

Unvalidated References:
Savings and Loan Societies Act

This reprint of this Statutory Instrument incorporates all amendments, if any, made before 25 November 2006 and in force at 1 July 2001.

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Legislative Counsel
Dated 25 November 2006

INDEPENDENT STATE OF PAPUA NEW GUINEA.

Chapter 141B.

Standard Rules for Savings and Loan Societies

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Standard Rules for Savings and Loan Societies

MADE under the *Savings and Loan Societies Act 1971*,\par

Dated 200 .

PART I. – PRELIMINARY.

1. INTERPRETATION.

(1) In these Rules, unless the contrary intention appears–

“**the Act**” means the *Savings and Loan Societies Act*;

“**month**” means calendar month;

“**the Society**” means . . .

(2) Expressions used have the same meaning as that ascribed to them by the Act.

(3) Words in the singular include the plural and vice versa.

(4) Words importing the masculine gender include females.

(5) References in these Rules to the Secretary or the Treasurer shall, where there is a Secretary/Treasurer, be read as including references to the Secretary/Treasurer.

PART II. – CONSTITUTION OF THE SOCIETY.

2. NAME.

(1) The name of the Society shall be . . . Savings and Loan Society Limited (*or* Ltd.).

(2) The Society may change its name only with the consent of the Registrar and as provided by Section 12 of the Act.

3. TYPE OF SOCIETY.

The Society is a Savings and Loan Society under the Act.

4. REGISTERED OFFICE, ETC.

(1) The registered office of the Society shall be at . . . or such other place as the Board, from time to time, . . . determines.

(2) The Board shall notify the Registrar of any change of Secretary or in the address of the registered office within 14 days.

5. OBJECTS.

The objects of the Society are–

- (a) to promote thrift among its members; and
- (b) to educate its members in financial responsibility; and
- (c) to receive the savings of its members as contributions for shares or on deposit; and
- (d) to make loans to its members for the purposes set down in Section 25.

6. POWERS.

The Society has power, in accordance with Section 15 of the Act–

- (a) to deposit money with an association of which it, or of which an association of which it is a member, is a member, or in a bank; and
- (b) to raise money on loan for the objects of the Society, and to mortgage or pledge its property as security for the loan; and
- (c) to invest funds in securities of or guaranteed by the State, or in other prescribed securities; and
- (d) to insure its loans, funds or property against loss; and
- (e) to hold, buy, lease, sell, surrender, exchange, mortgage or otherwise deal in property; and
- (f) to do all other acts and things that are incidental or conducive to, or consequential on, the attainment of its objects.

PART III. – MEMBERSHIP.

7. CONDITIONS OF MEMBERSHIP.

(1) Membership of the Society shall be limited to persons who—

- (a) in the opinion of the Board are honest, industrious and of good habits; and
- (b) are above or apparently above the age of 16 years; and
- (c) are . . . ; and
- (d) are residents of Papua New Guinea; and
- (e) have signed the application form prescribed in the regulation and have paid an entrance fee of . . . ; and
- (f) are not in default under the terms of a loan made by another society.

(2) No person shall exercise any of the rights of membership unless he has subscribed for at least one share in the Society and has paid the first instalment on it as required by Section 11.

(3) No person who is a member of another society shall be admitted as a member of the Society except with the written permission of the Registrar.

(4) An applicant shall not be admitted to membership of the Society except by the affirmative vote of a majority of the Directors present at the meeting of the Board at which the application is acted on.

(5) These Rules are binding on each member of the Society.

8. CESSATION OF MEMBERSHIP GENERALLY.

(1) A member of the Society who withdraws, or transfers to another member, all his shares ceases to be a member.

(2) Subject to the general conditions contained in these Rules, a member who leaves the common bond of membership of the Society may retain his membership, but may not borrow from the Society an amount in excess of his shareholding.

9. EXPULSION.

(1) A member may be expelled for a breach of these Rules by a vote of not less than two-thirds of the Board at a Special Meeting of the Board called for the purpose.

(2) The Secretary shall notify the expelled member in writing of his expulsion within seven days of the meeting.

(3) Within 30 days of the receipt of the notice the member may appeal in writing to the next general meeting of the Society.

