

REPUBLIC OF KIRIBATI

CREDIT UNIONS STANDARD BY-LAWS

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KIRIBATI CREDIT UNIONS STANDARD BY-LAWS

PART 1 - PRELIMINARIES

Short Title

1. These By-Laws may be cited as the Credit Unions Standard By-Laws 2014.

Commencement

2. These By-Laws shall come into operation on such date as the Minister by notice appoint.

Interpretation

3. In these By-Laws unless the context otherwise requires:

“Act” means Credit Unions Act 1990 and its subsequent amendments;

“Registrar” means the Registrar of Credit Unions;

“Regulations” means the Credit Unions Regulations 2014 and subsequent amendments;

Name

4. The registered name of the credit union shall always end with the words Credit Union Limited.

Objects

5. The objects for which the credit union is formed shall be those set out under section 15 of the Act.

PART 2 - MEMBERSHIP

Membership

6. Any person who, in the opinion of the board of directors, is eligible for membership in a credit union must comply, with the provisions of the Act, these by-laws and the requirements of the supplementary By-Laws of the credit union with respect to membership; provided that the person admitted to membership is at least sixteen – (16) years of age and shall be entitled to all the rights and privileges of other members except the right to hold office until they are eighteen

– (18) years of age and provided further that he has paid the entrance fee of two dollars – (\$2) plus the minimum fifty – (50) shares of one dollar – (\$1) each¹.

Bond of membership

7. Subject to sections 6 and 25(b) of the Act, the supplementary By-Laws of a credit union shall specify the common bond of association, occupation, or locality of the groups of person to whom the membership shall be limited.

Application for membership

8. Application for membership of a credit union shall be as specified in **SCHEDULE 1** to these By-Laws, and shall be duly signed by the applicant and endorsed in writing by a member of the Board of Directors and shall be presented to a regular or special meeting of such Board².

Other Conditions of membership

9. (1) An applicant shall not be admitted for membership of a credit union except by the affirmative vote of a majority of the Directors present at the meeting at which the applicant is acted upon; and no person shall become a member or entitled to any of the rights and privileges of a member until the required entrance fee, which shall not exceed two dollars – (\$2), has been paid by the applicant and an applicant for one or more shares is made and the first installment is paid thereon as required in By-Law 12 (Purchase of Shares).

(2) Subject to the conditions herein contained a member who leaves the field of or locality of the Credit Union may retain his membership therein but may not borrow there from in excess of his shareholdings.

Withdrawal of membership

10. (1) A member may, subject to By-law 14 (Withdrawal of Shares), withdraw from the Credit Union at any time on giving fourteen – (14) days notice of intention to withdraw. All amounts paid in as shares or deposits shall be paid to such withdrawing member as funds become available and only after deducting there-from all amounts payable from such member to the Credit Union³.

(2) A member who withdraws in accordance with subsection (1) shall have no further rights other than the right referred to in subsection (1) but shall continue to be liable to settle any remaining debts or payments owed to the credit union.

Expulsion of Members

11. (1) A member may be expelled by a two thirds – (2/3) vote of the Board of Directors called for the purpose. The Secretary must notify the expelled member within five days in writing. Within thirty – (30) days of the receipt of this notice the

¹ Credit Unions Act, ss.25 & 31

² *ibid*, s.57

³ *ibid*, ss.33,35 & 36

member may appeal in writing to the next general meeting of the Credit Union. At such meeting the majority of the members present may confirm or rescind the action taken by the Board of Directors⁴.

(2) Expulsion takes effect upon the expiration of the time for appealing if no appeal has been made or, if an appeal has been made on date the expulsion is confirmed by members at the general meeting.

(3) All amounts paid in as shares or deposits shall be paid to such expelled member as funds become available and only after deducting there-from all amounts payable from such member to the Credit Union.

(4) A member who has been expelled in accordance with subsections (1) and (2) shall have no further rights other than the right referred to in subsection (3) but shall continue to be liable to settle any remaining debts or payments owed to the credit union.

PART 3 – CAPITAL AND LIABILITY

Purchase of shares

12. The par value of each share shall not be less than one dollar – (\$1). Subscriptions of shares are payable at the time of application or in equal installments of five dollars – (\$5) per month such shares so subscribed, but on any day when installments are due and payable, any number of installments may be paid in advance⁵.

Maximum Shareholdings

13. The maximum amount of shares which shall be established from time to time by resolution of the Board of Directors⁶.

Withdrawal of Shares

14. Money paid on account of shares may be withdrawn subject to any indebtedness to the credit union, in whole or in part, on any day when the credit union is open for business, but the Board of Directors may in case require up to ninety – (90) days notice of intention to withdraw; provided that no withdrawal shall be permitted save with the written approval of the credit committee, if such withdrawal will reduce the members shareholding to an amount which is less than his total liability to the credit union as borrower, endorser, co-maker or guarantor.

⁴ *ibid*, s.57

⁵ *ibid*, s.38

⁶ *ibid*, s.57(b)

Transfer of Shares

15. Subject to section 39 of the Act, shares may be transferred only from one member to another by written instrument in such form as the Board of Directors may prescribe. A fee of five dollars – (\$5) shall be paid in respect of each transfer.

PART 4 – RECEIPTS AND PASSBOOK

Payment Evidenced by Receipts

16. A passbook or any other form of receipts determined by the Board of Directors must be issued to every member recording payments made by and to the member. These payments include all payments paid in or paid out on account of shares, thrift club, interest, loans, fines other collection and every entry in the form of receipt chosen must be initialed by the Treasurer or other official specially authorized by the Board of Directors.

