

CHAPTER 450 BUILDING SOCIETIES ACT

• Act • Subsidiary Legislation •

ACT

Act No. 9 of 1941

Amended by

Act No. 31 of 1947

The Court Order 1967

Act No. 3 of 1978

SRO 38 of 1981

Act No. 13 of 1987

Act No. 20 of 1987

Act No. 21 of 1988

Act No. 23 of 1988

Act No. 1 of 2009

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CHAPTER 450
BUILDING SOCIETIES ACT

An Act to provide for the incorporation and regulation of building societies.

[Act No. 9 of 1941 amended by Act No. 31 of 1947, The Court Order, 1967, Act No. 3 of 1978, SRO 38 of 1981, Act No. 13 of 1987, Act No. 20 of 1987, Act No. 21 of 1988, Act No. 23 of 1988, Act No. 1 of 2009.]

[Date of commencement: *22nd April*, 1941.]

1. Short title

This Act may be cited as the Building Societies Act.

2. Interpretation

In this Act, unless the context otherwise requires—

“**Authority**” means the Director-General of Finance and Planning;
[Definition of “Authority” inserted by Act No. 1 of 2009.]

“**Court**” means the High Court;

“**judge**” means a judge of the Court;

“**permanent society**” means a society which has not, by its rules, any such fixed date or a specified result at which it will terminate;

“**Registrar**”

[Definition of “Registrar” deleted by Act No. 1 of 2009.]

“**terminating society**” means a society which, by its rules, is to terminate at a fixed date or when a result, specified in its rules, is attained.

3. Incorporation of societies

Every building society shall, upon receiving a certificate of incorporation under this Act, in the form set out in the First Schedule, become a body corporate by its registered name, having perpetual succession, until terminated or dissolved in the manner herein provided, and a common seal.

4. Purposes for which societies may be established

Any number of persons may establish a society under this Act, either terminating or permanent, for the purpose of raising by subscriptions of the members a stock or fund for

making advances to members out of the funds of the society upon security of freehold or leasehold estates by way of mortgage. And any society under this Act shall, so far as is necessary for the said purpose, have power to hold land, with the right of foreclosure, and may raise funds by issue of shares of one or other denominations, either paid up in full or to be paid by periodical or other subscriptions, and with or without accumulating interest, and may repay such funds when no longer required for the purpose of the society:

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

5. Limitation of liability of members

The liability of any member of any society 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.

6. Power to borrow money

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

- (a) any society under this Act may receive deposits or loans at interest, within the limits in this section provided, from the members or other persons, from corporate bodies, joint stock companies and from any terminating building society, to be applied to the purposes of the society;
- (b) in a permanent society, the total amount so received on deposit or on loan and not repaid by the society shall not at any time exceed two-thirds of the amount for the time being secured to the society by mortgages from its members;
- (c) in a terminating society, the total amount so received and not repaid may either be a sum not exceeding such two-thirds as aforesaid, or a sum not exceeding twelve months' subscriptions on the shares for the time being in force;
- (d) every deposit book or acknowledgment or security of any kind for a deposit or loan by a society shall have printed or written therein or thereon the whole of sections 5 and 6 of this Act.

7. Matters to be set forth in the rules

The rules of every society established under this Act shall set forth—

- (a) the name of the society and the chief office or place of meeting for the business of the society;
- (b) the manner in which the stocks or funds of the society are to be raised, the terms upon which paid up shares (if any) are to be issued and repaid, and whether preferential shares are to be issued, and if so, within what limits, if any; and whether the society intends to avail itself of the borrowing powers contained in this Act and, if so, within what limits, not exceeding the limits prescribed by this Act;
- (c) the purposes to which the funds of the society are to be applied and the manner in which they are to be invested;
- (d) the terms upon which shares may be withdrawn and upon which mortgages may be redeemed;

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

[Section 7 amended by Act No. 1 of 2009.]

