

Bill No. 98 of 1941.

A BILL TO AMEND THE BUILDING ASSOCIATIONS
ACT

NOTE.

This Bill amends *The Building Associations Act*, chapter 8 of the Statutes of Alberta, 1940, by adding a new Part providing for the organization of building associations. The object of this Act is to enable ten or more persons to join together in organizing a corporation for the purpose of accumulating savings of members and lending such accumulations to members and also by raising additional funds by borrowing and lending such accumulations and funds to members for the purpose of building houses. The loans can only be made under the amendments to members and the organization of the associations is somewhat similar to the organization of associations which are set up under the provisions of *The Co-operative Associations Act*. Power is given by Order in Council to any board organized under the Act to prescribe standard by-laws with relation to the subject matters set out in subsection (1) of section 33 on page 2 of the Bill. The standard by-laws may be altered at meetings of the association specially called for that purpose and also at an annual meeting, such by-laws being only effective when approved by the Board, which is at present set up under Part I of the Act. The management of the associations will be in the hands of the directors and the shareholders only have one vote irrespective of the number of shares held by them and there is no voting by proxy. Provisions are made in the Act for dissolution of an association in proper cases and certain provisions of Part I of the Act are made to apply to associations organized under Part II.

W. S. GRAY,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 98 of 1941.

An Act to amend The Building Associations Act.

(Assented to _____, 1941.)

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 Amendment Act, 1941.*"

2. *The Building Associations Act*, being chapter 8 of the Statutes of Alberta, 1940, is hereby amended as to section 4 by adding at the end thereof the following: "and in carrying out such purposes of lending any of its funds at such rate of interest and subject to such conditions of repayment as the Board shall prescribe".

3. The said Act is further amended as to section 20 by striking out the word "three", where it occurs therein, and by substituting therefor the word "four".

4. The said Act is further amended as to section 26 by striking out the word "four", where it occurs therein, and by substituting therefor the word "five".

5. The said Act is further amended by inserting immediately after section 3 the following heading: "Part I".

6. The said Act is further amended by adding immediately after section 31 the following new Part:

"PART II

"32.—(1) Any ten or more persons resident in the Province of Alberta, who desire to associate themselves together as a co-operative building association under this part for the purpose of,—

"(a) accumulating the savings of the members and loaning such accumulations to the members; and

"(b) raising additional funds by borrowing and loaning such funds to the members,—

may become so incorporated upon complying with the other provisions of this section.

“(2) The application for incorporation shall be made in the first instance to the Board, by delivering to it a memorandum of association in the Form in schedule ‘A’ to this Act.

“(3) The memorandum of association shall state the place at which the head office or principal place of business is to be situated and may designate other places as places at which business is to be carried on and shall specify who are to be the provisional directors.

“(4) The memorandum of association shall be signed by at least ten persons desirous of becoming so associated together, together with an affidavit verifying all the signatures of such persons; and also a copy of the by-laws under which the affairs and business of the association are to be regulated, governed and managed, which shall be signed by the same persons who signed the memorandum of association, together with an affidavit verifying all such signatures; and every such application shall be accompanied by the payment of the amount of the fee prescribed by schedule ‘B’ to this Act for the incorporation of the association.

“(5) In case the Board approves the application, the Board shall transmit the memorandum and the copy of the by-laws together with the affidavit verifying the signatures thereon, to the Registrar, who shall proceed to register the same and issue a certificate of incorporation of the association: in case the Board does not approve the application, the Board shall return the fee paid to the person from whom it received the same.

“(6) Upon the issuance of the certificate of incorporation the subscribers to the memorandum of association and all such persons as may thereafter become members of the association, shall become a body corporate and politic under the registered name of the association, the last three words of which shall be ‘Co-operative Building Association’.