Lost Passbooks

17. If the receipt or passbook given to the member by a credit union is lost, stolen or destroyed immediate notice of loss must be given to the Treasurer or Board of Directors. Written application must be made for payment of the amount due to the member as reported by the said receipt or passbook or for the issuance of a duplicate receipt or passbook. The Board of Directors may require the filing of an adequate indemnity bond to protect the credit union against loss or losses resulting from the issuance of another receipt.

PART 5 – MEETINGS

Annual General Meeting

18. The annual general meeting of the credit union shall be held within ninety – (90) days from the end of its financial year at such time and place as the Board of Directors shall designate⁷.

Notice of a Meeting

19. At least fourteen – (14) days notice of every annual or special general meeting shall be given. The notice shall be sent by the secretary to each member and shall be sufficient if posted at the registered office of the Credit Union⁸.

Special Meeting

20. (1) Special meeting of the members of the credit union may be called by the Board of Directors or by the supervisory committee if authorized by the

⁷ *ibid*, s.52

⁸ *ibid*

majority vote of the members of the said committee and shall be called by the President on the written request of fifteen – (15) members of the credit union⁹.

(2) Any such request shall state the object of the proposed meeting and shall be left at the registered office of the credit union.

(3) Only such business as is specified in the request may be discussed at the meeting.

Order of Business

21. (1) The order of business at the Annual General Meeting shall be-
- a) Ascertainment that a quorum is present.
 - b) Reading and approval or amendment of the minutes of the last meeting.
 - c) Report of Directors
 - d) Audited Financial Reports
 - e) Report of the Credit committee.
 - f) Report of the Supervisory committee.
 - g) Matters arising out of the last meeting
 - h) New business other than election.
 - i) Elections.
 - j) Adjournment.

(2) The members assembled at any annual meeting may suspend the above order of business upon a two third – (2/3) vote of members present at the meeting¹⁰.

Quorum

22. Except as hereinafter provided at annual or special meetings, fifteen – (15) members shall constitute a quorum. If no quorum is present adjournment may be taken to a date no fewer than seven – (7) days or more than fifteen – (15) days thereafter, and the members present in any such adjourned meeting shall constitute a quorum regardless of the number present.

Notice of Adjourned Meeting

23. The same notice shall be given for the adjourned meeting as is prescribed by by-law 18 for the original meeting and such notice shall be given not fewer than five – (5) days previous to the date of the meeting as fixed in the adjournment.

⁹ *ibid*, s.52(2)

¹⁰ *ibid*, s.52(3)

PART 6 – NOMINATION AND ELECTION

Nomination

24. At least thirty – (30) days prior to each annual meeting, the president shall appoint the nominating committee of the members. It shall be the duty of the nominating committee to nominate at the annual general meeting one – (1) member for each vacancy for which elections are being held.

Report of the Nominating Committee

25. (1) The nominating committee shall submit a report at the meeting, but before the report is acted upon the president shall call for additional nominations from the floor and after a reasonable time has elapsed a motion to close nomination shall be in order.

Nomination and Election Criteria

26. A member shall not be eligible for nomination, election or appointment as officer of the Credit Union if:-

- a) he is an un-discharged bankrupt, having been adjudged under any law for the time being in force in Kiribati;
- b) he has been convicted by a competent court of any offence involving dishonesty, fraud or misappropriation;
- c) he has adverse track record during his previous employments or engagements in any organizations;
- d) he is certified insane or otherwise adjudged to be of unsound mind under the law for the time being in force in Kiribati; or
- e) he, or any firm of which he is a partner or a member, is engaged in any trade or business which has amongst its principal functions the making or guaranteeing of advances to its members or operating a savings or deposit scheme for its members, or is a moneylender as defined under the Moneylenders Act 1988¹¹; or
- f) he is a member of more than one – (1) other committee or board of any firm or organization such that his commitments with such other firm or organization will most likely to affect proper discharge of his duties;

Procedure for Election

27. When nominations are closed the president shall appoint a returning officer and such scrutinizers as are required who shall distribute the ballots and collect same, and when the vote is taken the returning officer shall tally the same and announce the result of the election.

¹¹ Nomination and election criteria provide a ‘Test of Fit and Proper Person’ and adapted from the Cooperative Societies Regulations, regulation 31.

When Balloting necessary

28. When there are two – (2) or more candidates for any office a secret ballot shall be taken, but if only one – (1) member is nominated for the office the president shall declare such member elected.

Order of Election

29. (1) The order of election shall be as follows:

- (a) Election of directors
- (b) Election of credit committee
- (c) Election of supervisory committee

(2) No director or member of a credit committee shall be a member of the supervisory committee¹².

Voting

30. No member shall be entitled to vote by proxy. A Trustee or other person acting in a representative capacity shall not, as such, be entitled to vote. Irrespective of the number of shares held by him, no member shall have more than one – (1) vote.

Election Report to the Registrar

31. Within thirty – (30) days of the election, the names and addresses together with information respecting the term of office of all persons elected shall be forwarded to the Registrar by the secretary¹³.

Election of Directors

32. At the first general meeting of a credit union a Board of Directors, according to the number designated in the supplementary by- laws but not less than five shall be elected by and from the members to retain office until the first annual general meeting and until their successors are elected as provided in the supplementary by- laws.

Term of Directors

33. All members of the Board, Credit Committee and Supervisory Committee shall hold office for a period of one – (1) year but shall be eligible for re-election in accordance with section 53(2) of the Act.

Vacancies

34. (1) If a vacancy occurs on the Board of Directors or on the credit committee it may be filled by the board of directors, but any person so appointed shall retain office only until the next annual general meeting and a successor is chosen;

¹² *ibid*, s.53(3)

¹³ *ibid*, s.56

(2) Only in cases where the Supervisory Committee is inactive, will the vacant temporary positions from amongst their members be filled by others co-opted by the Board of Directors¹⁴.

