the Credit Union, and must satisfy that they are fit and proper persons to be Directors and to perform corporate management functions, provided that the number of members comprising the Board of Directors shall at all times be an uneven number.

Tenure and Service

51. Each member shall hold office until the conclusion of the meeting at which his successor is elected, unless he:

- a. demits office earlier, or
- b. has been expelled,
- c. become delinquent in his obligation to the Credit Union at which time he shall be deemed to have vacated his seat.

52. No officer of the Board of Director shall serve in the positions of President, Vice-President, Secretary or Treasurer for more than three (3) consecutive terms. However, such member will be eligible to serve once he sits out a period of one (1) year or until the next Annual General Meeting.

53. No member of the paid staff shall be eligible for election to the Board of Directors.

54. A short statement of all matters discussed and decisions made, and a record as to whether each decision was made unanimously or by majority.

55. At the first Annual General meeting, a bare majority of the members constituting the Board of Directors shall be elected for a term of two (2) years and the others for a term of one (1) year. Whenever the number of members of the Board of Directors is increased, one-half of such additional members shall be elected for two years and one-half for one year. Thereafter the term of office for members shall be two years.

56. For the purpose of the these Rules, the first meeting of members after Registration of the Credit Union shall be called the First Annual General Meeting.

57. Any Director or Officer of the Credit Union may be removed at any time by resolution of the majority of the members present at any General Meeting called for that purpose; provided that such Director or Officer shall be informed in

writing of the charges against him at least fourteen (14) days before such Meeting and at such Meeting shall have reasonable opportunity to answer such charges.

58. Any Director who, without due excuse approved by the Board, fails to attend three (3) consecutive Meetings of the Board, shall be deemed to have vacated his office.

59. Any vacancy on the Board of Directors shall be filled within thirty (30) days by vote of a majority of the remaining Directors, but the members so elected shall hold office only until the next Annual General Meeting, at which Meeting a member shall be elected to complete the unexpired term, provided the term does not expire at the time of such meeting.

60. The Board of Directors shall meet as often as the business of the Credit Union may require, and in any case not less frequently than once per month. Meetings of the Board shall be summoned by the Secretary in writing. The Secretary shall also call a Meeting of the Board upon the written request of the President or, in his absence, the ranking Vice-President or any three (3) Board members.

Minutes of Board Meetings

61. Minutes of Meetings of the Board of Directors shall be recorded by the Secretary and shall be signed by the President or other presiding member, and by the Secretary and shall contain the following particulars:-

- a. The names of the members present and the date of the Meeting;
- b. The name of the President or other presiding member; and
- c. A short statement of all matters discussed and decisions made, and a record as to whether each decision was made unanimously or by majority.

Board Members Responsibility

62. Every member of the Board of Directors shall, before taking part in any business of the Board, be required to disclose and personal interest in or arising out of that business, and after considering disclosure it shall be for the Board of Directors to decide whether such Board member shall take part in the discussion and vote upon the item of business in which he has disclosed an interest.

63. The Board of Directors shall have the general direction and control of the Credit Union, and more particularly, shall act for the Credit Union and be responsible to it for the performance of the following duties:-

- a. To act upon all applications for membership and on the exclusion or expulsion of members, except to the extent that it may have authorized the approval of the applications for membership by an Executive Committee.
- b. To fix from time to time, subject to the approval of the Registrar, the amount of surety bond which shall be required of all officers and employees handling money and shall authorize the payment of the premium or premiums thereof by the Credit Union.
- c. To determine the maximum amount that may be loaned with and without security to any member, the maximum maturities and terms of payment or amortization of loans to members.
- d. Within the provisions of the Act and the Regulations, to determine from time to time, the interest rates on loans. When by action of the Board the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans.
- e. To determine the interest rate which will be paid on deposit accounts and other accounts.
- f. To fill vacancies on the Board of Directors and on the Credit and Supervisory Committee.
- g. To determine from time to time, subject to the Act and Regulations, the maximum number of shares that may be held by any member; and the maximum amount that any one member may have in the Deposit Account or other accounts.
- h. To determine the investments of the Credit Union other than loans to members, except to the extent that the Board may have appointed an Executive Committee to act for it in the purchase and sale of securities or the making of loans to other credit unions or both.
- i. To submit the Accounts of the Credit Union for audit in pursuance of the provisions of the Act and Regulations.

