

# **Building Societies Act**

CHAPTER 47 OF THE REVISED STATUTES, 1989

*as amended by*

2007, c. 17, s. 12



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CHAPTER 47 OF THE REVISED STATUTES, 1989  
amended 2007, c. 17, s. 12

**An Act for the Regulation  
of Benefit Building Societies**

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**Short title**

**1** This Act may be cited as the *Building Societies Act*. R.S., c. 47, s. 1.

**Repeal**

**2** Any part of Chapter 42 of the Acts of 1849, or amendments thereto, which is inconsistent with the provisions of this Act is hereby repealed. R.S., c. 47, s. 2.

**Application of Act and powers of society respecting capital**

**3 (1)** Every society, the rules of which have been certified under the said Act and amendments thereto, shall be a society under this Act.

**(2)** The Governor in Council may at the request of any society, whether established before, on or after the seventh day of April, 1951, declare any such society to be a body corporate under the name of such society and thereupon such society shall be a body corporate, and all powers, privileges, title, property and

assets theretofore vested in said society, or its trustees, shall vest in said body corporate, and the said society as such body corporate may by its rules provide for the execution of all such powers and for any other powers incidental thereto.

(3) Upon the application of any society established under said Chapter 42, and amendments thereto, or under this Act, the Governor in Council may declare that this Act shall apply to said Society from and after a date to be named in such declaration.

(4) A society, declared a body corporate under the provisions of this Act, may by resolution, passed by a majority of not less than three fourths of such members of the society entitled to vote as are present in person or by proxy at any general meeting of the society of which notice specifying the intention to propose the resolution has been duly given,

(a) fix the amount of its capital and divide the same into shares having a nominal or par value not exceeding one hundred dollars each;

(b) convert all or any of its existing paid-up shares into shares having a nominal or par value not exceeding one hundred dollars each;

(c) convert all or any of its existing instalment or partly paid-up shares into shares having a nominal or par value not exceeding one hundred dollars each;

(d) convert any part of its unissued share capital into preference shares redeemable or purchasable by the society;

(e) increase the amount of its capital by the creation or issue of new shares, which shares or any of them may be offered in the first instance to all the then members of the society or to the members of any class in proportion to the amount of the capital held by them, or otherwise, and which shares may be issued either at par or at a premium and with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividends, voting, return of capital or otherwise as the said general meeting may determine, and any preference shares may be issued on terms that they are or at the option of the society are liable to be redeemed or purchased by the society;

(f) subject to subsection (6) and the rules of the society, reduce its share capital and any capital redemption reserve fund in any way.

(5) The withdrawal of interest or bonus by a shareholder or the payment of interest or bonus to a shareholder resulting from the conversion of any shares under clauses (b) and (c) of subsection (4) shall not be deemed to be a reduction of share capital within the meaning of this Act.

(6) The provisions of the *Companies Act* respecting reduction of share capital apply *mutatis mutandis* to a reduction of share capital by a society. R.S., c. 47, s. 3.

**Establishment and powers of society**

4 (1) Any number of persons may establish a society under this Act, for the purpose of raising by subscriptions of the members a stock or fund for making advances to members, and other persons, out of the funds of the society upon security of freehold or leasehold estate, by way of mortgage.

(2) Any society under this Act shall, so far as it is necessary for said purpose, have power to hold land with the right of foreclosure, and may from time to time raise funds by the issue of shares of one or more 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 by surrender or other extinguishment of the right of redemption, shall as soon afterwards as may be conveniently practicable be sold or converted into money, provided that any person or persons, or bodies corporate, resident or being anywhere outside of the Province, as well as those within it, may from time to time, and at all times become members of any such society and may execute and give such mortgage, bond or obligation or other security or writing required of members receiving the amount of his or her shares in advance on any property situate outside of the Province, or wherever situate, and shall be subject to and bound by the rules of any such society, and be members thereof to all intents and purposes as fully as though they resided within said Province as members and said property were therein situated, provided also that advances to members may be secured on personal property as well as on real estate. R.S., c. 47, s. 4.

**Power to lend money**

5 (1) A society may lend money or any part of the funds of the society to any person or persons at such rates of interest and for such time as may be agreed upon, without requiring any of such borrowers to become subscribers to or members of the society, and without reference to or submitting said funds or loan to the acceptance or approval of the members thereof, and may take and receive from such borrower such mortgage, bond, obligation, lien, charge or other security for repayment of such loan and interest thereon, and in such form as the society or the directors thereof may require.