Regular Meeting of Directors

35. Regular meetings of the board of Directors shall be held at least monthly, the date, the time and the place to be selected by directors¹⁵.

Special Meeting of Directors

36. Special meetings of the Board of the Directors may be called by the President at any time and shall be called upon a written request of at least three – (3) members thereof. In the absences of the President, the vice- President may call this meeting¹⁶.

Time, Place, Notice for Special Meeting

37. The President, or in his absence the Vice-president, shall fix the time and place of special meetings unless the Board by resolution, prescribe otherwise. Notice of all meetings of the Board of Directors shall be given in such manner as the Board of Directors may from time to time prescribe.

Quorum at Directors Meetings

38. A majority of the Directors shall constitute a quorum at meetings of the Board but a less number may adjourn from time to time until a quorum is obtained.

Removal of a Director by the Board

39. Should any member of the board of directors be absent from three – (3) consecutive board meetings, without an excuse satisfactory to the other members of the board, the directors may pass a resolution declaring his office vacant, and after a notice to him to that effect, fill vacancy as herein before provided.

Elections of Officers

40. Subject to section 54 of the Act, the board of directors shall meet immediately after the first general meeting of the credit union, and immediately after each annual general meeting, and shall organize themselves for the current year by appointing from their own number a President and Vice President and also appoint a Secretary and a Treasurer, or a Secretary–Treasurer who may or may not be a director, together with such assistants as may be required from time to time.

¹⁴ *ibid*, ss.57(f) & 63(d)

¹⁵ *ibid*, s.57(g)

¹⁶ *ibid*, s.52

Remuneration

41. No member of the board of directors, credit committee and supervisory committee jointly or severally shall receive any remuneration, directly or indirectly for the services he performs for the credit union save for reimbursement of travel costs incurred to attend to matters relating to the credit union¹⁷.

Duties of Directors

42. Subject to the section 57 of the Act, the board of directors shall have the general management and supervision of the affairs, funds and records of a credit union. In addition to the duties customarily performed by the Board of Directors, the board of directors shall:

- (1) act upon applications and expulsion for membership;
- (2) determine maximum individual shareholdings from time to time , and the maximum amount of an individual loan which may be made with or without security;
- (3) determine interest rates on loans and deposits;
- (4) declare dividends and submit a resolution respecting such dividends to the annual general meeting of the credit union for confirmation;
- (5) have charge of the investments of the credit union other than loans; and
- (6) require every officer or employee handling funds and securities of the credit union to:
 - (a) commit to and sign a Code of Conduct specified in **SCHEDULE 1**;
 - (b) furnish a fidelity bond in such amount and under such conditions as may be deemed satisfactory by the board but such bond shall not be less than one quarter – (1/4) of the assets of the credit union and such shall be reassessed annually;
 - (c) exercise such borrowing powers as are authorized in section 64 of the Act; and
 - (d) perform such other duties not inconsistent with the Act or these by-laws as specified in **PART 1** of **SCHEDULE 3** to these By-Laws.

PART 7 – DUTIES OF OFFICERS

Duties of the President

43. The President shall:

- (i) be the Chairperson of the Board of Directors;
- (ii) preside at all meetings of the members and at all meetings of the board of directors; and
- (iii) together with the Treasurer, shall sign all conveyances of property; and

¹⁷ Ibid, s.55

- (iv) 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 or these by-laws as specified in **PART 2** of **SCHEDULE 3** to these By-laws.

Duties of the Vice President

44. The Vice President shall:

- (i) be the deputy chairperson of the Board of Directors;
- (ii) have and exercise all the powers, authority, and duties of the president during the absence of the later from any duly convened meeting or event of his inability to act; and
- (iii) in collaboration with the President provide leadership to the directors, other officials and members, including representing the credit union as the voice of the members rather than reflecting personal views.

Duties of the Secretary

45. The secretary shall:

- (i) prepare and maintain full and correct records of all meetings of the members and of the board of directors;
- (ii) give or cause to be given the manner provided in these by – laws, proper notice of all of the meetings of the members; and
- (iii) perform such other duties as he may be directed to perform by resolution of the board of directors not inconsistent with the provisions of the Act or these by – laws specified in **PART 3** of **SCHEDULE 3** to these By-Laws.

Duties of the Treasurer

46. The Treasurer shall:

- (i) be the general manager of a credit union under control and direction of the board of directors;
- (ii) to such limitation and control as may be imposed by the board of directors, have custody of all funds, securities, valuable papers and other assets of the credit union;
- (iii) deposit all cash within forty-eight – (48) hours for those unions which have ready access to banks;
- (iv) sign all cheques issued by the credit union, promissory notes, bills of exchange and other instruments involving liability to the credit union;
- (v) provide and maintain full and complete records of all assets and liabilities of the credit union;

- (vi) within fifteen – (15) days after the close of each calendar month, prepare a statement showing the condition of the credit union as at close of the month;
- (vii) 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 next succeeding month; and
- (viii) perform such other duties as he may be directed to perform by resolution of the board of directors not inconsistent with the provisions of the Act or these by-laws specified in **PART 4** of **SCHEDULE 3** to these By-Laws.

Assistant Treasurer

47. The Board of Directors may appoint an Assistant treasurer and authorize him, under the direction of the treasurer to perform any of the duties devolving on the treasurer, including the signing of cheques. He may also act as treasurer during the absence of the treasurer or in the event of the treasurer's inability to act and perform such other duties as he may be directed to perform by resolution of the board of directors not inconsistent with the provisions of the Act or these by-laws specified in **PART 4** of **SCHEDULE 3** to these By-Laws.

