

Zambia

Building Societies Act, 1968

Chapter 412

Legislation as at 31 December 1996

FRBR URI: /akn/zm/act/1968/46/eng@1996-12-31

There may have been updates since this file was created.

PDF created on 21 February 2024 at 19:52.

Collection last checked for updates: 31 December 1996.

[Check for updates](#)



About this collection

The legislation in this collection has been reproduced as it was originally printed in the Government Gazette, with improved formatting and with minor typographical errors corrected. All amendments have been applied directly to the text and annotated. A scan of the original gazette of each piece of legislation (including amendments) is available for reference.

This is a free download from the Laws.Africa Legislation Commons, a collection of African legislation that is digitised by Laws.Africa and made available for free.

www.laws.africa
info@laws.africa

There is no copyright on the legislative content of this document.
This PDF copy is licensed under a Creative Commons Attribution 4.0 License (CC BY 4.0). Share widely and freely.

Building Societies Act, 1968

Contents

Part I – Preliminary	1
1. Short title	1
2. Interpretation	1
Part II – Formation and registration	3
3. Establishment of building society	3
3A. Establishment of the Zambia National Building Society	3
4. Minister may suspend or refuse registration	4
4A. Cancellation of registration	4
5. Conditions relating to deposit with Bank of Zambia	4
6. Registration of existing societies	5
7. Effect of registration	5
8. Prohibition of unregistered and terminating societies	5
9. Maintenance of register	5
10. Name of building society	5
11. Contents of rules	6
12. Effect of rules	6
Part III – Membership and commencement of business	7
13. Members who are not shareholders	7
14. Members under the age of twenty-one	7
15. Joint shareholders	7
16. Liability of members	7
17. Business not to be commenced before registration	8
18. Building society not to make advances outside Zambia	8
19. Minimum subscription by founding members	8
Part IV – Management	8
20. Books and records to be kept by building society	8
21. Building society to supply copies of rules	9
Directors and other officers	9
22. Number of directors	9
23. Remuneration of directors	9
24. Election of directors	9
25. Validity of acts of director	10
26. Persons disqualified from being a director	10
27. Disclosure of interest by directors	10

28. Notification of changes in holders of certain offices	11
29. Officers not to accept commissions in connection with loans	11
30. Officers to give security and to account	12
31. Officers not to be exempted from liability	12
Accounts and audit	13
32. Keeping of books of account	13
33. Annual accounts and balance sheet	13
34. Contents and form of accounts	13
35. Supplementary provisions as to offences under sections 32, 33 and 34	14
36. Signing of balance sheet	14
37. Account and auditors' report to be annexed to balance sheet	14
38. Directors' report	15
39. Right to receive copies of balance sheet and auditors' and directors' reports	15
40. Appointment of auditors	15
41. Disqualifications for appointment as auditor	16
42. Auditors' report and right of access to books and documents and to attend and be heard	16
Meetings and returns	17
43. Annual general meeting	17
44. Other meetings	17
45. Length and manner of notice	17
46. Persons entitled to notice	18
47. Proxies	18
48. Right to demand a poll	18
49. Special resolutions	19
50. Notice of members' special resolutions	19
51. Annual return	19
52. Additional annual return of certain transactions	20
53. Auditors' report on annual return	20
Determination of disputes	20
54. General provisions as to disputes	20
55. Determination disputes by arbitrators	20
56. Determination of disputes by Registrar	21
57. Determination of disputes by court	21
58. Effect of determination	21
59. Statement of case for High Court	21

Part V – Advances	21
60. Building society may make advances	21
61. Ordinary advance	21
62. Special advance	22
63. Collective advance	22
64. Repayment of advances	23
65. Amount of advances	23
66. Advances to full value in certain cases	23
67. Special advance to purchaser of mortgaged property	24
68. Further advances for certain purposes	24
69. Restrictions on second and contributory mortgages	24
70. Advance for single premium life policy	24
71. Valuation for purposes of advance	25
72. Record of advances	26
73. Security taken from third party	26
74. Offer of advance not to imply warranty	26
75. Prohibition against balloting for advances	26
76. Provisions as to sale of mortgaged properties	26
77. Disposal of surplus when mortgagor cannot be found	27
78. Discharge of mortgages	27
Part VI – Borrowing powers	28
79. Power to borrow	28
80. Limit of repayments to investors and lenders	28
81. Limit of deposits	28
82. Liability for borrowing in excess of powers	28
83. Minimum notice of withdrawal	28
84. Assistance by one building society to another	28
85. Depositor under the age of twenty-one	28
86. Members or depositors dying interstate	29
87. Trustee status for certain investments in building societies	29
88. Provisions of Act to be inserted in certain documents	29
Part VII – Investment and banking of surplus funds	30
89. Authorised investment	30
90. Authorised banks	30
91. Offences under Part VII	30

92. General reserve fund	30
93. Provisions as to liquidity	31
94. Restriction of payment of dividends	32
Part VIII – Change of name, etc.	32
95. Change of name	32
96. Notification of change of address	32
97. Alteration of rules	32
Part IX – Unions of societies and transfers of engagements	33
98. Union of building societies	33
99. Transfer of engagements	33
100. Registrar may approve union or transfer	34
100A. Transfer of engagements by board of directors	34
101. Registration of transfers, etc., to operate as a conveyance	34
102. Creditors not to be prejudiced by union or transfer	34
Part X – Nomination, powers and control of Registrar	34
103. Nomination of Registrar	34
104. Indemnity of Registrar and other persons	35
105. Power to require production of books, etc.	35
106. Powers of inspection	35
107. Power to call a meeting	35
108. Power to suspend borrowing and subscription for shares	36
109. Power to control advertising	36
Part XI – Winding-up and dissolution	37
110. Dissolution in accordance with rules	37
111. Dissolution by consent	37
112. Dissolution on award of Registrar	37
113. Provisions applicable to dissolution under sections 110 and 111	38
114. Winding-up by or under the supervision of the High Court	38
115. Liability of members on winding-up or dissolution	39
116. Notice of winding-up or dissolution	39
Part XII – Miscellaneous and supplementary provisions	39
117. Powers in relation to land	39
118. Offences in relation to property of building societies	40
119. False statements in documents	40
120. Compulsory cancellation or suspension of registration	40

121. Cancellation of registration at request of building society	41
122. Effect of cancellation or suspension of registration	41
123. ***	41
124. Annual report of Registrar	41
125. Provisions as to evidence	41
126. Form in which records may be kept	42
127. Regulations	42
128. Registrar to consider representations by building societies	42
129. Rules of court	42
130. Financial year of building societies	42
131. Non-compliance not to invalidate advance	43
132. Lost or destroyed share certificate, etc.	43
133. Inspection of documents by public	43
134. General penalty	43
135. Repeals	43
136. Transitional provisions	43
First Schedule (Section 65)	44
Second Schedule (Section 78)	45

Zambia

Building Societies Act, 1968

Chapter 412

Commenced on 2 December 1968

[This is the version of this document at 31 December 1996.]

[46 of 1968; 67 of 1970; 6 of 1991; 13 of 1994]

An Act to provide for the formation, registration, powers and duties, winding-up and dissolution of building societies; to provide for membership of building societies; to provide for the conducting of the business and management of building societies; to make provisions relating to advances, borrowing and investment by and in building societies; to provide for the union of building societies and the transfer of engagements by one building society to another; to provide for the powers of the Registrar of Building Societies; and to provide for matters connected with or incidental to the foregoing.

Part I – Preliminary

1. Short title

This Act may be cited as the Building Societies Act.

2. Interpretation

(1) In this Act, unless the context otherwise requires—

"**additional security**", in relation to an advance made by a building society, means any security for the advance other than a mortgage of freehold or leasehold estate, whether effected by the person to whom the advance is made or by any other person;

"**advance**" means a sum of money advanced by a building society under Part V;

"**advertisement**", in relation to a building society, means an advertisement in any medium making known the activities of the society or inviting business for the society;

"**alteration**", in relation to the rules of a building society, includes any addition to the rules, and also includes the rescission of all or any of the rules, with or without the substitution of one or more new rules for any rules rescinded;

"**annual return**" has the meaning assigned to it by section fifty-one;

"**board of directors**", in relation to a building society, means the managing body of the society by whatever name called;

"**borrower**" means a person to whom an advance has been made by a building society under Part V;

"**building society**" means a society formed for the purpose of raising a stock or fund from which to make advances upon security either by way of mortgage of freehold or leasehold estate or in such manner as is permitted by this Act;

"**collective advance**" has the meaning assigned to it by section sixty-three;

"**director**", in relation to a building society, includes a member of the managing body of the society and any other person occupying the position of director by whatever name called;

"**existing society**" means any building society which, immediately prior to the commencement of this Act, is registered under the Building Societies Act, 1874., of the United Kingdom;

"**financial year**" has the meaning assigned to it by section one hundred and thirty;

"**general reserve fund**" means a fund established in accordance with the provisions of section ninety-two;

"**leasehold**" shall include the title obtained from a District Council under the Housing (Statutory Improvement Areas) Act;

"**liquid funds**", in relation to a building society, means the amount by which the aggregate of—

- (a) its cash at the bank and in hand;
- (b) the total book value or the total market value of its investments, whichever is the lesser; and
- (c) interest accrued on its investments; exceeds the aggregate of—
 - (i) the amount of its liabilities in respect of loans from, and overdraft with, its bankers; and
 - (ii) the total amount shown as "other liabilities" in its balance sheet;

"**local authority**" means a municipal council, township council or rural council;

"**member**", in relation to a building society, includes any person who for the time being holds a share (whether advanced or not) in the society;

"**minimum subscription**" has the meaning assigned to it by section nineteen;

"**officer**", in relation to a building society, includes a director, manager or secretary of a society and, in so far as Part IV so provides, also includes an auditor of [Cap. 194](#);

[Cap. 194; Cap. 392]

- (2) For the purposes of any provision in this Act to the effect that an officer of a building society who is in default shall be liable to a fine or penalty, "officer who is in default" means any officer of the society who knowingly and wilfully authorises or permits the default, refusal or contravention mentioned in the Act.
- (3) For the purposes of this Act, the value of the assets of a building society shall be the value at which the assets are taken into account in the latest balance sheet and not any alternative values shown in that balance sheet.
- (4) For the purposes of any reference in this Act to a person holding shares in a building society up to a specified value—
 - (a) any shares which are fully paid up shall be taken at their nominal value;
 - (b) any shares which are partly paid up shall be taken at the amount which has been paid on them respectively;
 - (c) any share held by a person to whom, as the holder of the share, the society has made an advance shall be disregarded.
- (5) Any reference in this Act to contravention of any provision of this Act, or of any regulations or directions thereunder, shall include a reference to failure to comply with that provision.
- (6) References in this Act to any enactment shall be construed as references to that enactment as amended by or under any other enactment.
- (7) References in this Act to the Governor of the Bank of Zambia shall be construed as including the Deputy Governor while he is acting in place of the Governor.

[As amended by Act [No. 6 of 1991](#)]

Part II – Formation and registration

3. Establishment of building society

- (1) Any number of persons, not being less than five, may establish a building society under this Act by —
 - (a) agreeing upon rules for the government of the society, being rules which comply with the requirements of section eleven; and
 - (b) sending to the Registrar two copies of the rules, signed by all of those persons and by the intended secretary or other officer, together with an application for registration in the prescribed form; and
 - (c) each of those persons subscribing the minimum subscription referred to in section nineteen; and
 - (d) satisfying the Registrar that the total sum subscribed by way of shares or deposits or negotiated loans, or any combination of these, but excluding the deposit mentioned in paragraph (e), is not less than two hundred thousand kwacha and that all the subscriptions comprised in such total sum are to remain as fixed term investments with the society for a period of not less than five years; and
 - (e) depositing with the Bank of Zambia cash or securities acceptable to the Governor of the Bank, or a combination of such cash and securities, to a total value of one hundred thousand kwacha, and such deposit shall be subject to the conditions set out in section five.
- (2) Application for registration under the provisions of subsection (1) shall be accompanied by such fee as may be prescribed.
- (3) If the Registrar is satisfied that the application and rules comply, with the requirements of this Act and that the provisions of subsection (1) relating to minimum subscription, total subscription and deposit have also been complied with, he shall—
 - (a) enter in the register referred to in section nine the prescribed particulars relating to the application; and
 - (b) retain and register one copy of the rules and return the other copy to the secretary or other officer of the society, together with a certificate of registration.

3A. Establishment of the Zambia National Building Society

- (1) As from the date of the commencement of the Building Societies (Amendment) Act, 1970, there is hereby established a building society under the name of the Zambia National Building Society (hereinafter in this section referred to as "the Society") which shall be deemed to be a building society registered under this Act and the Registrar shall issue a certificate of registration dated the same day as that on which the Building Societies (Amendment) Act, 1970, came into force, and from that day it shall, subject to subsection (6), be subject to the provisions of this Act.
- (2) The Minister shall appoint—
 - (a) not less than seven persons to constitute the board of directors of the Society and shall designate one of them as chairman; and
 - (b) the secretary or other officer of the Society.
- (3) The board of directors shall, prior to the 31st day of January, 1971, make rules for the government of the Society, being rules which comply with the requirements of section eleven, and submit such rules to the Minister for approval:

Provided that such rules may subsequently be altered in the same manner as the rules of any other building society are capable of being altered under the provisions of this Act.