(2) Any such loan may be made as well to any person or persons outside the Province as to any person or persons within the Province, and may be made to any body corporate whether incorporated or having its head office or principal place of business within or without the Province, and any mortgage, lien, charge or other security for repayment of any such loan and interest thereon may include and cover any property whether situate within or without the Province. R.S., c. 47, s. 5.

**Receipt of money on deposit or loan**

6 (1) Notwithstanding any provision of the *Loan Companies Act*, a society may receive money on deposit or loan from time to time from any person or persons, whether they be members or not, and give due receipts or obligations therefor and pay such interest therefor as may be agreed upon, and also issue debentures of such society for any such sums not being less than one hundred dollars and payable in Canada or elsewhere not less than one year from the issue thereof, and the amounts so borrowed or received shall be for the use and on the security and charge of the property and assets of the said society, provided always that the aggregate of money deposits held by any such society together with the amount of debentures

issued and remaining unpaid shall not at any time, except as authorized by subsection (2), exceed four times the combined amounts of its then actually paid-up and unimpaired capital stock and reserve.

(2) A society may by rule passed by the directors and approved by at least a three-fourths vote of the shareholders present or represented by proxy at an annual or other general meeting of the society duly called for the purpose of considering the same, increase the limit of the aggregate of such money deposits and debentures to such an amount as the said rule may provide, subject to the following conditions:

(a) a notice of the rule and of the meeting of the shareholders called to approve the same shall be published in four consecutive issues of the Royal Gazette and in four consecutive weekly issues of a newspaper printed or circulating in every city or town where the society has its head office or branch office, and the said notice shall also be sent and given by registered mail to every registered debenture holder who holds a debenture issued by the society before the seventh day of April, 1951;

(b) the said rule shall provide that any debenture holder who holds a debenture issued by the society before the seventh day of April, 1951, and who, within sixty days after the approval of the rule by the shareholders, notifies the society in writing that he objects to the said rule and makes application for the redemption of any such debenture of the society held by him, is entitled to have such debenture redeemed according to its terms on the first interest date following the receipt by the society of the said notice, and the society shall on the said interest date redeem the said debenture;

(c) clauses (a) and (b) apply only so long as there remains outstanding any debenture issued by the society before the seventh day of April, 1951;

(d) the powers conferred by the said rule shall not be exercised by the society unless or until the rule is approved by the Governor in Council, but so long as there remains outstanding any debenture issued by the society before the seventh day of April, 1951, such approval shall not be given until after the expiration of the sixty-day period referred to in clause (b); and

(e) the said rule shall not increase the limit of the aggregate of such money deposit and debentures beyond, in the aggregate, twelve and one-half times the combined amounts from time to time of the actually paid-up and unimpaired capital stock and reserve.

(3) The amount of cash on hand or deposited in chartered banks in Canada belonging to the society shall, for the purposes of this Section, be deducted from the aggregate of the sums of money borrowed, and debenture stock issued by the society shall be included in such aggregate. R.S., c. 47, s. 6.

#### Minor

7 A minor, with the consent of his or her parents, master or guardian, may become a member of a society and shall be empowered to execute all instruments, give all necessary acquittances and enjoy all privileges and be liable to all

the responsibilities appertaining to members of matured age, notwithstanding his or her incapacity or disability in law to act for himself or herself. R.S., c. 47, s. 7.

**Bonus for receipt of shares in advance**

**8** A society may receive from any member, whether such member be a borrowing or investing member, any sum by way of bonus, on any share or shares, for the privilege of receiving such share or shares in advance, prior to the same being realized, and also any interest for the share or shares so received on any part thereof. R.S., c. 47, s. 8.

**Investment by trustee or personal representative**

**9** A trustee, executor or administrator may, unless expressly forbidden by the instrument, if any, creating the trust, invest any trust funds in his hands whether at the time in a state of investment or not, in debentures or deposit receipts of a society, provided that the society has been approved by the Governor in Council as a society in the debentures or deposit receipts of which such funds may be invested, and such trustee, executor or administrator may also from time to time vary such investment. R.S., c. 47, s. 9.

**Liability of members or shareholders**

**10** The liability of any member or shareholder of a society in respect of any share shall be limited to the amount unpaid or in arrears on such share. R.S., c. 47, s. 10.

**Rules of society**

**11 (1)** All rules of a society now in force shall remain and continue in force until the same shall be altered, amended or repealed under the provisions of this Act.