(4) At the general meeting the majority of the members present may confirm or rescind the action taken by the Board.

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Standard Rules for Savings and Loan Societies

(5) Expulsion takes effect—

- (a) if no appeal is made on the expiration of the time for appealing; or
- (b) if an appeal is made—on the date on which the expulsion is confirmed by members at the general meeting.

10. EFFECT OF CESSATION OF MEMBERSHIP.

(1) A person who by withdrawal, transfer of shares or expulsion ceases to be a member of the Society has no further rights in the Society, but shall not be released from any remaining liability to the Society.

(2) Any debt due from such a person to the Society becomes due and payable immediately on his ceasing to be a member.

PART IV. – MEMBERS’ FUNDS.

11. CAPITAL AND SHARES.

(1) The capital of the Society shall be unlimited in amount, and may vary in amount according to the value of the shares issued from time to time.

(2) Shares, which shall be of one class, all ranking equally, shall be of a nominal value of . . . each. (*Not less than K1.00*).

(3) An applicant for membership of the Society shall, on application, subscribe for one share and pay in respect of that share a sum not less than . . . (*10% of the value of the share*).

(4) Except as provided in Subsection (3), shares may be subscribed for in full or by any number of instalments, but a member shall not hold more than one partly-paid share at any time. (*Funds standing to the credit of a member’s share account shall be regarded as comprising as many fully-paid shares as the funds would purchase and one partly-paid share paid to an amount equal to the amount in excess, if any*).

(5) No member shall hold more than 20% of the fully-paid shares issued by the Society, or such lesser proportion or number as the Board, from time to time, determines.

12. DISPOSAL OF SHARES.

(1) Shares may be transferred only from one member to another, and with the approval of the Board.

(2) Shares shall be transferred by a form of instrument approved by the Registrar.

(3) The Board may decline to register a transfer of any shares on which the Society has a lien.

(4) The Board may suspend the registration of a transfer during the 14 days immediately preceding the Annual Meeting in each year.

(5) The Board may decline to recognize any instrument of transfer unless the instrument of transfer is accompanied by such evidence as the Board may reasonably require to show the rights of the transferor to make the transfer.

(6) Subject to Subsection (7), money paid on account of shares or deposits may be withdrawn, in whole or in part, subject to any indebtedness to the Society, on any day when the Society is open for business, but the Board may, in any case, require up to 90 days’ notice of intention to withdraw.

(7) A withdrawal shall not be permitted except with the written approval of the Loans Committee if the withdrawal will reduce the member’s shareholding and deposits to an amount that is less than his total liability to the Society as borrower or guarantor.

(8) Subject to Subsection (10), no officer of the Society shall withdraw, transfer or otherwise dispose of any of his shares or deposits so long as he remains an officer of the Society, and any such withdrawal, transfer or disposition is void and of no effect.

(9) The Board shall cause a record of all transfers to be made in the proper books of the Society.

(10) Subsection (8) does not apply to or in relation to any case where the Registrar otherwise approves.

13. DEATH OR BANKRUPTCY.

(1) On the death of a member, the Society shall transfer his shares and any money due to him by way of dividend, deposit or otherwise—

(a) to his legal personal representative; or

(b) if there is no legal personal representative, to his next-of-kin.

(2) Where a person to whom shares are required by Subsection (1) to be transferred is not entitled to be a member of the Society or entitled to hold the shares, the Society shall, instead of transferring the shares, cancel them and pay to the person, within a reasonable time, the amount paid up on them, together with any deposit, dividend or any other money payable in respect of the shares or otherwise.

(3) A person who becomes entitled to a share by reason of the death of the holder is entitled to the dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he is not, before being registered as a member in respect of the share, entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Society.

(4) Any person who becomes entitled to money held in the name of a member in consequence of the bankruptcy of the member is, on such evidence being produced as is from time to time required by the Board, entitled to receive the money in cash.

14. DEPOSITS.

(1) The Society may accept money on deposit from its members.

(2) Subject to the approval of the Registrar, the conditions under which deposits may be accepted and repaid and the rates of interest that may be paid on deposits shall be determined by the Board.