j. To authorize borrowing and discounting operations on behalf of the Credit Union subject to the provisions contained in these Rules, and subject also to the Act and Regulations.

k. To provide for the compensation, if any, of the Treasurer.

l. To employ, fix the compensation and prescribe the duties of such employees as may, in the discretion of the Board, be necessary and to remove such employees.

m. To employ, fix the compensation and prescribe the duties of any Loan Officer.

n. To supervise the collection of loans from members and authorize the charge-off of uncollectible loans, subject to the Act and Regulations.

o. To maintain, at all times, an active programme of co-operative education and to maintain Relations with other registered co-operative organizations aimed at promoting the best interest of the Credit Union and of the Co-operative Movement.

p. To take all measures to provide for the management of the affairs of the Credit Union not provided in these Rules or in the Act or Regulations to be taken by a General Meeting and to perform such other duties as the members in General Meeting may from time to time authorize not inconsistent with these Rules and the Act and Regulations.

q. To keep a copy of the latest annual balance Sheet of the Credit Union together with the Auditor's Report, hung in a conspicuous place at the Registered Office of the Credit Union.

64. No Officer, Director or Committee member, other than the Treasurer, may be compensated for his services as such. This shall not be construed to prevent reimbursement of Directors and Committee Members for expenses they may incur in carrying out the duties of their offices.

ARTICLE VIII

EXECUTIVE OFFICERS, EXECUTIVE COMMITTEE, TREASURER AND THEIR DUTIES

65. The Executive Officers of the Credit Union shall be a President, one or more Vice-Presidents, a Treasurer and a Secretary, all of whom shall be elected by the Board of Directors in accordance with Article XII, Rule 132, and the said Officers shall hold office until their successors are elected.

66. If more than one Vice-President is elected, the Board shall determine their rank, as First Vice-President, Second Vice-President, and etcetera. The offices of Treasurer and Secretary only may be held by the same person.

a. **President:** The duties of the President shall be to preside at meetings of the members and of the Board of Directors. He shall perform such other duties as customarily appertain to the office of President or as he may be directed to perform by resolution of the Board of Directors, not inconsistent with the Act and these Rules, and in addition such duties as the Co-operative Societies Act and Regulations may require to be performed by the Chairman of the Committee of Management.

b. **Vice-President:** The ranking Vice President shall, in the event of the absence or disability of the President or his refusal to act, perform the duties of the President and/or such other duties as the Board of Directors may from time to time prescribe.

c. **Secretary:** It shall be the duty of the Secretary to keep a correct record of all meeting of members, the Board of Directors, and the Officers. He shall give notice of all meetings of the members in the manner prescribed by these Rules, and shall perform such other duties as he may be directed to perform by resolution of the Board of Directors not inconsistent with the Act and these Rules.

d. **Treasurer:** The Treasurer shall:

(1) have oversight of the financial affairs of the Credit Union and ensure the appropriate and timely reporting of financial matters to the Board and members. The Board may employ a Manager and may authorize him under the direction of the Treasurer to perform any of the duties devolving on the Treasurer, including the signing of cheques.