**(2)** All rules of a society shall be submitted to the Governor in Council for approval, and on such approval, a certificate thereof, signed by the Attorney General, shall be indorsed thereon.

**(3)** True copies of such rules shall be filed or deposited in the office of the society and in the office of the Attorney General, and any copy purporting to be certified as such by the president or secretary of the society, or by the Attorney General, shall be conclusive evidence of the said rules, and of the making, enactment and approval thereof.

**(4)** Any rules, so certified by the Attorney General, shall be valid and effectual and shall be binding on the society and upon the several members, shareholders and officers thereof, and also upon all persons having any dealings, transactions or business with the society or the trustees or directors thereof, and upon all persons having any interest in the affairs, business or property of the society, all of whom shall be deemed and taken to have full notice thereof at all times. R.S., c. 47, s. 11.

**New rules and powers**

**12 (1)** New rules may be made by a society from time to time, and any rule or rules may be altered, changed, rescinded or repealed at the annual meeting or at any special general meeting of the society called by the president for that purpose.

(2) The president shall call a special general meeting whenever requested to do so by a written requisition addressed to him, signed by at least seven members, or by a majority of the directors, the manner of calling such meeting may be more fully provided for in the rules of the society and it shall not be necessary in the notice of any such meeting to set forth the particulars or subject-matter of any such proposed new rules, or of any such proposed alteration change, rescinding or repealing.

(3) New rules may be made, and any rule or rules may be altered, changed, rescinded or repealed, by a special committee of the members of the society appointed for that purpose at the annual meeting, or at a special general meeting convened in the manner set forth in subsection (2) and such special committee so appointed may make new rules or alter, change, rescind or repeal any existing rule or rules in accordance with the power and authority conferred upon them by the members present at such meeting.

(4) All the powers which shall be exercised by the members at any such annual or other general meeting may be exercised by a majority thereof, and all the powers which shall be conferred upon any such committee at any such annual or other general meeting may be exercised by a majority thereof. R.S., c. 47, s. 12.

#### **Board of directors and officers**

**13** (1) The management of the affairs and business of a society shall be vested in a board of directors to be elected by the members.

(2) No person shall be elected a director unless he is a member of the society.

(3) The number of directors, the time and mode of their election, and their term of office, shall be declared and determined by the rules of the society.

(4) The board of directors may exercise all such powers and do all such acts and things as may be exercised or done by the society in general meeting, except those powers and things which by this Act or the rules are expressly directed or required to be exercised or done by the society in general meeting.

(5) Without restricting in any way the general powers conferred by this Act, the directors may, from time to time, appoint and remove a president, vice-president, secretary, treasurer, manager, solicitor and all such other officers and agents as shall be deemed necessary to carry into execution the objects and purposes of the society, and from time to time to appoint others in the stead of those who shall vacate, be removed or die.

(6) Every officer, servant, agent and employee of a society who shall be concerned in the receipt, management or expenditure of any sum of money belonging to the society, or collected for the purpose of the society, or who may be in any employment or trust connected with the business of the society, may be required before entering into such office, service, employment or trust, to become bound in a bond or bonds with sufficient sureties to the society, or its trustees, for the just and faithful execution of such office, service, employment or trust and for the prompt payment and handing over to the society, or its trustees, of all money and property belonging to or coming into his hands or entrusted to his care, and for rendering a just and true account thereof according to the rules of the society, and in all

matters lawful to observe and obey the same and such bond shall be in such form and in such penal sum of money as the board of directors may determine.

(7) Instead of such bond or bonds the board of directors may take such other sufficient security from any such officer, agent or employee as they shall deem prudent. R.S., c. 47, s. 13.

### Objects and purposes

14 Without restricting the general powers conferred hereby, the objects and purposes of the Society shall extend to and include the following:

(a) the forming of a general fund by the payments and subscriptions of members of a society and by payments of interest and other moneys by persons whether members of the society or otherwise;

(b) the establishment of a savings and investment fund by payments by members of the society, and also by loans to the society by persons not members;

(c) the issue of shares, the determination of the subscriptions thereon, and of the time and mode of payment, and of the interest, fees, dues and other payments to be made or paid by the members in respect to such shares and subscriptions;

(d) the fixing of the rate of interest to be paid by persons receiving advances or loans from the society, whether such persons be members of the society or otherwise;

(e) the borrowing of money, the receipt and acceptance of loans and deposits from any persons, whether members of the society or otherwise, and the issue of debentures or other securities therefor;