(3) The Society has a lien on a member's deposits and interest in respect of any loan made to him, or in respect of any liability under a guarantee given by him.

15. LIEN ON MEMBERS' FUNDS.

The Society has a lien on the shares and deposits of a member, past member or deceased member, and on any dividend or accumulated funds payable to him by the Society, in respect of any debt due from him to the Society or of any guarantee by

him of a loan made by the Society, and may set off any sum credited or payable to him in or toward payment of the debt or satisfaction of the guarantee.

16. PASSBOOKS.

(1) A passbook in a form approved by the Registrar shall be issued to each member, recording payments made by and to the member.

(2) Payments referred to in Subsection (1) include all money paid in or paid out on account of entrance fees, shares, deposits, interest, loans, fines and other collections.

(3) Every entry in the passbook shall be initialled by the Treasurer or other person specifically authorized by the Board.

(4) Subject to Subsection (5), if the passbook given to the member by the Society is lost, stolen or destroyed—

(a) immediate notice of the loss shall be given to the Treasurer or the Board; and

(b) written application shall be made by the member for the issue of a duplicate passbook.

(5) If the member does not wish to continue his membership, written application must be made for money due as recorded in the passbook lost, stolen or destroyed.

(6) The Board may require an indemnity to protect the Society in the event that it issues a duplicate passbook or makes payment of money without the passbook lost, stolen or destroyed.

PART V. – MEETINGS OF THE SOCIETY.

17. GENERAL AND SPECIAL MEETINGS.

(1) A general meeting of the Society, to be known as the Annual Meeting, shall be held each year within three months after the end of the financial year.

(2) The order of business at the Annual Meeting shall be–

- (a) minutes of the last Annual Meeting and any general meetings held since that meeting; and
- (b) reports of the Board, Treasurer, Loans Committee and Supervisory Committee; and
- (c) determination of the rate of dividend on share capital; and
- (d) other business other than elections; and
- (e) elections.

(3) The order of business prescribed by Subsection (2) may be varied on a vote of at least two-thirds of the members present at the meeting.

(4) (4) At the request of the Board or the Supervisory Committee, or at the written signed request of at least 10 members, the Secretary shall call a Special Meeting of the Society.

(5) A request under Subsection (4) shall state the object of the proposed meeting, and only such business as is specified in the request shall be discussed at the meeting.

(6) At least seven days' notice of any Annual or Special Meeting shall be given, and the notice shall state–

- (a) the place and time of the meeting; and
- (b) the business to be discussed,

and shall be displayed in the Society Office.

(7) No business shall be discussed at a general meeting unless a quorum of members is present.

(8) Subject to Subsection (9), 25% of the members of the Society are a quorum.

(9) If at the time and place fixed in accordance with Subsection (6) for a general meeting a quorum is not present, the meeting shall be adjourned to a date not less than seven, nor more than 15, days later, and the members present at the adjourned meeting are a quorum regardless of their number.

(10) The President, or in his absence, the Vice-president, shall preside at all general meetings of the Society, and if neither the President nor Vice-president is present at the meeting the members shall elect one of their number to be Chairman.

(11) Any question arising at a general meeting shall, except as otherwise provided, be determined by a simple majority of members personally present at the meeting.

(12) Subject to Subsection (13) each member present has one vote, and no vote shall be permitted by proxy.

(13) The member presiding has a deliberative vote and, in the case of an equality of votes on a matter, also a casting vote.

PART VI. – MANAGEMENT OF THE SOCIETY.**18. NOMINATION AND ELECTION.**

(1) At the first Annual Meeting of the Society, the members shall elect from amongst their number–

- (a) a Board of Directors of (*not less than five*) members; and
- (b) a Loans Committee of (*not less than three*) members who may also be members of the Board but shall not be members of the Supervisory Committee; and
- (c) a Supervisory Committee of (*not less than three*) members, who are not members of the Board.

(2) At each subsequent Annual Meeting, one half of the members of the Board, the Loans Committee and the Supervisory Committee shall retire from office, but are eligible for re-election.

(3) Where the number of members of the Board, the Loans Committee or the Supervisory Committee is not evenly divisible by two, the number of members of the Board or Committee to retire shall be 50% of the number next below the number of the members of the Board or Committee.

