

BILL

No. 8 of 1940.

An Act Respecting Building Associations.

(Assented to _____, 1940.)

HIS MAJESTY, by and with the advice and consent of the
Legislative Assembly of the Province of Alberta,
enacts as follows:

1. This Act may be cited as "*The Building Associations Act.*"

2. In this Act, unless the context otherwise requires,—

- (a) "Association" means a Building Association incorporated under this Act.
- (b) "Board" means the Building Associations Advisory Board constituted under the provisions of this Act.
- (c) "Minister" means the Minister of Trade and Industry.
- (d) "Registrar" means the Registrar of Joint Stock Companies.

3. The Minister of Trade and Industry shall be charged with the administration of this Act.

4. Any three or more persons, resident in the Province of Alberta, may, by subscribing their names to a memorandum of association, and otherwise complying with the requirements of this Act in respect to incorporation, form an association with the general object of promoting the better housing of the people of the Province and in particular without limiting the generality of the foregoing, building, constructing, acquiring, leasing, selling or otherwise dealing with buildings for housing purposes and lands and personal property incidental thereto.

5. The memorandum shall state,—

- (a) the name of the association of which the last words shall be "Building Association Limited";
- (b) the objects of the association;
- (c) that the liability of the members is limited;
- (d) particulars of the share capital with which the association proposes to be incorporated, which may be,—

- (i) divided into shares of a fixed amount; or
- (ii) divided into shares without nominal or par value; or
- (iii) divided into shares comprised partly of one of the foregoing classes and partly of the other;
- (e) the place in the Province at which the registered office of the association is to be situated.

6. For the purpose of carrying out its objects, an association shall have all the powers conferred upon a company by section 19, subsection (1), of *The Companies Act, 1929*, except such of them as may be expressly excluded by the memorandum.

7.—(1) Subject to the provisions, if any, in that behalf of the memorandum of association of the association, and without prejudice to any special rights previously conferred on the holders of existing shares in the association, any share in the association may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the association may from time to time by special resolution determine, and any preference share may, with the sanction of a special resolution, be issued on the terms that it is, or at the option of the association, liable to be redeemed.

(2) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

8. There shall be filed with the memorandum articles of association signed by the subscribers to the memorandum prescribing regulations for the association.

9. The memorandum and articles of association shall,—

- (a) be printed or typewritten;
- (b) be divided into paragraphs numbered consecutively;
- (c) be signed by each subscriber to the memorandum of association in the presence of at least one witness.

10.—(1) The applicants for incorporation shall deliver the memorandum and the articles to the Board and the Board, upon its approval being given thereto, shall furnish the Minister with its certificate to that effect.

(2) Upon receipt by the Minister of the Board's certificate, and upon the deposit by the applicants for incorporation of the sum of one thousand dollars with the Minister,

and upon payment of the prescribed fees, the Minister may authorize and direct the registrar to register the memorandum and articles, whereupon the registrar shall register the memorandum and articles and shall issue a certificate of incorporation under his seal of office.

11. A certificate of incorporation issued by the registrar in respect of an association shall be conclusive evidence that all the requirements of this Act in respect of registration and of matters precedent and incidental to incorporation have been complied with, and that the association is an association authorized to be registered and duly registered under this Act.

12. From the date of incorporation mentioned in the certificate of incorporation the subscribers, together with such other persons as may from time to time become members of the association, shall be a body corporate by the name contained in the memorandum, capable of exercising all the functions of an incorporated company, and having perpetual succession and a common seal, with power to hold lands, but with such liability on the part of the members to contribute to the assets of the association in the event of its being wound up as is mentioned in this Act.

13.—(1) The memorandum and articles shall, when registered, bind the association and the members thereof to the same extent as if they respectively had been signed and sealed by each member and contained covenants on part of each member, his heirs, executors and administrators, and in the case of a corporation, its successors, to observe all the provisions of the memorandum and of the articles, subject to the provisions of this Act.

