

# CHAPTER 38

## BUILDING SOCIETIES ACT

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• Act • Subsidiary Legislation •

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### ACT

Chapter No. 42 of 1958

### Amended by

Act No. 10 of 1990

Act No. 1 of 2008

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**CHAPTER 38**  
**BUILDING SOCIETIES ACT**

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

[Cap. 42 of 1958 amended by Act No. 10 of 1990, Act No. 1 of 2008.]

[11th May, 1887.]

**1. Short title**

This Act may be cited as the Building Societies Act.

**2. Interpretation**

In this Act—

“Authority” means the Grenada Authority for the Regulation of Financial Institutions established under the Grenada Authority for the Regulation of Financial Institutions Act;

“Court” means the High Court;

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

“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 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. Purpose 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 the 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 estate by way of mortgage. 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 from time to time raise funds by the 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 purposes of the society:

Provided 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—

(1) 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 or from corporate bodies, joint stock companies, or any terminating building society, to be applied to the purposes of the society.

(2) In a permanent society the total amount so received on deposit or 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.

(3) 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.

(4) Every deposit book or acknowledgement or security of any kind for a deposit or loan by a society shall have printed or written therein or thereon the whole of this and of the next preceding sections.

## **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 stock 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, and inspection by the auditor 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.

## **8. Rules to be made and registered**

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 them and by the intended secretary or other officer; and the Authority, if he or she shall find that the rules contain all the 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.

#### **9. Alteration of rules**

Any society established under this Act may alter or rescind any rule or make any additional rules in the manner its rules direct. And 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 or she shall 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.

#### **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 purposes 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.

#### **12. Rules to be 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 or immediately upon taking upon himself or herself the execution of his or her office, become bound with one sufficient surety at the least, in a bond according to the form set forth in the Second Schedule in such sum as the society shall require, conditioned for rendering a true account of all monies received and paid by him or her on account of the society and for payment of all sums of money due from him or her to the society at such times as its rules appoint or as the society requires.

#### **14. Officers to account**

Every such officer and his or her executors or administrators shall, upon demand made or notice in writing given or left at his or her last known or usual place of residence, give in his or her 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 or her hands and deliver all securities and effects, books, papers and property of the society in his or her hands or custody to such person as the society appoints. 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 the manner aforesaid, the society may sue upon the bond or may apply to the Court, which 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.

#### **15. Investment of funds**

A society under this Act may from time to time 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 purchase of lands, or lands and buildings, being real estate of inheritance in Grenada, with power to exchange the said lands, or to sell the same together or in lots, or to erect any buildings thereon and to sell the same, or in the securities of the Government of the United Kingdom, or in such other way as by a resolution of the directors unanimously agreed to shall be determined. 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 from time to time appoint or remove trustees.

#### **16. Payment of sums not exceeding five thousand dollars when members or depositors die intestate, and payment to persons appearing to be next of kin declared valid**

If any member of or depositor with a society under this Act having in the funds thereof a sum of money not exceeding five thousand dollars shall die intestate, the amount due may be paid to the person who shall appear to the directors or committee of management of the society to be entitled under the Intestate Estates Act, Chapter 154, 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 effects of the deceased, under the belief that he or she 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 or her 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 shall die intestate, leaving an infant heir or infant co-heiress, it shall be lawful for the society, after selling the premises so mortgaged to them, to 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.**

If any person 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 or her 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, he or she shall be liable to a fine of one thousand dollars, to be recovered summarily before a magistrate, and it shall be lawful for the magistrate to make an order that he or she 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 money applied improperly, and in default of such delivery of effects or repayment of such amount of money or payment of such fine it shall be lawful for the magistrate to sentence him or her to imprisonment for three months.

#### **19. Proceedings necessary for 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 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. The instrument of dissolution shall set forth—
  - (i) the liabilities and assets of the society in detail,
  - (ii) the number of members and the amount standing to their credit on the books of the society,
  - (iii) the claims of depositors and other creditors and the provision to be made for their payment,
  - (iv) the intended division and appropriation of the funds and property of the society,
  - (v) the names of one or more persons to be appointed trustees for the special purpose, and their remuneration.

(2) Alterations in the instrument of dissolution may be made with the like consent testified in the same manner as in subsection (1)(c) and the instrument of dissolution and all alterations therein shall be registered in the manner provided for the registration of rules and shall be binding on all members of the society.

(3) A society under this Act may terminate or be dissolved by winding-up either voluntarily under the supervision of the Court or by the Court, if the Court shall so order on the petition of 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 the behalf of the society, or on the petition of any judgement creditor for not less than two hundred and fifty dollars. General rules and orders for regulating the proceedings of the Court under this section may be made by the Chief Justice.

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

## **20. 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 the societies, present at general meetings convened for the purpose. But no such transfer shall prejudice any right of any creditor of either society. Notice of every such union or transfer shall be sent to the Authority and registered by him or her.

## **21. Determination of disputes by arbitration, and by Authority**

When 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, none of the arbitrators being beneficially interested, directly or indirectly, in its funds; of the arbitrators 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; the names of the arbitrators shall be duly entered in the minute book of the society, or 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, refusing or neglecting to act; and whatever award shall be made by the arbitrators or the major part of them according to the true purport and meaning of

the rules of the society shall determine the dispute; and 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 parties 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. Where the parties to any dispute arising in a society under this Act agree to refer the dispute to the Authority, or when the rules of the society direct disputes to be referred to the Authority, his or her award shall have the same effect as that of arbitrators.