(4) The members of the Board, the Loans Committee and the Supervisory Committee to retire from office at any Annual Meeting shall be those members who have been longest in office without re-election, and in a case where more members are available for retirement than are required owing to an equality in the length of time in office between two or more members shall be determined by ballot between those last-mentioned members.

(5) Persons appointed to fill casual vacancies retire at the first Annual Meeting following their appointment.

(6) At least 30 days before each Annual Meeting, the Board shall appoint a Nominating Committee of three members.

(7) It is the duty of the Nominating Committee–

- (a) to prepare nominations of at least one member for each vacancy for which elections are being held; and
- (b) to submit its nominations at the Annual Meeting.

(8) The Chairman shall call for and accept further nominations supported either in writing or personally by two members.

(9) At elections–

- (a) each member is entitled to one vote only, irrespective of the number of his shares; and
- (b) no member may vote by proxy; and

(c) when there are two or more candidates for any vacancy, a secret ballot shall be taken, but if only one member is nominated for the vacancy, the Chairman shall declare him elected; and

(d) elections shall be decided on the number of primary votes recorded.

(10) The order of election at an Annual Meeting shall be as follows:—

(a) Directors; and

(b) the Loans Committee; and

(c) the Supervisory Committee.

(11) Within 14 days of the election, the names and addresses of all persons elected and their positions shall be forwarded to the Registrar by the Secretary.

19. BOARD OF DIRECTORS.

(1) The general management and control of the Society shall be in the hands of the Board of Directors elected as set out in Section 18.

(2) The Board shall, in addition to the duties normally performed by a Board of Directors—

(a) determine—

(i) the maximum number, being no greater than 20% of the shares on issue by the Society, of shares that may be held by any one member; and

(ii) the maximum loan that may be made to any one member; and

(b) approve, defer or reject applications for membership; and

(c) expel or discipline members as provided in these Rules; and

(d) fix interest rates on loans within the maximum set in the Act and on deposits subject to the approval of the Registrar; and

(e) determine general policy on, and security requirements for, loans; and

(f) recommend the dividend rate on shares to the Annual Meeting; and

(g) fill casual vacancies among its own number, the members of the Loans Committee or the officers of the Society; and

(h) have general responsibility for the investment of the funds of the Society.

(3) The Board shall hold meetings regularly and at least once in each month.

(4) The Secretary shall, at the request of a Director or the Treasurer, summon meeting of the Board.

(5) At a meeting of the Board—

(a) a majority of members are a quorum; and

- (b) the President or, in his absence, the Vice-president shall act as Chairman, and in the absence of both the Directors may appoint a Chairman from among their number; and
 - (c) all matters shall, except as otherwise provided, be decided by a majority of votes; and
 - (d) the Chairman has a deliberative-and, in the event of an equality of votes on a matter, also a casting vote.
- (6) The Board shall cause—
- (a) minutes of general and Board Meetings to be made in books provided for the purpose; and
 - (b) the following documents and books to be kept at the registered office of the Society and open for inspection, at all reasonable times and without fee, by a member or creditor:—
 - (i) a copy of the Act, the regulations made under the Act and these Standard Rules; and
 - (ii) a copy of the Rules; and
 - (iii) a copy of the last statement of receipts and expenditure, assets and liabilities, together with the report on the last annual audit; and
 - (iv) Registers of Directors, Members and Shares; and
 - (v) a Register of Loans Raised and Securities Given by the Society; and
 - (c) all returns and notices required by the Act or any regulations made under the Act to be prepared and forwarded to the Registrar; and
 - (d) such Registers and accounts to be kept as are required by the Act or any regulations made under the Act.

(7) If a vacancy occurs on the Board it shall be filled by the Board, but a person so appointed holds office only until the next Annual Meeting of the Society.

20. OFFICERS.

(1) The Directors shall, within seven days after the Annual Meeting, meet to appoint from their own number a President and Vice-president, and shall also appoint—

- (a) a Secretary and a Treasurer; or
- (b) a Secretary/Treasurer,

who shall be members but may or may not be Directors.