PART 8 – BANKING

Deposit of Moneys

48. Subject to section 40 of the Act, all money paid to the credit union shall be paid to the treasurer or the secretary – treasurer, and shall be deposited by him in such banks as may be designated by the board of directors and in other credit unions organized under the Act, including savings and loans societies and central credit unions, in which this credit union is eligible to hold membership.

Payments of Cheques

49. Except where the establishment of a petty cash fund for certain designated purposes with respect to the business of the credit union is authorized by resolution of the board of directors, all payments by the credit union shall be made by cheques signed by the treasurer, and countersigned by the president or vice – president or such other director as may be authorized to do so by resolution of the board of directors.

PART 9 – CREDIT COMMITTEE

Election of Credit Committee

50. At the first general meeting not fewer than three in number shall be elected by and from the members to hold office until the first annual general

meeting and until their successors are elected as provided in section 53(2) of the Act.

Remuneration

51. No member of the Credit Committee shall, as such, receive any remuneration directly or indirectly for the services he performs for the Credit Union save for reimbursement of travel costs incurred to attend to matters relating to the credit union.

Chairman

52. The members of the Credit Committee shall choose from their number a Chairman and a Secretary. The Secretary of a Credit Committee shall prepare and maintain full and correct records of all actions taken by it. The offices of Chairman and Secretary may be held by the same person.

Meeting

53. The Credit Committee shall hold such meetings as the business of the Credit Union may require, and not less frequently than once a month. Notice of such meetings shall be given to members of the Committee in such manner as the Committee members may from time to time, by resolution prescribe.

Duties

54. Subject to section 58 of the Act, the Credit Committee shall have the general supervision of all loans to members. It shall be the duty of the Credit Committee to review all applications for loans, to ascertain whether or not such loan would benefit the applicant, and to determine whether or not the security offered, in their judgment is sufficient and the terms proper.

Records and Reports

55. The Credit Committee shall keep the record of all meetings, including details on loans and make a report to the Board of Directors each month and to the members at the annual meeting.

Borrowing

56. Members are entitled to borrow from the credit union after three – (3) months of regular saving.

Security

57. Subject to the limits imposed by the Act, and these by-laws and the instructions of the Board of Directors the Credit Committee shall determine the security, if any, which shall be required for each loan, and the term at which shall be repaid¹⁸.

¹⁸ *ibid*, s.59

Loan Preference

58. Where more loan applications are pending than can be granted from the funds available, preference shall be given in all cases to the applications for emergency and smaller loans¹⁹.

Jurisdiction of Credit Committee

59. The Credit Committee shall not consider any loan unless a majority of the Committee is present and no loan shall be approved except by the unanimous decision of the members present. An applicant whose application has been rejected may appeal to the Board of Directors, who by a majority vote may reverse the decision of the Credit Committee²⁰.

PART 10 – SUPERVISORY COMMITTEE

Election of Supervisory Committee

60. At the first general meeting, there shall be elected a Supervisory Committee of three members and their term of office shall be for one year and eligible for re-election. All elections shall be by secret ballot if there is more than one nominee for each position. Any vacancy in the members of the Supervisory Committee shall be filled by a vote of the remaining members, but the member so elected shall hold office only until the qualification of a member who shall be elected at the next annual meeting of the members of the Credit Union to complete the unexpired term²¹.

Remuneration

61. No member of the Supervisory Committee shall, as such, receive any remuneration directly or indirectly for the services he performs for the credit union save for reimbursement of travel costs incurred to attend to matters relating to the credit union²².

Chairman

62. The members of the Supervisory Committee shall meet immediately after the first general meeting and immediately after each annual general meeting and organize for the current year by choosing from among their number a Chairman and Secretary. The Secretary of the Supervisory Committee shall maintain and have custody of full and correct records of all actions taken by it. The offices of Chairman and Secretary may be held by the same person.

General Duties

63. Subject to section 63 of the Act, the Supervisory Committee shall:-

¹⁹ *ibid*, s.58

²⁰ *Ibid*, s.58

²¹ *ibid*, s.53

²² *ibid*, s.55

- (a) make an examination of the affairs of the Credit Union at least quarterly, which examination shall include an audit of its books and an inspection of the securities, cash, accounts and loans;
- (b) ascertain that all actions by the Board and Credit Committee are in conformity with the Act and the Credit Union By-laws;
- (c) make a written report to the Board of Directions of a Credit Union of its findings following each examination;
- (d) make or provide for an annual audit and a written report and submit same to the members at the annual meeting; and
- (e) verify the passbooks of the members with the accounts of the Treasurer annually.

Meeting

64. The Supervisory Committee shall hold such meetings as the business of the Credit Union may require, and not less frequently than once every quarter. Notice of such meetings shall be given to members of the Committee in such manner as the Committee members may from time to time, by resolution prescribe²³.

Special Powers and Duties

65. The Supervisory Committee shall have the powers to call a special meeting of a Credit Union by unanimous vote of the entire committee at a meeting called for the purpose. Notice of such a Special meeting shall be given in the manner as prescribed by resolution of the Supervisory Committee, to consider violations of the provisions of the Act or the by-laws of the Credit Union and determine whether to suspend or remove any officers, any or all Directors or any or all the members of the Credit Committee²⁴.

PART 11 – LOANS AND CONDITIONS

Loans

66. Loans shall be restricted to members, and shall be made for provident and productive purposes only and upon such security and terms as the Credit Committee shall have approved²⁵.