- (2) Be responsible for the safe custody of all funds, securities, valuable documents and other assets of the Credit Union.
- (3) Sign all cheques, agreements, drafts and other negotiable or transferable instruments drawn by the Credit Union, as required in the process of its business.
- (4) Provide and maintain a full and complete record of all the Assets and Liabilities of the Credit Union in accordance with the forms and procedures prescribed or approved by the Co-operative department.
- (5) Prepare within ten (10) days after the close of each month and submit to the Board of Directors a Financial Statement showing the condition of the Credit Union as of the end of the month, including a summary of delinquent loans, and shall promptly post a copy of such monthly Financial Statement in a conspicuous place in the Office of the Credit Union, where it shall remain posted until replaced by the Financial Statement for the succeeding month.
- (6) If required by the Board of Directors, prepare within fifteen (15) days of the close of each half-year, a Statement of the Surplus and Deficit Account and the Balance Sheet, which Statement shall be certified by at least two members of the Supervisory Committee and shall be posted in a conspicuous place in the Office of the Credit union.
- (7) Prepare and forward to the Co-operative Department such Financial and other Reports as the Co-operative Department may require.
- (8) Receive all moneys paid into the Credit Union and, within forty-eight (48) hours after receipt, deposit all funds in his possession in the bank or banks prescribed by the Board of Directors.
- (9) See that all promissory notes, drafts, or any negotiable instruments drawn in favor of the Credit Union, are properly prepared.
- (10) Do all other such duties as pertain to the office of Treasurer.

67. The Board of Directors may appoint one or more Assistant Treasurers and authorize them to perform any of the duties devolving on the Treasurer during the absence or disability of the Treasurer or his refusal to act.

68. Deleted April 16, 2015

69. The Board may appoint an Executive Committee of not fewer than three Directors to do all acts authorized by the Board of Directors, in accordance with the Act and Regulations. The President, Secretary and Treasurer shall be members of the Executive Committee.

70. Every action of the Executive Committee must be submitted for ratification, to the Board of Directors, in writing not later than the first meeting of the Board after the action is taken.

71. All matters coming before the Executive Committee shall be dealt with at a meeting at which a majority of Committee members is present.

72. During the absence or disability of any Officer or his refusal to act, the Board of Directors may appoint another member to act temporarily in his stead.

73. A meeting of the Officers, members of the Board of Directors, Credit and Supervisory Committees shall be held at least once a quarter. The Secretary of the Credit Union shall be responsible for the calling of this meeting.

ARTICLE IX

CREDIT COMMITTEE

74. The Credit Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than three (3) members, all of whom shall be members of the Credit Union and must satisfy that they are fit and proper persons to perform credit management functions.

75. Each Member shall hold office until the conclusion of the meeting at which his successor is elected, unless he:

- a. demits office earlier
- b. has been expelled,
- c. becomes delinquent in his obligation to the Credit Union at which time he shall be deemed to have vacated his seat.

76. Election to the Committee shall be held in such a manner that the term of office of not more than a bare majority of the members shall expire at the same Annual General Meeting.

77. No member of the Credit Committee shall be allowed to serve more than three (3) consecutive terms, however, such member will be re-eligible to serve once he sits out for a period between the Annual General Meeting or one (1) year, whichever is earlier without serving on any electable Committee.

78. Subject to the provisions of Rule 77, at the first Annual General Meeting a bare majority of the members constituting the Committee shall be elected for a term of two (2) years, and the others for a term of one (1) year. Whenever the number of the Committee is increased, one-half of such additional members shall be elected for two (2) years and one-half for one (1) year. Thereafter, the term of office for the Committee Members shall be for two (2) years.

79. Any member of the Committee who without due excuse approved by the Committee fails to attend three (3) consecutive regular meeting, of the Committee, shall be deemed to have vacated his office.

80. Any vacancy on the Committee shall be filled by the Board of Directors, but the member filling such vacancy shall hold office only until the next Annual General Meeting, at which Meeting a member shall be elected to complete the unexpired term provided the term does not expire at the time of such meeting.

81. The Credit Committee shall choose from their number a Chairman and a secretary, which offices may not be held by the same person.

82. The Secretary of the Committee shall prepare and maintain full and correct records of all action taken by the Committee and shall notify all remaining Officers, members of the Board of Directors and members of Credit and Supervisory Committees, whenever an Officer, member of the Board of Directors or member of the Credit or Supervisory Committee applies for a loan in excess of his shareholding.