(2) The Board may, from time to time as required, appoint persons to act as assistants to the Secretary, Treasurer or Secretary/Treasurer.

(3) The President—

- (a) shall preside at all meetings of the members and at all meetings of the Board at which he is present; and
- (b) together with the Treasurer, shall sign all documents required to be signed under the Society's seal; and
- (c) shall perform such other duties as are customarily the function of a President or as he is directed to perform by a resolution of the Board not inconsistent with the Act, any regulations made under the Act or these Rules.

(4) The Vice-president has and shall exercise all the powers, authorities and duties of the President during the latter's absence from a meeting or in the event of his inability to act.

(5) The Secretary or Secretary/Treasurer shall—

- (a) prepare and maintain full and correct records of all meetings of the members and of the Board; and
- (b) ensure that proper notice is given as required by these Rules, of all meetings of the members; and
- (c) perform such other duties as he is directed to perform by a resolution of the Board not inconsistent with the Act, any regulations made under the Act or these Rules.

(6) Subject to the control and direction of the Board, the Treasurer or Secretary/ Treasurer shall—

- (a) have custody of the seal of the Society and of all funds, securities, valuable papers and other assets of the Society; and
- (b) deposit all cash within a reasonable time. (*Note—48 hours is to be considered a reasonable time for those Societies that have ready access to a bank or bank agency*); and
- (c) sign all cheques issued by the Society, and other instruments involving liability of the Society; and
- (d) keep full and complete records of all assets and liabilities of the Society; and
- (e) within 15 days after the close of each month, prepare a statement showing the financial position of the Society as at the close of the month and supply a copy to each Director; and
- (f) prominently display a copy of the statement referred to in Paragraph (e) at the registered office of the Society, where it shall remain displayed until replaced by the financial statement for next month.

(7) If the Secretary, Treasurer or Secretary/Treasurer is not a Director, he shall attend and may enter into discussion at meetings of the Board, but is not entitled to vote.

- (8) An Assistant Treasurer or Assistant Secretary/Treasurer–
 - (a) shall, under the direction of the Treasurer, perform such duties as the Board may authorize, including the signing of cheques; and
 - (b) may act as Treasurer if the Treasurer is absent or unable to act.
- (9) If a vacancy occurs among the officers, it shall be filled by the Board.

21. LOANS COMMITTEE.

- (1) The Loans Committee shall be elected as set out in Section 18.
- (2) The members of the Loans Committee shall choose, from among their number, a Chairman and a Secretary.
- (3) The Secretary of the Loans Committee shall–
 - (a) prepare and maintain a full record of all actions taken by it; and
 - (b) cause a report to be presented to the Board each month, and to the members at the Annual Meeting.
- (4) The offices of Chairman and Secretary of the Loans Committee may be held by the same person.
- (5) The Loans Committee shall meet as often as is necessary to deal with the business of the Society, but in any case shall meet at least once in each month.
- (6) The method of calling meetings and the notice to be given are as decided by the members of the Loans Committee.
- (7) If a vacancy occurs on the Loans Committee it shall be filled by the Board, but a person so appointed holds office only until the next Annual Meeting of the Society.
- (8) The Loans Committee–
 - (a) shall deal with all applications from members for loans; and
 - (b) subject to the policy laid down by the Board, may approve or refuse loans and fix the rate of interest applicable to each loan; and
 - (c) shall, before granting an application for a loan, ensure that the loan would be in the best interests of the applicant or his family; and
 - (d) shall require security to be given on all loans in excess of such amount as is fixed by the Registrar; and
 - (e) subject to the policy laid down by the Board, shall determine the security and guarantors required for each loan and the conditions of repayment of the loan; and
 - (f) where more applications for loans are pending than can be granted from the funds available, shall give preference to loans of an urgent nature and to those that in the opinion of the Committee are likely to confer the most benefit to the applicants (except that where loans of an equally

beneficial nature are involved, the application which has been pending for the longer period shall take preference); and

- (g) shall not consider an application for a loan unless a majority of the Committee is present.

(9) A loan may be approved only by the unanimous decision of the members of the Loans Committee present.

