

## **Northumberland Credit Union Ltd.**

### **Amendment of Rules**

The Board proposes that the Credit Union should adopt the ABCUL model rulebook 2012, complete with the following insertions:

#### Rule

1. Name: Northumberland Credit Union Limited.
2. Registered office: 37, Shields Road, Morpeth, Northumberland, NE61 2SA.
- 3-6. No insertions.
7. (Common bond) Admission to membership of the Credit Union is restricted to:
  - (1) An individual who resides or is employed in the locality of the Administrative County of Northumberland as delineated in pink on the attached Map.
  - (2) A corporate body, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as a trustee for an unincorporated association, if the body corporate, partnership or unincorporated association has either of:
    - a place of business in the above locality
    - the following significant connection with the above locality, viz. it is a public body, registered charity, credit union or community development finance institution providing financial services, health care, social care or social housing to residents of Northumberland.
  - (3) An individual who is employed by:
    - a. Northumberland County Council
    - b. Isos Housing Limited.
    - c. NHS North of Tyne
    - d. Northumberland Care Trust
    - e. Northumbria Healthcare NHS Foundation Trust.
    - f. Northumberland Tyne and Wear NHS Foundation Trust.
  - (4) An individual who is associated with the individuals in 3a above through receiving a pension, salary or regular allowance through Northumberland County Council's payroll system.
  - (5) An individual who is a member of the same household as, and is a Relative of, an individual who is a Member of the Credit Union and falls directly within a common bond specified above.
  - (6) Membership of the Credit Union is not open to:
    - a. Individuals or firms engaged in doorstep lending or home collection.
    - b. Individuals or firms supplying credit or goods and services on credit at interest rates exceeding 100% APR.
8. (Limitation of number of Corporate Members to 10%) No insertion, but we need Policies and Procedures under 8 (a) in order to decide which corporates to expel. (N.B. The model rule specifically says that the Board must consider the impact on the CU of expelling any particular corporate member.)

9-11. No insertions.

12. Non-qualifying members: not to exceed 25 per cent of total membership.

(A non-qualifying member is a person or firm that did meet the qualification for membership when they joined, but does so no longer, e.g. by ceasing to live or work in Northumberland. The current number of non-qualifiers is under 0.5 per cent.)

13. Age at which junior savers qualify for membership: 18 years.

14-69. No insertions.

70. Limit on dividend: 10 per cent. (Note that the wording in the 2012 model Rulebook allows the Board to change the percentage at will.)

71-97. No insertions.

98. Minimum age for a member to become a Director: 18 years.

99-107. No insertions.

108. Maximum percentage of directors to be elected from amongst the corporate members: 20 per cent. (That is, of the total number of directors on the Board.)

109-160. No insertions.



**Notes:**

1. We have to follow FSA and ABCUL's suggested wording of the common bond.

2. We could if we wanted allow children of any age to be members. They could not serve on the Board till age 18, and since they would also lose the benefit of interest on their deposits, things are better left. We may, however, adopt 16 in future

3. Item (6) in the common bond (exclusion of doorstep lenders etc.) is a novelty. FSA won't pre-vet applications, even for ABCUL, so we may get a refusal on that one. If so, we just re-submit without it.

4. Note that the above common bond allows certain charities and public bodies to join as corporate members that operate more widely than just in Northumberland. It does not cover their employees or tenants, unless they happen to live or work in Northumberland. If we want to include those employees or tenants, we have to state by name the housing associations, health authorities or charities concerned.

5. Shares are now technically called Non-Deferred Shares in order to distinguish them from Deferred Shares. We do not propose to issue deferred shares, but it remains a theoretical possibility under the 2012 model Rulebook.

6. Potential membership, including corporates and non-qualifiers, must not exceed two million; it will in fact be about 400,000.