“**33.**—(1) With the approval of the Lieutenant Governor in Council the Board may from time to time prescribe standard by-laws which are not inconsistent with this Act and such by-laws shall make provision for,—

- “(a) the time for the holding of the annual meeting of the association and meetings of the directors;
- “(b) the manner of calling either regular or special meetings of shareholders and directors;
- “(c) the number necessary to constitute a quorum at all meetings;
- “(d) the voting rights of shareholders;
- “(e) the number of directors and their qualifications;
- “(f) the title and duties of officers; their terms of office and the manner of their election or appointment;
- “(g) the care and custody of money and securities and all property of the association;

- “(h) the allotment, issue, holding and transfer of shares;
- “(i) the withdrawal, retirement and maturity of shares;
- “(j) the denomination in which shares may be issued;
- “(k) the issue of shares of different classifications;
- “(l) the issuance of shares with preferred, deferred or other special rights or restrictions, whether in regard to dividends, return of share capital, or otherwise;
- “(m) the borrowing by the association;
- “(n) the method of loaning the funds of the association, the terms of repayment and securities to be taken;
- “(o) the withdrawal or expulsion of members;
- “(p) the settlement of the claims of the personal representatives of deceased members;
- “(q) the audit of books of account of the association;
- “(r) the disbursement of profits by way of dividends;
- “(s) the establishment of reserves or sinking fund;
- “(t) any other matters which, in the opinion of the Board, would further the objects and purposes of the association.

“(2) Any standard by-laws so prescribed shall be the by-laws of every association to which this Part applies, subject to such modifications only as are approved by the Board in writing and recorded by the registrar.

“(3) Each association may pass such supplemental by-laws which are not inconsistent with this Act or with the provisions of the standard by-laws as may be deemed advisable by the association, but no supplemental by-laws shall become operative until approved by the Board and recorded by the registrar.

“(4) In case there is conflict between the provisions of any by-law of any association whenever made and any of the provisions of the standard by-laws, the provisions of the standard by-laws shall prevail, unless and until the Board has approved in writing the by-law of the association which so conflicts, and upon such approval being given and recorded by the registrar the last mentioned by-law shall prevail.

“34. The by-laws of every association incorporated under this Part shall bind the association and the members thereof to the same extent as if each member had subscribed his name and affixed his seal thereto, and there were in such by-laws a covenant on the part of himself, his heirs, executors and administrators, with the association and every other person for the time being a member thereof to conform to such by-laws subject to the provisions of this Act.

“35. The by-laws of the association may be repealed, altered or amended by other by-laws passed at any meeting of the association specially called for that purpose, or at any annual meeting when at least thirty days' notice of

such intention to repeal, alter, or amend such by-laws has been given: Provided, however, that no new by-law, or amended by-law, shall have an effect until a copy thereof, proved by the affidavit of the secretary of the association to be a true copy of the by-law, or by-laws passed in conformity to the provisions of this section and unless and until the same has been approved by the Board and has been filed with the registrar.

"DIRECTORS

"36.—(1) the directors shall have the general direction and supervision of the affairs and business of the association, and shall appoint a chairman and a secretary.

"(2) The directors may, by resolution, appoint such officers as they may deem necessary for the conduct of the affairs and business of the association and define their duties and fix their remuneration.

"(3) In case any vacancy occurs in the Board, the remaining directors may appoint a member of the association as a director who shall hold office until the next general meeting of the shareholders of the association.

"MEMBERSHIP

"37.—(1) The subscribers to the memorandum of association shall be deemed to have agreed to become members of the association, and on the filing of such memorandum with the registrar shall be entered as members on the register of member of the association.

"(2) Every other person who agrees to take a share in the association and whose name is entered on the register of members shall be a member of the association.

"38. The number of shares which a member may hold shall be such number as he is permitted to hold by the by-laws of the association. Every member of an association shall be entitled to one vote and no more, regardless of the number of shares held by him, and such vote shall be cast or given by the person entitled thereto and by nobody else, and shall not be cast or given by proxy.

"SHARES AND CALLS

"39.—(1) The capital of every association under this Act shall be in shares of such denominations as may be prescribed by the by-laws.

"(2) Any share may be paid for by instalments, at such times and in such manner as may be prescribed by the by-laws.

"(3) Members may from time to time withdraw upon such terms as may be specified in the by-laws; and the association may acquire shares held by such members at par or the paid-up value thereof, or in the event of the share capital of the association being impaired at such a price as to the Board of Directors may appear to be fair and reasonable. The association shall extinguish the shares re-purchased from withdrawing members.

"40.—(1) The liability of the shareholders shall be limited, that is to say; no shareholder in any association shall be in any manner liable for or charged with the payment of any debt or demand due by the association beyond the amount remaining uncalled and unpaid of the face value of his share or shares subscribed for; and any shareholder having fully paid up the amount of his said share or shares shall be absolved from all further liability.