(2) All money payable by any member to the association under the memorandum or articles shall be a debt due from him to the association of the nature of a specialty debt.

14. The certificate of incorporation shall entitle the association to proceed to obtain applications for shares from the public, pursuant to the terms of its memorandum and articles of association and subject to the provisions of *The Securities Act*.

15. Upon the Minister being satisfied, in such manner as he may direct, that at least ten thousand dollars of the capital stock in the association has been subscribed and fully paid up, he may authorize and direct the registrar to issue a certificate that the association is entitled to commence business, whereupon the registrar shall issue under his seal of office a certificate that the association is entitled to commence business.

16. An association shall not allot any of its shares, commence any business or exercise any borrowing powers unless

and until the registrar has issued under his seal of office a certificate that the association is entitled to commence business.

17. Upon issuance of the certificate that the association is entitled to commence business the deposit of one thousand dollars required to be made pursuant to the provisions of section 10, subsection (2), shall be returned to the association.

18. In the event that the association fails to secure the stipulated minimum amount of paid up capital within six months from date of the issue of the certificate of incorporation, the Minister shall direct the registrar to cancel the certificate of incorporation, whereupon the registrar shall cancel the certificate of incorporation and return the deposit to the applicants for incorporation after having satisfied himself that all subscriptions have been returned to the subscribers.

19. Whenever, pursuant to the provisions of this Act or the memorandum of association and/or articles of association, preferred shares have been issued by the association, the rate of interest to be earned by such preferred shares shall not exceed five per cent per annum.

20. Whenever, pursuant to the provisions of this Act or the memorandum of association and/or articles of association, debentures have been issued by the association, such debentures shall bear interest at a rate not to exceed three per cent per annum.

21. Whenever, pursuant to the provisions of the memorandum of association and/or articles of association, common shares have been issued by the association, they shall be allotted to the holders of preferred shares and the purchasers of debentures in amounts equal to the capital value of the said preferred shares and debentures.

22. Every association shall establish a reserve fund into which there shall be paid annually, the surplus earnings over and above the amount required to provide interest on outstanding debentures, dividends on preferred shares and the payment to the sinking fund hereinafter required to be established. The said fund, when not required for capital purposes shall, but only with the approval of the Board, be distributed as dividends to the holders of the common shares.

23. The Lieutenant Governor in Council may from time to time upon the recommendation of the Minister, authorize the Provincial Treasurer to guarantee on behalf of the Province the due payment of the principal sum, together with interest thereon of any debentures issued by any association incorporated under this Act, and may authorize the Provincial Treasurer on behalf of the Province to execute any instrument for that purpose;

Provided always that;—

- (a) the association shall, in manner satisfactory to the Board, undertake to employ Alberta labour exclusively and Alberta materials where suitable, in all construction of housing properties;
- (b) the amount of the debentures to be guaranteed for any one association shall not exceed at any time, four times the amount of the outstanding paid up capital stock in that association;
- (c) the debentures shall be a first charge upon all the assets of the association;
- (d) the term of the debentures shall not exceed twenty years;
- (e) the debentures guaranteed hereunder shall be issued through the branches of the Provincial Treasury and shall be payable, both as to principal and interest, at the Treasury Branch situate nearest the registered office of the association and/or at such other Treasury Branch as the Provincial Treasurer may direct;
- (f) the association shall make provision satisfactory to the Provincial Treasurer for a sinking fund for the purpose of redeeming the guaranteed debentures both as to principal and interest as and when the same become due;
- (g) the total amount of the liability of the Province as a guarantor under this Act shall not exceed the sum of one million dollars.

24. Except with the approval of the Board, no association shall build housing properties having a value, including land, in excess of three thousand five hundred dollars.

25. Whenever housing properties are sold otherwise than wholly for cash at the time of sale, any agreement between the association and the purchaser unless otherwise approved by the Board, shall require that at least twenty per cent of the purchase price shall be paid in cash at the time of sale, and that the balance be paid in instalments of blended principal and interest at no greater intervals of payment than quarterly, and the said agreement shall further require that the entire purchase price shall be repaid both as to principal and interest within twenty years.