8. Rules to be made

The persons intending to establish a society under this Act shall transmit to the Authority two copies of the rules agreed upon by them for the government of the society, signed by three of such persons and by the intended secretary or other officer, and the Authority, if he finds that the rules contain all provisions set forth in section 7, and that they are in conformity with this Act, shall return one copy of the rules to the secretary or other officer of the society, with a certificate of incorporation, and shall retain and register the other copy:

Provided that no society shall be registered under this Act in a name identical with that in which a subsisting society is already registered.

[Section 8 amended by Act No. 1 of 2009.]

9. Alterations to rules

Any society established under this Act may alter or rescind any rule, or make any additional rules, in the manner its rules direct. Every society under this Act altering or rescinding any rule, or making any additional rule, shall forward two copies of every alteration of or addition to its rules, signed by three members and the secretary, to the Authority, who, if he find that such alteration, rescission or addition is in conformity with this Act, shall return one of the copies to the secretary or other officer of the society, with a certificate of registration, and retain and register the other copy.

[Section 9 amended by Act No. 1 of 2009.]

10. Rules may be made to provide forms of conveyance, etc.

Any society under this Act may, in a schedule to its rules, describe the forms of conveyance, mortgage, transfer, agreement, bond, security for deposit or loan, or other instrument necessary for carrying its purpose into execution.

11. Evidence of registration

Any certificate of incorporation or registration, or other document relating to a society under this Act, purporting to be signed by the Authority, shall, in the absence of any evidence to the contrary, be received by the Court and elsewhere without proof of the signature; and a printed copy of the rules of a society, certified by the secretary or other officer of the society to be a true copy of its registered rules, shall, in the absence of any evidence to the contrary, be received as evidence of the rules.

[Section 11 amended by Act No. 1 of 2009.]

12. Rules binding on members and others

The rules of a society under this Act shall be binding on the members and officers of the society 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.

13. Officers to give security

Every officer of a society under this Act 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 forth 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 true and just account of all monies received and paid by him on account of the society, and for payment of all sums of money due from time to time to the society at such times as its rules appoint, or as the society require him to do so.

14. Officers to account

Every such officer, his executors or administrators shall, upon demand made or notice in writing given or left at his last known 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 monies 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 appoints; and in case of any neglect or refusal to deliver such account or to pay over such monies 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, which may proceed thereupon and make such order thereon as to the Court in its discretion shall seem just, which order shall be final and conclusive.

15. Investment of surplus funds

Any society under this Act may, as the rules permit, invest any portion of the funds of the society, not immediately required for its purposes, upon real or leasehold securities, or in the securities of the government of any Commonwealth country, or in such other way as, by a resolution of the directors unanimously agreed to, shall be determined. And for the purpose of investments in the public funds or otherwise where the appointment of trustees may be required, the society or board of directors or committee of management thereof may appoint or remove trustees.

16. Payment of sums not exceeding one hundred and forty-four dollars when members or depositors die intestate

If any member of, or depositor with, a society under this Act, having in the funds thereof a sum of money not exceeding one hundred and forty-four dollars, dies intestate, the amount due may be paid to the person who appears to the directors or committee of management of the society to be entitled, under the law for the time being regulating the

devolution of personal estate applicable to the case, to receive the same, without taking out letters of administration, upon the society receiving satisfactory evidence of death and a statutory declaration that the member or depositor died intestate and that the person so claiming is entitled as aforesaid:

Provided that whenever the society after the decease of any member or depositor has paid any such sum of money to the person who at the time appeared to be entitled to the effect of the deceased, under the belief that he had died intestate, the payment shall be valid and effectual with respect to any demand from any other person as next of kin or as the lawful representative of such deceased member or depositor against the funds of the society, but nevertheless such next of kin or representative shall have his lawful remedy for the amount against the person who has received it.

17. Provision for the case of a member dying intestate leaving an infant heir

Whenever a member of a society under this Act, having executed a mortgage to the society, dies intestate, leaving an infant child or infant children, the society may, after selling the premises so mortgaged to them, pay to the administrator of the deceased member any money which shall remain in the hands of the society after paying the amount due to the society and the costs and expenses of sale.