(10) An applicant whose application has been rejected may appeal to the Board, who may, by a majority vote, reverse the decision of the Loans Committee.

22. SUPERVISORY COMMITTEE.

(1) The Supervisory Committee shall be elected as set out in Section 18.

(2) No officer, Director or member of the Loans Committee shall be a member of the Supervisory Committee.

(3) The Supervisory Committee shall choose, from among their number, a Chairman and a Secretary.

(4) The Secretary of the Supervisory Committee shall—

- (a) prepare and maintain a full record of all actions taken by it; and
- (b) cause a report to be presented to the Board at least once in each quarter, and to the members at the Annual Meeting.

(5) The offices of Chairman and Secretary of the Supervisory Committee may be held by the same person.

(6) If a vacancy occurs in the Supervisory Committee it shall be filled by a vote of the remaining members, but a person so appointed holds office only until the next Annual Meeting of the Society.

(7) At a meeting of the Supervisory Committee—

- (a) a majority of the members shall constitute a quorum; and
- (b) questions arising shall, except as otherwise provided, be decided by a majority of votes; and
- (c) the Chairman has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.

(8) The Supervisory Committee—

- (a) is responsible for the general supervision of the operations of the Society with a view to protecting the interests of the members, and in particular shall—
 - (i) conduct an examination of the Society's affairs and audit its books at least quarterly; and
 - (ii) conduct or provide for an annual audit and submit a report on the audit to the Annual Meeting; and

- (b) may call a Special Meeting of the Society to consider any matter arising out of any audit or examination conducted by it that it thinks should be placed before the members; and
- (c) subject to Subsection (9), may, if in its opinion it is in the interests of the Society to do so, suspend an officer, any or all of the Directors or any or all members of the Loans Committee; and
- (d) may inspect the books and records of the Society and question any member of the Society who it has reason to believe can give information relating to the affairs or management of the Society.

(9) Suspension action under Subsection (8)(c) may be taken only on the unanimous vote of the members of the Supervisory Committee present at a meeting called for the purpose, and within 10 days of any such suspension, the Committee shall cause a Special Meeting of the Society to be called to consider its action and the events leading to it.

23. REMUNERATION.

(1) No member of the Society shall receive any remuneration for serving as a member of the Board, the Loans Committee or the Supervisory Committee, but a member performing the duties of Secretary, Treasurer or Secretary/Treasurer of the Society may be paid an amount determined at any Annual or Special Meeting.

(2) The Board shall notify the Registrar of the Society's intention to make a payment, referred to in Subsection (1), and shall refrain from making the payment until authorized by the Registrar to do so.

(3) If the Registrar directs that the payment shall not be made or shall be varied, the Registrar's direction shall be observed.

24. REMOVAL FROM OFFICE.

(1) An officer, and a member of the Board, the Loans Committee or the Supervisory Committee, ceases to hold office if—

- (a) he becomes bankrupt, or assigns his estate for the benefit of, or compounds with, his creditors; or
- (b) he becomes incapable of performing his duties; or
- (c) he becomes lunatic or insane; or
- (d) he is convicted of an offence against the Act; or
- (e) he absents himself from three consecutive meetings of the Board, the Loans Committee or the Supervisory Committee, as the case may be, without an excuse satisfactory to the other members of the Board or Committee; or
- (f) he ceases to be a member of the Society; or

- (g) he gives one month's written notice to the President of his intention to resign, and his resignation is duly accepted by the Board; or
 - (h) he is removed from office by resolution of a general meeting of the Society.
- (2) The Board may, in its discretion, remove or suspend an officer of the Society.

PART VII. – LOANS.**25. LOANS.**

(1) Loans shall be made by the Society only to its members.

(2) A written application shall be made for each loan, and an application shall be made only on a form of a type approved by the Registrar.

(3) Subject to any directions of the Board, a loan shall be made on such conditions as the Loans Committee in the particular case determines.