"(2) Every association shall have a lien on the shares of any member for any debt due to it by him, and may set-off any sum credited to the member thereon in or towards payment of such debt.

"DISSOLUTION OF ASSOCIATIONS

"41.—(1) An association incorporated under this Part may be dissolved in either of the ways following, namely:

"(a) By filing with the registrar an instrument of dissolution, executed by not less than two-thirds of the members of the association, which shall contain,—

"(i) a statement that it is desirable to dissolve the association;

"(ii) a statement in detail of the assets and liabilities of the association;

"(iii) the names and last known addresses of all the members of the association; a detailed list of the creditors of the association, together with the amount of each creditor's claim; and with the instrument of dissolution shall be filed one or more sufficient affidavits verifying the execution of the said instrument and the truth of the statements therein contained; or

"(b) The Lieutenant Governor in Council, being satisfied, upon the report of the Board, that an association has ceased to carry on business for a period of not less than two consecutive years immediately prior to the making of the said report, or that it is desirable that such association should be dissolved, may order that the same be dissolved.

"(2) The registrar shall, immediately after there has been filed with him any instrument of dissolution, cause a notice thereof to be advertised at the expense of the association in one issue of *The Alberta Gazette*, and for twice in two consecutive weeks in some newspaper circulating in the district in which the head office of the association is or was last situated.

"(3) Notice of every Order in Council dissolving an association shall be advertised by the registrar in one issue of *The Alberta Gazette*, and twice in two consecutive weeks in a newspaper circulating in the district in which the head office of the association is or was last situated.

“(4) Upon the publication in *The Alberta Gazette* of any such notice as aforesaid, the association affected thereby shall cease to exercise or have any of the powers conferred upon it by its incorporation save and except only for the purpose of doing all acts and things necessary for the purpose of winding up its concerns, and of suing and being sued in respect of all the claims and liabilities outstanding at the date of dissolution or coming into existence in the course of winding up.

“(5) The Lieutenant Governor in Council, upon being satisfied by the report of the Board that an association which has been dissolved in either of the ways above mentioned cannot for any reason conveniently appoint officers to wind up the affairs of the association, may appoint one or more persons as the liquidator or liquidators of the concerns of the association. Notice of every such appointment shall be published in *The Alberta Gazette* at the expense of the association, and upon such publication, the liquidators or liquidator, so appointed, shall have and exercise all the powers conferred by incorporation upon the association, or by any by-law upon the directors or any other official of the association for the purpose of selling or otherwise disposing of the property of the association and distributing the same amongst the persons by law entitled to the same.

“42. All the provisions of Part I, except sections 7, 10, 15 to 18 (both inclusive), 21, 22, 24, 27 and 29, shall *mutatis mutandis* and so far as the same are applicable apply to co-operative building associations incorporated under this Part.”

7. The said Act is further amended by re-numbering sections 32 to 39 (both inclusive) as numbers 43 to 50.

8. The said Act is further amended by inserting immediately before section 43 the following heading: “Part III”.

9. This Act shall come into force on the day upon which it is assented to.

SCHEDULE A (Section 32 (2))

FORM OF MEMORANDUM OF ASSOCIATION

We (insert the name, addition and address of each subscriber), do hereby express our desire to form an association under the provisions of Part II of *The Building Associations Act*. The corporate name of the association is to be

Dated the.....day of.....A.D. 194....

WITNESS:

I, of
in the Province of Alberta, hereby declare that I was personally present and did see the above Memorandum of Association duly signed by the following persons:

SWORN before me at the of
.....
in the Province of Alberta,
this day of
....., A.D.
194....

A Commissioner for Oaths in and for the
Province of Alberta.

SCHEDULE B
(Section 32 (4))

Table of fees to be paid to the registrar under this Part:

Application for registration and filing by-laws ..	\$5.00
Filing supplementary or amended by-laws.....	2.50
Dissolution of association.....	2.50
Each search25
Filing any document.....	.25

FIRST SESSION
NINTH LEGISLATURE
5 GEORGE VI
1941

BILL

An Act to amend The Building
Associations Act.

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. MANNING.

EDMONTON:
A. Shnitka, King's Printer
1941