Rate of Interest

67. Rates of interest shall be fixed from time to time by the Board of Directors and shall in no case exceed one percent – (1%) per month on unpaid balances, inclusive of all charges incidental to making the loan²⁶.

²³ Ibid, s.63(a)

²⁴ Ibid, s.63(e)

²⁵ Ibid, s.15(b)

²⁶ Ibid, ss. 57(c) & 58(1)

Officers as Borrowers or Guarantors

68. No Director, officer, or committee member shall act as endorser or guarantor for borrowers from the Credit Union²⁷. The director or officer wishing to borrow from the Credit Union a sum in excess of the value of his shares must submit his application to a meeting of the Supervisory committee members according to section 60(2) of the Act.

Repayment of Loans

69. A borrower may repay his loan prior to maturity in whole or in part, on any business day.

Loan Applications

70. Applications for secured loans shall be in the form specified in schedule 4 and for unsecured loans shall be in the form specified in Schedule 5 and shall be furnished to the Credit Committee as approved by the Board of Directors and shall in each case set forth the purpose for which the loan is desired, the security (if any) and such other information as required²⁸.

Restriction

71. No loan shall be made to any member in excess of \$300 or 10 percent – (10%) of Credit Unions total assets whichever is greater, and unless it has been approved as otherwise provided in By-Law 59 (Jurisdiction of Credit Committee).

Loans Forms Permanent Records

72. All applications for loans and the report of the Credit Committee thereon shall be filed as permanent records of a Credit Union.

Refund of Loan Interest

73. From the remaining net earnings and surpluses, the Directors may provide a refund to the members on record as at the end of each financial year who have been borrowers during such a year a percentage of interest which such borrowers have paid during the year and such rate of refund shall not exceed half – (1/2) of the total interest paid by such member borrower.

PART 12 – RESERVE FUND, DIVIDEND AND BOOKS OF ACCOUNTS

Reserve Fund

74. At the close of each financial year a minimum of ten percent – (10%) of the gross income as stated in the audited report submitted in accordance with

²⁷ Ibid, s.59(2)

²⁸ Ibid, ss.15 & 44

section 48 of the Act, be set aside as a reserve fund until such fund is equal to fifty-five percent – (55%) of the sum of the share capital and deposits of a Credit Union for the time being²⁹.

(2) The members may transfer part or all of the undivided earnings or retained earnings to the reserve fund.

Use of Entrance Fees and Fines

75. All entrance fees, fines and share transfer fees shall, after payment of organization expense shall be added to the reserve fund³⁰.

Use of Reserve Funds

76. (1)The reserve fund shall belong to the Credit union and shall be used to meet bad loans and losses except those resulting from an excess of expenses over income and may be invested in accordance with section 40 of the Act³¹.

(2) The reserve fund shall not be distributed except on dissolution of the Credit Union.

Special Reserve

77. In addition to the regular reserve, special reserves may be established from time to time by the Board of Directors.

Dividends

78. Each year the Board of Directors may declare a dividend of not exceeding five percent – (5%) from the net surplus. Dividends shall be paid on all fully paid shares at the end of the financial year. Shares which become fully paid up during such year shall be entitled to a proportional part of the dividend at the rate not exceeding five percent – (5%) of the member's shares. No payment on shares for any month shall be considered for the purpose of calculating dividends until the first day of the month following payment³².

Books of Account

79. Subject to other requirements specified in regulation14 of the Regulations, every credit union shall keep records of all monies received in the receipt books used for that purpose and shall keep records of all payments and disbursements out of their funds³³.

²⁹ Ibid, s.45(1)

³⁰ Ibid, s.47

³¹ Ibid.s.45

³² Ibid, ss.23, 47 & 57(d)

³³ Ibid, s.49

REPUBLIC OF KIRIBATI



CREDIT UNIONS ACT 1990

(Section 18(1))

CREDIT UNIONS STANDARD BY-LAWS

(By-Law 2)

NOTICE OF APPROVAL AND COMMENCEMENT

In exercise of the powers conferred on me by section 18(1) of the Credit Unions Act 1990 and by-law 2 of the Credit Unions Standard By-Laws 2014 (hereinafter referred to as “the By-Laws”), I hereby approve and appoint the 1st day of January, 2015 as the day on which the said By-Laws shall come into operation.

Dated thisday of, 2014.

.....

Hon. Pinto Katia

Minister of Commerce, Industry and Cooperatives

Published by exhibition at the Public Office of H.E Te Beretitenti this

.....day of, 2014.

.....

Teea Tiira

Secretary to the Cabinet

SCHEDULE 1

(By-Law 8)

CREDIT UNIONS STANDARD BY-LAWS

APPLICATION FOR MEMBERSHIP

The President
Board of Directors

..... **CREDIT UNION LIMITED**

Dear Sir / Madam

I hereby apply to be a registered member of the
CREDIT UNION LIMITED and agree to abide by its By-Laws, Supplementary By-Laws and Regulations as amended from time to time. I realize that two dollars will be deducted from my savings for the entrance fee.

Name: _____

DOB _____ **Department** _____

Signature _____ Date _____

Director endorsement _____

OFFICIAL USE:

At a meeting of the Board held on the _____ of _____, 20_____, it was agreed that _____'s membership application be approved / rejected.

Signatures: _____

Board Members Present:

SCHEDULE 2
(By-Law 42 (6) (a))

CREDIT UNIONS STANDARD BY-LAWS

CREDIT UNION OFFICERS' CODE OF CONDUCT

PREAMBLE

The Credit Union Officials Code of Conduct (this Code) seeks to specify the minimum acceptable conduct of Credit Union officials (including directors, Supervisory Committee members, Credit Committee members and employees)

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Section 2 Adoption of Code by a Credit Union Official

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1. Definitions and Interpretation

1.1 In this Code the following words have the corresponding meaning:-

“Credit Union” means a credit union registered with the registrar of credit unions pursuant to the Credit Unions Act.