(4) A loan may be made to a member only–

- (a) to assist him to purchase furniture for a home; or
- (b) to assist him to pay the expenses of removing household furniture and effects; or
- (c) to assist him to acquire tools of employment, machinery, and material or stock in trade for a business, trade or industry; or
- (d) to assist him to commence, acquire or carry on any business, trade or industry; or
- (e) to assist him to pay a deposit in respect of the purchase or lease of a home or place of business, trade or industry; or
- (f) to assist him to defray the cost of painting or effecting additions or repairs to his home; or
- (g) to assist him to pay off a mortgage on a home; or
- (h) to assist him or his dependants to defray expenses incurred in connection with any accident, sickness or death to or of a member or any of his dependents; or
- (i) to assist him in the formal education of himself or any of his dependents; or
- (j) with the approval of the Registrar–to assist him to discharge any financial liability reasonably incurred by him; or
- (k) for any other purpose approved by the Registrar.

(5) A member of the Board, the Loans Committee or the Supervisory Committee shall not be granted a loan that would result in the total of loans to him outstanding exceeding the value of his shares and deposits, except on the authority of resolutions of each of the Board, the Loans Committee and the Supervisory Committee at meetings at which he is not present.

(6) No members shall borrow from the Society so that the total loans outstanding to him exceed–

- (a) 20% of the value of shares issued by the Society plus the deposits held by it; or

(b) such lesser proportion or amount as the Board from time to time determines.

(7) When an additional loan is made to a member—

(a) his total indebtedness to the Society shall be amalgamated; and

(b) terms of repayments of the total shall be determined by the Loans Committee.

(8) The interest rate to be charged on loans shall be determined by the Board from time to time, but—

(a) the interest rate shall not in any case exceed 1% per month on the unpaid balance of the loan; and

(b) a society may in any case charge a minimum amount of interest of K0.10 per month; and

(c) interest may be calculated to the nearest whole month during which a portion of the loan remains unpaid.

(9) All money due to the Society by a member is a debt due by him to the Society, and is recoverable as such in any court of competent jurisdiction.

(10) The Registrar may, by written notice to a Society, limit the total amount that may be outstanding by way of a loan or loans to any one member of the Society at any one time.

26. SECURITY.

Security to be taken on loans made by the Society shall be in such form as is approved by the Registrar from time to time.

27. REPAYMENTS.

(1) Repayments as required by the conditions of a loan may be made on any day on which the office of the Society is open for business.

(2) Interest owing to the Society is a first charge against payments made from time to time to the Society in discharge of loan obligations.

(3) A borrower may repay his loan in full or reduce it in excess of the approved conditions on any day on which the office of the Society is open for business.

PART VIII. – THE SOCIETY’S FINANCES.

28. BANKING.

(1) All money paid to the Society shall be—

(a) paid to the Treasurer; and

(b) deposited by him in the name of the Society in such bank as the Board determines.

(2) Except where special provision has been approved by the Registrar, and subject to Subsections (3) and (4), all disbursements by the Society shall be made by cheque drawn on the Society’s accounts.

(3) Cheques may be drawn for such amounts as are determined by the Board and cashed to form a Petty Cash Fund from which small disbursements may be made for operating costs.

(4) Loans shall not be made from petty cash, which shall be held by the Treasurer.

(5) A cheque or other instrument drawn on the bank accounts of the Society shall be signed by the Treasurer and counter-signed by the President or Vice-president or another Director authorized by the Board to do so.

29. FINANCIAL YEAR.

The financial year of the Society ends on the last day of

30. GENERAL RESERVE FUND.

(1) The Society shall maintain a General Reserve Fund into which shall be paid all entrance fees and fines paid to the Society.

(2) The Society shall at the end of each financial year and before declaring a dividend on shares or interest on deposits set aside for payments into the General Reserve Fund at least 20% of the net earnings of the Society for that year, provided that the Society shall not be required to set aside or pay into the General Reserve Fund a sum greater than the sum which when aggregated with the amount standing to the credit of the Fund would equal 10% of the total liabilities (actual and contingent) of the Society.

(3) Money standing to the credit of the General Reserve Fund of the Society may be invested in the same manner as other money of the Society under these Rules.

(4) Any income earned from investment of money in the General Reserve Fund may be paid into the general revenue of the Society.

(5) The General Reserve Fund—

(a) shall be held as a reserve against bad loans or losses other than operating deficits; and

- (b) shall not be used for any other purposes except on the winding-up of the Society.

