

THE BUILDING SOCIETIES ACT
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SCHEDULES

THE BUILDING SOCIETIES ACT

[4th June, 1897.]

Cap. 48.
Law
67 of 1955
S. 62.
Acts
22 of 1967,
55 of 1968,
42 of 1969
3rd. Sch.,
32 of 1974,
15 of 1976,
1 of 1979,
1st Sch.,
3 of 1985,
3 of 1995,
27 of 1995,
42 of 1997,
12 of 2002,
29 of 2004.

1. This Act may be cited as the Building Societies Act.
2. The Court in this Act means the Supreme Court.

Short title.

Interpretation

Incorporation of Building Societies

3. Any number of persons who desire to establish a building society, may, on having its rules certified as by this Act provided, obtain from the Deputy Keeper of the Records a certificate of incorporation in the form set out in the First Schedule:

Incorporation of societies.

Form A in First Schedule.

Provided that no society shall be incorporated in a name identical with a then existing society or so nearly resembling the same as to be calculated to deceive unless such existing society is in course of being terminated or dissolved and consents to such registration.

The society shall supply to any person requiring the same a complete printed copy of the rules, with a copy of the certificate of incorporation appended thereto, and shall be entitled to charge for every such printed copy of rules a sum not exceeding ten cents.

Rules and Certification

Rules.

4.—(1) It shall be lawful for the several shareholders of a society from time to time to assemble together, and by majorities of those present to make, ordain and constitute such proper and wholesome rules for the government and guidance of the same, as to the major part of the shareholders of such society so assembled together shall seem meet, so as such rules shall not be repugnant to the express provisions of this Act, and the general laws of the Island; and to inflict and impose such reasonable fines, penalties, and forfeitures upon the several shareholders of such society as shall offend against any such rules, as the shareholders, by such majority present at any such meeting may think fit; which fines, penalties, and forfeitures shall be paid to and for the benefit of the general funds of such society; and also from time to time, in the manner, and by the majorities required by this Act, or by the rules of such society for the time being, to alter and amend such rules as occasion shall require or render desirable, or annul, rescind, or repeal the same, and to make new and other rules for the furtherance of the objects of such society.

(2) The rules of every building society shall set forth—

- (a) the name of the society and chief office or place of meeting for the business of the society;
- (b) the purposes to which the funds of the society are to be applied, and the manner in which they are to be invested;

- (c) the manner of altering and rescinding the rules of the society, and of making additional rules;
- (d) the manner of appointing, remunerating and removing the board of directors or committee of management, auditors and other officers;
- (e) the manner of calling general and special meetings of the members;
- (f) provision for an annual or more frequent audit of accounts and inspection by the auditors of the mortgages and other securities belonging to the society;
- (g) whether disputes between the society and any of its members or any person claiming by or through any member or under the rules, shall be settled by reference to the Court, or to arbitration;
- (h) provision for the device, custody, and use of the seal of the society, which shall in all cases bear the registered name thereof;
- (i) provision for the custody of the mortgage deeds and other securities belonging to the society;
- (j) the powers and duties of the board of directors or committee of management and other officers;

- (k) the fines and forfeitures to be imposed on members of the society;
- (l) the manner in which the society shall be terminated or dissolved;
- (m) the manner in which the stock or funds of the society is or are to be raised;
- (n) the terms upon which unadvanced subscription shares are to be issued, the manner in which contributions are to be paid to the society and withdrawn by the members, with tables, where applicable in the opinion of the Attorney-General, showing the amount due by the society for principal and interest respectively;
- (o) the terms upon which paid-up shares, if any, are to be issued and withdrawn, with tables, where applicable in the opinion of the Attorney-General showing the amount due by the society for principal and interest respectively;
- (p) whether preferential shares are to be issued, and if so, within what limits;
- (q) the manner in which advances are to be made and repaid, the deductions, if any, for Fire or Life Insurance premiums, and the conditions upon which a borrower can redeem the amount due from him before the expiration of the period for which the advance was made, with tables, where applicable in the opinion of the Attorney-General, showing the amount due from the borrower, after each stipulated payment;

- (r) the manner in which losses are to be ascertained and provided for;
- (s) the manner in which membership is to cease;
- (t) whether the society intends to borrow money, and if so, within what limits, not exceeding those prescribed by this Act.