“the League” means the League defined under the Credit Unions Act.

“Official” means an officer as defined under the Credit Unions Act

1.2. In this Code the notes in italics at the end of any section shall be for reference and explanatory purposes only and shall not alter the meaning of the specific wording of the section.

2. Adoption of Code by the Credit Union Officials

This Code forms part of the terms and conditions upon which an official of a Credit union accepts his/her position.

3. Duties

An official must ensure that he/she:-

- 3.1 Fully understand his/her role within the Credit Union and the duties of the role.
[NB. The credit union Act (the “Act”) and by-laws provide for the specific duties of the President, Vice-President, Secretary, Treasurer, Assistant Treasurer, Supervisory Committee members and Credit Committee members.]
- 3.2 Fully performs his/her duties to the standards provided for in this code, the Act, the by-laws and the Credit Union’s policies.
- 3.3 Becomes and remains sufficiently skilled and knowledgeable to be able to perform the requirements of the role.
- 3.4 Complies with all relevant Acts, by-laws and other legal requirements.
- 3.5 Complies with the policies, and follow the set procedures, of the Credit Union.

4. Required Behavior

An Official shall at all times-

- 4.1 Be polite, helpful and friendly to members, other officials and members of the Credit Union and League;
- 4.2 Be accurate with information and record keeping;
- 4.3 Act honestly
- 4.4 Be prompt with all activity associated with the Credit Union including completion of tasks and attendance at meetings and appointments;
- 4.5 Publicly support the decisions and policies of the Credit Union;
- 4.6 Maintain a neat and tidy appearance while working for, or representing, the Credit Union.

5. Prohibited Behavior

Any Official shall not engage in nor permit any other officer to engage in:-

- 5.1 Any act of fraud or misappropriation of funds or property;
[NB Fraud or misappropriation can be of varying severity from approving and issuing loans to fictitious borrowers to stealing Credit union stationery.]

5.2.1 An abuse of the authority or assumed authority of the officer.

[eg Favoring some members ahead of others]

5.2.2 Use of Credit Union equipment or property for personal benefit without the approval of an authorized person.

[NB Who an authorized person is depends on the circumstances. Usually it will be a manager in the Credit Union. A director would probably seek approval from the board.]

6 Confidentiality

An official has a general duty of confidentiality to the members of the Credit Union.

An Official therefore shall:-

6.1 Not disclose any information in relation to a member to a third party except

Where:-

6.1.1 The disclosure is made with the express or implied consent of the member.

6.1.2 Disclosure is required by law; or

6.1.3 There is a public duty to disclose the information

6.2 Take all reasonable steps to ensure the security and confidentiality of all information relating to the Credit Union's members.

7. Conflict of Interest

7.1 An Officer shall disclose any conflict of interest that may arise.

[NB A conflict of interest arises where you or someone connected to you specifically benefits from a decision you make as an officer of the Credit Union where that benefit or the connection with you may not be known to others unless disclosed. eg A person approving a loan for his/her brother. Having the Credit Union sign a lease of a building which you own. It is important to note that in order for there to be a conflict of interest, there must be some "decision" by the official. Eg If there is no discretion in relation to the loan application of the official's brother (ie it is simply a case of the loan being approved if the member has sufficient shares) then no decision is made. The official is simply approving a loan that any official would have to approve. If however there is some discretionary power, then a conflict of interest does exist.]

7.2 A conflict of interest referred to in section 7.1 must be disclosed by the officer, as follows:-

7.2.1 If the other officer is a director, credit committee member or other employee or agent, the disclosure is to be made to the board or to other members of the board as the case may be;

7.2.1. If the person is a supervisory Committee member, the disclosure is to be made to the other members of the Supervisory Committee.

8. Non Complying Officials

8.1 Section 8 is applicable to all directors, Supervisory Committee members and any employee who is responsible for employing and or dismissing staff of the credit union (the Responsible Officer)

8.2 If any officer, committee member, employee or agent of a credit Union, engages in any conduct prohibited by section 5.1 or 5.2 (the “ Offending Officer) and a Responsible Officer considers that such conduct has ,will, or is likely to result in:-

8.2.1 A significant loss of income of the Credit Union or

8.2.2 A loss of part, or all, of the savings or value of shares of members of the Credit Union,

Then the responsible Officer must ensure that the details of such Offending Officer are provided to the Credit Union and/or s to the League.. Such details will include the name of the Offending Officer, details of the prohibited conduct and the whereabouts of the Offending Officer (if known).

8.3 When a person has been nominated and/or elected as an Officer of the Credit Union and/or League and when a person has been, or is being considered for, appointment as an employee or agent of a Credit Union and/or League, a Responsible Officer may forward to the Credit Union and/or League an enquiry as to whether the Credit Union and/or League has received any notice that the person is a Non-Complying Official.

8.4 Depending on the severity of these offence:-

8.4.1 If an Offending Officer is an elected Officer, he/she will likely be suspended by the board of directors or the Supervisory Committee;

8.4.2 If an Offending Officer is an appointed Officer, he/she will likely to be dismissed by the board of directors.

8.5 In either case, any loss suffered by the Credit Union or its members is to be recovered, if possible, from the Offending Officer.

I understand and accept the provisions of this Code and the obligations on me as an Officer of the Credit Union.

.....
Officer (Signature)

.....
Witness (Signature)

SCHEDULE 3

(By-Laws 42(6)(d), 43(iv), 45(iii), 46(viii), and 47)

CREDIT UNIONS STANDARD BY-LAWS

ROLES AND RESPONSIBILITIES OF CREDIT UNION OFFICERS

This information needs to be read in conjunction with the Credit Unions Act, and By-Laws.