83. The Credit Committee shall hold such meeting as the business of the Credit Union may require, and not less frequently than once per month. Due notice of such meeting shall be given to the other members of the Committee by the Secretary.

84. The Board of Directors may employ one or more Loan Officers and delegate to him or them the power to approve loans within the limits specified.

85. Each Loan Officer shall furnish to the Credit Committee a record of each loan approved or not approved by him within seven (7) days of the date of the filing of such application thereof and such records shall become a part of the records of the Committee.
86. All loans not approved by a Loan Officer shall be acted upon by the Credit Committee.
87. No individual shall have authority to disburse funds of the Credit Union for any loan which has been approved by him in his capacity as a Loan Officer.
88. Subject to the instructions of the Board of Directors the Credit Committee or the Credit Risk Manager shall determine the security, if any, which shall be required for each loan and the terms upon which it shall be repaid. When there are pending more loans than can be granted with the funds available, preference shall be given (where practicable) to the applications for smaller loans if the need and credit factor are nearly equal.
89. No loan, except as hereinafter provided, shall be made if any member of the Credit Committee shall disapprove thereof nor unless such loan has received the majority approval of the members of the Committee who were present when it was considered, and who at least must be a majority of the Committee – except for loans approved by a duly authorized Credit Risk Manager.
90. Removed from the Book of Rules on 24.06.05
91. The Credit Committee shall send a report of its activities to the Board of Directors meeting each month.

ARTICLE X

SUPERVISORY COMMITTEE

92. The Supervisory Committee shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee or Loan Officer or employee and all of whom shall be members of the Credit Union.

93. Members of the Committee shall be elected for one year only at each Annual General Meeting. Each Member shall hold office until the conclusion of the meeting at which his successor is elected, unless he:

- a. demits office earlier
- b. has been expelled,
- c. becomes delinquent in his obligation to the Credit Union at which time he shall be deemed to have vacated his seat

94. No member of the Supervisory Committee shall be allowed to serve more than three (3) consecutive terms. Such Member will be re-eligible to serve once he sits out for a period between the Annual General Meeting or one (1) year whichever is earlier without serving on any electable Committee.

95. All persons must satisfy that they are fit and proper to perform supervisory committee functions.

96. In the event of a vacancy in the membership of the Committee, the remaining members of the Committee shall fill such vacancy by appointing a member who shall hold office only until the next Annual General Meeting.

97. Any member of the Committee who without due excuse approved by the Committee fails to attend three (3) consecutive regular meeting of the Committee, shall be deemed to have vacated his office.

98. The Supervisory Committee shall choose from their number a Chairman and a Secretary which offices may not be held by the same person.

99. The Secretary of the Committee shall maintain and have custody of full and correct records of all action taken by the Committee.

100. The Supervisory Committee shall-

- a. at frequent intervals inspect the securities, cash and accounts of the Credit Union;
- b. make an examination of the affairs of the Credit Union at least quarterly, including an audit of its books of accounts;

- c. by unanimous vote, if it deems such action necessary to the proper conduct of the Credit Union, suspend any Officer, member of the Board of Directors or Credit Committee and within fourteen (14) days thereafter call a Special General Meeting of the members to take such action relative to the suspension as the members may determine;
- d. receive and investigate any complaint made by any member affecting the proper running of the Credit Union;
- e. by a majority of its members, call a Special General Meeting of the members to consider any violation of these Rules or any practice of the Credit Union, which, in the opinion of the Committee, is unsafe and unauthorized;
- f. at least once a year cause the accounts (or a sample of not less than 100 members) to be verified with the records of the Treasurer. The Committee shall maintain a record of such verification.

(1) In the process of its examinations and audits, the Committee shall examine (a sample of not less than 100) applications for loans made during the period under examination and satisfy itself that for each loan made an application is on file and that each application states the purpose for which the loan is made, the description of the security, if any offered, and that it bears the approval of the Credit Committee or a Loan Officer.

