



**Teachers & Salaried
Workers Co-operative
Credit Union Ltd.**

BYE-LAWS

NASSAU:

East St. & Independence Dr.
P.O. Box N-8325
Nassau, Bahamas
Ph. (242)323-4488, 502-9200
Fax (242)356-9691

FREEPORT:

West Atlantic Dr. & Woodstock St.
P.O. Box F-42632
Freeport, Grand Bahama
(242)351-6185, 351-6189
(242)351-5036

ABACO

Forest & Crescent Dr.
P.O. Box AB-20187
Central Pines, Abaco
Ph. (242) 367-3613
Fax (242)367-3612

“Big Enough To Serve, Small Enough To Care”

Updated April 2016

Table of Contents

SECTION	SCOPE	PAGE
	Background	3
	Statement of Purpose	3
I	Interpretation	4
II	Name	4
III	Registered Address	4
IV	Geographical Area of Operations & Common Bond of Membership	4
V	Objects	4
VI	Capital, Funds & Liability	5
VII	Membership	6
VIII	Equity Shares	8
IX	Deposits	8
X	Passbooks, Receipts & Disbursements	9
XI	Meetings of Members	9
XII	Quorum	11
XIII	Elections	11
XIV	Tenure of Office	12
XV	Termination of Office	12
XVI	Board of Directors	13
XVII	Credit Committee	16
XVIII	Supervisory Committee	17
XIX	Remuneration Directors/Committee Members	19
XX	Loans to Members	19
XXI	Impaired Loans	22
XXII	Reserve Fund, Liquidity Reserve & Retained Earnings	22
XXIII	Dividend & Bonus	22
XXIV	Investment of Funds	23
XXV	Banking Account	23
XXVI	Annual Accounts, Reports & Audits	23
XXVII	Financial Year	23
XXVIII	Seal and Execution of Documents	23
XXIX	Records & Forms	23
XXX	Inspection of Records	24
XXXI	Disputes	24
XXXII	Amendments to the Bye-Laws	24
XXXIII	Dissolution	24
	Appendix A	
	Amendments	25-28

1. Background

On 1st June, 2015, the Central Bank of The Bahamas (Central Bank) assumed regulatory and supervisory responsibility for the credit unions, under the recently enacted principal governing legislation, the **Bahamas Co-Operative Credit Unions Act, 2015** and other relevant amending legislation.

Consistent with its new statutory obligations, the Central Bank will be responsible for all regulatory and supervision matters pertaining to credit unions commencing with their registration, off-site supervision and on-site examinations.

2. Statement of Purpose

The Uniform Bye-Laws for Co-Operative Credit Unions Operating in The Bahamas sets out the bye-laws that should govern each credit union.

BYE-LAWS

THE TEACHERS & SALARIED WORKERS CO-OPERATIVE CREDIT UNION LIMITED

(Hereafter referred to as “The Credit Union”)

{These Bye-Laws are instituted under The Bahamas Credit Union Act 2015, Section 127}

I INTERPRETATION

1. In these Bye-Laws,
 - “Act” means The Bahamas Co-operative Credit Unions Act 2015;
 - “Bye-Laws” means the registered Bye-Laws made by the **Bahamas** Co-operative Credit Union in exercise of any power conferred by the Act, and includes a registered amendment of the Bye-Laws;
 - “Regulations” means the regulations made under the Act;
2. Words not defined in these Bye-laws shall, unless the context otherwise requires, have the same meaning ascribed to those words in the Act or in the Regulations.
3. Words and expressions importing the masculine gender include the feminine.
4. Words and expressions in the singular include the plural and words and expressions in the plural include the singular.

II NAME

5. The name of the Co-operative Credit Union shall be Teachers & Salaried Workers Co-operative Credit Union Limited (hereafter referred to as “the Co-operative Credit Union” or “the Credit Union”).

III REGISTERED ADDRESS

6. The registered address of the Co-operative Credit Union shall be: East Street and Independence Drive, P.O. Box N-8325, Nassau, Bahamas
 - or at such other place as may from time to time be determined by the Co-operative Credit Union, and notified to the Central Bank of The Bahamas within seven (7) days.

IV GEOGRAPHICAL AREA OF OPERATIONS AND COMMON BOND OF MEMBERSHIP

7. The area of operations and common membership bond of the Co-operative Credit Union shall be the Commonwealth of The Bahamas:
 - a) East St. & Independence Drive, Nassau, Bahamas
 - b) West Atlantic Drive & Woodstock St., Freeport, Grand Bahama
 - c) Forest & Crescent Drive, Central Pines, Abaco
 - or as subsequently amended in writing by the Central Bank of The Bahamas on receipt of an application from the Credit Union and affixed under Appendix A.

V OBJECTS

8. The objects of the Credit Union shall be:
 - (a) to create wealth through the pooling of savings, investments and other financial services on a co-operative basis;

(b) to promote thrift among its members by providing modalities whereby savings can be effected and whereby equity shares in the Credit Union can be acquired;

(c) to educate its members in the co-operative principles and methods, in family financial management and in the efficient management of its affairs;

(d) to create out of the savings of its members and other business of the Credit Union a source of credit available to its members, on reasonable terms and conditions for provident and productive purposes; and

(e) to provide or improve common services to members; and

(f) to undertake all other acts as are incidental or conducive to the attainment of the objects listed in paragraphs (a) through (d).

VI CAPITAL, FUNDS AND LIABILITY

9. The capital and funds of the Credit Union shall be raised by means of:
 - (a) the qualifying shares received on admission of each member;
 - (b) the savings of its members received as payments or subscriptions on equity shares;
 - (c) the deposits from members and non-members;
 - (d) **loans from members;**
 - (e) entrance fees, other fees and charges, fines, interest on loans and investments, and other contributions received from members and others; and
 - (f) general and specific reserves and retained earnings pursuant to the distribution of the annual surplus.
10. Each qualifying share of the Credit Union shall be of the par value of **fifty dollars** (\$50.00) and the maximum number of shares which may be held by each member shall be subject to ratification by the membership at the annual meeting where a motion is presented and passed to that effect.
11. Subject to the provisions of the Act, Regulations and Bye-Laws deposits may be received from members and non-members at such interest rates and on such terms and conditions as the Board may from time to time determine.
12. Subject as hereinafter provided the Board may, without the sanction of a general meeting, borrow or raise money from banks, credit unions and other organizations the Board thinks fit, provided that this sum does not exceed ten percent of the credit union's total assets and the maximum liability ceiling set by the previous Annual General Meeting.
13. The members at a general meeting shall, in accordance with the provisions of the Act and Regulations, from time to time fix the maximum amount which the credit union may owe.
14. The funds of the Credit Union may be applied to the following purposes only, namely:
 - (a) Operational Expenses;
 - (b) loans to its members for provident or productive purposes; and
 - (c) any other purpose authorized by the Act, Regulations and these Bye-Laws.

