

STATE BUILDING SOCIETY LIMITED

RULES

NAME

1. The name of the Society shall be STATE BUILDING SOCIETY LIMITED.

REGISTERED OFFICE

2. The Registered Office of the Society shall be Level 22, 1 Oxford Street, Sydney, or such other place as the Board determines.

INTERPRETATION

3. In these Rules unless the context otherwise requires:

"the Act" means the Co-operation Act 1923 and those sections of the Permanent Building Societies Act 1967 specified in Schedule 3 to that Act, as amended.

"1923 Act" means the Co-operation Act 1923 as amended.

"1967 Act" means the Permanent Building Societies Act 1967 as amended.

"Advisory Committee" means the Permanent Building Societies Advisory Committee constituted pursuant to the Act.

"Board" means the Board of Directors.

"Capital Adequacy" means Capital Adequacy as defined in the Act.

"Dues" includes any monies due by a Member to the Society in relation to membership and shares or in connection with a loan made to a Member or in connection with any account established or to be established with the Society.

"Fixed Share" means a share in the share capital of the Society which, subject to the Act, is:

- (a) not withdrawable by the Member whose share it is, or
- (b) not withdrawable by the Member whose share it is, except at the direction of or with the approval of or concurrence of the Society,

but does not include a share that is of a class or description of shares prescribed as not being fixed shares.

"Member" means a Member of the Society.

"Month" means Calendar Month.

"Prescribed" means prescribed by the Act or Regulations.

"Primary Loan" means a loan referred to in Section 4A (2) (a) or (b) of the 1967 Act.

"Primary Object" means a primary object as referred to in Section 4A of the 1967 Act.

"Registrar" means the Registrar of Co-operative Societies or Deputy Registrar.

"Regulation" means Regulation under the Act.

"Rules" means the Rules of the Society.

"Secondary Object" means a secondary object as referred to in Section 4B of the 1967 Act.

"Secretary" means any person appointed by the Society to that office.

"Special Resolution" means a resolution which is passed by a majority of not less than two-thirds of such Members entitled to vote in person or by proxy at any general meeting of which notice specifying the intention to propose the resolution has been duly given in accordance with these Rules provided that such majority includes two-thirds of the holders of fixed shares present at the meeting and voting either personally or by proxy.

"Subscription" includes any amount paid on shares.

"Withdrawable Share" means a share in the share capital of the Society which is (subject to the Act) withdrawable by the Member whose share it is and includes a share of a class or description of shares prescribed as not being fixed shares, but does not include a fixed share.

Words importing the singular include the plural and vice versa.

Words importing the masculine gender include any gender.

Expressions used have the same meanings as those ascribed to them by the Act.

Headings are included for convenience only and shall not affect interpretation.

#### RULES

4. The Rules of the Society shall bind it and all its Members and all persons claiming through them respectively to the same extent as if each Member had subscribed his name and affixed his seal thereto, and there were contained in the Rules a covenant on the part of each Member and his legal representative to observe all the provisions of the Rules, subject to the provisions of the Act.

Any Member shall be entitled on demand to one copy of the Rules without charge and any person shall be entitled to a copy of these Rules upon payment of such sum as is determined by the Board. The Rules shall not be altered unless the alteration has been approved by Special Resolution. No such alteration shall take effect until the alteration has been registered by the Registrar.

Alteration includes addition to, or rescission of, a rule or any part.

Notwithstanding the foregoing, the Rules may be altered by a resolution of the Board where the alteration does no more than:

- (a) give effect to a requirement, restriction or prohibition imposed by or under the authority of the Act or the Regulations; or
- (o) deal with a matter and in such manner as is specified in a Ministerial Order made in terms of Section 83 (3C) of the 1923 Act.

OBJECTS

- 5 (a) The Primary Objects of the Society are those provided in the Act and without limiting the generality thereof shall be the raising by subscriptions of Members and as otherwise authorised by the Act of a fund for making Primary Loans to Members, subject to the provisions of the Act and Regulations:
  - (i) on the security of a mortgage over freehold or leasehold land; or
  - (ii) on the security of a mortgage over land that is of any other tenure under any Crown Lands legislation,  
  
being land that is situated in Australia and used or to be used wholly or partly for residential purposes together with such collateral security, if any, as may be determined from time to time by the Board.  
  
The Society shall not without the approval of the Advisory Committee make any loan on the security of a mortgage over land of such tenure as may be prescribed as an unacceptable tenure.
- (b) The Secondary Objects of the Society, subject to the Act and Regulations, shall be:
  - (i) to make loans to Members (other than primary loans) whether with or without security;
  - (ii) to give guarantees on behalf of its Members or depositors;
  - (iii) to act as a trustee and to accept and hold in trust real and personal property;
  - (iv) to subscribe for or to otherwise acquire shares in a Body Corporate (being a Body Corporate which has a share capital and whether or not incorporated in New South Wales) that has objects or powers which include the provision of, or has agreed to provide special services to the Society to enable the Society to further its objects or to the Members of the Society in their capacity as such;
  - (v) to render such services to or on behalf of Members or depositors as are permitted or not proscribed from time to time by the Act;
  - (vi) to act as an agent in respect of any matter as may be prescribed from time to time by the Act.
- (c) The Society has the powers of a natural person for the purposes of carrying out any of its aforesaid objects.

BORROWING POWERS

6. Subject to the Act the Society may borrow or raise money in such manner and by such means as the Board shall determine to be applied for the purposes of the Society and in particular (but without limiting the generality of the foregoing) by:
- (a) legal or equitable mortgage charged on the undertaking of the Society or on all or any part of the property of the Society, including its uncalled or unpaid capital subscriptions, loan repayments and other money;
  - (b) by issuing, discounting or otherwise dealing with bills of exchange, promissory notes and mortgage backed securities or such other securities as are prescribed from time to time by the Act or by receiving deposits or loans at interest; and
  - (c) by arrangements involving:
    - (i) the issue of letters of credit; and
    - (ii) the indemnification of any person or body in respect of any payment made pursuant to such letter of credit, whether or not the indemnification is secured by a legal or equitable mortgage or otherwise.

CAPITAL, SHARES AND MEMBERSHIP

- 7 (a) The capital of the Society shall be raised by the issue of shares and the capital shall vary according to the nominal value of shares allotted and not cancelled.
- (b) There shall be two classes of shares, namely:
- (i) Fixed shares which will be of a nominal value of \$5 each; and
  - (ii) Withdrawable shares which will be of a nominal value of \$1 each;
- and, subject to the Act, shares of each class shall be issued on such terms and conditions as the Board shall decide and as paid up in full or to be paid by periodical or other subscriptions.
- (c) Without derogation from the generality of the foregoing the Board may stipulate whether any shares are to be issued at a premium or at par or at a discount and, subject to the Act and these Rules with preferred deferred or special rights privileges or terms in respect of dividends interest voting rights and/or return of capital and the Board may stipulate the interest or dividend to be received by any share, the terms upon which a share is held and may be withdrawn and, subject to the preceding sub-rule (b) the period within which any share may not be withdrawn. The rate of interest or dividend to be received by any share may at any time be altered by the Board.

8. The shares shall not be quoted for sale or purchase at any stock exchange or in any public manner whatever within the meaning of the Income Tax laws of the Commonwealth of Australia.
- 9 (a) A person under the age of eighteen years may be a Member of the Society and may to the extent required by reason of his membership, execute all instruments and give all necessary acquittances but shall not be competent to hold any office in the Society. A member of the Society, other than a holder of fixed shares, who is under the age of eighteen years shall not be entitled to vote.
- (b) A Corporate Body may be a Member and may appoint by notice in writing a person to represent it in respect of the shares held by it provided that no person shall represent any more corporate bodies than he may represent pursuant to the Act. Notwithstanding the foregoing a person appointed to represent a Corporate Body shall not be entitled to vote at any meeting whether on a show of hands or on a poll or at the taking of any ballot for an election pursuant to Rule 95 unless the notice appointing him was received by the Secretary at the Registered Office of the Society not later than 3.00 p.m. on the last working day which is not less than the seventh day before the day of the meeting or in the case of a ballot as last aforesaid not later than 3.00 p.m. on the last day for voting on the ballot as the case may be.
- A person so appointed shall be entitled to receive notices of all meetings in the same manner as the Members and shall be entitled to exercise the same rights to vote as a Member, and shall be eligible to be elected to the Board if the Body Corporate holds such qualification, other than those relating to age, as may be requisite for holding office as a director.
- (c) A depositor may at any time become a Member by subscribing for withdrawable shares.
10. Pursuant to Section 74 of the 1923 Act the Society may make an entry or notation on any register or account kept by the Society in respect of any shares in the Society or monies deposited with the Society so as to indicate that the shares or the monies are held by or vested in a person upon trust. The Society shall not be affected with notice of any trust by making such entry or notation.
11. Every Member shall hold at least one share in his own name but no Member shall, in his own right or through nominees, hold more than one fifth of the shares in the Society.
12. Application for membership shall be made in writing in/or to the effect of the form stipulated from time to time by the Board and shall be accompanied by a payment being the amount stated in the application by the applicant. The sum so stated shall be the capital subscribed by the applicant in respect of shares on the basis of one share in respect of fixed shares and withdrawable shares for each \$5 and \$1 or part thereof respectively subscribed.