26. No agreement referred to in section 25 shall provide for interest at a greater rate than four per cent per annum on the unpaid purchase price or arrears of interest payable to the association pursuant to such agreement.

27. No amendments to the memorandum of association or articles of association shall take effect unless and until approved by the Board and filed with the registrar.

28. The provisions of *The Companies Act* relating to the change of the corporate name of an association and to the increase, cancellation, consolidation, subdivision, reorganization and reduction of share capital shall apply *mutatis mutandis* to an association incorporated under this Act.

29. The Lieutenant Governor in Council may prescribe the fees payable to the registrar and to the Board for services under this Act.

30. Every association shall appoint an auditor whose appointment shall be subject to approval by the Minister.

31. Every association shall in the month of February in every year file with the Board and the registrar a general statement (to be called the annual return) up to and inclusive of the thirty-first day of December then last past of the receipts, expenditures, assets and liabilities of the association, together with such other information as may be required by the Board, all certified by the auditor.

32. There shall be a Board to be styled "The Building Associations Advisory Board" to be appointed by the Lieutenant Governor in Council, consisting of not less than three nor more than five persons, one of whom shall be appointed as Chairman and each of whom shall hold office during pleasure.

33. A majority of the Board shall constitute a quorum thereof.

34. The Minister, with the approval of the Lieutenant Governor in Council, is hereby authorized from time to time and subject to the provisions of *The Public Service Act* to appoint such officers, clerks and servants as may be necessary to enable the Board to discharge its duties.

35. It shall be the duty of the Board,—

- (a) to examine all applications for incorporation under this Act and to approve or refuse to approve any application for incorporation and where the application is approved to issue to the Minister its certificate to that effect;
- (b) upon the order of the Minister, to hold an inquiry into the affairs of any association and to make a report of the result of such inquiry to the Minister;
- (c) to prepare and deliver to the Minister as soon as possible after the close of each fiscal year a report covering that year as to the following matters:
 - (i) the applications for incorporation of associations and the action taken by the Board on each such application;

- (ii) inquiries made by the Board with respect to associations and the result thereof;
- (iii) the total number of associations operating in the Province and the financial standing of each such association.

36. The Board shall for the purpose of making any investigation or inquiry hereunder, have the same powers of summoning witnesses before it, requiring witnesses to give evidence on oath and to produce documents and things as may be conferred upon commissioners appointed pursuant to *The Public Inquiries Act*.

37. No action shall be brought against any member of the Board or any agent or employee of the Board in respect of any Act or thing done by the Board in purported pursuance of this Act or of any authority or power conferred upon it pursuant to any of the provisions of this Act.

38.—(1) The Lieutenant Governor in Council shall have power to do and authorize such acts and things and to make from time to time such regulations as are considered necessary or advisable for carrying out the purpose and intent of this Act and may vest in the Board such authorities and powers as are considered necessary or advisable with reference to the operation of any or all associations incorporated under this Act.

(2) Without thereby limiting the generality of the provisions hereinbefore contained, it is declared that the power of the Lieutenant Governor in Council to make regulations or to vest authority in the Board shall extend to,—

- (a) prescribing the terms and conditions of contracts or agreements for sale of housing properties erected by associations under this Act;
- (b) prescribing the forms to be used by associations;
- (c) prescribing the maximum margin over costs which may be added by an association in selling housing properties erected under the provisions of this Act;
- (d) the authorizing and empowering of the Board to administer and liquidate associations in default.

39. This Act shall come into force upon a date to be fixed by proclamation of the Lieutenant Governor in Council.

NINTH SESSION
EIGHTH LEGISLATURE

4 GEORGE VI

1940

BILL

An Act Respecting Building
Associations

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. MANNING.

EDMONTON:
A. Shnitka, King's Printer
1940