PART 1: ROLE & RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- (i) General direction and control of the credit union
- (ii) Approve applications of membership in accordance with the credit union's By-Laws and policies
- (iii) Report to members, Registrar and the nominated Government officer annually and as required
- (iv) Declare and authorize payment of the annual dividend on shares
- (v) Fix interest rate to be paid on member deposits (if savings deposits are allowed)
- (vi) Determine and authorize loan interest (patronage) refund
- (vii) Employ and fix the compensation and the terms of employment of all credit union employees
- (viii) Authorize and fix the compensation (wage or allowance) of the Treasurer, Assistant Treasurer and any loan officer
- (ix) If required, determine from time to time the maximum and minimum number of shares that a member may have
- (x) Prepare an annual expense budget for the approval of the members at the AGM
- (xi) Prepare member policies for member approval and approve board policies
- (xii) Determine the interest rates on loans
- (xiii) Determine the policy for the maximum maturity and terms of payments on loans
- (xiv) Determine the credit union's policy on the maximum amount that may be loaned and qualifying conditions
- (xv) Have charge over all of the credit union's investment and deposits
- (xvi) Authorize borrowings on behalf of the credit union
- (xvii) Supervise the collection of delinquent loans and authorize the write off of un-collectable loans (bad loans)
- (xviii) Call the annual general meeting and other special meetings as required
- (xix) Remove appointed officers and if required call a special general meeting of the members to suspend and replace supervisory committee members
- (xx) Fill vacancies on board and credit committee until the next annual meeting.

PART 2: ROLE & RESPONSIBILITIES OF THE PRESIDENT AND VICE PRESIDENT

- (i) The President shall be the Chairperson, and the Vice President shall be the Deputy Chairperson, and will preside at all meetings of the members and at all meetings of the board of directors.
- (ii) Shall perform other duties customarily assigned to the office of the President or as he or she may be directed by a resolution of the board of directors in accordance with the Act, the By-Laws, and the credit unions supplementary by-laws, if any, and policies
- (iii) The Vice President shall have, and exercise, all the powers and authority and duties of the President during the absence of the latter from any duly convened meeting or in the event of his or her inability to act.
- (iv) The President and the Vice President provide leadership to the directors, other officials and members. This includes representing the credit union as the voice of the members rather than reflecting personal views.

PART 3: ROLES & RESPONSIBILITIES OF THE SECRETARY

- (i) Take minutes of every Board meeting, have them reviewed at the next meeting and file approved minutes in a safe place
- (ii) Take the minutes of every annual and special general meeting and file securely
- (iii) Make, pass or post announcement of meetings taking place at least one month prior to the meeting
- (iv) Together with the President, prepare and distribute an agenda for board, annual and special general meeting
- (v) Make sure that all the credit union's policies are available to all officials and copies are filed together in a separate folder
- (vi) Maintain a duplicate (backup) copy of the Member register and other key documents and file in a separate secure location away from the credit union's office or place where records are kept
- (vii) Receive and initiate action on all correspondence received, unless other arrangements have been established by the board
- (viii) Make the arrangements for all elections, including nominations and arrangements for an independent returning (election) officer

PART 4: ROLES & RESPONSIBILITIES OF THE TREASURER AND ASSISTANT TREASURER(S)

- i Have custody and maintain accurate and up to date records of all funds, securities, valuable papers and other assets of the credit union
- ii Complete, or arrange for the completion of, all member records, transactions, accounts and financial reports
- iii Prepare monthly financial statements for the board members and complete or arrange for the completion of end of year accounts and reports

- iv Compile accurate and up to date records of all the credit unions stock, assets and liabilities
 - v Check and co-sign all loan and expense payments
 - vi Co-operate and assist the audit committee with their ongoing monitoring and inspection work
 - vii Prepare all loan applications for the credit committees meeting and advise them of the funds currently available for lending.
 - viii Prepare a monthly report of the credit committee of all delinquent member loans
 - ix Prepare an annual draft income and expenses budget for the board
-

SCHEDULE 4,

(By-Law 70)

CREDIT UNIONS STANDARD BY-LAWS

APPLICATION FORM FOR SECURED LOAN

..... Credit Union			
LOAN APPLICATION FORM			
(For Share Secured Loans)			
MEMBER NAME(S)		Membership Number	
I/we want a loan of \$ to be fully repaid, with interest, within a period of months			
I/we can make repayments of \$ every - week / fortnight / month. Please circle <input type="radio"/> one of these choices			
I/we want this loan for the following reason(s):			
I/we offer the following share security and agree that if we are no able to repay the loan (plus the interest) in the maximum time agreed and by making the regular repayments as agreed on this form, my/our shares plus those of any co-makers, will be reduced in order to pay any amount that has not been repaid plus interest plus any fees that we owe:			
(i) My/our credit union share savings			
(ii) The following co-maker's credit union share savings (cross this out if it does not apply)			
Our co-maker's details and authority (please use a different form for each co-maker)			
Name:		Member Number	
I agree to have \$ of my credit union shares to be used as security for this loan and I understand that if the loan is not repaid in full plus interest than any amount outstanding that is greater than the loan applicant's share balance will be deducted from my shares as allowed for in the credit union's lending policies			
Signed		Date	
I/we have carefully checked the income we get and what we need to regularly spend during the time it will take to repay this loan and I/we confidently state that we can make the repayments as well as continue to make our minimum savings with the credit union			
Signed		Date	
Signed		Date	
For Credit Union Official's Use		Date Received	Time Received
			am / pm
TREASURER to complete	The member, and the co-maker(s), have sufficient shares?		YES/NO
	Member Share Balance	\$	Member Loan Balance \$
	Other details Eg. co-makers		
CREDIT COMMITTEE to complete	The loan is approved subject to the following change(s) (list if any apply)		YES/NO
If "NO" - Loan Not Approved The Reason(s) is			
Date of Committee Meeting	/ /	Name of the Meeting's Chair	
Committee Member Signatures	1.	2.	3.
TREASURER To complete	Date cheque sent/picked up* by member		Cheque No.:
	Date & details of cheque issued to supplier (sent/picked up*)		Cheque No.:
* circle which one			