(3) Where any provisions of any rules made pursuant to subsection (1) are inconsistent with the provisions of any regulations made under section 34F of the Bank of Jamaica Act, those regulations shall prevail and the rules shall, to the extent of the inconsistency, be void. 3/1995
S. 2.

5.—(1) A building society may charge interest on loans. Maximum
fines.

(2) Subject to subsection (1), no building society shall impose any fine or penalty upon any person who is in arrear in respect of the payment of any subscription to any share in that society or in respect of the payment of any interest on, or the repayment of any principal of, any loan from that society, in excess of one and two-third cents in the dollar or a proportionate part thereof, per month or part of a month on any such arrears, so however, that no fine or penalty shall exceed twenty cents in the dollar.

(3) No building society shall by its rules provide for or permit the imposition of fines or penalties in excess of the rates specified in subsection (2), and so much of the rules of any society as provided for or permit the imposition of fines or penalties in excess of rates under subsection (2) shall be deemed to have been amended so that the maximum fines or penalties which may be charged or imposed shall be the maximum fines or penalties chargeable under subsection (2).

6. Any society may, by the rules thereof, or by means of a schedule to such rules, to be certified, and filed as herein mentioned, specify the trusts on which mortgages accepted Trusts
upon which
mortgages
are to be
taken.

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by them shall be taken and held, and also the powers and privileges which, in all such mortgages, shall be held and enjoyed by the trustees of such society; which trusts, powers, and privileges may, in every such mortgage, be referred to by apt words; and thereupon such trusts, powers, and privileges shall be as absolutely vested in, and shall as fully devolve upon, the trustees for the time being of such society, as if they were fully set out in every such mortgage, and each such society may, in like manner, by its rules, by schedules thereto, provide or set out forms in which mortgages and conveyances to them, and surrenders and releases of mortgages on mortgage terms, and all conveyances by them, may be taken in cases where it is found practicable to adopt such forms.

Rules and alterations to be submitted to Attorney-General, and copy sent to Record Office when certified.

7. Two transcripts of all rules made by any society under this Act, and of all alterations, amendments, rescissions and annullings thereof, or of any of them, shall be signed by three directors, and countersigned by the clerk or secretary of such society, and shall be submitted, within one month from the making thereof respectively, to the Attorney-General, for the purpose of advising and certifying that such rules, amendments, alterations, rescissions, and annullings respectively are calculated to carry into effect the intention and purposes for which such society was formed, and also are in conformity to law, and to the provisions of this Act, and advising and certifying what part or parts of the same respectively are repugnant thereto. When such transcripts have been so certified as aforesaid, one shall be returned to the society and shall be kept by such society, or the proper officer thereof for the time being, and the other transcript shall be forthwith transmitted by the Attorney-General to the Deputy Keeper of the Records, and shall be filed and preserved in the Record Office.

Effect thereof.

The receipt of such certified transcript shall be an authority to the Deputy Keeper of the Records to register

such society by entering its name in the register book mentioned in section 40 (if such society is not already registered and thereupon such society shall be deemed to be a duly enrolled building society under this Act. The several rules, and all alterations and amendments thereof, certified, transmitted and filed as aforesaid, shall be from the time of the filing thereof, the rules of the society to which they relate until they shall be duly rescinded, annulled or altered, and shall be binding on the several members and officers of the said society, the contributors and subscribers thereto, and all other persons having interest therein, and on their representatives and on all persons claiming on account of a member or under the rules, all of whom shall be deemed and taken to have full notice thereof.