15. The liability of a member to make contributions to the assets of the Credit Union in case of liquidation shall be limited to his qualifying and equity shares.

VII MEMBERSHIP

16. (1) Pursuant to section 24 of the Act every member of the Credit Union must:
- (a) be either a citizen or resident of The Bahamas;
 - (b) be fifteen years of age;
 - (c) be of sound mind; and
 - (d) have with the other members of the credit union some common bonds of philosophy, occupation or association or of residence in a defined neighbourhood or district.
- (2) A registered society subject to the approval of the Central Bank.
- (3) A non-profit organization provided that the majority of the officers of the non-profit company are members of the co-operative credit union.
- (4) A company incorporated in The Bahamas provided that the majority ownership of the company is held by members of the co-operative credit union.
17. Any person who has the necessary qualifications and who is desirous of becoming a member shall apply in writing to the Secretary of the Board or to a management committee, where the Board by resolution, has delegated this authority to that committee. His application shall state his residence and occupation and shall contain such other information as the Board may from time to time require.

Joint Membership

18. (1) Persons who already hold membership in their own name and are desirous of becoming joint members by holding joint accounts may apply in writing to the Secretary of the Board or to a management committee, where the Board by resolution has delegated this authority to that committee. The application shall state the residence and occupation of each person, whether the joint account will be held by way of joint tenancy or tenancy in common and shall contain such other information as the Board may from time to time require.
- (2) An application of joint members to withdraw from the Credit Union or to vary their holdings in a joint account must be signed by each of the joint members.

Qualification

19. (1) The Board of Directors may either approve or reject an application for membership.
- (2) Each applicant for membership shall pay such entrance (membership) fee, other than the required qualifying shares to be determined by the Credit Union as the Board may determine from time to time.
- (3) An applicant, upon acceptance of his application for membership and upon the payment of the minimum qualifying shares in force at the time of application, and the prescribed entrance fee, shall be enrolled as a member and shall be entitled to all of the rights and privileges of membership.
20. A person ceases to be a member of the Credit Union:
- (a) on death;
 - (b) on withdrawal from the credit union in accordance with section 28 of the Act;

- (c) on ceasing to hold the prescribed minimum qualifying shares in the Credit Union;
 - (d) if he or she applies for bankruptcy or is declared a bankrupt;
 - (e) on expulsion from the Credit Union as provided in the Act; or
 - (f) if, subject as hereinafter provided, he or she ceases to be qualified in accordance with bye-law 16.
21. No member shall withdraw while he or she is a borrower, an endorser (co-maker), or a guarantor on any loan to due the Credit Union.
22. The Credit Union shall keep a Register of its members in accordance with Section 27 of the Act.

Expulsion and Withdrawal

23. (1) Any member who
- (a) fails to pay any contribution or debt due to the Credit Union,
 - (b) is convicted of a criminal offence involving dishonesty, illegal drugs or money laundering,
 - (c) will have his membership revoked and his name will be struck off the Register of Members.
- (2) Any member who in the opinion of the Board acts in any way detrimental to the interests of the Credit Union, may be expelled from the credit union by a majority of vote of the Board
- (3) No member may be expelled from the credit union unless the Board provides the member with a written charge stating the reasons for the expulsion and grants the member thirty (30) days to submit his objections, if any.
- (4) The Board shall consider the objection of the member, if any, and within fifteen days of receipt of the member's objections, either withdraw the charge or proceed with the expulsion.
- (5) A member who is the subject of a charge issued pursuant to paragraph (3) may at the general meeting called for the purpose, object to the decision of the Board to expel him, provided that the grounds of his objection are submitted to the Secretary not less than thirty (30) days before the date of the meeting. A member who remains aggrieved, may refer the dispute to the Central Bank.
- (6) A member who is aggrieved by a decision of the Central Bank, may appeal that decision to the Tribunal. Pursuant to section 92(3) of the Act, a decision of the Tribunal on a question of fact, shall be final.
- (7) A member who is aggrieved by a decision of the Tribunal, may appeal that decision to the Supreme Court, on a question of law, only.
24. A member who has been expelled from the credit union may re-apply for membership at a later date, and submit the application either to the Secretary of the Board, or to a management committee, where one has been appointed by the Board and the management committee shall make a recommendation to the Board as to whether or not the member is deemed exonerated and or rehabilitated. The Board shall, where the member is deemed exonerated and or rehabilitated by a majority vote of the Board, re-install the member.
25. Subject to Section 28 and 37 of the Act, after payment of any amount due to the Credit Union or of any contingent liability to the Credit Union, all amounts held to the credit of a member who withdraws from membership or whose membership has been terminated, together with any interest accrued on those amounts, shall be paid to him upon termination.

VIII EQUITY SHARES

26. Equity shares shall have a par value of **fifty dollars (\$50.00)**
27. Subject to the provisions of Section 32 of the Act and the Regulations, contributions to equity shares shall be payable in such amounts as the member is able on any day in which the Credit Union is open for business provided that in no case shall a contribution of less than the value of one equity share be paid.
28. (1) Equity shares may be transferred in accordance with Section 35 of the Act and by written instrument in such form as may be prescribed, but no transfer shall be registered until such transfer fee as the Board may from time to time fix has been paid.
- (2) A transfer made in accordance with Section 35 of the Act shall have a fee fixed by the Board pursuant to paragraph (1).
- (3) A transfer made in accordance with Section 35 of the Act shall carry dividend credits with it.
29. Except with the written approval of the Board, no member may sell or transfer any equity share if the transfer will reduce his shareholding to less than his liability to the Credit Union as borrower, co-maker or guarantor.
30. (1) No equity share shall be sold or transferred during the first twelve (12) months of a person's membership in the credit union, so long as there is any sum owing to the Credit Union in respect of any money borrowed from the Credit Union, or in respect of any unencumbered deposit, payment of which has been demanded, except with the permission of the Board.
- (2) The Credit Union shall have a lien on the equity shares, deposits, dividend, bonus or any amount due to a member for any sum owing to the Credit Union from the said member or for any loan endorsed by him.
- (3) If a member is in arrears in respect of a loan from the credit union, the credit union may apply any sum due to the member towards payment of any such debt.
- (4) Payment to a member of dividends and/or bonuses shall be credited to the member's savings account.