- (4) The secretary or other officer of the Society shall forthwith after the approval of such rules, with or without modification by the Minister, lodge two copies thereof with the Registrar together with particulars of the directors and secretary or other officer.
- (5) On receipt of such rules and particulars the Registrar shall—
 - (a) enter in the register referred to in section nine the particulars of the directors and secretary or other officer and such other particulars as may be prescribed;
 - (b) retain and register one copy of the rules and return the other copy to the secretary or other officer.
- (6) Save as aforesaid, the provisions of section three shall not apply to the Society.

[As amended by Act [No. 67 of 1970](#)]

4. Minister may suspend or refuse registration

Notwithstanding the provisions of section three, the Minister, if he is satisfied that it is in the public interest so to do, may—

- (a) by statutory instrument suspend the registration of new building societies either indefinitely or for the period stated in the statutory instrument and during the time that such statutory instrument is in force the Registrar shall not register any new society;
- (b) in any particular case direct the Registrar that registration of a proposed new building society shall be refused.

4A. Cancellation of registration

Notwithstanding any other provisions of this Act, the Minister may, if he is of the opinion that it is in the public interest so to do, cancel the registration of a building society.

[As amended by Act [No. 67 of 1970](#)]

5. Conditions relating to deposit with Bank of Zambia

The following conditions shall apply to any deposit made with the Bank of Zambia under the provisions of paragraph (e) of subsection (1) of section three, that is to say:

- (a) if any cash is deposited the Governor of the Bank may invest such cash in securities in the name of the building society making the deposit and such securities shall be deemed to be securities deposited by that society;
- (b) income from a deposit shall be paid to the building society which made the deposit;
- (c) a building society may, with the approval of the Governor of the Bank, substitute for any security deposited with the Bank another security of equivalent value;
- (d) a building society shall, be entitled to obtain annually from the Bank a certificate of the deposit standing in its name;
- (e) the deposit shall be returned to the building society which made it on the production to the Governor of the Bank of a certificate by the Registrar to the effect that the sum standing at the credit of the society's general reserve fund satisfies the minimum requirements set out in subsection (5) of section ninety-two;

- (f) in the event of a society being wound up or dissolved, the deposit, on the authority of a certificate by the Registrar, shall be paid over to the liquidator, trustee or other person conducting the winding-up or dissolution.

6. Registration of existing societies

- (1) The provisions of section three shall not apply to an existing society.
- (2) An existing society, without application, shall be given a certificate of registration dated the same day as that on which this Act commences; and from that day it shall be subject to all the other provisions of this Act.
- (3) If the rules of an existing society do not comply with section eleven, the society shall take the necessary steps to amend the rules and shall register the amended rules with the Registrar within a period of twelve months from the date of the society's registration under this Act.

7. Effect of registration

From the date of its registration under this Act a building society shall be a body corporate by its registered name, having perpetual succession and a common seal.

8. Prohibition of unregistered and terminating societies

- (1) No terminating society shall carry on business in Zambia.
- (2) No person shall carry on business in Zambia as a building society unless registered under the provisions of this Act and the name or style "building society" shall not be used except by a building society registered under this Act.
- (3) Any society which, or person who, contravenes the provisions of subsection (1) or (2) shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units and one thousand five hundred penalty units for each day during which such contravention continues.

[As amended by Act [No. 13 of 1994](#)]

9. Maintenance of register

The Registrar shall keep a register of building societies in which he shall record, in respect of all building societies registered under this Act, such particulars as may be prescribed.

10. Name of building society

- (1) No building society shall be registered under this Act by a name which is identical with that of any other society previously registered, or which so nearly resembles the name of such other society as to be likely to deceive, unless such other society is in course of being dissolved and consents to such registration.
- (2) The Registrar may refuse to register a building society by a name which, in his opinion, is undesirable.
- (3) The name of every building society shall end with the words "building society".
- (4) The common seal of a building society shall bear the registered name of the society.
- (5) A building society shall not use any name other than that in which it is registered.
- (6) If a building society contravenes subsection (5), the society, and every director of the society who is a party to the contravention, shall be liable to a fine not exceeding seven hundred and fifty penalty units for every week or part of a week during which the offence continues.

[As amended by Act [No. 13 of 1994](#)]

11. Contents of rules

The rules of every building society shall set out—

- (a) the name of the society and the address of its chief office or place of meeting;
- (b) the manner in which the stock or funds of the society is or are to be raised;
- (c) the manner in which a person may become a member of the society and the manner in which he may cease to be a member;
- (d) the purposes to which the funds of the society are to be applied;
- (e) provision that the society shall not, except with the approval of the Minister, make advances on the security of freehold or leasehold estate or in respect of any development, lands or buildings, situated outside the territorial limits of Zambia;
- (f) the classes of shares to be issued and the preferential and other rights and conditions attached to each class of shares;
- (g) the terms and conditions on which deposits are to be accepted and repaid;
- (h) provision that the society reserves the right to make all repayments, whether of shares, deposits, loans or otherwise, in Zambian currency;
- (i) the manner in which advances are to be made and repaid and the conditions on which a borrower can redeem the amount due from him before the end of the period for which the advance was made;
- (j) the manner in which losses are to be ascertained and provided for;
- (k) whether the society intends to borrow money, and if so, within what limits, not exceeding those prescribed by this Act;
- (l) the manner of appointing, remunerating and removing the board of directors and other officers, their powers and duties, and the manner of remunerating auditors;
- (m) the manner of calling and holding meetings, the giving of notice thereof, form of notice, quorum, voting rights, right to requisition meetings, procedure to be observed at meetings, the right to demand a poll, and the manner in which a poll is to be taken;
- (n) the manner of settling disputes, subject to the provisions of this Act;
- (o) provision for an annual or more frequent audit and the inspection by the auditors of the titles, mortgage deeds and other securities held by the society;
- (p) provision for the custody of the titles, mortgage deeds and other securities belonging to or held by the society;
- (q) provision for the device, custody and use of the society's common seal;
- (r) the fines and forfeitures, if any, to be imposed on members of the society;
- (s) the manner in which the society may be dissolved.

12. Effect of rules

The rules of a building society are binding upon each of the members and officers of the society, and on all persons claiming on account of a member or under the rules; and all such members, officers and persons shall be deemed to have full notice of the rules.

Part III – Membership and commencement of business

13. Members who are not shareholders

- (1) The rules of a building society may allow a person to become a member without holding a share in the society.
- (2) Such of the rules as concern the making of advances to members need not be expressed in terms which treat a member to whom an advance is made as being, by reason of the making of the advance, the holder of a share in the society.

14. Members under the age of twenty-one

A person under the age of twenty-one years, if the rules do not otherwise provide, may be admitted as a member of a building society, and can give all necessary receipts, but, while he is under that age, he cannot vote or hold any office in the society.

15. Joint shareholders

Two or more persons may jointly own shares in a building society and in respect of such shares the following provisions shall have effect, that is to say:

- (a) except where the rules of the society otherwise provide, any notice or other document may be given or sent by the society to the joint holders by being given or sent to that one of the joint holders who is named first in the books of the society (hereinafter in this section called "the first named holder");
- (b) for the purposes of voting rights, shares which are jointly owned shall be treated as held by the first named holder alone;
- (c) for the purposes of any sections of this Act which refer to the consent of the members, or of a proportion of the members, of a society, shares which are jointly owned shall be treated as held by the first named holder alone and the other joint holders shall not be regarded as members of the society for such purposes;
- (d) any references in this Act to total membership of a building society shall be construed as if the first named holder (but none of the other joint holders) is a member of the society;
- (e) the entry in the register of members to be kept under section twenty of the name and address of a person who is one of the joint holders (other than the first named holder) of shares shall indicate that he is a joint holder who is not the first named holder;
- (f) the joint holders of shares shall be entitled to choose the order in which they are named in the books of the society.

16. Liability of members

- (1) The liability of a member of a building society in respect of a share on which no advance has been made shall be limited to the amount actually paid, or in arrear, on the share.
- (2) The liability of a member of a building society in respect of a share on which an advance has been made shall be limited to the amount payable thereon under any mortgage or other security or under the rules of the society.
- (3) The liability of a member of a building society to whom an advance is made under rules made in pursuance of section thirteen shall be no greater than it would be if the rules treated him as being, by reason of the making of the advance, the holder of a share in the society.

17. Business not to be commenced before registration

- (1) Except in the case of existing societies no building society, and no persons representing themselves to be a building society, shall commence business without having first obtained a certificate of registration under this Act.
- (2) All persons who commence business in contravention of subsection (1) shall be guilty of an offence and liable on conviction to a fine not exceeding seven hundred and fifty penalty units for every day on which business is carried on without a certificate of registration having been obtained.

[As amended by Act [No. 13 of 1994](#)]

18. Building society not to make advances outside Zambia

Except with the prior approval of the Minister, a building society shall not make advances on the security of freehold or leasehold estate, or in respect of any development, lands or buildings, situated outside the territorial limits of Zambia.

19. Minimum subscription by founding members

- (1) The minimum subscription referred to in paragraph (c) of subsection (1) of section three is a holding of shares in the building society to the value of ten thousand kwacha for which a sum of ten thousand kwacha has been paid by the holder in cash; and the shares shall have the following conditions attached to their issue, that is to say:
 - (a) the terms regarding rate of interest, participation in profits, contributions to losses, or rights on a termination or dissolution shall not be more favourable than for any other shares in the society;
 - (b) the shares shall not be capable of being transferred from the person to whom they were issued (except by operation of law) until a period of five years has elapsed from the date of the society's registration;
 - (c) the society shall not repay the sum subscribed for the shares, or any part thereof, until a period of five years has elapsed from the date of the society's registration, unless the society is dissolved before the end of that period.
- (2) If a building society contravenes any of the conditions requiring to be attached to shares issued by the society in accordance with the provisions of subsection (1), the society shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units; and, in addition, every officer of the society who is in default shall also be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units or to imprisonment for a term not exceeding twelve months, or to both.
- (3) The Registrar may petition the High Court for the winding-up of a building society which has been convicted of an offence under the provisions of subsection (2).

[As amended by Act [No. 13 of 1994](#)]

Part IV – Management**20. Books and records to be kept by building society**

Every building society shall keep the following books:

- (a) a register of members;
- (b) minute books for recording proceedings of general meetings and directors' meetings;

- (c) a record of advances made by the society; and
- (d) such books of account as may be necessary to enable the society to comply with the provisions of section thirty-two.

21. Building society to supply copies of rules

A building society shall supply to any person who requires it a complete copy of its rules with a copy of the society's certificate of registration annexed to it and shall be entitled to charge a sum not exceeding four fee units for each such copy of its rules; and if a building society fails to comply with this section the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

Directors and other officers

22. Number of directors

- (1) A building society shall have a board of directors consisting of not less than three and not more than ten persons.
- (2) If an existing society on the commencement of this Act has a board of directors exceeding ten in number, the society shall be permitted to retain all its directors, but if any director retires (other than by rotation), or dies, or resigns, or is removed from the board, another director shall not be appointed in his place if the number of directors remaining on the board exceeds ten in number.

23. Remuneration of directors

- (1) The remuneration payable to the chairman and directors of a building society shall be paid only out of the surplus of the society for the financial year to which the remuneration relates and shall be limited to the following sums or such other sums as the Minister may from time to time prescribe:
 - (a) if the total assets of the society do not exceed ten million kwacha, the maximum sum payable in any one year to each director shall be one thousand kwacha and to the chairman of the board of directors one thousand five hundred kwacha;
 - (b) if the total assets of the society exceed ten million kwacha but do not exceed twenty million kwacha, the maximum sum payable in any one year to each director shall be one thousand five hundred kwacha and to the chairman of the board of directors two thousand five hundred kwacha;
 - (c) if the total assets of the society exceed twenty million kwacha, the maximum sum payable in any one year to each director shall be two thousand kwacha and to the chairman of the board of directors three thousand five hundred kwacha.
- (2) In calculating the remuneration paid to a director of a building society, for the purposes of this section there shall be excluded—
 - (a) any salary, bonus or other emoluments paid to a director in respect of his employment as an executive officer of the society; and
 - (b) the reimbursement to a director by the society of expenses properly incurred by him while engaged in the business of the society or in attending its meetings.

24. Election of directors

- (1) The directors of a building society shall be elected in such manner and, subject to subsection (2), shall hold office for such period as may be prescribed by the society's rules.