13. Subject to Rule 14:
- (a) A Member desiring to acquire share/s additional to those acquired by him on his becoming a Member, shall, if required by the Board, make application in writing in or to the effect of the form stipulated from time to time by the Board.
  - (b) A payment to or the crediting by the Society of a sum of money to a Member's withdrawable share account shall be deemed to be a payment in respect of further shares to the extent of each \$1 or part thereof to the credit of the said share account or as may be determined by the Board after such payment or crediting as the case may be. The Society shall, upon the determination of the Board, enter the appropriate number of shares to each Member in the Society's Share Register and upon each entry being made, the said Member shall become and be the holder of the number of shares in the Society then standing in his name in such Register.
  - (c) An application for additional fixed shares shall be made in such manner and in such circumstances as the Board shall determine.
14. The Board shall allot shares applied for to the applicant as soon as is practicable after application is made provided that the Board may in its discretion refuse any application for membership or shares and need assign no reason for such refusal. Upon refusal the applicant's subscription shall be refunded without interest.
15. Any balance unpaid in respect of shares at the time of allotment shall be paid in accordance with the terms of the share holding.
16. The liability of a Member in respect of a share shall be limited to the amount in arrear on the share. A Member shall also be liable to the Society for any charges payable in accordance with these Rules and, in particular, but without limiting the generality thereof, a Member shall be liable for such fees and charges determined from time to time by the Board as being payable in respect of a Member's account or accounts with the Society including outgoings incurred by or on behalf of the Society in respect of a Member's account and the Board may specify different fees and/or charges in respect of different types of accounts and services rendered to Members. The joint holders of a share shall be jointly and severally liable in respect of any amount in arrear on the share and any such fees and/or charges.
- 17 (a) Shares, the Dues upon which become six months in arrear, shall be liable to forfeiture after notice of intention to forfeit has been given by registered post. The notice shall state the amount owing and name a date, being not less than three months from the date of such notice, after which the shares may be forfeited unless such amount is paid to the Society. The notice shall also state whether the Member is eligible to withdraw from the Society. The Board may resolve to forfeit the shares of any Member who does not pay the amount in terms of the notice.
- (b) A statutory declaration in writing that the declarant is a director of the Society and that a share in the Society has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share.

- (c) Shares forfeited shall be cancelled.
- (d) The Society shall pay to a Member whose shares are forfeited pursuant to clause (a) of this Rule the withdrawal value of the shares according to Rule 19.

#### WITHDRAWAL OF SHARES

- 18. Withdrawable shares may be withdrawn subject to the terms of their issue, these Rules and the Act. Withdrawal may be effected in such manner and pursuant to such procedures as the Board shall from time to time determine. Payment made pursuant to a withdrawal of shares in accordance with this Rule and authority for withdrawal given by the Member at the time of, or subsequent to, the first allotment of shares to that Member shall be a good and sufficient discharge to the Society notwithstanding the revocation of any authority to the person making the withdrawal unless written notice of such revocation of authority shall have been previously received by the Society.
- 19. Subject to Rule 29 the value for repayment of shares upon withdrawal shall be the amount paid and/or credited by way of investment on shares at the date of application for withdrawal together with such sum (if any) for interest accrued to the date of withdrawal.
- 20. The repayment of shares after receipt of applications for withdrawal shall be made in order of priority of receipt of notices and in accordance with the Act provided that the Board shall not be required to pay out in respect of withdrawals in any year a greater amount than the total amount which has been paid in reduction of loans during the financial year then current.
- 21. Subject to the Act, the Board may cancel shares that are no longer required for the purposes of the Society. Upon any such cancellation the Society shall pay to the Member the amount paid upon the cancelled shares together with any other monies to which the Member may be entitled in respect thereof.

#### TRANSFER OF SHARES

- 22. A share may not be sold or transferred without the consent of the Board and any transfer shall be in any usual or common form which the Board shall approve.
- 23. The instrument of transfer of any share shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Share Register in respect thereof.
- 24. The Board may decline to register any transfer of shares to a person not qualified to be a Member or of whom they do not approve without assigning any reason therefor. The Board may decline to recognise any instrument of transfer unless it is accompanied by such evidence as the Board may reasonably require to show the right of the transferor to make the transfer of the shares to which it relates.

25. The Board shall cause a record of transfers to be made.
26. Subject to the Act the Society may by Special Resolution establish a scheme for the conversion of any withdrawable share capital to deposits.

#### DEATH OR BANKRUPTCY OF MEMBER

27. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall, upon production of such evidence as the Board shall from time to time require, elect to be registered as a Member in respect of the share or to transfer the share subject however to the provisions of Rules 22 to 25 inclusive. An election by any such person to be registered as a Member shall be deemed to be an application by that person for registration of a transfer of the share.

#### SMALL ESTATES

28. In the event of the death of a Member or person entitled to:

- (i) any share in the Society;
- (ii) any loan to the Society;
- (iii) any deposit with the Society;
- (iv) proceeds of sale by the Society as mortgagee of any property mortgaged by the deceased to the Society;

the Board may make such payment or transfer of shares as is authorised by Section 59 of the 1923 Act.

#### CHARGE ON SHARES AND DEPOSITS

29. The Society shall have a charge upon the share or interest in the capital and on the credit balance and deposits of a Member or past Member and upon any dividend, interest, bonus or rebate payable to a Member or past Member in respect of any debt due from the Member or the past Member to the Society, and may set off any amount paid on account of that share or otherwise, or any amount credited or payable to a Member or past Member in or towards payment of the debt. The charge created by this Rule may be enforced by the appropriation by the Society of the capital, interest or deposit subject to such charge in accordance with the Act. Any share in respect of which the whole of the capital has been so appropriated shall be cancelled.

#### LOST, STOLEN OR DESTROYED DOCUMENTS

30. If any receipt passbook or other form of document object or record issued to a Member or depositor be lost, stolen or destroyed it shall be the duty of the Member or depositor immediately after becoming aware of such loss, theft or destruction to notify or cause notice of same to be given to the Society in writing. That Member or depositor shall be entitled to receive a replacement after the Society has received such information and indemnity (if any) as the Board in its discretion may deem necessary.



LOANS TO MEMBERS

31. Subject to the Act and Regulations the Board may approve loans to Members in accordance with Rules 5(a) and 5(b) and may approve loans on the security permitted by such Rules given to the Society by a person other than a person to whom the loan is made.
32. If there are insufficient funds held to satisfy all applications for loans, the priority in which loans shall be approved shall be determined by the Board.
33. An application for loan or additional loan shall be made in writing in or to the effect of the form determined by the Board. On lodgment of such application the Member shall pay such application fees as are determined by the Board. Such fees are to be refunded if the application is rejected by the Board subject to deduction of any expenses incurred by the Society.
34. An applicant when applying for a loan shall furnish the Society with:
  - (a) such personal particulars; and
  - (b) such particulars of any security offered;in such form as the Board may require.

If the particulars so supplied shall contain any inaccurate or misleading statement, or if there shall be any omission therefrom which in the opinion of the Board is material to the grant of a loan, the Board may demand and recover the immediate repayment of the loan together with all other monies owing.