IX DEPOSITS

31. (1) Ordinary deposits of amounts below the amount prescribed in regulation of the Financial Transactions Reporting Regulations in any one (1) transaction may be accepted from any member, without an accepted declaration of the source of funds.
- (2) Subject to the provisions of Section 32 of the Bye-laws, the Credit Union may receive deposits from non-members, provided that such deposits are held by the Credit Union, only in the form of savings or fixed deposit accounts.
32. The maximum amount of non-member deposits held with the Credit Union shall not at any time, exceed 20% of the Credit Union's total deposits.
33. Deposits may be received in the name of a minor or in trust for a minor who is a child or ward of a member, in such way or manner as the Board may determine.
34. 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 except creditors, and shall be paid

together with interest thereon to the person in whose name the account shall have been issued. The receipt or a quittance from the minor shall be valid and sufficient release and discharge to the Credit Union for the deposit or any part thereof.

35. Deposits will earn interest on the first day of the month following such deposits, provided that amounts paid in on the first day of any month shall earn interest from that day.
36. Notwithstanding Bye-Law 31, a deposit held by a member may be converted into a term deposit for a term not exceeding five (5) years and upon such terms and conditions as are determined by the board of directors.
37. The rate of interest payable on ordinary, demand or term deposits shall be fixed from time to time by the Board, but in keeping with the real cost of funds and market trends generally.

X PASSBOOKS, RECEIPTS AND DISBURSEMENTS

38. (1) Money paid in or out on account of shares, deposits, loans, interest, entrance fees, fines or transfer fees shall be evidenced by an appropriate voucher or receipt.
- (2) Each voucher or receipt referred to in paragraph (1) shall identify the person receiving or paying out, on behalf of the Credit Union, the money represented thereby.
- (3) A member's permanent official record of all transactions shall be **by electronic statement with online access by the member.**
- (4) Every entry in a member's passbook shall be initialed by the person receiving or paying out the money to which the entry relates.
- (5) A statement of account issued by the Credit Union shall itemize all transactions and must be issued to each member at least bi-annually.
- (6) If a passbook is lost or stolen, immediate notice must be given to the Manager of the Credit Union and written application made for the issue of a duplicate book which must be paid for at the members' expense.

XI MEETINGS OF MEMBERS

39. The supreme authority of the Credit Union shall be vested in the annual general meeting or special general meeting of members at which every member has a right to attend and vote on all questions.
40. (1) Meetings of members shall be convened and held in accordance with Part IV of the Act.
- (2) At least ten (10) days notice of any annual, special general or other general meeting shall be given before any such meeting is held.
- (3) Other General Meetings of the members shall be held at the discretion of and at a place determined by the Board of Directors.
41. (1) The Annual General Meeting of members shall be held not later than six (6) months after the end of the financial year unless authorized by the Central Bank upon a written request from the Board to convene the meeting at another date.
- (2) The functions of the Annual General Meeting shall be:
 - (a) to confirm the minutes of the previous annual General Meeting and of any intervening Special General Meeting;

- (b) to consider the report of the Board of the immediate preceding year's work of the Credit Union;
- (c) to consider the financial statements presented by the Board for the preceding year, together with comparative statements for the year preceding it;
- (d) to consider the report of the Auditor;
- (e) to approve the financial statements and the auditor's report or, if accounts are not approved, to cause the directors to forthwith notify the auditor of any error or mis-statement;
- (f) to receive and approve the reports of the Credit and Supervisory Committees **and the Nominations Committee**;
- (g) to allocate the surplus from the preceding year, subject to the Act and the regulations made hereunder;
- (h) to approve the budget for the ensuing financial year;
- (i) to authorize the maximum liability to be incurred by the Board;
- (j) where necessary, to amend the Bye-Laws;
- (k) to elect Directors, a Credit Committee and a Supervisory Committee on a rotating basis, where relevant, for the ensuing year;
- (l) to appoint auditors for the ensuing year;
- (m) to hear and decide upon any complaints brought by members aggrieved by a decision of the Board, and
- (n) to transact any other general business of the Credit Union.

42. (1) A Special General Meeting of members may be convened at any time by
- (a) the Board;
 - (b) a minimum of—
 - (i) twenty-five members for credit unions with less than one thousand members;
 - (ii) fifty members for credit unions with more than one thousand members but less than three thousand members;
 - (iii) one hundred members for credit unions with three thousand members or more,
 - (c) upon submitting a request to the board of directors of the credit union.
- (2) Notwithstanding Bye-Law 41(1) the Board shall at the request of the Supervisory Committee and pursuant to Section 83(5) of the Act, convene a Special General Meeting of members.
- (3) If the Board fails to convene a meeting within the stipulated time from the receipt of a demand or a request as aforesaid, the Supervisory Committee reserves to convene the meeting by notice within twenty-one (21) days after the request to the Board to summon a special meeting of the members in accordance with section 83(5) of the Act and the Regulations.

- (4) The notice must contain the object of the proposed meeting and a statement to the effect that the meeting is convened by the Supervisory Committee on the failure of the Board to convene the meeting demanded. Any cost incurred by the convening of the meeting shall be borne by the Credit Union.
- (5) The Central Bank of The Bahamas may at any time call a special meeting for the purpose of enabling members to secure any information regarding the affairs of the Credit Union that they are entitled to receive and to deal with any matters affecting the Credit Union.
43. (1) At least ten (10) days notice of any General Meeting shall be given in any of the following ways namely:
- (a) by a notice published in not less than two (2) issues of a newspaper circulated in The Bahamas and by posting the notice in a place that is prominent and accessible to members;
 - (b) by a written notice delivered to each member in person or mailed to each member at his address as the same appears in the records of the Credit Union; or
 - (c) by electronic communication.
- (2) The accidental omission to give notice to/or the non-receipt of a notice by any member shall not invalidate the meeting.