18. Punishment of fraud in withholding money, etc.

(1) Any person who by false representation of any kind, obtains possession of any monies, securities, books, papers or other effects of a society under this Act or, having the same in his possession, withholds or misapplies the same, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules of the society and authorised by this Act, is guilty of an offence and liable to a fine of one thousand dollars.

(2) On a conviction under subsection (1), the magistrate may make an order that he forthwith deliver up to the society all such monies, securities, books, papers or other effects and do forthwith repay to the society the amount of the money improperly applied.

(3) Without prejudice to the provisions of the Criminal Procedure Code relating to imprisonment in default of payment of a fine, in default of such delivery of effects or repayment of such money the magistrate may sentence him to imprisonment for three months.

[Chapter 172.]

(4) Nothing in this section shall prevent any person from being proceeded against by way of indictment if a conviction has not previously been obtained against him for the same offence under the provisions of this Act.

19. Initiation of proceedings

Proceedings under section 18 may be taken at the instance of—

- (a) the society;
- (b) any member authorised by the society or by the board of directors or committee of management thereof or by the Authority;
- (c) the Authority.

[Section 19 amended by Act No. 1 of 2009.]

20. Proceedings necessary for the termination or dissolution of a society

(1) A society under this Act may terminate or be dissolved—

- (a) upon the happening of any event declared by its rules to be the termination of the society;

- (b) by dissolution in the manner prescribed by its rules;
- (c) by dissolution with the consent of three-fourths of its members holding not less than two-thirds of the number of shares in the society, testified by the signatures to the instrument of dissolution;
- (d) by winding up, either voluntarily under the supervision of the Court or by the Court, if the Court shall so order, on the petition by any member authorised by three-fourths of the members present at a general meeting of the society specially called for the purpose to present the same on behalf of the society, or on petition of any judgement creditor for not less than two hundred and forty dollars.

(2) In the case of subsection (1)(c), the instrument of dissolution shall set forth—

- (a) the liabilities and assets of the society in detail;
- (b) the number of members and the amount standing to their credit in the books of the society;
- (c) the claims of the depositors and other creditors and the provision to be made for their payment;
- (d) the intended appropriation or division of the funds and property of the society; and
- (e) the names of one or more persons to be appointed trustees for the special purpose, and their remuneration,

and alterations in the instrument of dissolution may be made with the like consent, testified in the same manner.

(3) The instrument of dissolution, and all alterations therein, shall be registered in the manner provided for the registration of the rules and shall be binding on all members of the society.

(4) General rules and orders for regulating the proceedings of the Court under subsection (1)(d) may be made by the Chief Justice.

(5) Notice of the commencement and termination of every dissolution or winding up shall be sent to the Authority and registered by him.

[Subsection (5) amended by Act No. 1 of 2009.]

21. Societies may unite with others, or one society may transfer its engagements to another

Two or more societies under this Act may unite and become one society, with or without any dissolution or division of the funds of such societies or either of them, or a society under this Act may transfer its engagements to any other such society upon such terms as shall be agreed upon by three-fourths of the members (holding not less than two-thirds of the whole number of shares) of each of such societies respectively present at general meetings convened for the purpose. Notice of every such union or transfer shall be sent to the Authority and registered by him.

[Section 21 amended by Act No. 1 of 2009.]

22. Determination of disputes by arbitration

(1) Where the rules of a society direct disputes to be referred to arbitration, arbitrators shall be named and elected in the manner provided by the rules or, if there be no such provision, at the first general meeting of the society.

(2) None of the arbitrators shall be beneficially interested, directly or indirectly, in the funds of the society.

(3) A certain number, not less than three, shall be chosen by ballot in each case of dispute, the number of arbitrators and the mode of ballot being determined by the rules of the society.

(4) The names of the arbitrators shall be duly entered in the minute book of the society.