(f) the making of loans or advances to persons, whether members or not, whether resident within or without the Province, and the taking of mortgages or other securities upon real estate, whether within or without the Province, for such loans or advances;

(g) the purchasing, owning, holding, selling, mortgaging, leasing and improving real estate, for the purpose of, or in connection with its place or places of business;

(h) the purchasing at any judicial or other sale, whether public or private, of any property upon or in which the society has any mortgage, lien, encumbrance or interest, and the sale and disposal of any such property;

(i) the leasing, repairing, insurance, maintenance or other disposition of any property, real or personal, from time to time vested in the society;

(j) the establishment of contingent and other funds for the purposes of the society;

(k) the disposal of surplus funds of the society;

(l) the appointment and removal of any officers, agents or employees of the society;

(m) the reference of disputes to arbitration;

- (n) the establishment of the head office of the society and branch offices and the management of the affairs of the society;
- (o) the management of the affairs of the society in any place or places outside of the Province;
- (p) the appointment of agents and managers for the purposes aforesaid;
- (q) the transaction of all such business as is usually transacted by savings or loan or building societies or companies. R.S., c. 47, s. 14.

### Rules

**15** Subject to the approval of the Governor in Council, a society may from time to time make rules for the government and guidance of the society and of the affairs and business thereof, and may from time to time change, alter, amend, rescind or repeal the same or any of them, and without restricting the general powers aforesaid, may make rules respecting the following matters:

- (a) all the matters set forth and mentioned in Section 14;
- (b) the name, formation and objects of the society;
- (c) the shares of the society, the subscriptions thereto, the mode and time of payment of interest payable thereon and the fees, dues and other moneys to be payable by members of the society;
- (d) the payment of interest on arrears by members whose monthly or other payments shall be in arrears;
- (e) loans to and deposits with the society and debentures and other securities to be issued by the society therefor;
- (f) the mode by which and the terms and conditions under which persons, whether members or not, may obtain advances or loans of money from the society and the security to be taken by the society for moneys so loaned or advanced;
- (g) the purchase and sale of property upon which the society may have any mortgage, lien or encumbrance, or in which it may have any interest;
- (h) the repair, insurance, leasing, disposal and maintenance of any property of the society;
- (i) the registers, records, books and accounts of the society;
- (j) the ownership of shares, the rules as to which may include the provision that minors may become members of the society;
- (k) the transfer of shares, the withdrawal or death of shareholders and the disposal or payment of any shares, interest or moneys vested in a deceased shareholder at the time of his death;
- (l) the establishment of contingent funds and other funds;
- (m) the payment by members of arrears on shares or subscriptions;
- (n) the mode of voting at meetings of the society and at meetings of directors, including provision for the orderly conduct of such meetings;
- (o) the disposal of surplus funds of the society;

- (p) the appointment of trustees of the society in whom the property of the society may be vested, including power to provide that the president and vice-president for the time being may be such trustees;
- (q) the receipt, payment and custody of moneys and securities of the society;
- (r) the security to be taken from officers, agents or employees of the society, and the prosecution and defence of any actions or suits at law in which the society may be interested;
- (s) the election of directors, their terms of office, their qualifications and removal;
- (t) the duties of the president, vice-president, directors, officers, agents, servants and employees of the society;
- (u) the meetings of the society and of the directors, and the order and mode of business and the proceedings thereat;
- (v) the inspection of the society's books and records and the auditing of the society's accounts, moneys and securities;
- (w) generally, all other matters whatsoever touching or concerning the good government and guidance of the society, and the management, conduct and control of the affairs and business thereof. R.S., c. 47, s. 15.

#### **Form of debentures**

**16** The debentures of such society may be in the form of the Schedule to this Act or to the like effect. R.S., c. 47, s. 16.

#### **Corporations and trustees as members**

**17** Corporate bodies, trustees, executors and guardians may become members of any such society and corporations shall vote in the manner provided by the rules. R.S., c. 47, s. 17.

#### **Account by officer or trustee**

**18** Every officer of the society, or trustee thereof, and every person who shall have or receive any part of the moneys, effects or funds of, or belonging to any such society, or shall be entrusted with the disposal, management or custody thereof, or of any securities, books, papers or property belonging to said society, shall, upon demand made, or notice in writing given or left at his last or usual place of residence, submit his account as may be required by the board of directors of the society to be examined and allowed or disallowed by them, and shall on like demand or notice pay over all 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 deliver such securities and effects, books, papers and property, in manner aforesaid, the society may sue upon the bond, or may apply by petition to the Supreme Court, or to a judge thereof, 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, and all assignments, sales and transfers made in pursuance of such order shall be good and effectual in law, to all intents and purposes whatsoever. R.S., c. 47, s. 18.