In case the Attorney-General shall refuse to certify any rules or alterations or amendments thereof, it shall then be lawful for the persons or society desirous of having the same certified to submit the same to one of the Judges of the Supreme Court, together with the reasons in writing of the Attorney-General for his said refusal (which reasons the Attorney-General is hereby required on demand to give); and thereupon such Judge may, if he thinks fit, confirm and allow the said rules, alterations or amendments, notwithstanding the refusal of the Attorney-General to certify the same; and thereupon the said Judge shall cause one transcript of the said rules, alterations or amendments, to be sent to the Deputy Keeper of the Records and the other to the society, and on such rules, alterations or amendments being confirmed and allowed by the Judge as aforesaid, the same consequences shall ensue as if the same had been certified by the Attorney-General.

Procedure
where the
Attorney-
General
refuses to
certify.

8. The Attorney-General shall be entitled to demand and receive for his labour in perusing and certifying such rules, amendments and rescissions a fee of six dollars and thirty cents and no more:

Fee to
Attorney-
General.

Provided, nevertheless, that no fee shall be allowed to the Attorney-General in respect of any alterations, amendments, or rescissions of any rules upon which one fee shall have been already paid to him within the period of three years.

3/1995
S. 3.
Licence.

Licensing

8A.—(1) A building society shall not commence or carry on business in Jamaica unless it is duly licensed under this Act to do so.

29/2004
Sch.

(2) A building society which contravenes subsection (1) is guilty of an offence and liable on summary conviction in a Resident Magistrate's Court to a fine not exceeding two million dollars.

(3) Where a Justice of the Peace is satisfied by information given by an authorized officer that there are reasonable grounds for suspecting that an offence under subsection (1) has been or is being committed by any person and that evidence of the commission of the offence is to be found on any premises specified in the information, he may grant a search warrant to the authorized officer in accordance with subsection (4).

(4) The warrant referred to in subsection (3) shall permit the authorized officer—

- (a) to enter (with or without a constable) the premises named in the warrant for the purpose of inspecting and making copies of such books, accounts, records and other documents, cheques and securities (in this subsection referred to as relevant documents), as may be found on those premises; and

- (b) to seize and detain the relevant documents and such cash as may be found on the premises, for a period not exceeding ninety days.

(5) Any person who hinders or obstructs an authorized officer or any person acting in aid of such officer in the performance of his duties under subsection (4) is guilty of an offence and liable on summary conviction in a Resident Magistrate's Court to a fine not exceeding five hundred thousand dollars.

29/2004
Sch.

(6) In this section "authorized officer" has the same meaning as in section 2 of the Bank of Jamaica Act.

8B.—(1) An application for a licence under this Act shall be made to the Minister in such form and manner and shall contain such particulars as may be prescribed, and the Minister may, in his discretion, grant or refuse such application.

Application
for licence.

(2) Where the Minister thinks necessary he may require an applicant for a licence to furnish additional information and where the application is refused the Minister shall notify the applicant in writing of such refusal and shall afford to that applicant an opportunity to be heard.

(3) A licence shall not be granted to any building society unless the Bank of Jamaica makes a recommendation to the Minister that every person who is a director of the society or who is to perform corporate management functions in the society is a fit and proper person for that purpose, that is to say, he is a person who possesses such qualifications as may be prescribed.

(4) The Minister may make regulations regarding any matter required by this Act to be prescribed.

(5) It shall be a condition of every such licence that the building society to which it is granted shall—

- (a) forthwith upon the grant of the licence and thereafter while the licence continues in force, annually on or before each anniversary of such grant, pay the prescribed licence fee to the Accountant-General;
- (b) comply with such terms and conditions as may be specified in the licence;
- (c) forthwith upon any change in the persons referred to in subsection (3), notify the Minister in writing of that change.

(6) If, upon receipt of a notice referred to in paragraph (c) of subsection (5), the Minister is not satisfied that the persons named therein are fit and proper persons as prescribed in subsection (3), the Minister may require the licensee concerned to take such steps as the Minister may consider necessary to ensure compliance with subsection (3).

(7) The Minister shall by notice in the *Gazette*, publish—

- (a) the name of each building society to which a licence is granted under this section; and
- (b) any terms and conditions applicable to such licence.