(5) In the case of the death or refusal or neglect of any of the arbitrators to act, the society, at a general meeting, shall name and elect an arbitrator to act in the place of the arbitrator dying or refusing or neglecting to act.

(6) Whatever award shall be made by the arbitrators, or the major part of them, according to the true purpose and meaning of the rules of the society, shall determine the dispute.

(7) Should either of the parties to the dispute refuse or neglect to comply with or conform to the award within a time to be limited therein, the Court, upon being satisfied that the award has been made and of the refusal of the party to comply therewith, shall treat the award as if it were a judgement of the Court and enforce compliance therewith upon the petition of any person concerned, in the same manner as it would enforce a judgement.

(8) Where the parties to any dispute arising in a society under this Act agree to refer the dispute to the Authority, or where the rules of the society direct disputes to be referred to the Authority, his award shall have the same effect as that of the arbitrators.

[Subsection (8) amended by Act No. 1 of 2009.]

23. Determination of disputes by Court

The Court may hear and determine a dispute in the following cases—

- (a) if it appears to the Court, upon the petition of any person concerned, that application has been made by either party to the dispute to the other party, for the purpose of having the dispute settled by arbitration under the rules of the society, and that the application has not, within forty days, been complied with, or that the arbitrators have refused or, for a period of twenty-one days, have neglected to make any award;
- (b) where the rules of the society direct disputes to be referred to the Court.

24. Determination to be final

Every determination of a dispute by arbitrators or by the Court or by the Authority under this Act shall be binding and conclusive on all parties, and shall be final, and shall not be subject to appeal:

Provided always that the arbitrators or the Authority, as the case may be, may, at the request of either party, state a case for the opinion of the Court on any question of law, and shall have power to grant to either party to the dispute such discovery, as to documents or otherwise, as might be granted by the Court.

[Section 24 amended by Act No. 1 of 2009.]

25. Buildings may be purchased or leased

A society under this Act may purchase, build, hire or take upon lease any building for conducting its business, and may purchase or hold upon lease any land for the purpose of erecting thereon a building for conducting its business, and may sell, exchange or let such building or any part thereof.

26. Minors may be elected members

Any person under the age of eighteen years may be admitted as a member of a society under this Act, the rules of which do not prohibit such admission, and may give all necessary acquaintances.

27. Shares may be held by two or more persons

Two or more persons may jointly hold a share or shares in a society under this Act, and all shares held jointly by any two or more persons in any society existing before the 22nd April, 1941, the rules whereof do not prohibit such joint holding, shall be deemed to be lawfully so held.

28. Annual account and statement of funds

(1) The secretary or other officer of a society under this Act shall, once at least in every year, prepare—

- (a) an account of all receipts and expenditures of the society since the preceding statement;
- (b) a general statement of its funds and effects, liabilities and assets, showing the amount due to the holders of the various classes of shares and to depositors and creditors for loans, and also the balance due or outstanding on their mortgage securities, not including prospective interest, and the amount otherwise invested.

(2) Every such account and statement shall be attested by the auditor or auditors to whom the mortgage deeds and other securities belonging to the society shall be produced, and shall be countersigned by the secretary or other officer.

(3) Every member, depositor and creditor for loans shall be entitled to receive from the society a copy of the account and statement, and a copy thereof shall be sent to the Authority within fourteen days after the annual or general meeting at which it is presented.

[Subsection (3) amended by Act No. 1 of 2009.]

29. Exemption from stamp duties

No receipt, and no entry in any book of receipt, for money deposited in the funds of the society or for any money received by any member, his executors, administrators, assigns or attorneys from the funds of the society, and no transfer of any share, or other instrument or document required or authorised to be given, issued, signed, made or produced in pursuance of this Act or of the rules of the society, shall be liable to or charged with stamp duty:

Provided that this exemption shall not extend to any conveyance or mortgage.