(2) Within thirty (30) days of the end of the half-year the Treasurer shall submit for attestation by at least two (2) members of the Supervisory Committee, the statement for that half-year if he is required under Rule 66 subpara d (6) to prepare it.

101. The Supervisory Committee shall send a report of its activities to the Board of Directors each month.

ARTICLE XI

MEETING OF MEMBERS

102. The supreme authority in the Credit Union is vested in the General Meeting of members at which every member has a right to attend and vote on all questions.

103. The first general meeting of members after registration of the Credit Union shall be called the first Annual General Meeting, and shall have the same powers as are herein given to the Annual General Meeting.

104. Each member shall have one vote and there shall be no voting by proxy; provided that in the case of an equality of votes the President shall have a second or casting vote.

105. Any question submitted for the decision of the members present at a meeting shall be decided by a majority of votes.

106. At any meeting a resolution put to the vote shall be decided by a show of hands unless voting by ballot is demanded by at least five (5) of the members present before declaration of the result by the show of hands, and, in such case, voting by ballot shall be taken.

107. The Annual General Meeting of members shall be convened by the Board of Directors not later than two (2) months after the report on the audit of the accounts of the Credit Union for the past financial year by the Registrar, or person authorized by him, is received by the Board of Officers.

108. The Annual General Meeting of members has both the right and responsibility-

- a. to consider the report of the Board of Directors on the previous year's working of the Credit Union together with the financial statements and Auditor's report and to sanction the appropriations and distribution of any surplus;
- b. to hear and pass upon the reports of the Credit and Supervisory Committees;

- c. to elect members of the Board of Directors, and the Credit and Supervisory Committees, and to remove them from office in accordance with these Rules;
- d. to elect to the management of any Registered Society such representatives as the constitution of that body may from time to time require to be elected from the Credit Union. At least fifty (50) per cent of such representatives shall be elected from among the serving members of the Board of Directors of the Credit Union;
- e. to determine what amendments shall be made in the Rules;
- f. to exercise its final authority in all other matters vitally affecting the Credit Union as a co-operative fraternal body, and as a business organization.

109. The order of business at Annual General Meeting shall be-

- a. ascertainment that a quorum is present;
- b. taking apologies for absence;
- c. reading and approval of the Minutes of the last Annual General Meeting, and of any intervening Special General Meeting and discussion of matters arising therefrom;
- d. Reports of:
 - (1) Board of Directors
 - (2) Any sub-committees
 - (3) Credit Committee
 - (4) Supervisory Committee
 - (5) Treasurer and Auditor
- e. Distribution of surplus;

- f. maximum limit of borrowing by the Credit Union;
- g. Elections to -
 - (1) Board of Directors
 - (2) Credit Committee
 - (3) Supervisory Committee
 - (4) management of any Registered Society in accordance with Rule 108 subpara d.
 - (5) Any other business
 - (6) Termination

110. Special General Meetings may be called by the Board of Directors upon their own initiative, and shall be called by them at the request of the Supervisory Committee, or upon the written petition of not less than fifteen (15) per cent of the members or 25 members, whichever is less. The purpose of the Special General Meeting shall be set in the notice and only such business as is described in the notice may be dealt with at such meetings.

111. If the Board of Directors fails to convene a meeting within fourteen (14) days from the receipt of demand as aforesaid, the Supervisory Committee or the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting, and a statement to the effect that the meeting is convened on the failure of the Board of Directors to convene the meeting demanded.

112. At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the office and shall cause written notice to be placed in the national print and electronic media. Such notice may be communicated to each member via any available electronic medium provided by the member to the Credit Union.

113. A quorum at Annual or Special General Meeting shall be:

- a. one-half of the total number of members or ten (10) members whichever is less when the Credit Union consists of more than 40 members; or

- b. one-quarter of the total number of members or 50 members whichever is less when the Credit Union consists of more than 40 members and not more than 500 members; or
- c. one-tenth of the total number of members or 75 members whichever is less when the Credit Union consists of more than 500 members and not more than 1,000 members; or
- d. 100 members when the Credit Union consists of more than 1,000 members.