- (2) A building society's rules shall make provision for at least two of the society's directors to retire annually and they shall be eligible for re-election without nomination.
- (3) Whenever a casual vacancy occurs a person may be appointed by the remaining directors to fill the vacancy until the next annual general meeting.
- (4) Vacancies in the board of directors shall be filled in such manner as may be prescribed by the society's rules.
- (5) No person shall become a director of a building society until after he has given his consent in writing to his being elected or appointed as such.
- (6) A director of a building society may, if the rules of the society so permit, appoint an alternate director to act in his stead during any period or periods when he is unable to act and may revoke such appointment at any time. The appointment or revocation must be in writing and be lodged at the society's chief office in the manner prescribed by the rules. An alternate director shall not be counted in determining the total number of directors of a building society for the purposes of section twenty-two.

25. Validity of acts of director

The acts of a director of a building society shall be valid notwithstanding any defect that may afterwards be discovered in his election or appointment or qualification; but any acts which occur after the date of discovery of such defect shall not be valid.

26. Persons disqualified from being a director

- (1) The following persons shall be disqualified from being a director of a building society:
 - (a) a person who is not a member of the society;
 - (b) a member who does not hold the minimum share qualification, if any, prescribed in the society's rules as a qualification for holding office as a director;
 - (c) a body corporate;
 - (d) a minor or any other person under legal disability;
 - (e) any person who at any time has been adjudged bankrupt by a competent court, whether in Zambia or elsewhere, or who, whether in Zambia or elsewhere, has made an arrangement or composition with his creditors;
 - (f) any person who has at any time been convicted, whether in Zambia or elsewhere, of theft, any offence involving an element of fraud, forgery, uttering a forged document, perjury, or any offence of a like nature, by whatever name called, and has been sentenced therefore to a term of imprisonment or to a fine exceeding one thousand five hundred penalty units
 - (g) any person who has been removed by a competent court, whether in Zambia or elsewhere, from an office of trust on account of misconduct or breach of that trust;
 - (h) a person who is not a resident in Zambia.
- (2) For the purposes of this section, a person shall not be treated as a resident in Zambia who is in Zambia for some temporary purpose only and not with any view or intent of establishing his residence therein.

[As amended by Act [No. 13 of 1994](#)]

27. Disclosure of interest by directors

- (1) Subject to the provisions of this section, it shall be the duty of a director of a building society who has an interest, pecuniary or otherwise, direct or indirect, in a contract or proposed contract with

the society or in the granting of an advance by the society to declare the nature of his interest to the board of directors of the society in accordance with this section.

- (2) In the case of a proposed contract or a proposed advance, the declaration required by this section to be made by a director shall be made at the meeting of the directors at which the question of entering into the contract or granting the advance is first taken into consideration, or, if the director was not at the date of that meeting interested in the proposed contract or advance, at the next meeting of the directors held after he becomes so interested.
- (3) Where a director becomes interested in a contract with the building society after it is made, the declaration required by this section shall be made at the first meeting of the directors held after he becomes interested in the contract.
- (4) For the purposes of this section, a general notice given at a meeting of the directors of a building society 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 interest in relation to any contract made after that date with that company or firm.
- (5) A director need not make a declaration or give a notice under this section by attending in person at a meeting of the directors, if he takes reasonable steps to ensure that the declaration or notice is brought up and read at the meeting.
- (6) A director who has made a declaration of interest in accordance with the provisions of this section shall be prohibited from voting on any resolution concerning the matter in respect of which he has declared his interest.
- (7) A director who fails to comply with the provisions of this section shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units

[As amended by Act [No. 13 of 1994](#)]

28. Notification of changes in holders of certain offices

- (1) Whenever a person becomes or ceases to be a director or manager or secretary of a building society, the society shall within one month of its having notice of the event give notice to the Registrar, stating the full name and address of that person, particulars of the office which he has taken or relinquished and the date of his appointment or relinquishment of office.
- (2) If a building society fails to comply with this section, the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units

[As amended by Act [No. 13 of 1994](#)]

29. Officers not to accept commissions in connection with loans

- (1) No director, secretary, or other officer of a building society, or surveyor or solicitor who is an officer of a building society, shall, in addition to the remuneration prescribed or authorised by the rules of the society, accept from any other person any commission for or in connection with any loan made by the society.
- (2) If an officer of a building society accepts a commission in contravention of subsection (1)—
 - (a) both he and the person who paid the commission shall each be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding six months, or to both; and
 - (b) the court which convicts the officer in question of an offence under paragraph (a) shall by order direct the convicted officer to pay over to the society of which he is an officer the amount or value of the commission accepted by him for or in connection with the loan made by the society; and

- (c) if, having been convicted of an offence under paragraph (a), the convicted officer fails to pay over to the society the amount or value of the commission as and when directed to do so by the court which convicted him, he shall be guilty of an offence under this paragraph and liable on conviction to imprisonment for a term not exceeding six months.
- (3) Where a charge upon a policy of life assurance is given as additional security for an advance made by a building society, or a building society makes an additional advance to enable payment to be made of a premium on a policy of insurance, or any policy of insurance is taken out in order to comply with the terms on which an advance is made by a building society, and the policy is effected through the building society or the society nominates a person by whom the policy is to be issued, it shall be unlawful for a director or other officer of the society, in connection with the effecting of the policy, to receive any commission from the person by or through whom the policy is issued unless such director or other officer receives such commission as nominee for and on behalf of the society and forthwith pays it to the society.
- (4) A person who pays and a person who accepts commission in contravention of the provisions of subsection (3) shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding six months, or to both.
- (5) In this section, "commission" includes any gift, bonus or benefit in cash or in kind.

[As amended by Act [No. 13 of 1994](#)]

30. Officers to give security and to account

- (1) Every officer of a building society who has the receipt or charge of any money belonging to the society shall, before entering upon the execution of his office, give security in such sum and in such manner as the directors of the society may require, conditioned for rendering a just and true account of all moneys received and paid by him on account of the society and for payment of all sums of money due from him to the society, at such times as the society's rules appoint or as the society may require.
- (2) Every such officer of a building society as is mentioned in subsection (1) shall, on demand, or if required to do so by notice in writing given or left at his last or usual address, render an account as may be required by the directors of the society, to be examined and allowed or disallowed by them, and, on like demand, he shall pay over all the moneys remaining in his hands and deliver all securities and effects, books, papers and property of the society in his hands or custody to such person as the society may appoint.
- (3) The duty imposed by subsection (2) on an officer of a building society shall, after his death, be taken to be imposed on his personal representatives.
- (4) In the case of any neglect or refusal to comply with the preceding provisions of this section, the building society may apply to the High Court to make such order as appears to it to be just and such order shall be final and conclusive.

31. Officers not to be exempted from liability

Any provision, whether contained in the rules of a building society or in any contract with a building society, or otherwise, for exempting any director or other officer of a building society, or any person employed by a building society as auditor, from, or indemnifying him against, any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the society, shall be void.

Accounts and audit

32. Keeping of books of account

- (1) Every building society shall cause to be kept such proper books of account with respect to its transactions and its assets and liabilities as are necessary to give a true and fair view of the state of affairs of the building society and to explain its transactions.
- (2) Every building society shall establish and maintain a system to ensure the safe custody of all documents of title belonging to the building society, and of the deeds relating to the property mortgaged to the society; and such system shall require that, on each occasion on which any document of title or deed is released from the custody of the officers of the society, the consent is obtained of the board of directors of the society, or of a person authorised by the board of directors of the society to give such consent.
- (3) Subject to the following provisions of this Part, any director of a building society who fails to take all reasonable steps to secure compliance by the society with the requirements of subsection (1) or (2), or who by his own wilful act is the cause of any default by the society thereunder, shall in respect of each offence be liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

33. Annual accounts and balance sheet

- (1) The directors of every building society shall lay before the society at the annual general meeting an income and expenditure account and a revenue appropriation account for the last financial year ending before the date of the annual general meeting and a balance sheet as at the end of that financial year.
- (2) Subject to the following provisions of this Part, if a director of a building society fails to take all reasonable steps to comply with subsection (1), he shall, in respect of each offence, be liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

34. Contents and form of accounts

- (1) Every balance sheet of a building society shall give a true and fair view of the state of affairs of the society as at the end of its financial year and every income and expenditure account and revenue appropriation account of a building society shall give a true and fair view of the income and expenditure of the society for the financial year.
- (2) The Registrar shall have power, with the consent of the Minister, to make regulations as to the form of a building society's balance sheet and income and expenditure account and revenue appropriation account and the particulars to be included therein; and such regulations may require the inclusion in the balance sheet and income and expenditure account and revenue appropriation account of corresponding particulars for a preceding financial year of the society.
- (3) The requirements of regulations under subsection (2) shall be without prejudice to the general requirements of subsection (1) or of any other requirements of this Act.
- (4) Subject to section thirty-five, if, in relation to a balance sheet or income and expenditure account and revenue appropriation account laid before a building society at its annual general meeting, a director of the society fails to take all reasonable steps to secure compliance with the provisions of this section and of any regulations made thereunder, he shall, in respect of each offence, be liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

- (5) The power to make regulations under this section shall be exercisable by statutory instrument.

[As amended by Act [No. 13 of 1994](#)]

35. Supplementary provisions as to offences under sections 32, 33 and 34

- (1) In any proceedings against a person in respect of—
- (a) an offence under section thirty-two consisting of a failure to take reasonable steps to secure compliance by a building society with the requirements of that section; or
 - (b) an offence under section thirty-three or thirty-four;
- it shall be a defence to prove that he had reasonable grounds to believe, and did believe, that a competent and reliable person was charged with the duty of seeing that the relevant requirements or provisions were complied with and was in a position to discharge that duty.
- (2) A person shall not be sentenced to imprisonment for any such offence as is mentioned in paragraph (a) or (b) of subsection (1) unless, in the opinion of the court dealing with the case, the offence was committed wilfully.
- (3) In this section, "the relevant requirements or provisions"—
- (a) in relation to section thirty-two, means the requirements of that section;
 - (b) in relation to section thirty-three, means the provisions of that section; and
 - (c) in relation to section thirty-four, means the provisions of that section and any regulations made thereunder.

36. Signing of balance sheet

Every balance sheet of a building society shall be signed on behalf of the board of directors of the society by two of the directors and by the manager or secretary of the society and, if a balance sheet has not been signed in the manner prescribed by this section and a copy of it is issued, circulated or published, the building society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

37. Account and auditors' report to be annexed to balance sheet

- (1) The income and expenditure account and revenue appropriation account shall be approved by the board of directors of a building society before the balance sheet is signed on their behalf.
- (2) The income and expenditure account and revenue appropriation account shall be annexed to the balance sheet and the auditors' report shall be attached to it.
- (3) If any copy of a balance sheet is issued, circulated or published without having annexed to it a copy of the income and expenditure account and revenue appropriation account or without having attached to it a copy of the auditors' report, the building society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

38. Directors' report

- (1) The directors of a building society shall prepare and submit at the annual general meeting a report on the state of affairs of the society and such report shall include a statement setting out for the financial year last ending before the annual general meeting at which the report is submitted—
 - (a) the total amount advanced by the society during the financial year;
 - (b) the number and total amount of ordinary advances made by the society during the financial year;
 - (c) the number and total amount of special advances made by the society during the financial year;
 - (d) the number and total amount of collective advances made by the society during the financial year;
 - (e) the total amount of money received during the financial year by way of investments in and loans to the society from members, depositors and others;
 - (f) the total amount of money paid out during the financial year by the society by way of repayment of shares or repayment of sums lent to the society by depositors and others.
- (2) The directors' report shall be attached to the balance sheet and, if any copy of a balance sheet is issued, circulated or published without having attached to it a copy of the directors' report, the building society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

39. Right to receive copies of balance sheet and auditors' and directors' reports

- (1) A copy of every balance sheet, including every document required by law to be annexed to it, which is to be laid before a building society at the annual general meeting, together with a copy of the auditors' report and the directors' report, shall, not more than fourteen days after the date of the meeting, be sent to the Registrar.
- (2) Any member of, or investor with, a building society shall be entitled, on demand and without charge, to be furnished with a copy of the last balance sheet of the society, including every document required by law to be annexed to it, together with a copy of the auditors' report and of the directors' report.
- (3) If default is made in complying with subsection (1), or if, when any person makes a demand for any documents with which he is by virtue of subsection (2) entitled to be furnished, default is made in complying with the demand within twenty-one days after the demand is made, the building society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

40. Appointment of auditors

- (1) Every building society shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.
- (2) The auditor or auditors shall be a person or persons approved for that purpose by the Registrar.
- (3) The directors of the building society may fill any casual vacancy in the office of auditor but while any such vacancy continues the surviving or continuing auditor or auditors (if any) may act.

- (4) A person holding office as auditor of a building society shall, by virtue of holding that office, be an officer of the society unless the rules of the society otherwise provide.