(8) The Minister may make regulations prescribing the fee to be paid in respect of a licence granted under this section.

(9) Where—

- (a) pursuant to section 9, two or more building societies unite and become one society; or

- (b) pursuant to section 9A, a building society (in this subsection referred to as "the transferor") transfers its engagements to another society; or
 - (c) pursuant to subsection (1) of section 39B, a building society determines to convert into a company under the Companies Act or to amalgamate with or transfer its engagements to any such company,
- the respective existing licences of the societies referred to in paragraph (a), the transferor and the society referred to in paragraph (c) shall be deemed to be cancelled at—
- (i) the date on which the Minister confirms the union or the transfer of engagements in accordance with subsection (4) of section 9B or approves the conversion, amalgamation, or transfer of engagements in accordance with subsection (1) of section 39B, as the case may be, or as the case may require;
 - (ii) the date on which the union or the transfer of engagements has obtained the consent of the required number of shareholders pursuant to subsection (3) of section 9A as the case may be, or, as the case may require.

Amalgamation of Societies

9.—(1) Two or more building societies may unite and become one society, with or without any dissolution or division of the funds of such societies, if—

Societies
may unite.
15/1976
S. 2.

- (a) the terms of the union are approved by a special resolution of each of the societies; and
- (b) the union either—
 - (i) obtains the consent in writing of the holders of not less than two-thirds of the whole number of shares in each society, whether present or not at general meetings respec-

tively convened for the purpose; or

- (ii) is confirmed by the Minister under subsection (4) of section 9B.

(2) Notice of any union of building societies shall be recorded in the Record Office.

Society
may
transfer its
engage-
ments to
another.

9A.—(1) A building society may by special resolution transfer its engagements to another building society which undertakes to fulfil those engagements; and a building society may—

- (a) by special resolution; or

- (b) with the consent of the Minister, by resolution of a general meeting or of the board of directors,

undertake to fulfil the engagements of another building society.

(2) A building society transferring its engagements under this section shall send notice of the transfer to the Record Office.

(3) A transfer of engagements between building societies shall not have effect unless notice of the transfer has been sent to the Record Office, and—

- (a) the holders of not less than two-thirds of the whole number of shares of each of the societies have consented in writing to the transfer; or

- (b) the transfer has been confirmed by the Minister under subsection (4) of section 9B.

Supple-
mentary
provisions.

9B.—(1) A building society (in this section referred to as “the relevant society”) desiring to—

- (a) unite with one or more other building societies; or

- (b) transfer its engagements to another building society; or

- (c) undertake to fulfil the engagements of another building society,

shall (unless the Minister has by notice in writing exempted it from the provisions of this section) send to each of its members a statement in terms approved by the Minister concerning—

- (i) the financial position of the relevant society and that of the other building society or societies concerned;
- (ii) the interest of the directors of the relevant society in the union or transfer of engagements;
- (iii) the compensation or other consideration proposed to be paid to the directors or other officers of the relevant society, and of the other building society or societies concerned; and
- (iv) the payments (if any) to be made to members of the relevant society, and of the other building society or societies concerned, in consideration of the union or transfer of engagements.

(2) The relevant society may apply to the Minister to confirm the union or transfer of engagements, notwith-

standing that the consent in writing of the holders of two-thirds of the whole number of shares of the relevant society has not been obtained.

(3) Notice of the application shall be published in the *Gazette* and at least in one daily newspaper circulating in Jamaica.

(4) The Minister after hearing the relevant society and any other persons appearing to him to have a justifiable interest in the matter, may confirm the union or transfer of engagements, as the case may be.

(5) Notice of the confirmation of a union or transfer of engagements shall be published in the *Gazette* and at least in one daily newspaper circulating in Jamaica.

(6) Application for the confirmation of a union or transfer of engagements shall be accompanied by such fee as may be prescribed by the Minister by order.