31. SPECIAL RESERVE FUNDS.

(1) In addition to the General Reserve Fund, special reserve funds may be established at the direction of the Board.

(2) Special reserve funds shall be used for such purposes as the Board determines.

32. DIVIDENDS.

The Society may, by a majority vote of the members at an Annual Meeting and on the recommendation of the Board, declare a dividend on issued shares subject to the following provisions:—

- (a) the Annual Meeting may reduce the dividend rate proposed by the Directors but may not authorize a higher rate of dividend than that recommended by the Board; and
- (b) dividends shall be paid only on a members fully-paid shares, and shall be calculated on the minimum number of fully-paid shares held by a member during each month of the financial year; and
- (c) the sum to be distributed by way of dividend shall not exceed the net earnings of the Society after provision has been made for the General Reserve Fund and such other special reserve funds as are maintained, and for remuneration for the Secretary, Treasurer or Secretary/Treasurer and other operating costs; and
- (d) a dividend in excess of 7% per annum shall not be paid without the approval of the Registrar.

33. BORROWINGS BY THE SOCIETY.

(1) The Society may, if authorized by a majority of members at a general meeting and with the approval of the Registrar, raise money by way of mortgage of its assets or otherwise up to an amount that, together with the amount outstanding on previous borrowings, does not exceed 25% of the aggregate at the time of the borrowing of—

- (a) money deposited with it; and
- (b) the paid-up value of its issued shares.

(2) With the approval of—

- (a) a Special Meeting called for the purpose at which not less than 75% of its members are present; and
- (b) the Registrar,

the Society may raise money, by way of mortgage of its assets or otherwise, up to an amount that, together with the amount outstanding on previous borrowings, does not exceed 50% of the aggregate at the time of the borrowing of money deposited with it and the paid-up value of its issued shares.

(3) The form of security, when required, to be given by the Society to secure any borrowings shall be as approved by the Registrar.

(4) The Society shall maintain a Register of Loans raised and Securities given by it.

34. BOOKS OF ACCOUNT.

The Society shall keep such books and account in such form as is prescribed in the regulation or as the Registrar directs.

35. ANNUAL STATEMENTS AND AUDIT.

The Society shall, not later than two months after the end of its financial year, send to the Registrar its statement of the receipts and expenditure, assets and liabilities, together with the report on the annual audit and such other information as is required by the Registrar from time to time.

36. WINDING-UP.

(1) Two-thirds or more of the members may petition the Registrar for the winding-up of the Society.

(2) In the event that the membership of the Society falls below 20, the Board shall immediately notify the Registrar, who shall decide whether the Society should be wound up.

(3) On receipt by it of a notice from the Registrar of his intention to order the winding-up of the Society, the Society shall immediately cease the transaction of any business, pending the appointment of a liquidator.

PART IX. – MISCELLANEOUS.

37. ADVISERS.

Any person appointed by the Registrar to act as an adviser to the Society may take part in any meetings of the Society, the Board, the Loans Committee or the Supervisory Committee, but is not entitled to vote.

38. DISPUTES.

Where a dispute concerning the business of the Society arises—

- (a) among members, past members or persons claiming through members, past members or deceased members; or
- (b) between a member, a past member or a person claiming through a member, past member or deceased member and the Society, the Board or an officer of the Society; or
- (c) between the Society or the Board and an officer of the Society; or
- (d) between the Society and any other Society,

it shall be referred to the Registrar for decision.

39. ASSOCIATIONS OF SOCIETIES.

The Society may, by resolution of a general meeting on the recommendation of the Board, join an Association of Savings and Loan Societies that has been registered under the Act.

40. SUPPLEMENTARY RULES.

(1) The Society may, by resolution passed by at least two-thirds of the members entitled to vote present at an Annual Meeting or at a Special Meeting called for the purpose, make rules, not inconsistent with the Act, or any regulations made under the Act, in addition to or amending these Rules.

(2) Rules, additions or amendments made in accordance with Subsection (1) have no force or effect until they have been approved and registered by the Registrar.

(3) The Society shall include in its rules any additional rules directed by the Registrar.

Standard Rules for Savings and Loan Societies