41. Disqualifications for appointment as auditor

- (1) None of the following persons shall be appointed as auditor of a building society:
- (a) an officer or servant of the society;
 - (b) a person who is a partner of or who is in the employment of or who employs an officer or servant of the society;
 - (c) a body corporate;
 - (d) a person who is an officer or servant of a body corporate which is an officer of the society.
- (2) References in subsection (1) to an officer or servant shall be construed as not including an auditor.
- (3) Subsection (1) shall have effect notwithstanding anything in the rules of any building society.
- (4) Any person who, or any body corporate which, acts as auditor of a building society in contravention of the provisions of subsection (1) shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

42. Auditors' report and right of access to books and documents and to attend and be heard

- (1) The auditors of a building society shall make a report to the members on the accounts examined by them, and on every balance sheet and every income and expenditure account and revenue appropriation account laid before the society at the annual general meeting during their tenure of office, and the report shall be read at the annual general meeting and shall be open to inspection by any member.
- (2) The report shall state whether the balance sheet and income and expenditure account and revenue appropriation account are properly drawn up in accordance with the requirements of this Act and any regulations which may be made thereunder and whether, in the opinion of the auditors, they give a fair and true view of the state of the building society's affairs as at the end of its financial year and of the income and expenditure of the society during that year.
- (3) The auditors of a building society shall have a right of access at all times to the books, accounts, records and vouchers of the society and to all other documents relating to its affairs, including the deeds relating to property mortgaged to the society, and shall be entitled to require from the officers of the society such information and explanations as they may think necessary for the proper performance of the duties of the auditors.
- (4) If the auditors of a building society fail to obtain from the society and its officers all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.
- (5) The auditors of a building society shall be entitled to receive notice of and to attend all general meeting of the society, and to be heard at any such meeting which they attend on any part of the business of the meeting which concerns them as auditors.

Meetings and returns

43. Annual general meeting

- (1) Every building society shall in the first four months of each financial year hold a meeting as its annual general meeting in addition to any other meetings held in that year and the annual general meeting shall be described as such in the notice calling it.
- (2) If in any financial year a building society defaults in holding an annual general meeting, the Registrar may call, or direct the calling of, an annual general meeting in that financial year and give such ancillary or consequential directions as he thinks expedient, including directions modifying or supplementing the operation of the rules of the society in relation to the calling, holding and conducting of the meeting.
- (3) If default is made in holding an annual general meeting of a building society in accordance with the provisions of subsection (1), or in complying with any directions of the Registrar given under the provisions of subsection (2), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

44. Other meetings

The board of directors of a building society shall call such other general meetings as may be required by the rules of the society, or as they may consider desirable, and shall notwithstanding anything contained in the rules of the society, call a general meeting on the application in writing of not less than one-tenth of the total number of members of the society or of not less than one hundred members in the case of a society having more than one thousand members.

45. Length and manner of notice

- (1) Any provision contained in the rules of a building society shall be void in so far as it provides for the calling of a meeting of the society (other than an adjourned meeting) by a shorter period of notice than fourteen days.
- (2) Except in so far as the rules of a building society make other provision in that behalf (not being a provision rendered void by the provisions of subsection (1)) a meeting of a building society (other than an adjourned meeting) may be called by fourteen days' notice.
- (3) Where notice of a meeting is given in accordance with the provisions of subsection (2), the notice shall be taken for the purposes of this Act or any other Act to have been duly given according to the rules of the building society.
- (4) Notice of a meeting of a building society shall not be given to members of the society more than fifty-six days before the date of the meeting.
- (5) Notice of a meeting shall be given by a building society either—
 - (a) by sending it by post to the registered address of each member entitled to notice and by exhibiting a copy of the notice in a conspicuous position at the chief office of the society and also at all its branch offices; or
 - (b) by advertising the notice of the meeting twice in such national newspaper or newspapers circulating in the district in which the society's chief office is situated, as may be selected by the board of directors of the society, and by exhibiting a copy of the notice in a conspicuous position at the chief office of the society and at all its branch offices.

- (6) If notice of a meeting is given by advertisement in the manner described in paragraph (b) of subsection (5), the notice shall be deemed to have been served on the day on which the last advertisement appears. If notice is given by post, it shall be deemed to have been served on the day on which the notice would be delivered in the ordinary course of the post.

46. Persons entitled to notice

- (1) Notwithstanding the provisions of section forty-five, written notice of any meeting of a building society which specifies the intention to propose a resolution as a special resolution at the meeting shall be sent by post to the registered address of every member qualified to vote on a special resolution at the meeting.
- (2) Subject to the provisions of section forty-five and of subsection (1), notice of any meeting of a building society shall be given to all members of the society who were members at the end of the last financial year before the date of the meeting and who at the end of such financial year held, and at the date of service of the notice continued to hold, paid-up shares in the society to the value of three thousand penalty units or more.
- (3) The accidental omission to give notice of a meeting to, or non-receipt of notice by, any person entitled to receive notice of the meeting shall not invalidate the proceedings at the meeting.

[As amended by Act [No. 13 of 1994](#)]

47. Proxies

- (1) Any member of a building society who is entitled to attend and vote at a meeting of the society shall be 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 and (subject to the provisions of subsection (2)) to vote instead of him.
- (2) Unless the rules of the building society otherwise provide, a proxy is not entitled to vote except on a poll.
- (3) In every notice calling a meeting of a building society there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him, and that a proxy need not also be a member.
- (4) If default is made in complying with the provisions of subsection (3) in respect of any meeting, every officer of the building society who is in default shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.
- (5) Any provision in the rules of a building society shall be void in so far as it would have the effect of requiring the instrument appointing a proxy to be received by the society or any other person more than forty-eight hours before a meeting or adjourned meeting in order that the appointment may be effective at the meeting or adjourned meeting.

[As amended by Act [No. 13 of 1994](#)]

48. Right to demand a poll

- (1) Any provision contained in the rules of a building society shall be void in so far as it would have the effect either—
 - (a) of excluding the right to demand a poll at a meeting of the society of any question other than the election of a chairman of the meeting or the adjournment of the meeting; or
 - (b) of making ineffective a demand for a poll on any such question which is made by not less than ten members having the right to vote at the meeting.

- (2) The instrument appointing a proxy to vote at a meeting of a building society shall be taken also to confer authority to demand or join in demanding a poll; and, for the purposes of subsection (1), a demand by a person as proxy of a member shall be the same as a demand by the member.

49. Special resolutions

- (1) A resolution of a building society shall be a special resolution when it has been passed by not less than two-thirds of the number of votes lawfully cast, in person or by proxy, on a poll on the resolution, at a meeting of the society of which notice specifying the intention to move the resolution as a special resolution has been duly given.
- (2) For the purposes of this section—
 - (a) notice of a meeting shall be taken to be duly given if the notice is given in the manner provided by this Act and by the rules of the building society;
 - (b) a meeting of a building society shall be taken to be duly held if it is held in the manner provided by the rules of the society.
- (3) Notwithstanding anything in the rules of a building society, the business which may be dealt with at the annual general meeting, or at any other meeting, shall include any resolution to be passed as a special resolution.

50. Notice of members' special resolutions

- (1) If at least five members of a building society apply in writing to the society and give notice of their intention to move a special resolution at a meeting of the society, it shall be the duty of the society to include in the notice of the next meeting of the society to be held more than fifty-six days after receipt of the application a notice specifying the intention to move that resolution as a special resolution at the meeting.
- (2) If a building society fails to comply with an application made under subsection (1), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.
- (3) In this section "special resolution" means a resolution which will not be effective unless it is passed as a special resolution.

[As amended by Act [No. 13 of 1994](#)]

51. Annual return

- (1) Every building society in each financial year shall make to the Registrar a return (in this Act referred to as "the annual return") relating to the affairs of the society for the previous financial year not later than twenty-eight days after the date on which it holds or ought to hold its annual general meeting in accordance with the provisions of subsection (1) of section forty-three.
- (2) The annual return shall be signed by two of the directors and by the manager or secretary of the building society.
- (3) The annual return shall be in such form and shall contain such information as the Registrar shall prescribe by statutory instrument.
- (4) If a building society fails to comply with any of the provisions of this section, or of regulations made thereunder, the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

52. Additional annual return of certain transactions

- (1) For each financial year for which an annual return is made by a building society, the society shall cause to be prepared, and sent to the Registrar together with the annual return, a return with respect to—
 - (a) every property which, during that financial year, has been sold by the society in the exercise of its powers as mortgagee; and
 - (b) every mortgage which has been transferred by the society during that financial year.
- (2) If a building society fails to comply with the provisions of subsection (1), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

53. Auditors' report on annual return

The auditors of a building society shall make a report on the annual return, stating whether the annual return is in agreement with the books of account and records of the society, and whether, in their opinion, it gives a true and fair view of the matters contained in it; and the auditors' report shall be annexed to the annual return which is sent to the Registrar.

Determination of disputes**54. General provisions as to disputes**

- (1) The provisions of sections fifty-five to fifty-nine shall have effect with respect to any dispute between a building society and a member of the society in his capacity as a member thereof, or a representative of such a member in his capacity as a member of the society, in respect of any matter except the construction or effect of a mortgage deed, loan agreement or of any other contract contained in any document other than the rules of the society but (except in so far as the rules of a building society otherwise expressly provide) shall not have effect with respect to any other dispute.
- (2) Any reference in the rules of a building society to disputes (except in so far as the rules otherwise expressly provide) shall be construed as referring only to the disputes mentioned in subsection (1).
- (3) Nothing in sections fifty-five to fifty-nine shall prevent a building society, or any member of, or person claiming through or under a member of, a building society, from obtaining in the ordinary course of law any remedy in respect of any mortgage deed, loan agreement, or other contract, other than the rules of the society, to which he or the society would otherwise be entitled by law.

55. Determination disputes by arbitrators

- (1) The provisions of this section shall apply where the rules of a building of society direct that disputes are to be referred to arbitration.
- (2) Arbitrators shall be appointed in the manner provided by the rules, or, if the rules make no such provision, at the first general meeting of the building society.
- (3) In the case of a dispute, such number of the arbitrators (not being less than three) as may be prescribed by the rules of the society shall be chosen by ballot to determine it.
- (4) The names of the arbitrators shall be duly entered in the minute book of the society.
- (5) If an arbitrator dies, or refuses or neglects to act, the society at a general meeting shall appoint another to act in his place.

- (6) The award made by the arbitrators, or by the majority of them, shall determine the dispute.
- (7) If either party to a dispute refuses or neglects to comply with the award of the arbitrators within such time as may be limited by the award, a subordinate court presided over by a senior resident magistrate, on the application of any person concerned, shall enforce compliance with the award on proof of its having been made and of that party's refusal or neglect to comply with it.

56. Determination of disputes by Registrar

Where the parties to a dispute agree to refer it to the Registrar, or where the rules of a building society direct disputes to be so referred, the dispute shall be referred accordingly, and the reference shall be deemed to be a reference to arbitration, the award of the Registrar having the same effect as that of arbitrators under section fifty-five.

57. Determination of disputes by court

A subordinate court presided over by a senior resident magistrate may hear and determine a dispute—

- (a) where the rules of a building society direct disputes to be referred to a court; or
- (b) if it appears to the court, upon the petition of any person concerned, that application has been made by either party to the dispute to the other party for the purpose of having the dispute settled by arbitration under the rules of the building society, and that either such application has not been complied with within forty days or the arbitrators have refused or neglected for a period of twenty-one days to make an award.

58. Effect of determination

Subject to the provisions of section fifty-nine, every determination of a dispute by arbitration, or by the Registrar, or by the subordinate court shall be final and conclusive and binding on all parties, and shall not be subject to appeal; and no proceedings on, or determination of, any such dispute shall be removed into, or restrained by injunction granted by, any court, or any other court, as the case may be.

59. Statement of case for High Court

The arbitrators, or the Registrar, or the subordinate court, as the case may be, to whom a dispute is referred under section fifty-five, fifty-six or fifty-seven may, at the request of either party, state a case for the opinion of the High Court on any question of law.

Part V – Advances

60. Building society may make advances

A building society may make advances out of its funds and such advances shall be ordinary, special or collective advances as defined in sections sixty-one, sixty-two and sixty-three.

61. Ordinary advance

An ordinary advance is an advance of a sum not exceeding one hundred and twenty thousand kwacha, or such other sum as the Minister may from time to time prescribe, made by a building society on the security of a mortgage of freehold or leasehold estate.

[As amended by Act [No. 6 of 1991](#)]

62. Special advance

- (1) A special advance is an advance made by a building society on the security of a mortgage of freehold or leasehold estate, being an advance of one of the following descriptions, that is to say:
 - (a) an advance of a sum exceeding one hundred and twenty thousand kwacha, or such other sum as the Minister may from time to time prescribe; or
 - (b) an advance of any amount to a person who, after the advance is made to him, is indebted to the society in an amount exceeding one hundred and twenty thousand kwacha or such other sum as the Minister may from time to time prescribe.
- (2) An advance made jointly to two or more persons shall be deemed to be a special advance if an advance of the same amount under like conditions to any one of these persons would be a special advance.
- (3)
 - (a) A building society shall not make a special advance except with the approval of the Registrar, and every application for approval shall be in the prescribed form and shall be accompanied by a schedule showing the totals of ordinary, special and collective advances already made in the financial year in which the application is submitted and the percentage which the total of balances of special advances remaining outstanding bears to total mortgage assets at the date of the last published accounts of the society.
 - (b) In this subsection, "mortgage assets" means the total of the sums owing to the society by its borrowers.