114. If, at the expiration of a reasonable period after the date fixed for any Annual or Special General Meeting, the members present are not sufficient to form a quorum, such Meeting shall be considered as dissolved if convened on the demand of members; in all other cases an adjournment may be taken to a date not fewer than fourteen (14) days thereafter. The same notice shall be given for the Adjourned Meeting as is prescribed in Rule 112 of these Rules for the Original Meeting.

115. The President of the Board of Directors or, in his absence, the ranking Vice-President or, in their absence, any other member elected by a majority of those present shall preside at the Annual or Special Meeting.

116. Minutes of the Meetings shall be recorded by the Secretary and signed by the President and Secretary, and shall contain:

- a. President and other members of the Board of Directors who attended the meeting;
- b. the time fixed for the meeting and the time the meeting commenced;
- c. the total number of members on the date on which the meeting was held; and
- d. all resolutions passed or decisions made at the meeting.

117. No political, sectarian or racial discussion shall be raised, or resolution proposed either at any Committee, Board, or General Meeting of the Credit Union.

ARTICLE XII

ELECTIONS

Nominating Committee

118. A Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each Annual General Meeting and shall consist of not less than three (3) members.

119. Not less than eighty (80) days prior to the Annual General Meeting the Nominating Committee shall meet and:

- a. Advertise among the membership in writing at least seventy-five (75) days before the Annual Meeting that nominations for the vacancies for the Board, Credit and Supervisory Committees may be made by petition and must be signed by 25 members. The committee may use electronic mail to notify members who have opted to receive notices or statements electronically.
- b. Interview and recommend one (1) member for each vacancy.
- c. File the nominations with the Secretary of the Credit Union at least sixty (60) days before the Annual General Meeting.

120. The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least fifteen (15) days from the date the petition requirement are mailed to all members.

121. Each nominee by petition must include a statement of qualifications and biographical data with the petition. To be effective, nominations by petition must be accompanied by a signed certificate from the nominee or nominees stating that they are agreeable to the nomination and will serve if elected to Office.

122. The written notice must indicate that that there will be no nominations from the floor.

123. Members of the Nominating Committee shall not be eligible for nominations.

124. The Nominating Committee must act in accordance to the Terms of Reference Policy of the Credit Union in its selection of each nominee.

125. A member seeking nomination to hold office shall be disqualified if he:

- a. fails to satisfy the Registrar and/or the Supervisor that he is a fit and proper person to perform corporate management functions.
- b. has a dormant or inactive account for six (6) months and over.
- c. is a new member within the new six (6) month period of application for member who is delinquent at the time of the Nominating Committee's deliberations shall not be nominated for any vacancy of the Board, Credit and Supervisory Committees.

126. The Secretary will notify the members in writing or by way of electronic mail the nominations submitted by the nominating committee within thirty (30) days of the Annual Meeting. The notice should also be posted in a conspicuous place in each Credit Union office.

127. A brief statement of qualifications and biographical data in a form approved by the Board of Directors will be included for each nominee submitted by the Nominating Committee. The final selections with the terms are then presented at the AGM by the Nominating Committee.

128. After the nominations of the Nominating Committee have been placed before the members, the returning officer who shall be appointed by the Chairman and will preside over the elections.

129. If sufficient nominations are made by the nominating committee or by petition to provide at least as many nominees as positions to be filled, the election will not be conducted by ballot and the returning officer shall declare each nominee elected by general consent or acclamation at the annual meeting.

130. In the event there are more nominations made by the nominating committee than the number of vacancies available there will be voting by ballot. The returning officer will appoint tellers, ballots are distributed, the vote is taken and tallied, and the results are announced.

Elections

131. Elections shall be in the following order:

- a. Elections for members of the Board of Directors;
- b. Elections for members of the Credit Committee;
- c. Elections for members of the Supervisory Committee;
- d. Delegates and Alternate Delegates to the League shall be determined by the Board of Directors.