30. Receipt endorsed on mortgage to be sufficient discharge without reconveyance

When all monies intended to be secured by any mortgage given to a society under this Act have been fully paid off or discharged, the society may endorse upon or annex to the mortgage a re-conveyance of the mortgaged property to the then owner of the equity of redemption or to such person and to such uses as he may direct, or issue a receipt under the seal of the society, countersigned by the secretary or manager, in the form set forth in the Third Schedule, and such receipt shall discharge the mortgage 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. If the mortgage has been duly recorded, the Registrar of the High Court shall, on production of the receipt, make an entry across or in the margin of the page on which the mortgage is recorded to the effect that the mortgage is satisfied, and that the receipt has been produced and is in due form; and such entry shall have the effect of clearing the record of the mortgage.

[Section 30 amended by Act No. 1 of 2009.]

31. Offences and penalties

(1) If any society hereafter formed under this Act, or any persons representing themselves to be a society under this Act, commence business without first obtaining a certificate of incorporation, or if any society under this Act makes default in forwarding to the Authority any returns or information by this Act required, or makes a return wilfully false in any respect, the person or persons by whom business is commenced, or by whom default is made, or who have made such false returns, is guilty of an offence and liable for every day business is so carried on, or for every such default, or false return, to a fine of one hundred and fifty dollars.

[Subsection (1) amended by Act No. 1 of 2009.]

(2) If any society under this Act receives loans or deposits in excess of the limits prescribed by this Act, the directors or committee of management of the society shall be personally liable for the amount so received in excess.

32. Fees of Authority

The Authority shall be entitled to claim and shall be paid by every society under this Act, the fees set out in the Fourth Schedule.

[Section 32 amended by Act No. 1 of 2009.]

33. Regulations

The Minister responsible for finance may make regulations for the carrying out the purposes of this Act and may alter the fees in the Fourth Schedule.

[Section 33 amended by Act No. 1 of 2009.]

First Schedule

[Section 3. First Schedule amended by Act No. 1 of 2009.]

Certificate of Incorporation

I,, Authority in Saint Vincent and the Grenadines, hereby certify that the society established at in Saint Vincent and the Grenadines, is incorporated under the Building Societies Act, Chapter 450.

Given under my hand this day of, 20.....

.....
Authority

Second Schedule

[Section 13.]

Form of Bond

Know all men by these presents that we of one of the officers of the Building Society established at in the of, and of (as surety on behalf of the said) are jointly and severally held and firmly bound to the said society in the sum of to be paid to the said society, for which payment well and truly to

be made we jointly and severally bind ourselves, and each of us by himself, our and each of our heirs, executors and administrators, firmly by these presents, sealed with our seals.

Dated the day of in the year of Our Lord 20.....

Whereas the above-bounden hath been duly appointed to the office of of the Building Society, established as aforesaid, and he, together with the above-bounden as his surety, have entered into the above-written bond, subject to the conditions hereinafter contained.

Now, therefore, the condition of the above-written bond is such that if the said shall and do render a just and true account of all monies received and paid by him and shall and do pay over all the monies remaining in his hands, and assign and transfer and deliver all securities and effects, books, papers and property of or belonging to the said society, in his hands or custody, to such person or persons as the said society shall appoint, according to the rules of the said society, together with the proper or legal receipts or vouchers for such payments, then the above-written bond shall be void and of no effect, otherwise shall be and remain in full force and virtue.

Third Schedule

[Section 30.]

Receipt to be Endorsed on Mortgage

The Building Society hereby acknowledge to have received all monies intended to be secured by the within-written deed.

In witness whereof the seal of the society is hereto affixed this day of by order of the board of directors in the presence of

Fourth Schedule

[Section 32.]

For registering any document \$0.12 a folio – but in no case less than	\$0.60
For granting certificate of incorporation	\$5.04
For granting any other certificate required by the Act	\$0.72
Acting as arbitrator in any matters referred to him for every day during which he shall be so engaged	\$5.04

**CHAPTER 450
BUILDING SOCIETIES ACT**

SUBSIDIARY LEGISLATION

No Subsidiary Legislation