[As amended by Acts No. 6 of 1991]

63. Collective advance

- (1) A collective advance is an advance which satisfies the following conditions, that is to say:
 - (a) it shall be an advance of a sum approved by the Minister made by a building society to the Government, or to such Government or quasi-Government body, or to such local authority, corporation, board or corporate body as the Minister shall approve; and
 - (b) the advance shall be for the purpose of enabling the borrower to purchase or build residential accommodation for sale or rental; and
 - (c) the advance shall be evidenced by a loan agreement, which shall contain a description of the property or development in respect of which the advance is made and set out the amount of the advance, the rate of interest, the amount and frequency of the repayments, and such other provisions as the parties to the agreement may consider appropriate; and
 - (d) the repayment of the advance, and all interest payable thereon, shall be guaranteed by the Government.
- (2) The approval of the Minister to a collective advance shall be signified by a docket on the loan agreement, signed by or on behalf of the Minister, and any approval given in such manner shall have the effect, without any further document or process, of binding the Government in a guarantee of repayment of the advance referred to in the loan agreement and of all interest payable thereon.
- (3)
 - (a) The Registrar shall keep in the prescribed form a register of collective advance loan agreements.
 - (b) A building society which has made a collective advance shall, within fourteen days after the date of the docket on the loan agreement evidencing the advance, present to the Registrar for registration a certified true copy of the said agreement and the Registrar shall enter in the register such particulars thereof as may be prescribed.

- (c) Upon completion of the repayments provided for in the loan agreement, the building society shall, in the prescribed form, notify the Registrar of such repayment and the Registrar shall thereupon cause the registration in respect of such loan agreement to be cancelled.
- (d) The registration of a loan agreement under this subsection shall not be deemed to create or be evidence of any charge upon lands.

64. Repayment of advances

The terms of every advance made by a building society, except where the repayment of the advance and the interest thereon is guaranteed by the Government, shall provide for the repayment of the total capital amount within a period of not more than thirty years; but a society's board of directors shall have power to extend the repayment period in any case where it considers such an extension to be desirable or expedient.

[As amended by Act [No. 37 of 1973](#)]

65. Amount of advances

- (1) Subject to the provisions of sections sixty-six and sixty-seven, an ordinary or special advance made by a building society, where no additional security is taken by the society, shall not exceed, in the case of an ordinary advance, a sum equal to eighty per centum of the value of the lands and buildings included in the mortgage and, in the case of a special advance, seventy-five *per centum* of such value:

Provided that where a building society exercises its right of foreclosure or its power of sale in respect of lands or buildings mortgaged to it, the society may make an advance to the purchaser of such lands or buildings in an amount not exceeding the amount owing to the society at the date of exercising its right, or eighty *per centum* of the value of the lands or buildings, whichever is the greater.

- (2) A building society, in conjunction with an ordinary or special advance, may make an additional advance against additional security of the type specified in the First Schedule, and such additional advance shall not exceed fifteen *per centum* of the value of the lands and buildings included in the mortgage or one hundred *per centum* of the value of the additional security, whichever is the less.
- (3) Where a charge upon a policy of life assurance is taken as additional security for an advance, the value of the policy shall be assessed at an amount not exceeding the surrender value thereof at the time when the advance is made.

66. Advances to full value in certain cases

- (1) A building society may make a collective advance up to one hundred *per centum* of the value of the development, or of the lands and buildings referred to in the loan agreement evidencing the advance.
- (2) A building society may make an ordinary or special advance up to one hundred *per centum* of the value of the lands and buildings included in the mortgage securing the advance if either—
 - (a) the repayment of the advance, or of the excess advance, and the interest thereon, is guaranteed by the Government; or
 - (b) the repayment of the advance, or of the excess advance, and the interest thereon, is undertaken or guaranteed by a company or commercial bank whose guarantee is acceptable to the board of directors of the society.
- (3) In this section, "excess advance" means the amount by which the sum advanced exceeds the maximum advance permitted by section sixty-five.

67. Special advance to purchaser of mortgaged property

- (1) If a building society, in the exercise of its powers as mortgagee, proposes to sell any freehold or leasehold estate mortgaged to the society, and to make to the purchaser an advance upon the security of that estate which will constitute a special advance, then provided that the society, on an application to the Registrar, satisfies him—
 - (a) that the person or body corporate entitled to redeem the mortgage is indebted to the society (taking into account the advance secured by the mortgage and all other debt, of any description whether immediately repayable or not) in an amount exceeding fifty thousand kwacha or such other sum as may be prescribed under section sixty-two; and
 - (b) that the amount of the mortgage debt which, at the time of the application, has not been repaid to the society, together with any arrears of interest in respect of the advance secured by the mortgage, exceeds the amount of the advance which the society proposes to make to the purchaser of the freehold or leasehold estate;

the Registrar may, if he thinks fit, grant to the society permission in writing to make the special advance to which the application relates.
- (2) Any special advance for which permission is granted under this section shall be left out of account for the purposes of subsection (3) of section sixty-two.

68. Further advances for certain purposes

Notwithstanding the provisions of section sixty-five, a building society, for the purpose of protecting or maintaining the security held by it for the repayment of an advance, may make further advances in respect of—

- (a) premiums on insurance policies designed to provide further security for the repayment of an advance;
- (b) rates, taxes, general insurances and outgoings on the lands and buildings;
- (c) the maintenance and repair of the lands and buildings;

and such further advances shall be a charge on the lands and buildings and shall form part of the moneys secured by the mortgage.

69. Restrictions on second and contributory mortgages

- (1) A building society shall not advance money on the security of a mortgage of any freehold or leasehold estate which is subject to a prior mortgage unless the prior mortgage is in favour of the society; nor shall a building society advance money on the security of a contributory mortgage.
- (2) The reference in subsection (1) to a prior mortgage shall be construed as not referring to any charge over land acquired by a local authority under a written law or under any instrument made under a written law, being a charge which takes effect by virtue of the written law or instrument.
- (3) If a building society makes an advance in contravention of this section, the directors of the society who authorised the advance, knowing it to be an improper advance, shall be jointly and severally liable for any loss incurred by the society in respect of the advance.

70. Advance for single premium life policy

- (1) For the purpose of facilitating the repayment to a building society of an ordinary or special advance, the society shall have power to make to the borrower, by way of addition to the advance, a further advance of the whole or part of such sum as may be necessary to enable payment to be made of a single premium payable in respect of an appropriate policy of life assurance.

- (2) A policy of life assurance, for the purposes of subsection (1), is an appropriate policy if—
 - (a) it is a policy of life assurance on the life of the borrower or the spouse or son or daughter of the borrower; and
 - (b) it provides, in the event of the death, before the advance has been repaid, of the person on whose life the policy is effected, for payment of a sum not exceeding the amount sufficient to defray the sums which are, at and after the time of the death, payable to the society in respect of the advance, as increased by the additional advance made by the society under the power conferred by this section.
- (3) A sum added to an advance in pursuance of the power conferred by this section shall be treated as not forming part of the advance for the purpose of determining whether the advance is beyond the powers of the society on the grounds that the amount of the advance is excessive.

71. Valuation for purposes of advance

- (1) The directors of every building society shall have the duty of satisfying themselves that the arrangements made for assessing the adequacy of the security to be taken in respect of advances to be made by the society are such as may reasonably be expected to ensure that—
 - (a) the adequacy of any security to be so taken will be assessed either by the directors of the society or by a director or other officer of the society who is competent to make the assessment; and
 - (b) there will be made available to every person who has to assess the adequacy of any security to be so taken an appropriate report as to the value of any freehold or leasehold estate or development comprised in the security and as to any matter likely to affect the value thereof.
- (2) The reference in paragraph (b) of subsection (1) to an appropriate report is a reference to a written report prepared and signed by a competent and prudent person who is experienced in the matters relevant to the determination of the value of the estate or development and, for the purposes of that paragraph, is not disqualified by virtue of the following provisions of this section for reporting on that estate or development.
- (3) Any person who has a direct pecuniary interest (other than the payment of his salary or fees for professional services) in the granting of an advance and any director, manager, secretary or other officer of a building society, except a valuer employed by the society for the express purpose of making valuations in accordance with the requirements of this section, shall, for the purposes of paragraph (b) of subsection (1), be disqualified for reporting on any freehold or leasehold estate or development comprised in security to be taken by the society in respect of any advance.
- (4) No person who is disqualified by virtue of the provisions of subsection (3) for making a valuation shall make such valuation and any society which employs such a person, and the person so employed, shall each be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units.
- (5) Every valuer shall make a personal inspection of the estate or development which is offered as security for an advance, and, in the case of uncompleted buildings, shall also examine the plans and specifications.
- (6) The valuer shall record his valuation and the date of his inspection on the prescribed form and shall sign it.
- (7) If a building society makes an offer of advance on the security of a building or development to be completed, and such advance is to be paid by instalments during the progress of construction of the building or development, the valuer shall make a personal inspection of the building or development prior to the payment of each instalment and the amount of such instalment shall be related to the appropriate percentage of his valuation at such inspection.

- (8) A building society shall, on payment to it of a reasonable fee, supply a copy of the report referred to in paragraph (b) of subsection (1) to the person to whom the advance is intended to be made but such copy shall not disclose the name of the valuer who prepared the report.

[As amended by Act [No. 13 of 1994](#)]

72. Record of advances

- (1) Every building society shall, in the record of advances to be kept under section twenty, cause entries to be made showing, with respect to every advance made by the society from the date of its registration under this Act—
- (a) the value placed upon the estate or development in the report thereon made under the provisions of paragraph (b) of subsection (1) of section seventy-one and the name of the person by whom the report was made; and
 - (b) particulars of any additional security taken by the society.
- (2) If any building society fails to comply with the provisions of subsection (1), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

73. Security taken from third party

If a building society makes an ordinary advance, a special advance or an additional advance and takes any security for such advance from a third party, then, before any contract requiring the borrower to repay the advance is entered into, the society shall give a notice to the borrower in the prescribed form:

Provided that this section shall not apply to such an advance made to an individual where the only security taken for the advance from a third party is a guarantee given by an individual, not being a guarantee secured by a charge on any property.

74. Offer of advance not to imply warranty

Notwithstanding the duty imposed on directors of a building society by section seventy-one, no advance or offer of advance made by a society shall be construed as warranting to the borrower or, in the case of an offer of advance, to the person to whom the offer is made that the purchase price of the estate or development taken in security, or proposed to be taken in security, is reasonable.

75. Prohibition against balloting for advances

A building society shall not cause or permit applicants for advances to ballot for precedence, or in any way make the granting of an advance depend upon any chance or lot.

76. Provisions as to sale of mortgaged properties

- (1) If a building society becomes absolutely entitled by foreclosure or by release or other extinguishment of a right of redemption to any freehold or leasehold estate mortgaged to it, such estate shall, as soon as may be conveniently practicable, be sold and converted into money:

Provided that the Registrar, on the application of a building society, may authorise the society to retain any freehold or leasehold estate which has so fallen into its possession, and to use such estate for the purposes of its business which, where the rules of the society permit, shall include the provision of housing accommodation for members of the society's staff.

- (2) In exercising its power of sale of any estate mortgaged to it, a building society shall take reasonable care to ensure that the price at which the estate is sold is the best price which can reasonably be

obtained, and any agreement which relieves or attempts to relieve the society of the obligations imposed by this subsection shall be of no effect.

- (3) Within twenty-eight days from the completion of a sale, the building society shall send by registered post to the mortgagor at his last known address a notice containing such particulars relating to the sale as may be prescribed.
- (4) Nothing in subsection (3) shall affect the operation of any rule of law relating to the duty of a mortgagee to account to a mortgagor.
- (5) If a building society contravenes the provisions of subsection (2), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units.
- (6) A person who purchases an estate from a building society for full value and in good faith shall not be concerned as to whether or not the society has complied with the provisions of this section, and any contract of sale entered into between the society and such purchaser shall not be affected by any failure on the part of the society to comply with such provisions.

[As amended by Act [No. 13 of 1994](#)]

77. Disposal of surplus when mortgagor cannot be found

- (1) Where a building society has sold a freehold or leasehold estate as mortgagee and, after paying all expenses of the sale and the sum due to the society under its mortgage, there is a balance payable to the mortgagor and the mortgagor cannot be found, the society shall place such balance on deposit with the society in the name of the mortgagor.
- (2) If, after a period of three years has elapsed from the date of the sale, the mortgagor has not claimed the sum deposited in accordance with the provisions of subsection (1), the society may insert an advertisement in a newspaper circulating in the district in which the estate which was sold is situated calling on the mortgagor to claim the sum deposited within three months from the date of the advertisement and stating that failing his so doing it will be forfeited to the society.
- (3) If, after the expiry of three months from the date of the advertisement referred to in subsection (2), the mortgagor has not claimed the sum deposited, such sum shall become part of the general funds of the society and, notwithstanding the provisions of any law or practice to the contrary, no action shall be brought by the mortgagor to recover such sum and the mortgagor shall cease to have any right thereto.