35. Where a Member who is under the age of eighteen years and is married borrows money from the Society and:
  - (a) the loan is secured by a mortgage over land, such Member shall be subject to the same liabilities and obligations and have the same rights in respect of the mortgage as if he had been of the full age of eighteen years at the time of execution of the mortgage;
  - (b) the loan is not secured by a mortgage over land, such Member shall, in respect of his agreement to repay the loan and in respect of any security for repayment of the loan given by him to the Society, be subject to the same liabilities and obligations as he would have been subjected to, and shall have the same rights as he would have had if he had attained the age of eighteen years at the time the loan was made.

Any guarantee or surety given by any person in respect of a loan referred to in (b) above shall be as binding and effectual as if the person who borrowed the money had attained the age of eighteen years at the time the guarantee or surety was given.

36. Any application for loan may be refused by the Board without it assigning any reason therefor.

37. Any loan instrument to which the Society is a party (including mortgages) shall conform to these Rules and contain such usual and other covenants as the Board deems proper and necessary to secure the loan and/or any additional or future loans in accordance with the Rules. The loan instrument shall secure the payment of the loan and/or any future loans and the payment of all monies to which a Member is or may become liable under the Rules or the loan instrument. The amount due under the loan instrument in the event of membership ceasing at any time shall be the total amount calculated in accordance with Rule 54.
38. Any subsequent alteration of these Rules affecting a loan instrument shall govern a Member as if the loan instrument had been so altered.
- 39(a) A Member who applies for a loan and who proposes to purchase land and erect buildings or to erect buildings on land owned by him and to mortgage same to the Society as security for the loan shall submit plans and specifications for the approval of the Society. The Society shall be entitled from time to time to pay to the Member or to any person authorised in that behalf by the Member amounts in respect of progress payments on such basis as the Society shall determine until, subject to (b) following, the total amount of the loans has been advanced.
  - (b) Upon completion of the work the Society may at its discretion retain out of the final payment for a period of three (3) months from the date of the final certificate of its valuer as to the completion of the work, a sum, not exceeding two (2) percent of the contract price of the said work, to be used in making good any defects in the said work appearing during such period of three (3) months.
  - (c) If the Member fails to complete the work to the satisfaction of the Society it may:
    - (i) exercise its powers of sale and other remedies under the mortgage; or
    - (ii) complete the work or carry out so much of the work as the Board shall consider necessary or expedient at the expense of the Member. For this purpose the Society may apply to the cost thereof any of the undrawn portion of the approved loan and any such application shall be regarded as a loan to the Member. Should such approved loan money be insufficient to carry out the work the Society may charge interest at a rate of interest not in excess of one percent per annum above the rate agreed to be charged on the approved loan on any sums expended in excess of the approved loan and such sums shall be a debt due and payable by the Member to the Society on demand secured by the mortgage and in default of payment the Society may exercise the powers contained in sub-paragraph (i) of clause (c) of this Rule.

#### INTEREST ON LOANS

40. Subject to the Act where applicable the Board shall fix the term, rates of interest, and the amount of periodic payments which will apply to any loan made and may fix different terms, rates of interest, methods of calculation (including compounding of interest at periodic rests) of

interest, or amounts of periodic payments for different classes of loan. The Board may vary the term, the interest rate, method of calculation (including compounding of interest and the period between rests) of interest and/or amount of periodic payments from time to time both in respect of any loan advanced or to be advanced. The Board shall also have the right to capitalise outstanding interest.

#### PAYMENTS AFTER LOAN ADVANCED

41. When a loan to a Member has been approved by the Board interest on the full amount of the loan approved shall accrue with effect from the date fixed by the Board and the loan and interest shall be paid to the Society in the amounts and in the manner and at the times fixed by the Board notwithstanding that the loan or any part thereof may not yet have been advanced either in whole or in part to the Member.

#### PRODUCTION OF DOCUMENTS AND SERVICE FEES

42. The Board may from time to time determine the fee payable by a Member to the Society for any service rendered in connection with the making or discharging of any loan or the production of any document relating to property mortgaged to the Society or the supply of a copy of any such documents and the Member shall pay such fee prior to performance of the service, production of the document or supply of the copy as the case may be.

#### LATE PAYMENTS

43. If a Member fails to make a payment on any due date he may, at the discretion of the Board, lose the benefit of any reduction of interest allowed by the Board for prompt payment and be required to pay interest in respect of the loan made to him at no more than the highest of the rates determined by the Board pursuant to Rule 40 in respect of the applicable class of loan.
44. The Board may grant relief in respect of payment by a Member of loan repayments or other monies becoming due for such reasons as continued sickness, unemployment or other misfortune proved to its satisfaction. In granting any relief, the Board may impose such conditions as it thinks fit.

#### APPROPRIATION OF PAYMENTS

45. All payments received from or on account of a Member's indebtedness under a loan instrument may at the option of the Board be appropriated firstly in or towards satisfaction of any interest owing; secondly in or towards payment and satisfaction of all monies paid or debts incurred by the Society on account of or in relation to such Member or in respect of any property secured under the loan instrument by him to the Society; and thirdly in or towards the principal and other monies owing under or in terms of the loan instrument.

SURVEY OF PROPERTY

46. A survey of any property offered as security for a loan shall be supplied by the Member seeking the loan provided that the Board may dispense with this requirement in such circumstances as it sees fit. The costs of any survey to be supplied shall be borne by the Member. If not paid within the time fixed by the Board, the costs may be deducted from the amount of the loan to be advanced.

VALUATION OF PROPERTY

47. Subject to the Act, where the loan is to be secured by a mortgage over land, the Society shall not make such loan to a Member unless there has first been obtained a valuation of the land proposed to be mortgaged by the Member and any buildings erected or to be erected thereon. If such valuation is necessary it shall be made by a valuer approved in terms of the Act.
48. A Member submitting a property as security shall be liable to the Society for valuation and/or inspection fees as determined by the Board. Details of such fees shall be made available by the Society to Members on application.
49. The Board may as often as it considers necessary direct an inspection by any person authorised by it of any property mortgaged to the Society and the Mortgagor shall permit any person so authorised to enter and view the property at all reasonable times.

SOLICITOR

50. The Board may for the Society's purposes engage the services of qualified solicitors. No solicitor shall act for the Society in respect of any loan in which the solicitor shall have a direct interest other than in respect of professional fees and disbursements.
51. All costs and expenses in connection with a loan instrument or any variation or discharge thereof shall be borne by the Member provided that as regards solicitor's costs in respect of a mortgage the amount payable by the Member shall not exceed two thirds of the amount which would otherwise be payable in accordance with any general order in force from time to time pursuant to the Conveyancing Act, 1919 or the Legal Practitioners Act, 1898 or any amendments thereof. Such concession shall not apply in respect of the Society's legal costs occasioned by the Member's default under the mortgage or breach of any of the covenants therein contained.

INSURANCE OF MORTGAGED PROPERTY

52. The Member will effect and maintain with an insurance company approved of by the Society in the joint names of the Member and the Society such fire and/or other general or special insurance in respect of the mortgaged or secured property as the Society might from time to time require. In the event of the Member failing to pay the premium in respect of such insurance the Society, in addition to its rights and remedies under the mortgage, or other loan instrument, may pay such premiums and the amount so paid shall be repaid to the Society by the Member within one month or may, at the discretion of the Society, be deducted from any monies paid to the Society by the Member.

The Society will not incur any liability whatsoever arising out of any omission by the Society to effect renew or maintain such insurance or out of any failure by the said company (or by any other insurer with which the Member may effect such insurance with the approval of the Society) for any reason to meet a claim by the Member under such insurance. Nothing hereinbefore contained shall prevent the Society at any time or from time to time assigning to any mortgagee of the Society the interest of the Society in all or any of the policies covering any of the property mortgaged to, or secured by, the Society.

#### LIFE ASSURANCE

53. If a Member shall enter into any scheme of life assurance arranged through the Society to cover either in whole or in part his outstanding liability from time to time under the loan instrument given or to be given by him to the Society he shall in addition to the monthly payments due by him to the Society pay the amount of monthly premiums payable in respect of such scheme and authorise the Society to forward such monthly premium to the insurance company. If the Member shall fail to make any such monthly premium payment or payments to the Society then the Society may at its sole discretion until such time as the Member shall notify the Society in writing that he has withdrawn from the scheme out in any event not for a period of more than six (6) months pay the same to the insurance company and any such payments shall be deemed to be further advances under the loan instrument repayable on demand and recoverable accordingly.