XII QUORUM

44. (1) Section 22 of the Act outlines the attendance levels of a Credit Union's membership whose members are in good standing shall form a quorum for the purposes of the Annual, General or Special General Meeting:
- (2) Provided that when any meeting is summoned by the Central Bank of The Bahamas, any members present at such meeting shall be deemed to form a quorum.
- (3) In accordance with Section 22 of the Act, if within one (1) hour after the time fixed for any meeting other than a meeting convened by the Central Bank of The Bahamas, the members present are not sufficient to form a quorum, such meeting shall proceed.

XIII ELECTIONS

45. (1) The following procedures shall apply to the conduct of elections in keeping with section 48(2), (3)(b) and 49 of the Act and its regulations.
- (a) At each annual general meeting the membership shall appoint a nomination committee;
 - (b) The nomination committee shall nominate at the Annual General Meeting at least one member for each vacancy for which elections are to be held;
 - (c) After the nomination committee's candidates have been placed before the members, the chairman shall outline the fit and proper requirements as outlined in the Act to the membership and then ask for any nominations from the floor;
 - (d) Each nominee introduced, either by the nominating committee or from the floor shall indicate his acceptance;
 - (e) Where the number of nominees does not exceed the number of persons to be elected, the Chairman shall declare all the nominees elected;

(f) If there is a need for elections, it shall be by ballot and shall be determined by a majority vote except where there is no contest;

- (2) No member may be elected to the Board, the Credit committee, the Supervisory committee unless he or she has satisfied the fit and proper requirements as set in the Regulations.

XIV TENURE OF OFFICE

46. (1) Each member shall hold office until his successor is elected and may be eligible for re-election.
- (2) Where persons are to be elected for varying terms, the member receiving the highest or higher number of votes cast is to be declared elected for the longest or longer term.
- (3) Where two (2) or more candidates receive an equal number of votes, the Chairman shall draw lots and the candidate whose lot is drawn is to be declared elected for the longest or longer term.
- (4) Where candidates are elected unopposed the Chairman shall draw lots to determine the tenure of office for each candidate.
47. (1) In accordance with section 17 of the Act, **at the first Annual General Meeting of the Credit Union, the entire Board of Directors, the Supervisory Committee and the majority of the Credit Committee are to be elected.**
- (2) The Nomination Committee shall be elected at the first Annual General Meeting.
- (3) A rotational procedure based on Bye law 42 will take effect in the interest of continuity and new leadership development as far as feasible.

XV TERMINATION OF OFFICE

48. (1) Any member of the Board, Supervisory Committee or Credit Committee shall be deemed to have vacated his office if he:
- (a) dies;
 - (b) resigns, by giving notice to the Board in the case of a director or, by giving notice to the relevant committee in the case of a member of the supervisory committee or the credit committee;
 - (c) he applies for bankruptcy or is declared bankrupt;
 - (d) he is delinquent with his creditors, including this or any other Credit Union;
 - (e) he becomes of unsound mind and has been so found by a court in The Bahamas;
 - (f) he is convicted of an indictable offence or other offence involving dishonesty;
 - (g) he has failed to attend three (3) consecutive meetings without reasonable excuse.
- (2) The Board, the Credit Committee, the Supervisory Committee, or any member thereof may be removed from office before the expiration of his period of office as provided in the Act.

- (3) A director or a member of the Credit Committee or the Supervisory Committee who is to be removed from office by the members of the credit union, must be informed in writing of the charges against him at the time of the notice.
- (4) At a meeting called to remove a director or committee member from office, pursuant to section 60(1), 76 and 85 of the Act the director or committee member, as the case maybe, shall have reasonable opportunity to answer charges made against him.
- (5) Where a decision is made by members to remove a director or committee member at a meeting called for the purpose, the members shall at such meeting, proceed to the election of a new Board, Credit Committee or Supervisory Committee or to fill the vacancy occurring.
- (6) A member appointed in the circumstances set out in paragraph 24(6) shall be subject to retirement at the same time as if he had become a member of the Board, Credit Committee or Supervisory Committee on the day in which the member in whose place he or she is appointed was last elected to the Board or the Committee.
- (7) Nomination committee members are only elected for a term of one year.

XVI BOARD OF DIRECTORS

49.
 - (1) Subject to the provisions of the Act and the Regulations the general direction, control and management of the Credit Union shall be entrusted to a Board of Directors (herein referred to as "The Board")
 - (2) The Board shall be elected at the Annual General Meeting in keeping with Section 47 of the Act and shall consist of not less than five (5) nor more than eleven (11) directors.
 - (3) The Board shall arrange the deposit of all funds of the Credit Union in its Bank Account at latest the day after they are collected, unless the collection takes place on a Saturday or any day preceding a holiday.
 - (4) The Board shall be responsible for making adequate arrangements for the safe keeping of funds of the Credit Union until they are deposited in the bank in accordance with Bye-Law 48 (3) above.
50.
 - (1)
 - (a) The Board of directors shall meet as often as the business of the Credit Union may require, but not less frequently than once per month.
 - (b) Due notice of such meetings shall be given to Directors by the Secretary.
 - (2) A simple majority of members shall constitute a quorum.
 - (3) In addition to the grounds set out in Bye-Law 47 a Director shall also be deemed to have vacated his office if he fails to attend three (3) consecutive regular meetings of the Board without giving any satisfactory explanation to the Board, within seven (7) days of his absence from the third meeting.
51.
 - (1) Where there are vacancies on the Board and
 - (a) there is a quorum of directors, the remaining directors may exercise all the powers of the directors or fill the vacancies until the next Annual General Meeting;
 - (b) there is not a quorum of directors, the remaining directors shall call a General Meeting for the purpose of electing members to fill the vacancies.