(7) The recording of the notice of the union or transfer of engagements by the Record Office, shall operate as an effectual conveyance, transfer and assignment, as at the date of the said recording, of such funds, property and assets of the societies uniting to the united society, or of the society transferring its engagements to the society to which such engagements may be transferred, as may be set forth in the instrument of union or transfer of engage-

ments, without any other conveyance, transfer or assignment whatsoever:

Provided that such union or transfer of engagements shall not affect the rights of any creditor of either or any society uniting or transferring its engagements.

(8) A failure to comply with the provisions of subsection (1) of this section shall not invalidate the union or transfer of engagements; but if the relevant society fails to comply with those provisions, the society, and every officer of the society who is in default shall be guilty of an offence and shall be liable on conviction on indictment in a Circuit Court to a fine or to imprisonment for a term not exceeding two years.

29/2004
Sch.

(9) For the purposes of subsection (8) an officer of a society shall be deemed to be in default if he knowingly and wilfully authorizes or permits the default.

9C. A resolution of a building society shall be a special resolution for the purposes of this Act when it has been passed by not less than three-fourths of the number of the members of the society competent to vote, and voting, in person or by proxy, on a poll on the resolution, at a meeting of the society of which notice specifying the intention to move the resolution as a special resolution has been duly given.

Special
resolutions.

*Change of Name or Office and Purchase of Buildings
for Business*

Change of
name.

10. A building society may change its name by resolution of three-fourths of the members present at a meeting called for the purpose:

Form B in
First
Schedule.

Provided that the new name is not identical with that of any society previously incorporated and still subsisting, or so nearly resembling the same as to be calculated to deceive, unless such subsisting society is in course of being terminated or dissolved, and consents to such registration. Notice of the change of name shall be sent to the Deputy Keeper of the Records and be registered by him, and he shall give a certificate of registration in the form set out in the First Schedule. Such change of name shall not affect any right or obligation of the society, or of any member thereof, or other person concerned.

Change of
chief office.

11. Any building society may change its chief office in the manner its rules direct, or if there be no such direction, then at a general meeting specially called for the purpose, in the manner set forth in the rules of the society; and no alteration of rule shall be necessary upon such change, nor shall the provisions of section 7 apply to such change. Notice of every such change shall be given by the secretary of the society to the Deputy Keeper of the Records within seven days after such change, and shall be registered by him by being recorded in his office, and he shall give a certificate of such registration in the form set out in the First Schedule, and the secretary of the society shall advertise the same for two days in any one of the newspapers published in the

Form C in
First
Schedule.

parish in which the society has its principal office, and where there is no newspaper published in the parish then in one of the newspapers published in Kingston.

12. A building society incorporated after the passing of this Act may purchase, build, hire, or take upon lease any building for conducting its business, and may adapt and furnish the same, and may purchase or hold upon lease any land for the purpose only of erecting thereon a building for conducting the business of the society, and may sell, exchange or let such building, or any part thereof :

Buildings for purposes of society may be purchased or leased.

Provided that the provisions of this section shall not affect the right of societies established before the fourth day of June, 1897, and which by their rules may have provided for the purchase of freeholds to be sold or rented in accordance with the law then in force.

Officers

13.—(1) Every officer of a building society having the receipt or charge of any money, belonging to the society shall, before taking upon himself the execution of his office become bound with one sufficient surety at the least in a bond according to the form set out in the Second Schedule, or give the security of a guarantee society or such other security as the society direct, in such sum as the society require, conditioned for rendering a just and true account of all moneys received and paid by him on account of the society, and for payment of all sums of money due from him to the society, and at such times as its rules appoint, or as the society require him to do so.

Officers to give security.

Second Schedule.

Officers to
account.

(2) Every such officer, his executors or administrators, shall, upon demand made, or notice in writing given or left at his last or usual place of residence, give in his account as may be required by the board of directors or committee of management of the society, to be examined and allowed or disallowed by them, and shall, on the like demand or notice, pay over all the moneys, remaining in his hands and deliver all securities and effects, books, papers, and property of the society in his hands or custody, to such person as the society appoint; and in case of any neglect or refusal to deliver such account, or to pay over such moneys, or to deliver such securities and effects, books, papers, and property in manner aforesaid, the society may sue upon the bond, or may apply to the Court, who may proceed thereupon in a summary way, and make such order thereon as to the Court in its discretion shall seem just, which order shall be final and conclusive.