#### DISCHARGE OF LOAN INSTRUMENT

54. A Member who has had a loan may discharge his liability in respect of such loan and obtain a discharge of his loan instrument and any property secured thereby by paying the principal amount owing together with any sums then owing in respect thereof including all Dues, levies, interest, charges and other monies to which a Member is or may become liable under the Rules or the loan instrument less any paid up share capital and any sums standing to the credit of the Member. Provided, however, that in the case of a Member who discharges his liability prior to the termination of the period mutually agreed upon between the Member and the Society at the time of approval of the loan as being the term of the loan, the Board in its discretion may require the payment of an additional sum not exceeding three months' interest at the rate of interest currently payable under the loan instrument.

Any discharge of mortgage by the Society may be qualified in respect of any personal rights which have arisen or which may arise in favour of the Society against the Member.

#### POWER TO SELL MORTGAGED PROPERTY

55. A Member may sell property that he has mortgaged to the Society on condition that the mortgage is discharged in accordance with these Rules or that the purchaser with the approval of the Board takes the property subject to the mortgage on such conditions as the Board may impose.

INVESTMENT OF FUNDS

56. The Society may invest any of its funds in any manner authorised by the Act or Regulations or any law or in such manner as the Board determines from time to time.

ACQUISITION OF PROPERTY

57. The Society may, for the purpose of carrying out any of its objects, purchase, exchange, take on lease, hold, dispose of and otherwise deal with any real or personal property or any chose in action.

POWER TO JOIN ASSOCIATION

58. In accordance with Section 66C of the 1923 Act the Society may join any association or federation of building societies whether or not it is registered under this Act or under any other Act or under a law of any place outside New South Wales.

GUARANTEE FUND

59. Subject to the Act the Society may, and shall if so directed by the Minister, become a member of or enter into arrangements with a prescribed guarantor corporation whose functions are or include:
- (a) making funds available to meet losses incurred by persons investing in, or lending money to a society which is a party to any such arrangement;
  - (b) guaranteeing the liquidity of any such society; or
  - (c) any other prescribed functions.

APPLICATION OF FUNDS

60. Any loss which may result from the transactions of the Society in any year shall be borne as follows:
- Firstly, by the reserves of the Society;
  - Secondly, by the holders of fixed shares;
  - Thirdly, by the holders of withdrawable shares;
- provided that no Member shall be called upon to contribute any amount exceeding the amount, if any, unpaid on the shares in respect of which the Member is liable.

CAPITAL ADEQUACY

61. The Society shall at all times maintain its Capital Adequacy as defined in Sections 63A to 63H inclusive of the 1967 Act as amended.

62. Subject to the provisions of Rule 61 any part of the surplus arising from the operations of the Society may be applied:
- (a) in carrying to reserves such amount as the Board may determine;
  - (b) by making payments to the Members or any class of Members by way of dividend at the rate determined by the Board in respect of shares held;
  - (c) by payment to Members by way of rebate as determined by the Board based on business done with the Society.
63. The Society may make contributions out of its funds for any charitable purpose but such contributions shall not exceed fifty (50) per centum of the surplus which has arisen in the preceding financial year of the Society.
64. The Society shall not be responsible for any monies paid to the Society until issue of its official receipt or any other form of acknowledgement authorised by the Board for the purpose of acknowledging a receipt.

#### MEETINGS

65. A general meeting to be known as the Annual General Meeting shall be held each year at such time as the Board shall appoint being within three (3) months after the close of the Society's financial year or within such further time as may be allowed by the Registrar. If the Board neglects or fails to appoint the time and place of the Annual General Meeting within the time specified above any fifty (50) Members of the Society each holding not less than five hundred (500) fully paid withdrawable shares or any ten (10) Members each holding not less than ten (10) fixed shares may, without prejudice to the power of the Board to control the meeting, convene the Annual General Meeting to be held within such time as the Registrar may allow.
66. All reasonable expenses incurred in calling any such meeting shall be refunded by the Society to the Members incurring the same. Any sums so paid shall be retained by the Society out of any sums due or to become due from it by way of fees or other remuneration in respect of their services to such directors as were in default.
67. All other general meetings of the Society shall be special general meetings and all business transacted thereat shall be deemed special.
68. A person shall not unless invited by the Board to attend be entitled to be present at a general meeting of the Society or a general meeting of the holders of a particular class of shares in the Society unless he is over the age of eighteen years (not being the holder of fixed shares)

and first produces for inspection by an officer of the Society or other person authorised by the Society the account record evidencing the holding of shares as specified in Rule 88 and if so required by the person making the inspection as aforesaid he identifies himself as being the person whose name appears in that account record.

69. The ordinary business of the Annual General Meeting shall be:
- (a) To confirm minutes of the last preceding Annual General Meeting and of any special general meetings held since the last Annual General Meeting;
  - (b) To receive from the Board, auditors or other officers of the Society, reports upon the transactions of the Society during the financial year;
  - (c) Except as otherwise provided in the Rules to elect and determine the remuneration of directors and auditors.

All other business shall be deemed special business.

70. The Annual General Meeting may transact special business of which notice is given in accordance with Rule 79.
71. The Board may, whenever it thinks fit, convene a special general meeting of the Society.
72. The Board shall on the requisition of not less than seven hundred and fifty (750) Members each holding not less than five hundred (500) fully paid withdrawable shares upon which all Dues have been paid or on the requisition of ten (10) Members each holding not less than ten (10) fixed shares, forthwith proceed to convene a special general meeting of the Society.
73. A requisition for a special general meeting shall state the objects of the meeting and must be signed by the requisitionists and deposited with the Secretary at the Registered Office of the Society and may consist of several documents in the like form, each signed by one or more of the requisitionists.
74. If the Board does not within twenty-eight (28) days from the date of deposit of the requisition proceed duly to convene a meeting the requisitionists, or any of them, may convene the meeting, but any meeting so convened shall not be held after the expiration of three (3) months from the date of the deposit of the requisition.



75. Any special general meeting convened by requisitionists in pursuance of these Rules shall be convened in the same manner as nearly as possible as that in which such meetings are convened by the Board, and all reasonable expenses incurred in so convening the meeting shall be refunded by the Society to the persons incurring same.

NOTICE OF MEETING

76. Ten (10) day's notice at the least (exclusive of the day on which the notice is served or deemed to be served but inclusive of the day for which notice is given) in the manner provided in these Rules shall be given of any general meeting specifying the place, the day and the hour of meeting, and in the case of notice of special business, the general nature of that business.
- 77(a) For the purposes of Rule 76 the Board may give such notice of any meeting of Members by any of the following methods:
- (i) personally;
  - (ii) pre-paid ordinary post; or
  - (iii) advertisement.
- (b) If the Board gives notice as provided in (a) (iii) above such advertisement must be:
- (i) prominently displayed in the news section in each of two (2) daily newspapers circulating through the State on at least two (2) occasions (at least seven (7) days apart) being not more than twenty-eight (28) days nor less than ten (10) days prior to the meeting provided however that so much of the detail of the notice as cannot be conveniently incorporated in the display may be inserted under the appropriate classification in the classified advertisements published by the newspapers; and
  - (ii) prominently displayed at least once in a regional newspaper circulating outside the Sydney Metropolitan Area where the Society has a branch or agency; and
  - (iii) not less than three (3) columns by nineteen (19) centimetres in size; and
  - (iv) displayed in the Registered Office and every branch of the Society and its agencies at least twenty eight (28) days prior to the meeting unless special circumstances render such a display impracticable.
- (c) Neither the non-receipt by any Member of notice of meeting nor any failure to comply with sub clause (b)(ii) and/or (b)(iv) of this Rule shall invalidate the proceedings of that meeting.

78. Notice of the Annual General Meeting shall include a notice that the balance sheet and income and expenditure account and Auditor's report may be inspected by Members at any office of the Society during the ten (10) days immediately preceding the Annual General Meeting unless those documents accompany the aforesaid notice.
- 79(a) Any Member, entitled to attend a general meeting of the Society in terms of Rule 88, wishing to propose a motion at such general meeting of the Society shall give written notice thereof to the Society at its Registered Office.
- (b) In the case of a motion to be proposed by a Member at the Annual General Meeting notice thereof shall be given to the Society not later than the 25th day of May in the year in which the meeting is to be held.
- (c) The Board shall cause notice of any motion referred to in paragraph (a) of this Rule to be included in the notice of the next Annual General Meeting and in the case of a special general meeting provided that notice of the motion was received by the Society not later than sixty (60) days prior to the issue of the notice of the special general meeting.
- (d) No motion may be put to any general meeting by a Member unless notice of that motion has been given with the notice of the meeting.