- (2) Where there are no directors, twenty-five (25) members or one-fifth (1/5) of the membership, whichever is less, may appoint in writing at least five (5) persons as directors for the purpose of calling a General Meeting to elect members to fill the vacancies.
52. The Board may appoint from among its number any Committee (except a credit or supervisory committee) that it considers necessary and may by resolution delegate to any such Committee such powers as it considers necessary for the efficient conduct of the affairs and business of the Credit Union, subject to the requirements of Section 48 of the Act.
53. A Committee that has powers delegated to it, must consist of at least three (3) members of the credit union, one of whom must be a director, and shall exercise these powers subject to the provisions of the Act, the Regulations and these Bye- Laws.
54. A director or officer of the Credit Union who is a party to a contract or proposed contract with the Credit Union shall disclose in writing to the Credit Union or request to have entered in the minutes of meetings of directors, the nature and extent of his interest.
55. The disclosure required by Bye-Law 53, must be made, in the case of a director, in keeping with Section 66 of the Act.
56. The disclosure required by Bye-Law 53, must be made in the case of an officer who is not a director; in keeping with Sections 66 of the Act.
57. A director shall not take part in discussions to consider, or vote on a resolution to approve a contract in which he has a personal interest.
58. A Contract, approved by the directors or members in which a director or officer disclosed a material interest, which is reasonable and fair to the Credit Union at the time it was approved is neither void or voidable by reason only of the relationship or by reason only that a director with an interest in the contract is present at or is counted to determine the presence of a quorum at a meeting of directors or a committee of directors that authorized the contract.
59. Subject to Bye-Law 12, the Board may borrow from any source and on such security and terms of repayment as it considers fit, provided that the total amount borrowed does not exceed ten percent of assets and is within the maximum liability limit which was fixed by a resolution of members at a general meeting, and approved by the Central Bank
60. (1) At the meeting of the Board which shall be held within thirty (30) days of their election, the Board shall elect from their own number a Chairman, a Vice Chairman, a Secretary, and a Treasurer.

Chairman

- (2) The duties of the Chairman shall be:-
- (a) to preside at meetings of the members and of the Board;
 - (b) to sign and execute jointly with the Secretary, all deeds and conveyances of real or personal property and such other documents as the Board may specify;
 - (c) perform such other duties as customarily appertain to the office of the Chairman or as he may be directed to perform by resolution of the Board, not inconsistent with the Act, the Regulations and these Bye-Laws; and
 - (d) such other duties as the Act and Regulations may require to be performed by the Chairman of the Board.

Vice Chairman

- (3) The Vice Chairman shall, in the absence or disability of the Chairman or his refusal to act, perform the duties of the Chairman and/or such other duties as the Board may from time to time prescribe.

Secretary

- (4) It shall be the duty of the Secretary to:-
- (a) attend all meetings of the Board and the General Membership;
 - (b) keep the minutes of the Board and the General Membership;
 - (c) conduct any correspondence on behalf of the Credit Union;
 - (d) keep charge of all records, books, papers and other documents of the Credit Union;
 - (e) issue notices for all meetings of the Board and general membership of the Credit Union, in accordance with the Act, the Regulations and these Bye-Laws;
 - (f) sign and execute jointly with the Chairman, all deeds and conveyances of real or personal property and such other documents as the Board may specify; and
 - (g) perform such other duties as are prescribed by the Bye-Laws or as directed by a resolution of the Board that are not inconsistent with the Act and these Bye-Laws.

Treasurer

- (5) Subject to such limitations and control as may be imposed by the Board, it shall be the duty of the Treasurer to:
- (a) receive all monies due and payable to the Credit Union and issue receipts for the same;
 - (b) deposit or cause to be deposited all monies received in the name of the Credit Union in such bank or depository as may be specified by the Board;
 - (c) sign all cheques, notes, bills of exchange and other documents necessary to effect the business of the Credit Union;
 - (d) record or cause the recording of all transactions effected by the Credit Union in the books provided for the purpose;
 - (e) keep charge of all documents, books and vouchers for all payments made, and receipts issued on behalf of the Credit Union;
 - (f) be responsible for the preparation of the annual statement of accounts, balance sheet; monthly financial statements, including prudential statements, and other statements as the Board may request;
 - (g) prepare and forward to the Central Bank such financial and other reports as may be required;
 - (h) keep separate accounts of all monies belonging to the Credit Union;
 - (i) produce a current statement of the Credit Union's monies held on demand;
 - (j) make payments as authorized by the Board and obtain receipts for the same;

(k) ensure that all promissory notes, drafts, negotiable instruments drawn in favor of the Credit Union are properly prepared; and

(l) do such other duties as pertain to the office of Treasurer.

61. The Board may employ a Manager and may authorize him or another senior employee to perform any of the duties of the Treasurer, including the signing of cheques.

62. (a) A joint meeting of officers, members of the Board, Credit and Supervisory Committees shall be held no less than once per quarter to track results, review the performance of the credit union, share concerns and to plan improvements.

(b) The Secretary of the Credit Union shall be responsible for convening the meeting referred to in paragraph 61(a).

XVII CREDIT COMMITTEE

63. The majority of the Credit Committee shall be elected at the Annual General Meeting in accordance with the Act. The Committee shall consist of no less than three and no more than five (5) members, no more than two of whom may be members of the Board, but none may be a member of the Supervisory Committee or an officer of the Credit Union.

No member of the credit committee shall be elected or appointed for a term of more than three years and are eligible for re-election.

64. Any member of the Credit Committee shall in addition to Bye-Law 47 be deemed to have vacated his office if:

(a) he or she fails to attend three (3) consecutive regular meetings of the Committee without, in the opinion of the Board, having a reasonable cause; or

(b) he or she fails to perform any of the duties allotted to him as a member of the Committee.

65. The Committee may be removed from office by a special resolution made at a Special General Meeting called for that purpose if it fails to submit a report to the Board pursuant to Section 76 of the Act.

66. Any vacancy on the Committee may be filled by the Board, but such member shall hold office only until the next Annual General Meeting, at which time a member shall be elected to fill the vacancy for the unexpired term.

67. (1) The Credit Committee shall choose from their number, a Chairman and a Secretary. These offices shall not be held by the same person.

(2) The Secretary of the Committee shall prepare and maintain full and correct records of all action taken by the Committee and shall submit a report to the Board pursuant to Section 76 of the Act. The report shall state

(a) the number of loan applications received;

(b) the number and category of loans granted;

(c) the security obtained, if any, for such loans;

(d) applications denied;

e) the number and amount of delinquent loans;

(f) the loan recovery rate; and

(g) the actions taken to follow-up delinquent loans.

68. The Credit Committee shall hold such meetings as the business of the credit union may require, but not less frequently than once per month. Due notice of such meetings shall be given to the other members of the Committee by the Secretary.