78. Discharge of mortgages

- (1) When all moneys intended to be secured by a mortgage given to a building society have been fully paid or discharged, the society may endorse on or annex to the mortgage one or other of the following, that is to say:
 - (a) a receipt under the society's seal in the form set out in the Second Schedule and countersigned by at least two persons acting under the authority of the society's board of directors and in accordance with the rules of the society;
 - (b) a reconveyance of the mortgaged property to the mortgagor;
 - (c) a reconveyance of the mortgaged property to such person of full age, and on such trusts, if any, as the mortgagor may direct.
- (2) Where in pursuance of subsection (1) such a receipt as is therein mentioned is endorsed on or annexed to a mortgage, the receipt shall operate and be a discharge within the meaning and for all the purposes of section sixty-seven of the Lands and Deeds Registry Act.

[Cap. 185]

Part VI – Borrowing powers

79. Power to borrow

Subject to the provisions of this Act, a building society may borrow money and accordingly may receive deposits or loans, at interest, to be applied for the business of the society.

80. Limit of repayments to investors and lenders

- (1) The maximum amount which a building society may repay to any single investor or lender in any one month of moneys invested with or borrowed by the society, whether such moneys are in the form of shares, deposits or loans, other than bank overdrafts, or in a combination of these, shall be up to two percentum of its total assets or such amounts as the Minister may prescribe.
- (2) In this section, "total assets" means the total of the monetary values placed against the items appearing as assets in the society's balance sheet at the close of the last preceding financial year.

[As amended by Act [No. 6 of 1991](#)]

81. Limit of deposits

- (1) The total amount which a building society may receive in deposits, loans and bank overdrafts, shall not, at any time, exceed the total sum due by the society to shareholders, after deduction therefrom of the total amount of all other liabilities, provisions and reserves of the society.
- (2) In this section, the terms "other liabilities", "provisions" and "reserves" have the same meanings as those which are normally attributed to them when used in the balance sheet of a building society.

82. Liability for borrowing in excess of powers

If a building society borrows money in excess of the limits prescribed by this Act, the directors of the society receiving such moneys on its behalf shall be personally liable, jointly and severally, for the amount of the excess.

83. Minimum notice of withdrawal

- (1) A building society shall not accept a deposit or loan except on terms enabling the society to require notice (not being less than one month's notice) before repayment or withdrawal.
- (2) If a building society contravenes the provisions of subsection (1), the society, and every director of the society who is a party to the contravention, shall be guilty of an offence and liable on conviction to a fine not exceeding one thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

84. Assistance by one building society to another

Where it appears to the Minister that a building society is in financial difficulties, he may authorise any building society to lend money to the first mentioned society and the building society shall have power to do so accordingly.

85. Depositor under the age of twenty-one

Any person under the age of twenty-one years may deposit money in a building society and shall be capable of giving a full acquittance to the society in respect of the payment to him of any sum due in respect of the principal of, or interest on, sums lent by him to the society.

86. Members or depositors dying interstate

- (1) Where any member of, or depositor with, a building society dies intestate having a sum of money in the funds of the society and letters of administration to his estate have not been exhibited to the society within a period of three years from the date of death, the society may hand over such sum of money to the Administrator-General who shall hold it upon the trusts upon which an administrator of the estate would have held it and whose acknowledgment shall be a sufficient discharge to the society for the money so paid; and the society shall not be concerned with the ultimate disposal of such money by the Administrator-General.
- (2) For the purposes of this section, letters of administration shall include an order appointing an administrator made under the Local Courts Act.

[Cap. 29]

87. Trustee status for certain investments in building societies

- (1) Notwithstanding the provisions of any other law, a trustee may invest any trust funds in his hands, whether at the time in a state of investment or not, in deposits with and loans to a building society designated for that purpose by the Minister by statutory instrument, but the Minister shall not designate a society under this section unless and until it satisfies the following conditions, that is to say:
 - (a) the total assets of the society are not less than four million kwacha; and
 - (b) the society (or, in the case of a reconstituted society, or where there has been a union of societies or a transfer of engagements, its predecessor or constituents) shall have paid interest and dividends at not less than the rates at which they have advertised for funds for a period of at least five years prior to the date of designation; and
 - (c) the liquid funds of the society are not less than ten *per centum*, or such higher percentage, as may by statutory instrument be prescribed from time to time by the Governor of the Bank of Zambia for the purposes of this section, of the total amount of the assets of the society, reduced by any amount by which the total book value of the society's investments exceeds their total market value; and
 - (d) the sum standing at the credit of the general reserve fund of the society shall satisfy the minimum requirements set out in subsection (5) of section ninety-two.
- (2) A building society which has been designated under the provisions of this section and which subsequently ceases to satisfy the conditions set out in subsection (1) shall not cease to be a designated society unless and until its designation under this section is revoked by the Minister by statutory instrument.

88. Provisions of Act to be inserted in certain documents

- (1) In or upon every deposit book or acknowledgment or security of any kind which is given by a building society for a deposit or loan, the whole of the following provisions of this Act shall be set out in writing, that is to say, subsections (1) and (2) of section sixteen, sections seventy-nine, eighty-one and this subsection; and there shall also be set out in writing a reference to section eighty.
- (2) If a building society makes default in complying with the provisions of subsection (1), the person by whom the default is made shall be guilty of an offence and liable on conviction to a fine not exceeding three hundred penalty units.

[As amended by Act No. 13 of 1994]

Part VII – Investment and banking of surplus funds

89. Authorised investment

- (1) A building society may invest any of its surplus funds in—
 - (a) establishing and managing unit trust schemes;
 - (b) establishing and managing pension schemes; and
 - (c) establishing subsidiary companies.
- (2) A building society shall not invest any part of the surplus funds in projects other than those set out in subsection (1) except as authorised by an order made by the minister under this section.
- (3) the Minister may vary or revoke an order made under this section provided that a society which at the time when an order comes into operation, has funds invested in what, by virtue of such order, has ceased to be an authorised investment, may, with the approval of the Registrar retain such investment and the Registrar shall give his approval to such retention for so long as he is satisfied that the realisation of the investment would not be detrimental to the interest of the society.
- (4) In this Part, "surplus funds" in relation to a building society, means funds of the society which are not immediately required for its purposes.
- (5) The power to make orders under this section shall be exercisable by statutory instrument.

[As amended by Act [No. 6 of 1991](#)]

90. Authorised banks

- (1) In so far as any surplus funds of a building society are not invested in accordance with the provisions of section eighty-nine and are not kept in cash in the custody of officers of the society, the society shall keep them on current account with, or otherwise on loan to, a bank which is for the time being authorised under this section to hold funds of building societies.
- (2) For the purposes of subsection (1), the Minister shall make an order, designating the banks with which building societies are authorised to keep money; and the Minister may vary or revoke an order made under this section, provided that where a bank ceases to be an authorised bank and any funds of a building society on loan to that bank thereupon cease to be kept in the manner permitted by subsection (1), the society shall take all practicable steps to call in and realise the loan within the period of three months from the time when the bank ceased to be so authorised, or, if that is not possible, as soon after the end of that period as possible.
- (3) The power to make orders under this section shall be exercisable by statutory instrument.

91. Offences under Part VII

If a building society contravenes any of the provisions of sections eighty-nine and ninety, the society shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units and every officer of the society who is in default shall also be guilty of an offence and liable to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

[As amended by Act [No. 13 of 1994](#)]

92. General reserve fund

- (1) Every building society shall establish a fund to be known as the general reserve fund, appropriations to which shall be made only out of the realised surpluses of the society.

- (2) No dividend, bonus or donation shall be paid out of the general reserve fund.
- (3) Moneys standing to the credit of the general reserve fund shall be invested in authorised investments or in advances.
- (4) A society may charge against the general reserve fund any net loss remaining to the society in any year after applying to such loss any undistributed surpluses brought forward from previous years.
- (5) Within a period of five years in the case of an existing society, and ten years in the case of any other building society, in each case from the date of the society's registration under this Act, the sum at credit of a building society's general reserve fund, when added to any provision against depreciation of or losses on investments and reduced by the aggregate of—
 - (a) any amount by which the total book value of the society's investments exceeds their total market value; and
 - (b) any amount recommended by the society's directors for distribution as interest, dividend or bonus, and not provided for in the society's annual accounts;shall not be less than two and one-half *per centum* of the total amount of the society's assets reduced by the aggregate of—
 - (i) any amount by which the total book value of the society's investments exceeds their total market value; and
 - (ii) the total amount of any reserves set aside by the society for a particular purpose, other than any reserve against depreciation of or losses on investments.
- (6) In the event of a building society failing to comply with the provisions of subsection (5) within the period prescribed therein, the Registrar shall have the power to cancel or suspend the society's registration, or give such other directions to the society as he may think fit.
- (7) The general reserve fund to be established by a building society under this section shall be in addition to the liquid funds referred to in section ninety-three.

93. Provisions as to liquidity

- (1) Subject to the provisions of subsection (8), the Governor of the Bank of Zambia shall by statutory instrument direct, from time to time, the minimum amount of liquid funds to be maintained by building societies and every building society shall be bound by such direction, which shall be expressed in terms of a percentage of the total amount of a society's assets reduced by any amount by which the total book value of the society's investments exceeds their total market value.
- (2) Every building society shall make a monthly return in the prescribed form to the Governor of the Bank of Zambia to enable him to give directions in accordance with the provisions of subsection (1).
- (3) A direction given under this section shall specify the date from which it is to take effect which shall not be earlier than three months from the date of publication of the *Gazette* in which it appears.
- (4) A direction given under this section may be varied or revoked by a subsequent direction given in like manner.
- (5) A direction given under this section shall not increase by more than two and one-half *per centum* the percentage of liquid funds to be maintained by building societies prevailing at the date of publication of the direction.
- (6) Liquid funds shall be held by building societies in any or all of the following:
 - (a) notes and coin which are legal tender in Zambia;
 - (b) balances and money at call with registered discount houses, registered acceptance houses, or registered commercial banks;

- (c) treasury bills issued by the Government;
 - (d) local registered securities issued or guaranteed by the Government of which not more than fifty *per centum* may be in securities of a final maturity date of more than six years;
 - (e) such other assets as the Governor of the Bank of Zambia may, with the consent of the Minister, from time to time prescribe by statutory instrument.
- (7) If a building society fails to make the return provided for in subsection (2), or wilfully and without a valid reason acceptable to the Registrar fails to comply with a direction given under this section, or wilfully and without a valid reason acceptable to the Registrar fails to hold its liquid funds as provided in subsection (6), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units.
- (8) (a) Subject to subsection (5), the Minister may, after consultation with the Governor of the Bank of Zambia, give directions to the Governor as to the exercise of the power conferred upon him by subsection (1) and the Governor shall comply with any such direction.
- (b) Any direction given by the Minister under paragraph (a) shall be in writing.

[As amended by Act [No. 13 of 1994](#)]

94. Restriction of payment of dividends

No building society shall pay any dividend or interest on any of its shares otherwise than out of surpluses earned by the society during the financial year to which the dividend or interest relates, and undistributed surpluses.

Part VIII – Change of name, etc.

95. Change of name

- (1) A building society may change its name by special resolution.
- (2) Notice of any such change shall be sent to the Registrar within fourteen days from the passing of the special resolution and shall be registered by him, and he shall give a certificate of registration:
- Provided that a building society shall not be registered under this section in a name which, in the opinion of the Registrar, is undesirable.
- (3) A change of name by a building society in accordance with the provisions of this section shall not affect the rights and obligations of the society or of any of its members or of any other person concerned.
- (4) If a building society fails to send to the Registrar a notice which it is required to send under subsection (2), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

96. Notification of change of address

A building society which changes the situation of its registered office or its postal address shall, within fourteen days after such change, send to the Registrar notice thereof and the Registrar shall register such change.

97. Alteration of rules

- (1) A building society may alter its rules by special resolution.

- (2) Where a building society by special resolution alters its rules, it shall, within fourteen days from the passing of the special resolution, send to the Registrar two copies of the alteration (or, in the case of the rescission of a rule, two copies of the resolution) signed by three members and the secretary, and a statutory declaration by an officer of the society that the resolution has been passed as a special resolution.
- (3) Where copies are sent to the Registrar in accordance with subsection (2), and the Registrar finds that the alteration is in conformity with this Act, he shall return one of the copies to the secretary or other officer of the society with a certificate of registration and shall retain and register the other copy.
- (4) Any provision in the rules of a building society that the rules may be altered without passing a special resolution shall be void.
- (5) If a building society fails to comply with the provisions of subsection (2), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

Part IX – Unions of societies and transfers of engagements

98. Union of building societies

- (1) Two or more building societies may unite and become one society, with or without a dissolution or division of the funds of any one or more of those societies, if—
 - (a) the terms of the union are approved by a special resolution of each of the societies; and
 - (b) the union obtains the consent in writing of the holders of not less than two-thirds of the whole number of shares in each society, whether they are present at the meeting or not.
- (2) Notice of any union of building societies shall be sent to the Registrar and, upon completion of the union, the societies united shall be deemed to be dissolved and their registrations cancelled and the Registrar shall thereupon register the new society.
- (3) If a building society fails to send to the Registrar the notice referred to in subsection (2), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

99. Transfer of engagements

- (1) A building society may by special resolution transfer its engagements to another building society which undertakes to fulfil those engagements; and a building society may—
 - (a) by special resolution; or
 - (b) with the consent of the Registrar, by resolution of a general meeting or of its board of directors;undertake to fulfil the engagements of another building society.
- (2) Notice of the transfer shall be sent to the Registrar by the building society transferring its engagements.