#### PROCEEDINGS AT MEETINGS

80. No item of business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting is considering that item. Save as herein otherwise provided, five (5) Members personally present shall be a quorum. If within half an hour after the appointed time for the meeting a quorum is not present the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place and if at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting the Members present shall be a quorum.
81. The Chairman, or in his absence the Deputy Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Society.
82. If there is no such Chairman or Deputy Chairman, or if at any meeting both are not present within fifteen (15) minutes after the time appointed for holding the meeting, or are unwilling to act as Chairman, the Members present shall choose someone from their number to act in the position until such time as either the Chairman or Deputy Chairman may be present at the meeting and signifies willingness to act as Chairman.
83. The Chairman may, with the consent of the meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for twenty-eight (28) days or more notice of the adjourned meeting shall be given by two advertisements on separate days in each of two (2) newspapers circulating throughout N.S.W. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

84. At any general meeting any question for decision shall, except as provided elsewhere in the Act or these Rules, be determined on a show of hands by a majority of those persons entitled to vote as are present in person unless a poll is, before the declaration of the result of the show of hands, demanded by at least five (5) Members. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority, or lost and an entry to that effect in the book of the proceedings of the Society shall be evidence of the fact without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
85. If a poll is duly demanded it shall be taken at such a meeting in a manner which the Chairman shall direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
86. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
87. A poll demanded on the election of a Chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at a time before the close of the meeting which the Chairman of the meeting shall direct.
88. Those Members who are:
- (a) over the age of eighteen (18) years and who have held at least five hundred (500) withdrawable shares continuously for a period of three (3) months ending fourteen (14) clear days prior to a general meeting under one membership account number; or
  - (b) holders of at least ten (10) fixed shares,
- shall be entitled to one vote in an election pursuant to Rule 95 and at any general meeting whether present in person or by proxy provided that a Member who has borrowed from the Society any money which is still unpaid shall not be entitled to vote upon any question relating to any alteration of this Rule or Rules 40 or 41.
- 89(a) Subject to paragraph (b) of this Rule a Member entitled to attend and vote at a meeting of the Society shall be entitled to appoint another person (whether a Member or not) as his proxy to attend the meeting instead of the Member and to exercise the vote of the Member whether on a show of hands or on a poll and such person shall also have the same right as the Member to speak at the meeting.
- (b) In addition to any vote which a person may exercise as a Member of the Society or as the representative of a body corporate which is a Member, a person appointed as proxy may not exercise more than ten (10) votes as a proxy.

- (c) Where a Member desires to appoint a proxy the instrument appointing a proxy shall be in or to the effect of the form determined from time to time by the Board, and shall specify:
- (i) the Member's account number;
  - (ii) if he is the holder of withdrawable shares, that he is not under the age of eighteen years; and
  - (iii) if desired, any direction in respect of voting preference to be followed by the proxyholder.
- (d) The instrument appointing a proxy shall be deposited with the Secretary at the Registered Office of the Society no later than 3.00 p.m. on the last working day which is not less than seven (7) days before the day for holding the meeting or the adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a ballot, no later than 3.00 p.m. on the last working day which is not less than seven (7) days before the day appointed for the taking of the ballot, and in default the instrument of proxy shall not be treated as valid.
- (e) Prior to the admission to a general meeting a proxyholder shall produce such proof of his identity as the Board or the Chairman of the meeting shall from time to time direct.
- (f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death, bankruptcy or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed provided that no intimation in writing of such death, bankruptcy, insanity or revocation as aforesaid shall have been received by the Society before the commencement of the meeting or adjourned meeting at which the proxy is used.
90. Where shares are held jointly the Member who is entered first in the Share Register shall be classed as the "primary joint holder". For the purpose of determining who is qualified to vote the shares shall be treated as being held by the primary joint holder alone.

BOARD OF DIRECTORS

- 91(a) Subject to clauses (d) and (e) of this Rule there shall be a Board of eight (8) directors. All directors shall be at least twenty one (21) years of age and no director shall be of or over the age of seventy two (72) years at the time of his appointment.
- (b) Four of the directors shall each hold at least ten (10) fixed shares and they shall be nominated for election by two Members each holding at least ten (10) fixed shares.
- (c) The remaining directors, except a director elected pursuant to clause (d) of this Rule, shall each hold at least one thousand (1000) withdrawable shares and such shares must be held for at least three (3) months prior to the director's election or appointment.

- (d) Notwithstanding the foregoing, the Board may nominate the Chief Executive Officer of the Society to be elected by the Members as an employee director pursuant to Section 84AAA of the 1923 Act in addition to the directors provided for in clause (a) and may at its discretion terminate his appointment as a director.
  - (e) In the event of the Society amalgamating with or undertaking to fulfil the engagements of another society or societies the number of directors may be increased by the Board to such number as the Board may determine.
  - (f) Where the number of directors has been increased in accordance with clause (e) of this Rule then the number of directors to be elected from the holders of fixed shares shall be increased by one half of the number of such increase.
  - (g) Any vacancy (other than a vacancy caused by rotation of directors pursuant to Rule 94 or a vacancy occurring in respect of a director who qualified for election by the holding of fixed shares) shall not be filled until the number of directors remaining is less than eight (8) or, if a director has been elected pursuant to clause (d) of this Rule, nine (9).
  - (h) In the event of a vacancy occurring in respect of a director who qualified for election by the holding of withdrawable shares, one (1) director qualified by holding fixed shares shall retire until the number of directors appointed is eight (8) or, if a director has been elected pursuant to clause (d) of this Rule, nine (9).
92. At the Annual General Meeting in each year one third of the directors holding fixed shares and one third of the directors holding withdrawable shares each to the nearest whole number shall retire from office provided that all such directors shall retire within any three (3) year period.
93. The directors to retire in any year shall, subject to the provisions as to filling casual vacancies, be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
94. A director retiring by rotation shall be eligible for re-election without further nomination unless he has notified the Society in writing that he does not wish to stand for re-election.
- 95(a) Except as provided in this Rule election to the office of director shall be by ballot provided that a ballot which is abandoned as hereafter provided shall not result in the election of any person as a director.
- (b) If between the date by which nominations must be lodged recited in clause (d) of this Rule and the day which is fourteen (14) days after the date by which voting papers are to be received as recited in paragraph (viii) of clause (g) of this Rule, a nominee for the position of director dies or ceases to be a director by operation of any of clauses (a) to (e) inclusive, (g) to (j) inclusive and (m) of Rule 101 then that ballot will thereupon be abandoned and for the purposes of this Rule will be deemed to be abandoned on the day on which the director dies or ceases to be a director as aforesaid.

- (c) If a ballot is abandoned pursuant to clause (b) of this Rule then within twenty eight (28) days of the event which causes the ballot to be abandoned the Secretary will give notice personally or by prepaid ordinary post to each Member or by advertisement:
- (i) of the abandonment;
  - (ii) inviting nominations for the position of Director; and
  - (iii) stating that a fresh ballot is to be conducted and specifying the date from which voting papers will be available.
- Any advertisement pursuant to this Rule shall be in accordance (mutatis mutandis) with Rule 77(b).
- (d) Nominations for the position of director other than in the case of retiring directors shall be lodged at the Society's Registered Office:
- (i) on or before 30th day of April each year; or
  - (ii) if a ballot has been abandoned as provided for in this Rule on or before the 28th day after the date of personal service, posting or advertisement as the case may be of the notice referred to in clause (c) of this Rule.
- (e) A nomination shall be signed by ten (10) or more Members, who will be identified by name, address and membership number and shall be accompanied by a notice in writing under the nominee's hand signifying his candidature for office, his name, address and occupation together with evidence of his date of birth. Nominations excepting:
- (i) nominations for a candidate who has died or ceased to be a director by operation of any of clauses (a) to (e) inclusive and (g) to (j) inclusive and (m) of Rule 101; and
  - (ii) nominations for a candidate who has notified the Society of his unwillingness to be a candidate,
- lodged in respect of a ballot which has been abandoned shall be nominations for the purpose of any ballot held in consequence of such abandonment.
- (f) If there is no greater number of candidates nominated than vacancies to be filled the election shall be conducted at the Annual General Meeting or a general meeting convened for that purpose in such manner as the Board shall direct.
- (g) If there are more nominated candidates than vacancies to be filled the election by ballot shall be conducted in the following manner:
- (i) The Secretary will prepare a voting paper containing a statement of the number of vacancies to be filled at the election and the names of all duly nominated candidates, indicating the names of any retiring directors.