69. A simple majority of the Credit Committee constitutes a quorum.

70. The Credit Committee shall consider all applications for loans, make recommendations to the Board in respect of improved policies, procedures, practices and performance; it shall also, subject to the authorization of the Board, approve loans to members upon such terms and conditions as specified by the Board in the Loan Policy and Procedures Manual.

71. (1) The Board may, by resolution, delegate the Manager or other employee to approve loans to members upon such terms and conditions as the Board specifies. A person so delegated shall be referred to as a Loan Officer.

(2) Any person authorized by the Board to approve loans shall submit a written monthly report to the Credit Committee stating the number of applications received the number of loans granted and the security obtained, if any, and the number of loans denied. Such report shall become a part of the records of the Credit Committee.

(3) A loan not approved by the Loan Officer shall be subject to a review by the Credit Committee.

72. The Credit Committee and Loan Officer shall enquire carefully into the character and financial condition of each applicant for a loan and his sureties to ascertain their ability to repay fully and promptly any obligation incurred by them, and to determine whether the loan sought is for a provident or productive purpose and will be of profitable benefit to the applicant. They shall endeavor diligently to assist applicants in solving their financial problems.

73. (1) No loan shall be made unless approved in keeping with the Loan Policy of the credit union and with the majority of the credit committee members present and voting.

(2) If an Officer, Director, Credit Committee member, Supervisory Committee member or employee requires a loan in excess of his total holdings in the credit union, it shall be referred to the Board by the Credit Committee for approval.

(3) No member of the Credit Committee, the Board, the Supervisory Committee or any Loan Officer shall approve or be present at the discussion of the approval of a loan to himself, to a person for whom he or she is proposed as surety or any other person with whom he has a fiduciary relationship.

74. When more loan applications are pending than can be granted within the funds available, preference shall be given in all cases to applications for smaller loans if the need and credit factors are nearly equal.

XVIII SUPERVISORY COMMITTEE

75. The Supervisory Committee shall be elected at the Annual General Meeting and shall consist of a minimum of three (3) and a maximum of five (5) members none of whom shall be a member of the Board, the Credit Committee, the Nomination committee, or an officer of the Credit Union.

Any member of the Supervisory Committee shall be deemed in addition to the provisions of Bye-Law 47, to have vacated his/her office, if:

- (a) he or she fails to attend three (3) consecutive meetings of the Committee without in the opinion of the other members having a reasonable cause thereof; or
 - (b) he or she fails to perform any of the duties allotted to him or her as a member of the Committee.
76. Any vacancy on the Committee may be filled by the remaining members of the Committee who may appoint a qualified member until the next Annual General Meeting at which time a member shall be elected to fill the unexpired term.
77. (1) The Supervisory Committee shall choose from their number a Chairman and a Secretary, but these offices shall not be held by the same person.
- (2) The Supervisory Committee shall meet at least every two (2) months and where no auditor has been appointed pursuant to section 86 of the Act, to meet monthly to:
- (a) examine the books of the Credit Union;
 - (b) appraise the policies and operating procedures to make recommendations to the Board and the Credit Committee;
 - (c) confirm the cash instruments, property and securities of the Credit Union;
 - (d) confirm the shares, deposits and other balances or holdings of members;
 - (e) monitor the management of the Credit Union;
 - (f) verify the assets of the Credit Union and monitor whether the assets are properly protected;
 - (g) receive and investigate any complaints made by any members affecting the proper management of the Credit Union;
 - (h) at least once a year cause the pass books and accounts of members to be verified with the records of the Credit Union; and
 - (i) ensure that all advances, loans, deposits and other transactions involving directors, committee members and employees are in keeping with the Act, Regulations, Bye-Laws and Policies of the Credit Union.
- (3) Due notice of such meetings shall be given to the other members of the Committee by the Secretary. A majority of the members of the Committee shall constitute a quorum.
- (4) In the process of their examination the Committee shall examine
- (a) applications for loans made during the period and satisfy themselves that for each loan made, an application is on file and that each application states the purpose for which the loan was made, the description of the security offered, if any, and that it bears the signatures of approval of the Loan Officer or Credit Committee; and
- (5) Within fourteen (14) days before the end of each month the Treasurer shall submit for attestation by the Supervisory Committee the financial statement including the PEARLS performance results for the previous month
78. The Supervisory Committee shall keep minutes of its meetings and shall, in keeping with Section 80 of the Act

- (a) within seven days (7) of each meeting report the results thereof to the Board; and
- (b) submit a written report to the Annual General Meeting.

79. In accordance with Section 83 of the Act, if in the opinion of the Supervisory Committee, the Board, the Credit Committee or any member thereof or any officer or employee of the Credit Union is guilty of a flagrant violation of the provisions of the Act, Regulations or these Bye-Laws or any misconduct or malpractice or misappropriation or misdirection of the funds, securities or other property of the Credit Union, the Supervisory Committee shall forthwith inform the Central Bank in writing and may in the event of a misappropriation or misdirection, suspend such person, on approval in writing from the Central Bank, and shall forthwith request the Board to summon a General Meeting of members to be held within fourteen (14) days after the suspension for the purpose of dealing with the charge.

At such General Meeting such person may be removed as provided in Bye-Laws 44(2) and 44(3).

XIX REMUNERATION DIRECTORS / COMMITTEE MEMBERS

- 80. (1) Subject to section 58 of the Act and its regulations the credit union may provide remuneration, monthly stipend, payments in cash or in kind and the reimbursement of expense to directors and committee members for attending meetings and conferences based on the following limits:
 - (a) Annual remuneration, bonus or stipend not to exceed \$6,860 per person
 - (b) Monthly expenses allowance not to exceed
 - i) in the case of a flat monthly allowance \$530 per person
 - ii) in the case of a receipt able expense, the actual cost of the expense training budget
- (2) Annual training and conference budget of board members shall not exceed one third (1/3) of the credit union’s total staff training budget.

The amount must be disclosed at the annual general meeting and a resolution must be endorsed by the membership to that effect.

XX LOANS TO MEMBERS

81. Loans shall be granted to members only and for provident and productive purposes. All loans granted shall be used by the borrowing members for such purpose stated and approved in the loan application.