Members

Minors may
be elected
members.
1/1979
1st Sch.

14. Any person under the age of eighteen years may be admitted as a member of any society under this Act, the rules of which do not prohibit such admission, and may give all necessary acquittances; but during his nonage he shall not be competent to vote or hold any office in the society.

Shares may
be held
by two or
more
persons.

15. Two or more persons may jointly hold a share or shares in any building society; and all shares held jointly by any two or more persons in any society already established the rules whereof shall not prohibit such joint holding, shall be deemed to be lawfully so held.

Advances to Members

16. A society established under this Act may make advances to members out of its funds upon security of freehold property by way of mortgage and shall have power to foreclose such mortgage:

Power to make advances on freehold securities.

Provided that any land to which such society may become absolutely entitled by foreclosure or by surrender or other extinguishment of the right of redemption shall as soon after as may be conveniently practicable be sold or converted into money.

17. It shall be lawful for any building society duly incorporated or to be incorporated to make advances to members out of its funds on the security only of their uncharged shares, and the money paid thereon in accordance with the rules of the said society which shall provide that such loans shall not exceed four-fifths of the amount actually paid in by such members on account of such shares, and that when the amount so lent as aforesaid and interest and other moneys due thereon shall equal the amount standing to the credit of the share or shares of such member or members in the books of the said society his, her, or their share or shares shall be cancelled to meet the indebtedness aforesaid to the society, and such borrower or borrowers shall cease to be a member or members of the society in respect of such share or shares.

Building society may make advances to members on security only of their uncharged shares.

Limitation of Liability of Members

18. The liability of any member of any society incorporated under this Act in respect of any share upon which no advance has been made shall be limited to the amount actually paid or in arrear on such share, and in respect of any share upon which an advance has been made shall be limited to the amount payable thereon under any mortgage or other security or under the rules of the society.

Limitation of liability of members.

Mortgages

Mortgages
not exceed-
ing \$16,000
exempt from
stamp duty.
15/1976
S. 3.

19. All mortgages granted to a building society for any sum not exceeding sixteen thousand dollars shall be exempt from any stamp duty.

Recording
of
mortgages.

20. It shall not be necessary to record any mortgage given to any society, or to the trustees of a society, unless and until it shall be deemed necessary or advisable to enforce the same; but, in lieu thereof, it shall be sufficient notice to all the world of the existence of such a charge, if a memorandum in the form and to the effect in the Third Schedule, signed by the parties giving such mortgages, shall be recorded in the Record Office within three months after such mortgage is effected; and that every such mortgage whereof such memorandum shall be recorded as aforesaid shall have the same and no other effect than if the deed had been fully recorded and that free access shall be had by every person interested in the original mortgage in the possession of such society:

Third
Schedule.

Provided that for the recording of every such memorandum the Deputy Keeper of the Records shall be entitled to demand and have the sum of twenty cents, and that no other fee whatever shall be demanded or taken for recording the same:

And provided also, that on recording any such mortgage deed as aforesaid the usual fees shall be demanded and paid.

How stamp
duty on
mortgages
to be
impressed
and noted.

21. The stamp duty in respect of loans on mortgages to a society shall be impressed, within ninety days of the execution thereof, upon the memorandum to be recorded as mentioned in section 20; and the Stamp Commissioner shall, if thereto required, endorse on the face of the said mortgage that the memorandum has been duly stamped, stating the amount of the duty with which it has been stamped, and

the date of such stamping, and it shall not be necessary to impress a mortgage so endorsed with any duty for any purpose.

Every memorandum and mortgage to a society shall state truly the amount of the loan made and by it intended to be secured.