- ii) The Secretary shall also prepare a statement from information furnished by each candidate at nomination showing the name, address, occupation and age of each candidate.
- iii) The Secretary shall cause a copy of the voting paper and statement of the particulars of candidates to be available:
  - aa) after the date of the first notice that an election of directors is to be held which notice shall be given in accordance, *mutatis mutandis*, with Rule 77 provided that if such notice is given in accordance with Rule 77 (b) the first such notice shall be given not later than forty two (42) days before the date of the Annual General Meeting and the second such notice shall be given not later than thirty two (32) days before the date of the Annual General Meeting; or
  - bb) if a ballot has been abandoned as provided for in this Rule at the expiration of seventy (70) days from the date of abandonment of a ballot pursuant to clause (b) of this Rule,

at any branch office of the Society or by pre-paid ordinary post to a Member upon written application to the Registered Office of the Society by that Member.

The Society will when making voting papers available at any office of the Society ensure that all voting papers and other documents in respect of any abandoned ballot have been removed from such office.

- iv) Each Member applying for a voting paper shall be furnished with the same together with the statement of particulars of candidates and two envelopes, one to be an outer one marked "Ballot Paper" and addressed to the Returning Officer at the Registered Office of the Society and the other to be an inner envelope together with a particulars card ("Particulars Card") containing provision for entry of the voter's name, address, membership number and authenticating signature of the Member whose vote is being cast and such other particulars as the Board may from time to time require for the purpose of enabling the Returning Officer to identify the Member and determine whether or not the Member is entitled to vote. In the case of a body corporate Member the authenticating signature shall be by execution under the Common Seal of the body corporate or, if it has appointed a representative pursuant to Section 46 (7) of the 1923 Act the authenticating signature may be the signature of that person.

The non receipt by any Member of a voting paper or any other document referred to in this Rule shall not invalidate the ballot.

- v) The Returning Officer shall be the Auditor of the Society or if he is not available, such other person as may be appointed by the Chairman of the Board.
- vi) Each voter shall mark one Voting Paper by making a cross opposite the name of each of the candidates for whom he votes and shall place it in the inner envelope and seal the same. The voter shall also complete the Particulars Card and then place the inner envelope and Particulars Card without any other matter in the outer envelope and seal the same and post by prepaid post or deliver it or cause it to be delivered to the Returning Officer at the Registered Office of the Society.
- vii) Each person voting shall vote for the full number of candidates required to be elected to fill the vacancies and neither more nor less failing which such vote will not be counted.
- viii) All voting papers received at the Registered Office of the Society during normal business hours not later than:
  - aa) fourteen (14) clear days before the Annual General Meeting; or
  - bb) if the ballot is the result of abandonment of a previous ballot eighty-four (84) clear days after the date of abandonment of the last mentioned ballot,shall be delivered unopened to the Returning Officer by the Secretary.
- ix) The result of the ballot shall be determined by the Returning Officer. After the closing of the ballot the Returning Officer shall check the entitlement to vote of each person who has voted and after discarding all voting papers of persons not entitled to vote or who by reason of the Particulars Card not having been adequately completed cannot be established to be entitled to vote will then separate from the Particulars Cards of those persons entitled to vote the inner envelopes which accompanied such Particulars Cards in such a way that no inner envelope could subsequently be identified with any voter entitled to vote and will thereafter examine the voting papers so separated and after discarding all voting papers not completed in accordance with paragraph (vii) of clause (g) of this Rule will count the votes cast for each candidate and shall report in writing the result of the ballot to the Chairman of the Board on the day which is fourteen (14) days after the last date for the receipt of voting papers specified in clause (viii) of this clause (g). If any person shall have returned more than one voting paper for the same ballot then no voting papers returned by the Member will be counted.



The Returning Officer will reject as informal any vote accompanied by a Particulars Card which in the opinion of the Returning Officer does not both adequately identify the voter and/or establish his entitlement to vote or any vote in respect of which this Rule appears not to have been strictly complied with. The decision of the Returning Officer as to the validity of any vote shall be final and conclusive and he shall be entitled to obtain at the cost of the Society such legal advice as he may reasonably require to assist him in forming his decision.

- x) The candidates to the number required to fill the vacancies receiving the greatest number of votes shall be deemed elected.
  - xi) In the event of an equality of votes in favour of two (2) or more candidates the successful candidates shall be determined by lot conducted:
    - aa) if the result of the ballot is to be announced at the Annual General Meeting of the Society by the Chairman of the Annual General Meeting in such manner as the Chairman shall determine; or
    - bb) in any other case by the Chairman of the Board in such manner as the Chairman shall determine at a meeting of the Board at which the nominees for the position of director shall be present by invitation.
  - xii) A declaration of the result of the election will be made at the Annual General Meeting unless a ballot has been abandoned pursuant to clause (b) of this Rule in which event the result of the election may be published in a Sydney daily newspaper circulating throughout the State or at the Annual General Meeting or any adjournment thereof or at a general meeting of the Society convened for that purpose.
  - xiii) The Returning Officer shall retain all voting papers and Particulars Cards received by him for a period of twenty eight (28) days from the day on which the Annual General Meeting or special general meeting at which the result of the ballot is to be announced and he may thereafter destroy the same provided that if any court proceedings concerning the ballot are served upon the Society before the expiration of the said period of twenty eight (28) days then he shall retain the said voting papers and Particulars Cards until the final determination of the said proceedings.
  - xiv) The Returning Officer may employ such people (not being directors or employees of the Society) as are reasonably required to assist him in performing his duties under this Rule.
96. If at any general meeting at which an election of a director ought to take place the place of the retiring director shall not be filled, the vacancy which has arisen due to the retirement of a director shall be filled by the Board.

97. Subject to Rule 96 any vacancy occurring in the Board other than the office of a director elected pursuant to Rule 91(d) and except by operation of Rule 92 may be filled by the Board, and the person so chosen shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.
98. If a person shall have been in office as a director of the Society or of any Society that has amalgamated with or whose engagements have been transferred to the Society, for a cumulative period of not less than ten (10) years then if he ceases to be a director the Board may on behalf of the Society make a lump sum payment in respect of past services to any such director on or at any time after his ceasing whether by retirement or otherwise to hold office. Such lump sum payment, if any, shall not exceed ten (10) per cent for every year the director was in office of the fee paid to the director for the last full year ending 31 May he was in office.
99. The Board may appoint a person as a director to act only in the absence of a director from a meeting of the Board as the deputy of such director. The person so appointed shall be a person proposed for appointment by such director and shall be subject to retirement at the same time as the director in whose place he is acting would have retired in accordance with the Rules or at such earlier date as may be determined by the Board. The appointee shall possess the necessary qualifications for membership of the Board. He may be paid such fees, if any, per meeting as the original director would have been entitled to receive and all out-of-pocket expenses shall be refunded to him.
100. The directors shall receive such remuneration for their services as shall be determined at a general meeting in accordance with these Rules and all necessary expenses incurred by them in the business of the Society shall be refunded to them.
101. The office of a director shall be vacated in the following circumstances:
  - a) if he becomes a bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit;
  - b) if he becomes a temporary patient, a continued treatment patient, a protected person or an incapable person within the meaning of the Mental Health Act, 1958, or a person under detention under Part VII of that Act;
  - c) if he is convicted of any offence and sentenced to any period of imprisonment without the option of a fine;
  - d) if he absents himself from three (3) consecutive ordinary meetings of the Board without its leave;
  - e) if, except in the case of an appointee of a body corporate, he ceases to hold the number of shares as specified in Rule 91 (b) and (c);

- f) on the expiration of one (1) month's notice in writing of his intention to resign office, given by him to the Board;
- g) if he is removed from office by resolution of a general meeting of the Society;
- h) if he or his employer, employee or partner is an employee of, or acts as, a solicitor, valuer, auditor or accountant to the Society;
  - i) if, within two (2) months after any money becomes due from him to the Society, he does not pay the same;
- j) if, being the appointee of a body corporate, his appointor ceases to be a Member or revokes his appointment by writing under its seal addressed to the Board;
- k) at the conclusion of the Annual General Meeting commencing next following the day which he attains the age of seventy-two (72) years;
- l) if an administrator of the Society's affairs is appointed pursuant to Section 95A of the 1923 Act;
- m) as provided by Section 84AC of the 1923 Act;
- n) if being the Chief Executive Officer of the Society elected by the Members as a director he ceases to hold that position or is removed from office by the Board.