**Appointment by Court**

**19** If any person seized or possessed of any lands, tenements or hereditaments, or other property, or any estate or interest therein, as a trustee of any such society, be out of the jurisdiction of, or not amenable to, the process of the Supreme Court, or shall be an incompetent person or of unsound mind, or it shall be unknown or uncertain whether he be living or dead, or such person shall refuse to convey or otherwise assure such lands or tenements, hereditaments or property, or estate or interest, to the person duly nominated as trustee of such society in their stead, either alone or together with any continuing trustee, then, the said Court, or one of the judges thereof, may appoint a person on behalf and in the name of the person seized or possessed as aforesaid, to convey, surrender, release, assign or otherwise assure the said lands, tenements, hereditaments or property, or estate or interest to such trustee so duly nominated as aforesaid, and every such conveyance, release, surrender, assignment or assurance, shall be as valid and effectual as if made voluntarily by said person first mentioned as trustee when not under disability. R.S., c. 47, s. 19; 2007, c. 17, s. 12.

**Where society not body corporate**

**20** When a society has not been declared a body corporate, all real and heritable property, moneys, goods, chattels and effects whatever, and all titles, securities for money or other obligatory instruments and evidences, or muniments, and all other effects whatever, and all rights or claims belonging to or had by or against such society, shall be vested in the trustees of such society for the time being, for the use and benefit of such society, and the respective members thereof, their respective executors or administrators, according to their respective claims and interests, and after the death or removal of any trustee, shall vest in the succeeding trustee for the same estate or interest, as the former trustee had therein, and subject to the same trusts without any assignment or conveyance whatever and all powers, privileges, title, property, assets and duties of a society not declared a body corporate, shall be vested in or imposed upon its trustees, for the benefit of the society and its members, and the trustees in respect thereto shall have all the rights, privileges, title and duties of persons who have been made a corporation. R.S., c. 47, s. 20.

**Liability of officer**

**21** The trustee or treasurer, or any officer of any society established under the authority of this Act, shall not be liable to make good any deficiency which may arise in the funds of such society, unless such persons shall have respectively declared by writing under their hands deposited and registered in like manner, with the rules of this society, that they are willing so to be answerable, and it shall be lawful for each of such persons, or for such persons collectively, to limit his responsibility to such sum as shall be specified in any such instrument or writing, provided always that the said trustee or trustees and treasurer, and every officer of any such society shall be, and they are hereby declared to be personally responsible and liable for all moneys actually received by him, or them, on account of, or to, or for the use of the said society. R.S., c. 47, s. 21.

**Intestacy**

**22** Where any member of a society dies entitled to any sum not exceeding one hundred dollars from the society, the trustees or treasurer or manager of such society, if satisfied that no will was left by such deceased member and that no letter of administration will be taken out of the funds, goods and chattels of such member, may pay such sum at any time after the decease of such member, according

to the rules and regulations of the said society, and in the event of there being no rules and regulations in that behalf, then the said trustees or treasurer or manager may pay and divide the same to and amongst the person or persons entitled to the effects of the deceased intestate, and that without administration. R.S., c. 47, s. 22.

**Annual statement and audit**

**23** The rules of every society shall provide that the trustees, treasurer or other principal officer thereof, shall once in every year at least, prepare or cause to be prepared, a general statement of the funds and effects of or belonging to such society, specifying in whose custody or possession the said funds or effects shall be then remaining, together with an account of all and every the various sums of money received and expended by or on account of the said society since the publication of the preceding periodical statement, and every such periodical statement shall be certified by an auditor appointed by the society, and shall be countersigned by the secretary of such society, and every member shall be entitled to receive from the said society a copy of such periodical statement. R.S., c. 47, s. 23.

SCHEDULE

NO. . . . . \$ . . . . .

. . . . . Society

promise to pay to . . . . . or order the sum of . . . . . on the first day of . . . . . One Thousand Nine Hundred and . . . . . at the Office of the Society or . . . . . without charge, with interest at the rate of . . . . . per cent *per annum* payable half-yearly on presentation of the proper coupon for this Debenture as hereunto annexed unless fully registered on the first day of . . . . . and the first day of . . . . . in each year without charge at . . . . .

Dated at Halifax, Nova Scotia, this . . . . . day of . . . . ., 19. . . . .

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R.S., c. 47, Sch.

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