- (3) A transfer of engagements between building societies under this section shall not have effect unless —
- (a) the holders of not less than two-thirds of the whole number of shares in each of the societies have consented in writing to the transfer; and
 - (b) notice of the transfer has been registered.
- (4) If a building society fails to send to the Registrar the notice referred to in subsection (2), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

100. Registrar may approve union or transfer

- (1) A building society desiring to unite with another society, or to transfer its engagements to another society, or to undertake to fulfil the engagements of another society, and which has not obtained the consent in writing of the holders of two-thirds of the whole number of the society's shares may make an application to the Registrar to confirm the union or transfer.
- (2) Where such an application is made the society shall cause notice of the application to be published as directed by the Registrar, and, after hearing the society making the application and any other persons whom the Registrar considers entitled to be heard, the Registrar, notwithstanding the provisions of sections ninety-eight and ninety-nine, may confirm the union or transfer of engagements accordingly.

100A. Transfer of engagements by board of directors

- (1) Notwithstanding the provisions of sections ninety-nine and one hundred, a building society may by resolution of its board of directors transfer its engagements to the Zambia National Building Society.
- (2) Notice of such transfer shall be sent to the Registrar who may confirm and register such transfer.

[As amended by Act [No. 67 of 1970](#)]

101. Registration of transfers, etc., to operate as a conveyance

The registration by the Registrar in accordance with the provisions of the previous sections of this Part of notice of the union or transfer of engagements of a building society shall operate, by virtue of this section and without further assurance, as an effectual conveyance, transfer and assignment, as at the date of the registration, of the funds, property and assets of the uniting societies to the united society, or of the funds, property and assets of the transferring society to the society undertaking its engagements, as may be provided by the instrument of union or transfer of engagements, as the case may be.

102. Creditors not to be prejudiced by union or transfer

A union of building societies or a transfer of engagements from one society to another shall not affect the rights of any creditor of any building society concerned in the union or transfer.

Part X – Nomination, powers and control of Registrar

103. Nomination of Registrar

The Minister shall nominate a public officer to be the Registrar of Building Societies to perform the duties and exercise the powers imposed and conferred upon the Registrar by this Act.

104. Indemnity of Registrar and other persons

The Registrar shall not, nor shall any person acting under the authority of the Registrar, be personally liable for, or in respect of, any act or matter done in good faith in the exercise of the powers conferred by this Act.

105. Power to require production of books, etc.

- (1) The Registrar may, at any time, by notice in writing, require a building society, or any person who is or has been an officer of a building society, to produce to the Registrar such books, accounts, deeds and other documents relating to the business of the society, and to furnish him with such other information relating thereto, as he considers necessary to enable him properly to discharge the duties imposed and to exercise the powers conferred upon him by this Act; and any such notice may require that information to be furnished in accordance with the notice shall be set out in a statutory declaration.
- (2) If any building society or person fails to comply with the requirements of a notice under subsection (1), the society, and every officer of the society who is in default, and such person, as the case may be, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

106. Powers of inspection

- (1) The Registrar, either on his own initiative or, if he thinks fit, on the application of any member, shareholder, depositor or creditor of a building society, may appoint an inspector to look into and report on the affairs of the society.
- (2) Such inspector shall have power to require production of all or any of the books of account, records, securities and documents of the society, and may take extracts therefrom, and may examine on oath its officers, agents and others and, for such purposes, shall have power to administer an oath.
- (3) Any person who makes application for an inspection under the provisions of subsection (1) may be required by the Registrar to give security for the costs of the inspection.
- (4) The inspector appointed under the provisions of subsection (1) shall send to the Registrar a report on the result of his inspection, and the Registrar shall send a copy of such report to the society and the person (if any) who made the application for the appointment of the inspector, together with a note of the action (if any) which he intends to take on the report.
- (5) The Registrar may make such order as he thinks fit as to recovery of the costs of the inspection.
- (6) Any person who, in the course of an examination into the affairs of a building society under this section, knowingly gives false testimony under oath touching upon any matter which is material to such examination, shall be guilty of an offence under this Act, and, on conviction, liable to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding twelve months, or to both.

[As amended by Act [No. 13 of 1994](#)]

107. Power to call a meeting

- (1) The Registrar, on his own initiative, may call a meeting of a building society if he thinks that such a meeting is desirable in the interests of the members of, or depositors in, the society, and he may direct at what time and place the meeting is to be held and what matters are to be discussed and determined at the meeting.

- (2) A meeting called under subsection (1) shall have all the powers of a meeting called under the rules of the society, and shall have power to appoint its own chairman notwithstanding any rule to the contrary, and no provision in the rules of the society for a quorum shall apply to such a meeting.

108. Power to suspend borrowing and subscription for shares

- (1) If the Minister, on the advice of the Registrar, considers it expedient in the interests of investors and depositors to suspend borrowing by, or subscription for shares in, a building society, he may, by order, prohibit the society—
- (a) from accepting the deposit of, or otherwise borrowing, any money; or
 - (b) from accepting any payment representing the whole or any part of the amount due by way of subscription for a share in the society, other than a payment which fell due before the making of the order.
- (2) Notwithstanding that an order may have been made under this section, a building society may borrow money from a bank or a finance company or from a director or other officer of the society provided that the consent of the Registrar has first been obtained.
- (3) At least twenty-one days before an order is made under this section, the Registrar shall give the building society concerned, and each of its directors, written notice that he proposes to advise the Minister to make such an order; and the notice shall set out the considerations which have led him to conclude that it is expedient to do so, and, before advising the Minister, the Registrar shall consider any representations which may be made to him by the building society within a period of fourteen days after the service of the notice and, if the society so requests, shall afford it an opportunity of being heard by him within that period.
- (4) Any order made by the Minister under this section may be revoked by a subsequent order.
- (5) If a building society contravenes the provisions of any order made under this section, it shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units, and every officer of the society who is in default shall also be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding twelve months, or to both.
- (6) The power to make orders under this section shall be exercisable by statutory instrument.

[As amended by Act [No. 13 of 1994](#)]

109. Power to control advertising

- (1) If the Registrar considers it expedient to do so in the interests of persons who may invest in, or deposit money with, a building society, he may serve on the society a written direction requiring the society—
- (a) to prohibit the issue by the society of advertisements of all descriptions; or
 - (b) to prohibit the issue by the society of advertisements of any description specified in the direction; or
 - (c) to prohibit the issue by the society of any advertisements which are, or are substantially repetitions of, an advertisement which has been issued and which is specified in the direction; or
 - (d) require the society to take all practicable steps to withdraw any advertisement, or any description of advertisement, specified in the direction which is on display in any place; or the direction may contain two or more such prohibitions or requirements as are mentioned in this subsection.

- (2) Before serving a direction under this section, the Registrar shall give the building society concerned, and each of its directors, written notice that he proposes to make the direction, and such notice shall set out the considerations which have led him to conclude that it is expedient to do so, and he shall consider any representations which may be made to him by the society within seven days from the date of service of the notice; and, if the society so requests, he shall afford it an opportunity of being heard by him within that period.
- (3) Any direction under this section may be varied or revoked at any time by a subsequent direction thereunder.
- (4) If a building society contravenes a direction under this section, it shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units, and every officer of the society who is in default shall also be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding six months, or to both.

[As amended by Act [No. 13 of 1994](#)]

Part XI – Winding-up and dissolution

110. Dissolution in accordance with rules

A building society may be dissolved in the manner prescribed by its rules.

111. Dissolution by consent

- (1) A building society may be dissolved by an instrument of dissolution with the consent (testified by their signature of that instrument) of the members holding not less than two-thirds of the number of shares in the society.
- (2) An instrument of dissolution under this section shall set out—
 - (a) the liabilities and assets of the society in detail;
 - (b) the number of members and the amount standing to their credit in the books of the society;
 - (c) the claims of depositors and other creditors and the provision to be made for their payment;
 - (d) the intended appropriation or division of the funds and property of the society;
 - (e) the names of one or more persons to be appointed as trustees for the purposes of the dissolution, and their remuneration.
- (3) An instrument of dissolution made with consent given and testified as mentioned in subsection (1) may be altered with like consent, testified in the like manner.
- (4) Every instrument of dissolution under this section, and every alteration of such an instrument, shall be registered in the manner provided by section three for the registration of the rules of a building society; and every such instrument or alteration shall be binding upon all members of the building society.

112. Dissolution on award of Registrar

- (1) On the application in writing of at least one hundred members of a building society having a total membership of more than one thousand, or, in the case of any other building society, of one-tenth of the whole number of members of the society, stating that the society is unable to meet the claims of its members and that it would be for their benefit that it should be dissolved, and requesting an investigation into the affairs of the society with a view to its being dissolved, the Registrar may investigate the affairs of the society.

- (2) Before commencing an investigation under this section, the Registrar shall give not less than one month's written notice to the building society at its registered chief office or place of meeting.
- (3) If on such investigation it appears that the building society is unable to meet the claims of its members and that it would be for their benefit that it should be dissolved, the Registrar shall so advise the Minister who—
 - (a) if he considers it expedient to do so, may, by statutory order, direct that the society be dissolved, and shall in that case direct in what manner the affairs of the society are to be wound up; or
 - (b) may suspend such order for such period as he thinks fit to enable the society to make such alterations of its rules as, in the judgment of the Minister, will make such an order unnecessary.
- (4) Where an order for dissolution is made under this section, the Registrar, within twenty-one days of the making thereof, shall cause notice of the order to be advertised in one or more newspapers circulating in the place in which the registered office or place of meeting of the building society is situated.

113. Provisions applicable to dissolution under sections 110 and 111

- (1) When a building society is being dissolved in accordance with the provisions of section one hundred and ten or one hundred and eleven, the provisions of this Act shall continue to apply in relation to the society as if the liquidators or other persons conducting the dissolution of the society, or the trustees appointed under the instrument of dissolution, as the case may be, were the board of directors of the society.
- (2) Within twenty-eight days from the date of termination of the dissolution the liquidators, trustees or other persons having the conduct of the dissolution shall send to the Registrar an account and balance sheet signed and certified by them as correct and showing the assets and liabilities of the society at the commencement of the dissolution, and the way in which those assets and liabilities have been applied and discharged; and if they fail to do so they shall each be guilty of an offence and liable on conviction to a fine not exceeding three hundred penalty units for every day during which the default continues.
- (3) Except with the consent of the Registrar, no resolution, instrument or dissolution or other proceeding for the dissolution of a building society under section one hundred and ten or one hundred and eleven, and no alteration of an instrument of dissolution under section one hundred and eleven, shall be of any effect if the purpose of the proposed dissolution or alteration is to effect or facilitate the transfer of the society's engagements to any other society.
- (4) Any provision in a resolution or document that members of a building society proposed to be dissolved shall accept investments in another society (whether in shares, deposits or any other form) in or towards satisfaction of their rights in the dissolution shall be conclusive evidence of such a purpose as is mentioned in subsection (3).

[As amended by Act [No. 13 of 1994](#)]

114. Winding-up by or under the supervision of the High Court

The High Court on the petition of—

- (a) the Registrar in the exercise of any power conferred by this Act; or
- (b) any member of a building society authorised by all members present and voting at a meeting especially called for the purpose to present the same on behalf of the society; or

- (c) any creditor holding an unsatisfied judgment or decree for a sum in excess of two hundred kwacha; may order that a building society be dissolved, either voluntarily under the supervision of the Court, or by the Court, and the provisions of the law for the time being in force in regard to the winding-up of a company shall apply to the dissolution of a building society under this section, with such adaptations or modifications as may be ordered by the Court.

115. Liability of members on winding-up or dissolution

Where a building society is being wound up or dissolved, a member to whom an advance has been made under a mortgage or other security, or under the rules of the society, shall not be liable to pay the amount payable thereunder except at the time or times and subject to the conditions set out in the mortgage or other security, or in the rules, as the case may be.