## **22. Determination of disputes by Court**

The Court may hear and determine a dispute—

- (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 twenty days been complied with, or that the arbitrators have refused or for a period of twenty days have neglected to make any award; or
- (b) when the rules of the society direct disputes to be referred to the Court.

## **23. 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 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.

## **24. Buildings for the purpose of the Society's business 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.

## **25. Minors may be elected members**

Any person under the age of twenty-one 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 acquittances.

## **26. 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. All shares held jointly by any two or more persons in any society existing before the commencement of this Act, the rules whereof do not prohibit such joint holding, shall be deemed to be lawfully so held.

## **27. Societies to make annual audits and statements of the funds to its members**

The secretary or other officer of a society under this Act shall, once at least in every year, prepare an account of all receipts and expenditure of the society since the preceding statement, and 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. 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 the account and statement shall be countersigned by the secretary or other officer. 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.

### **28. Exemption from stamp duty**

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 or her 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.

### **29. Receipt endorsed on mortgage to be sufficient discharge without re-conveyance**

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 or she may direct, or a receipt under the seal of the society, countersigned by the secretary or manager, in the form 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 re-conveyance; and if the mortgage has been duly recorded the Authority 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.

### **30. Penalties**

If any society hereafter formed under this Act or any persons representing themselves to be a society under this Act commences 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 so commenced, or by whom default is made, or who have made such false return, shall be guilty of an offence triable summarily 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. 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.

### **31. Certificates and fees**

The Authority shall give the certificate of incorporation in the form contained in the Fourth Schedule and shall be entitled to demand and receive the fees contained in the First Schedule.

### **32. Regulations**

The Governor-General may make regulations for carrying out the purposes and intention of this Act and may amend the First Schedule.

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**First Schedule**  
BUILDING SOCIETIES ACT

*Schedule of Fees Payable to the Authority of Building Societies*  
[Section 31.]

	\$	c
For registering any document 15 cents a folio – but in no case less than .....		0.60
For granting a 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 or her for every day during which he or she shall be so engaged .....		5.04

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**Second Schedule**  
BUILDING SOCIETIES ACT

*Security Bond*  
[Section 13.]

Know all men by these presents, that we *A.B.*, of .....  
one of the officers of the ..... Building Society, established  
at ..... in the parish of ..... and *C.D.*,  
of ..... (as surety on behalf of the said *A.B.*), are jointly and severally held  
and firmly bound to the ..... Society in the sum of .....  
to be paid to the ..... Society, for which payment well and truly to be made we jointly  
and severally bind ourselves, and each of us by himself or herself, our and each of our heirs,  
executors and administrators, firmly by these presents, sealed with our seals.

Dated the .....

Whereas the above-bound *A.B.* has been duly appointed to the office of .....  
..... of the ..... Building Society,  
established as aforesaid, and he or she, together with the above-bounden *C.D.* as his or her  
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 *A.B.* shall  
and do render a just and true account of all monies received and paid by him or her and shall and  
do pay over all the monies remaining in his or her hands, and assign and transfer or deliver all  
securities and effects, books, papers and property of or belonging to the ..... Society,  
in his or her hands, or custody, to such person or persons as the ..... Society  
shall appoint, according to the rules of the ..... 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 it shall be and remain in full force and effect.

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**Third Schedule**  
BUILDING SOCIETIES ACT

*Receipt to be Endorsed on Mortgage*  
[Section 29.]

The ..... Building Society hereby acknowledges to have received all monies  
intended to be secured by the within (or above) written deed.

In witness whereof the seal of the Society is hereto affixed this ..... day of  
..... by order of the Board of Directors (or Committee of Management) in the  
presence of .....

.....  
(Secretary or Manager) L.S.

.....  
(Other witnesses, if any, required by the rules of  
the Society)

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**Fourth Schedule**  
**BUILDING SOCIETIES ACT**

*Certificate of Incorporation*  
[Section 31.]

**FORM 1**

I, ....., Authority of Building Societies in Grenada, West Indies, hereby certify that the ..... Building Society established at ..... in ....., Grenada, is incorporated under the Building Societies Act.

Given under my hand this ..... (date)

.....  
*Authority of Building Societies*

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**BUILDING SOCIETIES ACT**

*Certificate of Registration of Alteration of Rules*  
[Section 9.]

**FORM 2**

I, ....., Authority of Building Societies in Grenada, West Indies, hereby certify that the ..... Building Society established at ..... in ....., Grenada has, in conformity with the provisions of the Building Societies Act, registered on the ..... (date) the \*(alteration of – rescission of – addition to) ..... its Rules as set out in the attached memorandum signed by three members and the Secretary of the said Society.

Given under my hand this ..... (date)

.....  
*Authority of Building Societies*

\* Strike out inapplicable words.

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**CHAPTER 38**  
**BUILDING SOCIETIES ACT**

**SUBSIDIARY LEGISLATION**

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*No Subsidiary Legislation*

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