82. (1) The terms and conditions on which loans may be made to members shall be fixed from time to time by policy of the Board, provided always that in no case shall a sum be lent to any member above the following limits and restrictions

Line of credit	\$ 1000.00	(examples)
Consumer loan	\$ 100,000.00	(examples)
Mortgage	\$ 400,000.00	(examples)
Aggregate to one member	\$450,000.00	(examples)

- (2) Consumer loans must be secured by fifty percent unencumbered cash, deposit and/or realizable tangible assets duly encumbered in accordance with the loan policies of the credit union.
 - i) Each monthly payment must ensure that the principle and interest will be repaid over a maximum period of 84 months

- (3) Mortgages must be secured by a first charge and clear of other mortgages, lien or encumbrances.
- i) The monthly payment must ensure that the principles and interest will be repaid over a maximum period of 360 months.
 - ii) Each monthly payment must include an amount equivalent to one twelfth of the property's taxes associated with the property, to be collect by the credit union and remitted to the appropriate authority on an annual basis.
 - iii) In case the property is subject to condominium fees or similar fees, one twelfth of those fees must be collected by the credit union and remitted to the appropriate authority on an annual basis.
- (4) Aggregate lending limits shall include all loans granted to the member including loans he has acted as a guarantor or co-maker.
- (5) The board may set in its loan policy specific lending limits for the credit committee and loans officers.
83. The rates of interest on loans **may** be fixed **or variable as per policy set by the Board** and the interest payable on loans shall be assessed against the monthly unpaid balance.
84. No loan shall be made to a member who is not in good standing, that is to say, is not the holder of the minimum qualifying share and **minimum four (4) equity shares to a maximum of five thousand (5,000)** and if required the minimum fully paid equity shares in the Credit Union as prescribed in these Bye-Laws, or is in arrears in the payment of a current loan or installment due from that person as borrower or co-maker or guarantor, or is otherwise a defaulter.

Loan Processing

85. (1) A member who wishes to obtain a loan shall submit an application on the forms provided by the Credit Union and shall state the amount and the purpose for which the loan is required, the term for which it is asked, whether it is desired to repay it by installment and the name of any proposed sureties or any other security, if any, to be offered and such other information as may be required.
- (2) All Meetings of the Credit Committee shall be conducted as follows
- (a) the Credit Committee shall consider at a meeting every application for a loan, and if the Committee is satisfied with the trustworthiness of the applicant, the sufficiency of the security offered and the prospects of advantage to the borrower in the way of increased productivity or economy or otherwise it shall, in keeping with the Loan Policy, approve, reject or defer the application or shall, if not authorized, recommend the sanction of the loan by the Board;
 - (b) no person other than members of the Credit Committee, its Secretary, the Loan Officers and technical staff shall be present at any meeting of the Committee when an application for a loan is under consideration;
 - (c) The proceedings with regard to loans at Committee Meetings shall be kept secret, and any member of the Committee or officer of the Credit Union infringing this Bye-Law shall be liable to immediate expulsion or dismissal.
- (3) Loans, when approved by the Committee, shall be granted to members who are able to obtain sureties approved by the Committee, and /or who can provide additional security and other pre-requirements to the satisfaction of the Committee or Loan Officer.

- (4) When a loan is approved by the Committee or Loan Officer, a notice shall be sent to the borrower to that effect and before the amount is advanced, the borrower and his sureties shall execute a promissory note setting out the terms of repayment of the loan and containing such other terms and conditions as the Committee may consider necessary.
 - (5) A borrowing member shall, as a requirement of the granting of a loan execute any documents required to adequately register his security with the registrar general as required under the Act.
 - (6) A member may repay his loan prior to maturity in whole or in part on any business day of the Credit Union.
- 86.
- (1) A member failing to pay any installment of a loan at the time fixed shall, unless the time has been extended, pay such fine as the Board may from time to time fix. Such fines shall not exceed one point five percent (1.5%) per month on the amount in arrears with a minimum of five dollars (\$5.00).
 - (2) If a member fails to pay an installment of a loan within three (3) months after the time fixed for payment and no extension of time has been granted, the whole or balance of the loan then owing shall immediately become due.
 - (3) When a member
 - (a) is in default in the payment of a loan or of an installment of a loan; and
 - (b) does not satisfy the Board that such default is due to a good cause, such a member shall not be entitled to receive another loan from the Credit Union.
 - (4) If by reason of sickness, disaster or some other cause a member finds that he will be unable to discharge his or her obligations to the Credit Union, and notifies the Secretary in writing before a loan is due, the Board may extend the time fixed for payment on such conditions as it thinks fit.
 - (5) Where the Board is satisfied that a member of the Credit Union who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the written application thereof, the Board may, by notice in writing to the debtor, demand payment of the loan before the agreed date of payment.
 - (6) Where
 - (a) a loan or an installment of a loan has not been paid on the date on which it became due;
 - (b) no extension for the payment thereof has been given to the debtor by the Board, under Bye-Law 85(4); and
 - (c) a loan has been made to a director or officer of the Credit Union in contravention of Section 66 of the Act;
 - (d) the Board shall take steps for the recovery of the same by
 - (i) applying any monies standing to the credit of members towards the payment of the debt;
 - (ii) exercising any rights arising by law pursuant to Sections 42 of the Act; or
 - (iii) any other action which the Credit Union deems necessary.
87. For purposes of Bye-Law 85(6) interest shall be deemed to be an installment of a loan, but unless it is otherwise provided in the instrument required under Bye-Law 81(4), an installment shall not be deemed to be due unless it is one (1) month in arrears.

XXI IMPAIRED LOANS

88. (1) The Board shall cause a list of all impaired loans to be made available at the registered office of the Credit Union for any examination required by the Central Bank, the Credit Committee, the Supervisory Committee and the Auditor and shall forward a copy of that list to the Central Bank quarterly.
- (2) The credit union shall establish an allowance for doubtful loans in accordance with the Act, its regulation and PEARLS standards.