116. Notice of winding-up or dissolution

- (1) Notice of the commencement and of the termination of the winding-up or dissolution of a building society shall be sent to the Registrar and registered by him.
- (2) If a building society fails to send to the Registrar a notice which it is required to send to him under subsection (1), the society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

Part XII – Miscellaneous and supplementary provisions

117. Powers in relation to land

- (1) A building society, so far as is necessary for the purpose for which it is established, shall have power to hold land.
- (2) Subject to the provisions of subsection (6), a building society may purchase, build, hire or take on lease a building for conducting its business and may adapt and furnish it.
- (3) Subject to the provisions of subsection (6), a building society may purchase or hold on lease any land for the purpose only of erecting on it a building for conducting the business of the society.
- (4) A building society may sell, exchange or let the whole or part of any such building or land as is mentioned in subsection (2) or (3).
- (5) For the purposes of subsections (2) and (3), the business of a building society, where its rules permit, shall include the provision of housing accommodation for officers of the society and members of its staff.
- (6) In exercising the powers conferred by subsections (2) and (3), a building society shall not, except with the approval of the Registrar, incur an expenditure exceeding one hundred thousand kwacha in respect of any single transaction.
- (7) A building society may from time to time purchase freehold or leasehold land, develop such land, construct houses thereon and sell such houses:

Provided that—

- (i) no land shall be purchased for the purpose of constructing houses thereon, or development thereof undertaken, by or on behalf of a building society, unless estimates of costs and comprehensive details of the proposed development have been submitted by the building society to the Minister, and the Minister has signified his approval thereto in writing;

- (ii) the expenditure incurred by a building society on the purchase and development of such land shall at no time be in excess of one-third of the aggregate amount in the building society's general reserve fund and the unappropriated surplus earned during the year immediately preceding the financial year in which such land is purchased.

[As amended by Act [no 31 of 1973](#) and Act [No. 13 of 1994](#)]

118. Offences in relation to property of building societies

- (1) Any person who by false representation or imposition obtains possession of any moneys, securities, books, papers or other effects of a building society or who, having the same in his possession, withholds or misapplies them, or wilfully applies any part of them to purposes other than authorised purposes, shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding two years, or to both.
- (2) The court by or before which a person is convicted of an offence under this section may order him to deliver up or repay to the building society any moneys, securities, books, papers or other effects in respect of which he is convicted of that offence.
- (3) Proceedings in respect of an offence under this section may be instituted by the building society, or by the Registrar, or by any person authorised by the society or its board of directors or by the Registrar.
- (4) In this section, "authorised purposes", in relation to a building society, means purposes authorised by this Act or by the rules of the society.

[As amended by Act [No. 13 of 1994](#)]

119. False statements in documents

- (1) Any person who wilfully makes, or orders or allows to be made, any false statement in a document to which this section applies, or by erasure, omission, alteration, addition or otherwise, wilfully falsifies any such document, shall be guilty of an offence and liable on conviction to a fine not exceeding fifteen thousand penalty units or to imprisonment for a term not exceeding two years, or to both.
- (2) This section applies to any document sent to the Registrar under or in pursuance of this Act.

[As amended by Act [No. 13 of 1994](#)]

120. Compulsory cancellation or suspension of registration

- (1) Where the Registrar is satisfied with respect to a building society—
 - (a) that a certificate of registration has been obtained for the society by fraud or mistake; or
 - (b) that the society exists for an illegal purpose; or
 - (c) that the society has wilfully, and after notice from the Registrar, violated any of the provisions of this Act; or
 - (d) that the society has ceased to conduct business as a building society; or
 - (e) that the society has made advances on securities situated outside the territorial limits of Zambia in contravention of the provisions of section eighteen; or
 - (f) that the society has ceased to exist;

the Registrar, with the approval of the Minister, may cancel or suspend the registration of the society.

- (2) Any cancellation or suspension of registration under this section shall be effected in writing and signed by the Registrar.
- (3) Where the registration of a building society is suspended under this section, the period of suspension shall in the first instance be a period not exceeding three months, but may, with the approval of the Minister, be extended from time to time by not more than three months at a time.
- (4) Before cancelling or suspending the registration of a building society under this section, the Registrar shall give to the society not less than one month's previous notice in writing, specifying briefly the grounds of the proposed cancellation or suspension.
- (5) As soon as practicable after the cancellation or suspension of the registration of a building society under this section takes effect, the Registrar shall cause notice thereof to be published in the *Gazette*, and in at least one newspaper circulating in the district in which the registered chief office or place of meeting of the building society is situated.
- (6) Where the registration of a building society is cancelled under this section or is suspended under this section for a period exceeding six months, the society may appeal to the High Court and, on any such appeal, the High Court, if it thinks it just to do so, may set aside the cancellation or suspension.

121. Cancellation of registration at request of building society

Without prejudice to section one hundred and twenty, the Registrar, if he thinks fit, may cancel the registration of a building society at the society's request, evidenced in such manner as the Registrar may direct.

122. Effect of cancellation or suspension of registration

- (1) Where the registration of a building society is cancelled or suspended under section one hundred and twenty or one hundred and twenty-one, the society from the time of the cancellation or suspension (but in the case of a suspension, only so long as the suspension continues) shall cease to enjoy the privileges of a building society.
- (2) Subsection (1) shall have effect subject to the right of appeal under subsection (6) of section one hundred and twenty.
- (3) Subsection (1) shall have effect in relation to a building society without prejudice to any liability actually incurred by the society; and any such liability may be enforced against the society as if the cancellation or suspension had not taken place.

123. ***

[Obsolete.]

124. Annual report of Registrar

The Registrar shall cause to be made an abstract and report of the annual returns of building societies and of the proceedings of his office under this Act and the Minister shall lay the abstract and report before Parliament.

125. Provisions as to evidence

- (1) Any document purporting to have been signed by the Registrar and to be a certificate of registration or other document relating to a building society shall be received in evidence and, in the absence of any evidence to the contrary, shall be deemed to have been signed by the Registrar.
- (2) Any printed document purporting to be a copy of the rules of a building society, and certified by the secretary or other officer of the society to be a true copy of its rules as registered, shall be received

in evidence and, in the absence of any evidence to the contrary, shall be deemed to be a true copy of its rules.

126. Form in which records may be kept

- (1) Any register, record or book of account to be kept by a building society may be kept either by making entries in bound books or by recording the matters in question in any other manner.
- (2) Where any such register, record or book of account is not kept by making entries in a bound book but by some other means, adequate precautions shall be taken for guarding against falsification and facilitating its discovery; and where default is made in complying with this subsection, the building society, and every officer of the society who is in default, shall be guilty of an offence and liable on conviction to a fine not exceeding seven thousand five hundred penalty units

[As amended by Act [No. 13 of 1994](#)]

127. Regulations

Except where some other person or authority is so authorised by this Act, the Minister may, by statutory instrument, make regulations prescribing anything requiring to be prescribed under this Act and, for the better carrying into effect of the provisions of this Act but without prejudice to the generality of the foregoing, such regulations may provide for the procedure in the office of the Registrar, the hours during which that office is to be open for business, the forms to be used and the fees to be paid in respect of any matter which is required or permitted to be done under the provisions of this Act.

128. Registrar to consider representations by building societies

Before prescribing the form of any return which building societies are required to make under this Act, the Registrar shall first circulate to all building societies registered under this Act a draft of the form which he intends to prescribe and he shall give due consideration to any representations which may be made to him by individual building societies or by their association within one month of the date of such circulation.

129. Rules of court

Rules of court may be made under this Act for regulating proceedings before any court, and applications and appeals thereto, under the provisions of this Act and for the fees to be paid in respect thereof.

130. Financial year of building societies

- (1) Subject to the provisions of subsection (2), in this Act, "financial year" means a period of twelve months ending with the 31st March.
- (2) A building society whose financial year does not end with the 31st March shall alter its financial year by making up its accounts for one period of more than six months and not more than eighteen months ending with the 31st March, and, in relation to a building society exercising the power conferred by this subsection, references in this Act to a financial year of the society shall include references to that period.
- (3) Where a mortgage deed in favour of a building society provides for the calculation of interest annually on the outstanding balance owing to the society at the commencement of each year, the society, notwithstanding anything to the contrary contained in the mortgage deed, may alter the calculation of interest to coincide with the financial year of the society.

[As amended by Act [No. 37 of 1973](#)]

131. Non-compliance not to invalidate advance

No advance made by a building society and no security for an advance made by a building society shall be invalidated by reason only of the fact that the society, or any officer of the society, has, in connection with such advance, contravened or failed to comply with any provision of this Act.

132. Lost or destroyed share certificate, etc.

- (1) If any share certificate, deposit book, receipt, or any statement, or other record of payment issued by a building society is lost or destroyed, the society, upon such evidence and subject to such terms and conditions as the directors think fit, may issue a certified copy of such certificate, pass book, receipt, statement or record.
- (2) Such certified copy shall thereafter for all purposes take the place of the certificate, pass book, receipt, statement or record so lost or destroyed and be the sole evidence thereof.

133. Inspection of documents by public

On payment of the prescribed fees, any person may inspect at the office of the Registrar the documents relating to any building society which are required to be lodged with the Registrar in terms of this Act or may obtain from the Registrar a copy or extract of any such document, or part of any such document.

134. General penalty

If a building society contravenes or fails to comply with the provisions of any section of this Act, it shall be guilty of an offence and, where no specific penalty is provided by the section, the society, and every officer of the society who is in default, shall be liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

[As amended by Act [No. 13 of 1994](#)]

135. Repeals

- (1) The following Acts of the Parliament of the United Kingdom shall cease to have effect in the Republic:
 - (a) The Building Societies Act, 1874;
 - (b) The Building Societies Act, 1875;
 - (c) The Building Societies Act, 1877;
 - (d) The Building Societies Act, 1884;
 - (e) The Building Societies Act, 1894.
- (2) Paragraph (b) of subsection (1) of [section 2](#) and paragraph (b) of subsection (1) of section 4 of the Friendly Societies Act, 1896, of the Parliament of the United Kingdom shall cease to have effect in the Republic.
- (3) The Building Societies (Disengagement Provisions) Act, Chapter 213 of the 1964 Edition of the Laws, and the Building Societies (Special Provisions) Act, Chapter 215 of the 1962 Edition of the Laws, are repealed.

136. Transitional provisions

- (1) All deposits with and loans to an existing society and all advances made or agreed to be made by an existing society prior to the commencement of this Act, provided they are valid under any enactment repealed by this Act, shall not be invalidated because they do not comply with the

provisions of this Act, but the society shall use its best endeavours to bring all such transactions within the provisions of this Act in so far as it is practicable to do so at the earliest opportunity.

- (2) Until the forms which the Registrar is to prescribe have been so prescribed and dates fixed for their being brought into use, a building society may use the forms which are in use immediately prior to the commencement of this Act.
- (3) In so far as any order, regulation, rule, application, decision, reference, appeal or payment made, consent, approval or direction given, certificate issued, notice or copy served, register kept, resolution passed, requirement imposed or other thing done under an enactment repealed by this Act could have been made, given, issued, served, kept, passed, imposed or done under a corresponding provision of this Act, it shall not be invalidated by the repeal effected by section one hundred and thirty-five but shall have effect as if made, given, issued, served, kept, passed, imposed or done under that corresponding provision.
- (4) Any reference in an enactment or document (whether expressed or implied) to an enactment repealed by this Act shall, except where the context otherwise requires, be construed as, or as including, a reference to the corresponding provisions of this Act.
- (5) Where a period of time specified in an enactment repealed by this Act is current at the commencement of this Act, this Act shall have effect as if the corresponding provision thereof had been in force when the period began to run.
- (6) Without prejudice to subsection (3), any references in this Act (whether expressed or implied) to a thing done, or falling to be done, or omitted to be done, or to an event which has occurred, under or for the purpose of or by reference to, a provision of this Act, shall, except where the context otherwise requires, be construed as including a reference to the corresponding thing done, or falling to be done, or omitted to be done, or to the corresponding event which occurred, as the case may be, under or for the purposes of or by reference to, the corresponding provision of the enactments repealed by this Act.
- (7) Where an offence for the continuance of which a penalty was provided has been committed under an enactment repealed by this Act, proceedings may be taken under this Act in respect of the continuance of the offence after the commencement of this Act in the same manner as if the offence had been committed under the corresponding provision of this Act.

First Schedule (Section 65)

Permitted classes of additional security

- (1) A charge upon a policy of life assurance.
- (2) A charge upon any stocks, shares or securities for the time being authorised by law in Zambia for the investment of trust moneys.
- (3) A charge upon money deposited with the building society or any bank registered under the Banking Act.
- (4) A guarantee given by the Government or by a public authority, bank or commercial company whose guarantee is acceptable to the board of directors of the society.
- (5) A guarantee accepted by the building society, with the written consent of the borrower, and supported by a charge upon money deposited with the society or upon any such investments as are mentioned in paragraph (2).
- (6) A guarantee given by an insurance company to which the Insurance Act applies.

Second Schedule (Section 78)**Form of receipt to be endorsed on mortgage**

_____ Building Society hereby acknowledges to have received all moneys intended to be secured by the within written deed.

In witness whereof the seal of the Society is hereto affixed this _____ day of _____ by order of the Board of Directors in the presence of:

(Signed) A.B. (Designation)	SEAL
(Signed) C.D. (Designation)	