22. Where the same member has, or other members have, obtained from a society more than one loan in respect of the same property, or the same member has obtained more than one loan in respect of several properties separately, the loans shall be aggregated, and the stamp duty to which the aggregate amount if exceeding sixteen thousand dollars would be liable shall be impressed upon the last or one of the said memoranda:

Loans exceeding \$16,000 in the aggregate to the same members, how to be stamped. 15/1976 S. 4.

Provided that no loan in respect of which duty has been already paid shall be included in such aggregate.

And where, under the rules of such a society, a mortgage may be a continuing security for further sums to be granted by the society, the secretary and the directors shall, within ninety days after the date thereof, cause the original mortgage or memorandum to be stamped with the duty to which such mortgage would be liable in the aggregate if exceeding sixteen thousand dollars.

23. The secretary of a society, or a director thereof, shall, on every memorandum and mortgage for a sum not exceeding sixteen thousand dollars granted to the society to which he is secretary or director, subscribe a note thereon to the effect following: "The aggregate amount of loans by the said society to the borrower (or borrowers) in this security named, or to any person on the premises hereby mortgaged, in respect of which stamp duty has not been paid, does not exceed sixteen thousand dollars."

Memorandum as to aggregate of loans. 15/1976 S. 5.

Penalty on
subscribing
a false note.

24. Any person who shall falsely subscribe such a note as in the last section mentioned shall, on summary conviction, be liable to a penalty of twice the amount of duty payable in respect of the matters concerning which such false note shall have been made.

Stamp
chargeable
to borrower.

25. Notwithstanding any rule of any society to the contrary it shall be lawful for the said society to charge to its members, as part of the costs of the loan, the amount of stamp duty payable in respect of such loan, without altering such rule.

Receipt
endorsed on
mortgage.

Fourth
Schedule.

26. When all moneys intended to be secured by any mortgage or further charge given to a building society have been fully paid or discharged, the society may endorse upon or annex to such mortgage or further charge a reconveyance of the mortgaged property to the then owner of the equity of redemption, or to such persons and to such uses as he may direct, or a receipt under the seal of the society, countersigned by the secretary or manager, in the form specified in the Fourth Schedule, and shall, at the expense of the mortgagor, cause satisfaction to be entered upon the margin of the record of the memorandum of mortgage recorded in the Record Office by the secretary or manager, or an attorney or agent appointed under the seal of the society for such purpose generally or for any specific case, and such receipt and such entry of satisfaction shall vacate the mortgage or further charge or debt, and vest the estate of and in the property therein comprised in the person for the time being entitled to the equity of redemption, without any reconveyance or resurrender whatsoever:

Provided that if the mortgage or further charge has been taken under the Registration of Titles Act satisfaction shall be entered as by that Act required at the expense of the mortgagor.

Power of Society to Borrow Money

27. With respect to the borrowing of money by societies incorporated under this Act, the following provisions shall have effect—

Power to borrow money.

- (a) any such society may receive deposits or loans at interest, within the limits in this section provided, from the members or other persons, or from corporate bodies, or joint stock companies, to be applied to the purposes of the society;
- (b) the total amount so received on deposit or loan and not repaid by the society shall not at any time exceed three-fourths of the amount for the time being secured to the society by mortgages from its members;
- (c) any deposits with or loans to a society incorporated under this Act made before the 4th June, 1897, in accordance with its certified rules are hereby declared to be valid and binding on the society, but no further deposits or loans shall be received by such society except within the limits provided by this section.

28. In calculating the amount for the time being secured to a society under this Act by mortgages from its members for the purpose of ascertaining the limits of its power to receive deposits or loans at interest, the amount secured on properties, the payments in respect of which were upwards of twelve months in arrear at the date of the society's last preceding annual account and statement, and the amount secured on properties of which the society had been twelve months in possession at the date of such account and statement, shall be disregarded :

Method of calculating amount secured to a society for the purpose of ascertaining limits for receiving deposits or loans.

Provided that this section shall not affect the validity of any deposit or loan which was within the limit provided by law at the time when it was received.