XXII RESERVE FUND, LIQUIDITY RESERVE AND RETAINED EARNINGS

89. (1) The Credit Union shall create a Statutory Reserve Fund in pursuance of the provisions of Section 65 of the Act, into which the greater of one half of one percent or twenty-five percent (25%) of the net surplus before dividends shall be placed, until that Statutory Reserve equals ten percent of the total assets of the Credit Union.
- (2) The Reserve Fund shall be kept intact and shall not be used or applied, except as provided in Section 65 of the Act, its Regulations, and with the approval of the Central Bank.
- (3) In keeping with Section 65 of the Act and the Regulations, the Credit Union shall establish a Statutory Liquidity Deposit in which shall be kept ten percent (10%) of total members' deposits of the Credit Union as shown on the Credit Union year end's financial statement prepared and submitted in accordance with Regulations.
- (4) In accordance with Section 65 of the Act, at no time shall the aggregate of the Statutory Reserve, Retained Earnings, Qualifying and Equity Shares be less than ten percent (10%) of the total assets owned by the Credit Union.
- (5) In the interest of strengthening the institutional capital of the Credit Union, sums may be allocated annually from Retained Earnings and, after adequate provisions to the allowance for doubtful loans have been made; additional sums may be allocated annually to increase the Statutory Reserve, Development Fund, and other Reserves and the assignation for Dividends.
- (6) The statutory reserve and liquidity deposit must be deposited with the Apex body in accordance with the requirements under section 65(4) of the Act and managed as specified in the regulations.

XXIII DIVIDEND AND BONUS

90. (1) Subject to Regulation and Bye-Laws, the members at the Annual General Meeting may declare dividends out of the net surplus after allowing for the allowance for doubtful loans and setting aside the prescribed allocations to reserves, and after retiring all or any part of a deficit it has previously incurred.
- (2) A dividend shall be paid only on qualifying and equity shares fully paid up before and during the dividend period and shall be calculated on the minimum quarterly balance held by the member before the said date.
- (3) The remaining net surplus of the Credit Union may be distributed as patronage rebates among the members who have borrowed from the Credit Union during the accounting year in proportion to the interest paid by them during such year.

XXIV INVESTMENT OF FUNDS

91. The Credit Union shall invest its funds as provided under Section 61 of the Act and of the Regulations.

XXV BANKING ACCOUNT

92. The Board of Directors shall select one or more reputable financial institutions in which the Bank Account of the Credit Union shall be kept. All cheques shall be signed and endorsed on behalf of the Credit Union as the Board prescribes.

XXVI ANNUAL ACCOUNTS, REPORTS AND AUDITS

93. The Board shall comply with the provisions of the Act, the Regulations and Prudential Standards and shall:
- (a) cause the books of the Credit Union to be audited annually;
 - (b) approve the financial statements of the Credit Union and place the comparative financial statements before the members at every annual meeting of members; and
 - (c) within seven (7) days of the Annual General Meeting furnish the Central Bank with a copy of the financial statements to be placed before the members.

XXVII FINANCIAL YEAR

94. The financial year of the Credit Union shall end on December 31st.

XXVIII SEAL AND EXECUTION OF DOCUMENTS

95. (1) The Board shall adopt for the use of the Credit Union a distinctive seal having the name of the Credit Union inscribed thereon. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board and in the presence of at least one (1) member of the Board, along with the President, the Secretary or Treasurer.
- (2) Any instrument required to be signed on behalf of the Credit Union shall be duly executed if signed by at least one (1) member of the Board and the Secretary or Treasurer.

XXIX RECORDS AND FORMS

96. The Credit Union shall keep the following records and forms:
- (a) a register of members;
 - (b) a personal ledger for each member;
 - (c) a stock of members' passbooks;
 - (d) a cash receipt journal;
 - (e) deposit and withdrawal slips;
 - (f) a cash disbursement journal;
 - (g) a general ledger;
 - (h) a register of loans;
 - (i) loan application forms;

- (j) loan agreement forms;
- (k) payment and transfer vouchers;
- (l) a schedule of current fees and charges;
- (m) a file containing the Act, Regulations and these Bye-Laws; and
- (n) separate minute books for meetings of the Board, the Credit Committee, the Supervisory Committee, and any sub-committee appointed by the Board and meetings of members.

XXX INSPECTION OF RECORDS

- 97. (1) The corporate records of the Credit Union, as stated in Section 15of the Act, shall be open to the inspection of any member having an interest in the funds of the Credit Union.
- (2) The member himself, his agent or legal representative, a member of the Board, the Credit Committee or the Supervisory Committee, the Auditor or the Central Bank, its staff or anyone appointed by it shall be allowed to see the personal account, loan agreement or pass book or the register or papers relating to the loan of any member.
- (3) No person, except as listed in sub-section (2), shall be allowed to see the personal account, loan agreement or pass book or the register or papers relating to the loan of any member without the consent of such member in writing.

XXXI DISPUTES

- 98. All disputes shall be determined in accordance with the provisions of Part XIV of the Act and the Regulations.

XXXII AMENDMENT TO THE BYE-LAWS

- 99. These Bye-Laws may be amended at an annual general meeting of the members by a resolution of three fourth $\frac{3}{4}$ of the members present at the meeting and must be subsequently ratified by the Central Bank to be in force.

XXXIII DISSOLUTION

- 100. (1) The Credit Union may be dissolved only in a manner provided for in Sections 105 of the Act.
- (2) The funds of the Credit Union shall be distributed in accordance with Section 106 of the Act, in the event of dissolution.

APPENDIX “A”

AMENDMENTS

REGISTERED ADDRESS

DATE: ___/___/___ . New address _____

AMENDMENTS

GEOGRAPHICAL AREA OPERATION (BOND)

DATE: ___/___/___.

REVOKE:

ADDITION:

Date ___/___/___; Approved at the Annual General Meeting

Date ___/___/___: Approved by the Central Bank

Date ___/___/___: Effective date

Approved on this ___ day of ___ A.D., 2016

John Rolle
Governor of the Central Bank of The Bahamas

AMENDMENTS

QUALIFYING SHARES

QUALIFYING SHARES BASE VALUE SET AT \$_____

DATE: ___/___/___

Increase requirements;

Number of qualifying shares required for membership is set at: XX shares x \$_____ = XX

Date ___/___/___; Approved at the Annual General Meeting

Date ___/___/___: Approved by the Central Bank

Date ___/___/___: Effective date

Approved on this ___ day of ___ A.D., 2016

John Rolle
Governor of the Central Bank of The Bahamas

AMENDMENTS

ENTRANCE FEE

ENTRANCE FEE IS SET AT \$_____

DATE: ___/___/___

Increase requirements;

Entrance fee is set at \$XX per new member

Date ___/___/___; Approved at the Annual General Meeting

Date ___/___/___: Approved by the Central Bank

Date ___/___/___: Effective date

Approved on this ___ day of ___ A.D., 2016

John Rolle
Governor of the Central Bank of The Bahamas