#### PROCEEDINGS OF THE BOARD

102. The Board may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit, providing a meeting of the Board shall be held at least quarterly. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote.
- The Chairman or any two (2) directors may, and the Secretary on the requisition of the Chairman or any two (2) directors shall, at any time, summon a meeting of the Board. Except in special circumstances determined by the Chairman at least forty eight (48) hours' notice shall be given of all meetings of the Board.
103. The quorum for a meeting shall be a majority of the directors entitled to attend.
104. The continuing directors may act notwithstanding any vacancy in the Board but, if and so long as the number is reduced below the number fixed by or pursuant to these Rules as the necessary quorum of directors, the continuing directors may act only for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Society but not for any other purpose.

105. The Board may elect a Chairman as well as a Deputy Chairman to act in the Chairman's absence and determine the periods for which they are to hold office. If no such Chairman and Deputy Chairman are elected or if at any meeting they are not present within five (5) minutes after the time appointed for holding the same, the directors present may choose one of their number to be Chairman of the meeting until such time as either the Chairman or Deputy Chairman being in attendance is willing to act.
106. a) The Board may delegate any of its powers to committees consisting of one or more directors as it thinks fit.
- b) Any committee so formed shall in the exercise of the powers so delegated conform to any conditions or stipulations that may be imposed on it by the Board.
- c) A committee may elect a Chairman of its meetings as well as a Deputy Chairman to act in the Chairman's absence. If no such Chairman and Deputy Chairman are elected or if at any meeting they are not present within five (5) minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting.
- d) A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of equality of votes the Chairman shall have a second or casting vote.
- e) A resolution in writing signed by all directors for the time being shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more directors.
107. a) Subject to this Rule a director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Society shall declare the nature of his interest to the Board in accordance with this Rule.
- b) In the case of a proposed contract, the declaration required by this Rule to be made by a director shall be made at the meeting of the Board at which the question of entering into the contract is first taken into consideration, or if the director was not at the date of that meeting interested in the proposed contract at the next meeting of the Board held after he becomes interested in the proposed contract.
- c) Where the director becomes interested in a contract with the Society after it is made, the declaration required by this Rule shall be made at the first meeting of the Board held after he becomes interested in the contract.

- d) For the purposes of this Rule, a general notice in writing given by a director to the effect that he is a member of a specified company or firm, and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm is a sufficient declaration of the interest of the director by whom it is given in any contract made after that date with that company or firm.
- e) A director need not make a declaration or give notice under this Rule by attending in person at a meeting of the Board, if he takes reasonable steps to ensure that the declaration or notice is placed before the meeting.
- f) Nothing in this Rule shall be taken to prejudice the operation of any rule of law restricting directors of the Society from having any interest in contracts with the Society.

#### DUTIES AND POWERS OF THE BOARD

- 108. All acts done at any meeting of the Board or of a committee of directors or by any person acting as a director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.
- 109. The business and operations of the Society shall in accordance with Section 84 of the 1923 Act, be managed and controlled by the Board and for that purpose the Board shall have and may exercise the powers of the Society as if they had been expressly conferred on the Board by a general meeting of the Society. The powers of the Board shall be subject to any restrictions imposed thereon by the Act or these Rules.
- 110. Every director acting in the business or operations of the Society in pursuance of a resolution duly passed by the Board shall, in accordance with Section 84 of the 1923 Act, be deemed to be the agent of the Society for all purposes within the Primary and Secondary Objects of the Society.
- 111. The Board shall cause minutes of every meeting of the Board and of the Society to be kept and confirmed as prescribed. In particular minutes of meeting shall record:
  - a) all appointments of officers and employees made by the directors;
  - b) the names of the directors present at each meeting of the Board and of any committee of the Board;
  - c) all resolutions and proceedings at all meetings of the Society and of directors and of committees of directors. Such minutes shall be recorded in the minute book within fourteen (14) days of the date of the meeting and proceedings of which they record. Separate minute books shall be kept for meetings of the Board and of the Society.

112. The Board shall cause to be kept such registers and accounts as may be prescribed from time to time.
113. The Board shall cause to be kept at the Registered Office and each branch office, the following which shall be open at all reasonable hours to inspection by any Member or creditor of the Society without fee:
- a) a copy of the Act and Regulations;
  - b) a copy of the Rules of the Society;
  - c) a copy of the last balance sheet and income and expenditure account for the time being, together with a copy of the report of the Auditor thereon;
  - d) the prescribed register of directors or copy thereof;

and shall in the same manner and for the same purpose, at all times keep at its Registered Office the prescribed register of loans raised and securities given by the Society or a copy thereof.

114. The Board shall cause to be forwarded to the Registrar within three (3) months after the close of the Society's financial year the following returns:
- a) a list specifying the directors and the principal executive officers of the Society and of each subsidiary corporation of the Society, as at the date of the return;
  - b) the balance sheet of the Society at the close of its financial year then last past together with the income and expenditure account of the Society for that financial year;
  - c) the balance sheet, at the close of its financial year then last past, of each subsidiary corporation of the Society (if any) together with the profit and loss account of each such subsidiary corporation for that financial year;
  - d) a copy of any report by the Auditors on the balance sheets and accounts referred to in paragraphs (b) and (c); and
  - e) a return containing such other particulars as may be prescribed.

The Society shall, when transmitting the above returns, include any other statements, particulars and returns required by the Act.

115. The Board shall cause to be prepared a balance sheet and income and expenditure account up to the end of each financial year and shall submit them, together with a copy of the Auditor's report thereon to Members, to the Annual General Meeting.
116. Without prejudice to the general powers conferred on the Board by the Act or these Rules the Board shall have power to appoint and at its discretion remove or suspend employees, agents and servants. The Board may fix the powers, duties and remuneration of same, or when so deemed necessary, to delegate such powers of appointment, suspension, removal and fixing of duties and remuneration.

117. The Board shall have power to establish local or branch offices as the Society's business requires.
118. The Board may appoint a local board or local boards at such place or places as it thinks fit for the purpose of advising the Board. A local board shall consist of not less than three (3) persons who shall be appointed by the Board which shall have power at all times to suspend or remove any or all of the members of any local board and to appoint others in the place of those suspended or removed and also to fill up any casual vacancies on any such local board.

The qualifications for appointment to a local board shall be as determined by the Board but appointment of any person as a member of a local board shall not constitute such person a director of the Society.

The Board will from time to time specify the powers and duties to be exercised by each local board which is appointed and may alter or suspend or revoke such powers and duties from time to time in its absolute discretion. The remuneration of local boards shall be determined by the Board. Any director shall be entitled to attend a meeting of a local board.

119. The Board shall cause every officer or other person employed by the Society and having the receipt or charge of any money of the Society to be secured as prescribed for rendering a just and true account of all money received and paid by such officer or person for the Society.
120. a) The Board shall cause to be established such banking accounts in the name of the Society as it considers appropriate for the conduct of the Society's business.
- b) All monies received by the Society or any officer servant or agent on behalf of the Society shall as promptly as practicable after such receipt be deposited to the credit of the appropriate banking account.
- c) All drafts bills of exchange promissory notes and other negotiable instruments drawn for or on behalf of the Society and all cheques drawn on such banking accounts shall be signed in such manner and by such persons as the Board may from time to time determine.
- d) Notwithstanding the provisions of clause (c) of this Rule cheques drawn on such banking accounts may be signed by the mechanical application of facsimile or printed signatures by such process and under such controls and safeguards as may from time to time be determined (having regard to the recommendations of the Auditors in relation thereto) by the Board.