132. Immediately after these elections, the names and addresses of all the members of the Board, Executive Officers, Executive Committee shall be forwarded to the Registrar of Co-operative Societies, and to any Registered Society of which the Credit Union is a member. Within ten (10) days of any change in the Directors, Credit or Supervisory Committee members, the Registrar or Co-operative Societies, and any Registered Society of which the Credit Union is a member, shall be notified in writing of such change.

ARTICLE XIII

RESERVE FUND

133. All entrance fees, transfer fees, and 20% of the net surplus of each financial year shall be set aside as a Reserve Fund.

134. The Reserve Fund shall be the property of the Credit Union and may be applied with the sanction of the Registrar of Co-operative Societies to meet losses on loans to members and to other credit unions and such other losses as are authorized in accordance with the Act and Regulations.

135. The Reserve Fund shall not be distributed except on liquidation of the Credit Union or in accordance with the Act and Regulations.

136. In addition to the Reserve Fund, the Board of Directors may also authorize the establishment of any additional reserves which it deems necessary to protect the interest of members.

ARTICLE XIV

DISPOSAL OF SURPLUS AND DIVIDENDS

137. The net surplus of the Credit Union as ascertained by the audit shall be applied as follows:

- a. at least twenty (20) percent shall be carried to the Reserve Fund in accordance with Article XIII, Rule 133;
- b. The remainder shall be utilized as the Annual General Meeting may decide in any one or more of the following ways –
 - (1) to pay to members dividend on all permanent shares.
 - (2) to pay a bonus interest on voluntary shares in proportion to the member shares balance as at the end of the financial year.
 - (3) to promote events that will benefit the Credit Union and its Members.
 - (4) to create any Special Reserve;
 - (5) to create and build a share transfer fund to be used as prescribed in Rule 26 subpara b.
 - (6) to pay Honoraria.

ARTICLE XV

BANKING ACCOUNT – DISBURSEMENT FOR FUNDS – INVESTMENTS

138. The funds of the Credit Union may be deposited in legally chartered banks operating in accordance with the laws of Jamaica, and in central-type Credit Union organizations.

139. Funds not used in loans to members may be invested as follows-

- a. in capital shares, obligations or preferred stock, issues of any agency or association, organized either as a Mutual Association or Membership Corporation, provided the membership or stock holdings, as the case may be, of such agency or association are confined or restricted to Credit Unions or organizations of Credit Unions, and provided the purposes for which such agency or association as organized are designed to service or otherwise assist Credit Union operation;
- b. in investments in which Trustees are for the time being by law authorized to invest;
- c. in shares of a Co-operative Society registered under the Co-operative Societies Act in the total amount not exceeding five (5) per cent of the shares and surplus of the Credit Union;
- d. in loans to or shares of other Credit Unions, but not to exceed twenty (20) per cent of the Credit Union's total assets.

140. The Board of Directors, by resolution, may establish a cash fund for the purpose of making change.

141. All disbursements of funds of the Credit Union shall be made by cheques, or other written instruments or electronic transfers, signed by such duly authorised person(s) as the Board of Directors may by resolution from time to time determine.

142. All funds of the Credit Union, except for cash change funds authorized by Rule 140 of this Article, shall be deposited not later than the second banking day after their receipt.

ARTICLE XVI

POWER TO BORROW

143. The Board of Directors may incur a liability in voluntary shares, deposit and /or loans from any source on such terms of payment and/or security, provided that the total liability shall not exceed a ratio of sixteen (16) times of the Society's Capital.

ARTICLE XVII

FINANCIAL YEAR

144. The Financial Year of the Credit Union shall end on December 31 of each year.

ARTICLE XVIII

SEAL

145. The Board of Directors shall adopt for the use of the Credit Union a distinctive Seal having the name of the Credit Union inscribed thereon.