Secured3.2b/5,2000

SCHEDULE 4,
(By-Law 70)

CREDIT UNIONS STANDARD BY-LAWS

APPLICATION FORM FOR UNSECURED LOAN

LOAN APPLICATION - UNSECURED

.....Credit Union

LOAN DETAILS

This information is needed to assist the Credit Committee assess YOUR CAPACITY TO REPAY

AMOUNT OF LOAN	PREFERRED TERM OF LOAN	PREFERRED REPAYMENTS \$ per <input type="checkbox"/> Week <input type="checkbox"/> Fortnight <input type="checkbox"/> Month	DATE/TIME Received by Credit Union:
PURPOSE OF LOAN BEING APPLIED FOR			

PERSONAL DETAILS

TITLE	SURNAME	GIVEN NAMES	MEMBERSHIP NUMBER
ADDRESS			LENGTH OF RESIDENCE
RESIDENTIAL STATUS <input type="checkbox"/> Own the property outright <input type="checkbox"/> Own the property and paying it off <input type="checkbox"/> Renting <input type="checkbox"/> Boarding <input type="checkbox"/> Employer House <input type="checkbox"/> Other			
PREVIOUS ADDRESS			LENGTH OF RESIDENCE
DATE OF BIRTH	HOME PHONE NUMBER	WORK PHONE NUMBER	WORK FAX NUMBER
NUMBER OF DEPENDENTS Ages		MARITAL STATUS	DRIVER'S LICENCE NUMBER Expiry Date

EMPLOYMENT DETAILS

CURRENT EMPLOYER	WORK ADDRESS/LOCATION	OCCUPATION
LENGTH OF SERVICE	TYPE OF EMPLOYMENT <input type="checkbox"/> Full Time <input type="checkbox"/> Part Time - Times <input type="checkbox"/> Leave - type <input type="checkbox"/> Casual <input type="checkbox"/> Other	
PREVIOUS EMPLOYER	PREVIOUS WORK ADDRESS	LENGTH OF SERVICE

DETAILS OF YOUR PARTNER / CO-BORROWER - IF APPLICABLE

NAME	DATE OF BIRTH	DRIVER'S LICENCE NUMBER Expiry Date
CURRENT EMPLOYER	WORK ADDRESS	WORK PHONE NUMBER
LENGTH OF SERVICE	TYPE OF EMPLOYMENT <input type="checkbox"/> Full Time <input type="checkbox"/> Part Time - Times <input type="checkbox"/> Leave - type <input type="checkbox"/> Casual <input type="checkbox"/> Other	OCCUPATION

DETAILS OF TWO RELATIVES (OR CLOSE FRIENDS) IN SOLOMON ISLANDS NOT LIVING WITH YOU

NAME	ADDRESS	CONTACT PHONE NUMBER	RELATIONSHIP
		H / W	
NAME	ADDRESS	CONTACT PHONE NUMBER	RELATIONSHIP
		H / W	

INCOME DETAILS - PLEASE ATTACH EVIDENCE OF ALL INCOME (EG. PAYSLIP, BANK ACCOUNT STATEMENT)

SELF		PARTNER / CO-BORROWER	
SALARY <input type="checkbox"/> Week <input type="checkbox"/> Fortnight <input type="checkbox"/> Month	OTHER INCOME <input type="checkbox"/> Week <input type="checkbox"/> Fortnight <input type="checkbox"/> Month	SALARY <input type="checkbox"/> Week <input type="checkbox"/> Fortnight <input type="checkbox"/> Month	OTHER INCOME <input type="checkbox"/> Week <input type="checkbox"/> Fortnight <input type="checkbox"/> Month
\$	\$	\$	\$
SPECIFY OTHER INCOME		SPECIFY OTHER INCOME	

FINANCIAL POSITION - INCLUDE PARTNER / CO-BORROWER IF APPLICABLE

WHAT YOU OWE			WHAT YOU OWN	
LOAN PROVIDERS (please name)	CREDIT LIMIT	REPAYMENT <input type="checkbox"/> Wk <input type="checkbox"/> Fnt <input type="checkbox"/> Mth	ASSET	ESTIMATED VALUE
HOME LOAN	not applicable		RESIDENTIAL HOME	
RENT / BOARD	not applicable		SAVINGS With	
PERSONAL LOAN / CAR LOAN	not applicable		SAVINGS With	
CREDIT CARD			VEHICLE Year Make Model	
CHARGE CARD/STORE ACCOUNT			HOME CONTENTS/POSSESSIONS Insured? <input type="checkbox"/> Yes <input type="checkbox"/> No	
OTHER			OTHER PROPERTY	
ESTIMATED LIVING EXPENSES	not applicable		OTHER VALUABLE POSSESSIONS	
TOTAL	\$	\$	TOTAL	\$

DECLARATION

I / We declare that the information on this Application for a Loan is true, correct and complete and that I / we have never committed an act of bankruptcy or had any judgements or legal proceedings against me / us.

Signed Dated Signed Dated