#### INDEMNITY OF OFFICERS

121. The Board, and all other officers of or persons employed by the Society shall be and are hereby indemnified and saved harmless out of its funds and property from and against all manner of losses, costs, charges, damages, and expenses which they may incur or be put to, in or about

the execution of their respective offices, trusts, and services, and none of them shall be answerable for any act or default of any other of them, or for the inefficiency or deficiency in the title or otherwise of any security whatsoever which shall be taken for the payment of any advance, unless the loss arising by such means shall happen through their own wilful neglect or default, nor shall they or either of them be answerable for any banker, broker, or other person with whom the trust moneys and title deeds shall from time to time be deposited for safe custody, investment, or otherwise, nor for any involuntary loss, misfortune, or damage whatsoever which may happen in the execution and performance of their respective offices, services, or trusts, or in any wise relating thereto.

AUDIT

122. a) The books of the Society shall be audited as early as possible after the close of each financial year.
- b) One or more auditors shall be appointed at each Annual General Meeting to hold office until the next Annual General Meeting.
- c) If an appointment of auditors is not made at an Annual General Meeting the Board shall appoint Auditors of the Society to hold office until the next Annual General Meeting.
- d) i) The Auditors may be removed from office at any special general meeting or by special resolution of Members and the Members at the same meeting may, by special resolution, appoint other persons Auditors of the Society to hold office until the next Annual General Meeting.
- ii) Notice of any such meeting shall not issue until the expiration of fourteen (14) days from the date the Board notifies the Auditors in writing that such meeting is to be called on a specified date.
- iii) The Auditors, within seven (7) days after the receipt by them of such notification, may make representations in writing (not exceeding a reasonable length) to the Society and request that the Society at the time it gives notice of the meeting also give notice that representations have been made by the Auditors. The Board shall determine, in its absolute discretion, whether or not any such request is granted in whole or in part but whether granted or not the Auditors without prejudice to their rights to be heard orally may require that their representations be read out at the meeting.
- e) None of the following persons shall be qualified for appointment to or to act as Auditor of the Society:
- i) an officer or servant of the Society or of a subsidiary corporation (within the meaning of the 1967 Act) of the Society;



- ii) a person who is a partner of or in the employment of or the employer of an officer or servant of the Society or of a subsidiary corporation (within the meaning of the 1967 Act) of the Society; and
  - iii) any body corporate.
- f) i) The Auditors shall be eligible for re-appointment at the Annual General Meeting without any nomination for such office unless they have notified the Society in writing that they do not offer themselves for re-appointment.
- ii) Subject to clause (f) (i) of this Rule no person shall be eligible for appointment as Auditors at any Annual General Meeting unless nominated by ten or more Members for office as Auditors and written notice of such nomination, signed by such Members and bearing their respective full names, addresses and membership number and signed by the nominees giving their consent to the nomination and appointment, is received at the Society's Registered Office on or before the 30th day of April before the Annual General Meeting at which it is proposed the nominees be appointed Auditors. Upon receipt of any such notice the Board shall give notice thereof at the time of giving notice of the Annual General Meeting and shall furnish to the Auditors a copy of the notice.
- g) The Board may fill any casual vacancy (including any vacancy arising under and unfulfilled under clause (d) of this Rule) in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act.
- h) The remuneration of the Auditors shall be fixed by the Society in general meeting or by the Board upon delegation from the Society in general meeting, except that the remuneration of any Auditors appointed by the Board may be fixed by the Board.
- i) The Board shall cause the Auditors to have access at all times to the books, accounts, vouchers, securities and documents of the Society. The Auditors shall be entitled to require from the directors and other officers of the Society such information and explanation as they think necessary for the performance of their duties as Auditors.
- j) The Auditors of the Society shall be entitled to attend at any Annual General Meeting of the Society and to receive all notices of and other communications relating to any general meeting which any Member of the Society is entitled to receive and to be heard at any general meeting which they attend on any part of the business of the meeting which concerns them as Auditors.

#### FINANCIAL YEAR

123. The financial year of the Society shall end on the 31st day of May in each year.

DISPUTES

124. a) Disputes between a Member, in his capacity as a Member, and the Society shall be settled by arbitration in accordance with the Commercial Arbitration Act, 1984, as amended.
- b) Notwithstanding the above, any party may refer the dispute to the Registrar provided it has not been referred to arbitration in accordance with these Rules, or in the case of such a dispute that has been so referred to arbitration, if one (1) month has elapsed without an award being made.
- c) Nothing in these Rules shall extend to any dispute as to the construction or effect of the Act or the Regulations, or of any mortgage or other security or of any contract contained in any document other than the Rules of the Society.

SEAL

125. The Society shall have its name inscribed in legible characters upon a seal. The device of the seal shall be the name of the Society within two concentric circles and encircling the word "seal".

The seal shall only be used by authority of the Board and shall not be affixed to any document until a description of such document shall have been entered in a book to be called the Seal Minute Book. All documents sealed with the seal of the Society shall be countersigned by such two persons as witnesses as may be authorised from time to time by the Board, and such two persons shall initial opposite the entry relating thereto in the Seal Minute Book.

NOTICES

126. Subject to the provisions of Rule 77 notices shall be served by the Society on any Member or person entitled to notice under these Rules either personally or by sending it by prepaid ordinary post to him to his registered address and notice served by post shall be deemed to have been served on the day on which it would be received in the ordinary course of the post save that no notice need be given to a Member who shall not have a registered address within Australia.
127. If a Member has no registered address for the giving of notices to him an advertisement containing the substance of the notice in a newspaper circulating in the neighbourhood of the Registered Office of the Society shall be deemed to be duly given to him on the date on which the advertisement appears.
128. A notice may be given by the Society to the joint holders of a share by giving the notice to the primary joint holder being the joint holder who is named first in the Share Register.

129. A notice may be given by the Society to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for the purpose by the persons claiming to be so entitled or (until such address has been supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
130. Notice of general meetings shall be given as required by these Rules to every Member holding fixed shares and every Member holding withdrawable shares who is entitled to attend and vote at meetings and to those persons who are entitled to notice pursuant to these Rules 9 and 122. No other person shall be entitled to receive notices of general meetings.
131. When any Member changes his address he shall send notice thereof to the Society at its Registered Office or the branch office or agency at which the account was opened within seven (7) days and the new address shall be entered in the Share Register forthwith.

#### WINDING UP

132. The winding up of the Society shall be in accordance with Part V of the 1923 Act.
133. On dissolution of the Society and in the event of the funds or other property of the Society being insufficient to repay to the holders of fixed shares and withdrawable shares the whole of the money paid up or credited thereto such funds or other property shall be distributed so that as nearly as may be the losses shall be borne by the Members as follows:
- Firstly, by the reserves of the Society;  
Secondly, by the holders of fixed shares;  
Thirdly, by the holders of withdrawable shares;
- provided that no Member shall be called upon to contribute any amount exceeding the amount, if any, unpaid on the shares in respect of which he is liable.
134. In the event of a surplus of funds on winding up, such surplus shall be distributed in accordance with a Special Resolution of Members.
135. Upon the commencement of the winding up of the Society all monies outstanding under loan instruments with the Society shall be deemed to be due and payable as at the date of commencement of the winding up of the Society.

#### CHARGES AND OTHER AMOUNTS PAYABLE BY MEMBERS

136. A Member shall be liable to pay the charges and other amounts prescribed in these Rules, and in particular, but without limiting the generality thereof:

- a) For copy of Rules - Rule 4;
- b) Application for loan - Rule 33;
- c) For payments after receiving an advance - Rule 41;
- d) For fees as prescribed for the production and/or copying of documents etc - Rule 42;
- e) For payment of additional interest - Rule 43;
- f) For costs of surveys as required - Rule 46;
- g) For valuation and inspection fees - Rule 48;
- h) For legal costs in connection with loan instrument - Rule 51;
- i) For insurance premiums as required - Rules 52 and 53;
- j) For additional interest on discharge of loan instrument - Rule 54;
- k) A Member shall also be liable to pay such charges and other amounts as may be determined from time to time by the Board in respect of services provided for Members.

137. A list of charges and other amounts payable to the Society for which a Member may be liable shall be furnished on request to any Member or any person intending to become a Member.