146. The Seal of the Credit Union shall at all times remain in the custody of the Treasurer at the Registered Office of the Credit Union.

147. The Seal of the Credit Union shall not be affixed to any document except by the authority of a resolution of the Board of Directors and in the presence of the Secretary or two members of the Board of Directors and the General Manager or such other person as the Board of Directors may appoint for the purpose; and the two (2) members of the Board of Directors and the Secretary or other person as aforesaid shall sign every document to which the Seal of the Credit Union is affixed in their presence

ARTICLE XIX

POWER OF NOMINATION

148. A member of the Credit Union may by writing under his hand, delivered at or sent to the Registered Office of the Credit Union during the lifetime of such member, nominate any person or persons other than officer or servant of the Credit Union (unless such officer or servant is the husband, wife, father, mother, child, brother, sister, nephew, or niece of the nominator) to or among whom his property in the Credit Union whether in shares, loans or deposits or so much thereof as is specified in such nomination if the nomination does not comprise the whole, shall be transferred at his decease.

149. A nomination so made may be revoked or varied by any similar document under the hand of the nominator delivered or sent as aforesaid.

150. Every appointment of a nominee shall be made in the form prescribed by the Registrar.

151. A notice of the right of nomination shall be sent by the Treasurer to every individual who has not exercised this right with the notice convening the Annual General Meeting in each year, and shall be otherwise given as the Board of Directors may direct.

152. On receiving satisfactory proof of death of a nominator the Board of Directors shall proceed in the manner laid down in the Act and Regulations.

ARTICLE XX

UN SOUND OR LUNATIC MEMBERS

153. Where a member of the Credit Union has become of unsound mind, incapable of managing himself or his affairs, and no committee of his estate or trustee of his property has been appointed, the Credit Union may, subject to the provisions of the Act and the Regulations,

a. transfer the share or interest of such member to the Administrator General for Jamaica in trust for such member; or

b. pay a sum representing the value of the member's share or interest to the Administrator General; provided that, if the value of such share or interest does not exceed Two Hundred Dollars (\$200), the Board of Directors may, subject to any conditions they think fit, pay the whole or any portion of such to the management of his affairs.

154. All transfer and payments made by the Credit Union in accordance with the provisions of these Rules shall be valid and effectual against any demand made upon the Credit Union by other person.

ARTICLE XXI

DISPUTES

155. Any dispute touching the business of the Credit Union which may arise-

- a. among members, past members, and persons claiming through members, past members and deceased members; or
- b. between a member, past member, or person claiming through a member, past member or deceased member of the Credit Union, its Board of Directors or any Officer of the Credit Union; or
- c. between the Credit Union or its Board of Directors and any officer of the Credit Union; or
- d. between the Credit Union and any other Registered Society shall be referred to the Registrar as provided in Section 50 of the Law.

156. A claim by the Credit Union for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to have a dispute touching the business of the Credit Union.

ARTICLE XXII

AMENDMENTS TO THESE RULES

157. These Rules may be amended by a resolution of the members at any Annual General Meeting or Special Meeting called for the purpose by three-fourths vote of those present and entitled to vote, provided a copy of the proposed amendment together with a written notice of the Meeting shall have been sent to each member or handed to him in person at least seven (7) days before the said Meeting. No amendment shall become operative until it has been approved by the Registrar in accordance with the Act.

ARTICLE XXIII

SPECIAL BYE-LAWS

158. The Board of Directors shall have power to make Special Bye-Laws consistent with the provisions of the Law, Regulations, and these Rules, for the proper conduct of the business of the Credit Union as from time to time may seem necessary to them. No such bye-laws shall, however, be valid until they are approved by the Registrar.

159. The Credit Union shall keep a book containing all such bye-laws to be kept open at all times for inspection by members, or any person authorized by the Registrar.

ARTICLE XXIV

VOLUNTARY DISSOLUTION

160. The Credit Union may be dissolved by the consent of three-fourths of its members, but only in the manner provided by the Act.