



The **VICTORIA MUTUAL**
Building Society

**RULES OF THE
VICTORIA MUTUAL
BUILDING SOCIETY**

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» **RULES OF THE VICTORIA
MUTUAL BUILDING SOCIETY**
(All previous rules rescinded)



01. Title of Rules

These Rules may be cited as The Victoria Mutual Building Society Rules.

02. Interpretation

1. In these Rules, except so far as is otherwise provided or the context otherwise requires:—

“The Act” means the Building Societies Act, as same may be amended, amended and restated or re-enacted from time to time;

“Advanced Member” includes any Member to whom a home loan, secured by a mortgage, has been granted;

“Advanced Share” means a share issued to an Advanced Member in respect of a mortgage;

“Associate Member” means a person admitted pursuant to Rule 13 as an Associate Member and having the right to enjoy Group Affinity Benefits only;

“Board” or “Directors” means the Board of Directors, for the time being, of the Society;

“BSA” means the Banking Services Act, 2014, as same may be amended, amended and restated or re-enacted from time to time;

“Chief Executive Officer” means the person for the time being who is responsible under the immediate authority of the Directors for the conduct of the Society’s business;

“Chief Office” means the chief registered office of the Society from time to time;

“Credit Recipient” means a person who receives any loan or credit facility from the Society other than a home loan secured by a mortgage. A Credit Recipient shall not, by reason only of such credit facility, become a Member of the Society;

“Depositor” includes any person who deposits money with, or loans money to, the Society but who does not by so doing become a Member of the Society;

"Funding Shares" means any of the classes of shares referred to in paragraph (4) of Rule 6 hereof;

"General Reserve Fund" means the amount accumulated by transfer from the accrued surplus less charges in the case of deficits or as permitted by the Act or the Rules and maintained for the protection of investors' funds;

"Group Affinity Benefits" means benefits such as discounts for goods and services offered under any marketing affinity programme established by the Society with a third party for the benefit of the Members of the Society and other customers of the VMBS Group;

"Investment Share" means a subscription investment share or a paid up investment share;

"Investor Member" means a Member holding an investment share or a Depositor (but does not include a person who holds only Funding Shares);

"In writing" or other similar expressions shall, unless the contrary intention appears, be construed as including references to (i) printing, lithography, photography, and other modes of representing or reproducing words in a visible form or (ii) writing represented in electronic form, in a case where the relevant Member or other intended recipient of such document consents to such documents or information being sent to him in that electronic form or by electronic means;

"Member" means any person who is the holder of a share in the Society whether such share is fully or partly paid up (but excluding the holder of any Funding Shares) and, for the avoidance of doubt, the term shall not include an Associate Member;

"Month" means a calendar month;

"Mortgage" includes any legal mortgage or equitable charge on any property, granted to the Society to secure money or money's worth loaned by the Society to an Advanced Member; and *"mortgage money"* means money or money's worth, secured by such a mortgage;



“Mortgagor” means a person who grants a mortgage to the Society as security for a loan made or obligation assumed by the Society and includes any person from time to time deriving title under the original mortgagor or entitled to redeem any such mortgage according to his interest or right in the mortgaged property;

“Officer” means anyone employed by the Society to carry out a specific function on its behalf;

“Pass Book” means a pass book or other evidence of membership or record of a Member’s transactions as may from time to time be provided by the Society and, for the avoidance of doubt, the term shall also include electronic evidence of a Member’s record of transactions made accessible to such Member by use of a password or other code or device and for the further avoidance of doubt the term includes the official record kept by the Society of a Member’s account whether in electronic or other form;

“Person” includes any corporate body, firm, partnership, Government or any department or sub-division of any Government;

“Property” means any real or personal property (including securities, intellectual property and money) of any kind and interest or rights in any such property;

“Repayment Subscription” means the sums or subscriptions periodically paid by or on behalf of an Advanced Member to reduce or discharge his mortgage loan;

“Rules” means the Rules of the Society from time to time in force;

“Secretary” means the Secretary for the time being of the Society and includes joint secretaries or any of them and an Assistant Secretary;

“Society” means The Victoria Mutual Building Society;

“Special Resolution” means a resolution passed at a duly convened meeting of the Members by a majority of not less than three-fourths of the Members (or Qualified Two Year Members where specified) present in person or by proxy and voting on such resolution;

“*Upkeep*” means the amount subscribed by a mortgagor for maintenance of any mortgaged property;

“*VMBS Group*” means the Society and its Subsidiaries and the term “*Subsidiary*” shall have the meaning ascribed thereto by section 151 of the Companies Act, 2004;

“*Year*” or “*Financial Year*” means the Society’s fiscal year and every such year shall

be taken to expire on the 31st December unless the Board otherwise provides.

2. In these Rules:

- (a) references to one gender include all other genders and words importing the singular number shall include the plural number and vice versa;
- (b) reference to any statutes, regulations, rules, guidelines or other subordinate legislation shall mean and include such statutes, regulations, rules, guidelines or other subordinate legislation as may be amended from time to time or as replaced by such other statutes, regulations, rules, guidelines or other subordinate legislation with substantially the same objects;
- (c) headings and sub-headings are for ease of reference only and shall not affect the interpretation of these Rules;
- (d) general references to statute shall include a reference to any subordinate legislation made under that statute;
- (e) unless the context otherwise requires, the words “hereof,” “herein” and “hereunder” and words of similar import, when used in the Rules, shall refer to the Rules as a whole and not to any particular provision thereof;
- (f) references to (or to any specific provision of) any Act or enactment shall be deemed to include a reference to any re-enactment thereof for the time being in force or any modification thereof having substantially the same legal effect;
- (g) where any action is expressed to be taken “within” a specified time it shall be sufficient if such action is taken on the last day of such period.



3. For the purposes of these Rules a document or any information is sent:

- (a) in “*hard copy form*” if it is sent or supplied in paper copy or similar form capable of being read and references to “*hard copy*” shall have a corresponding meaning;
- (b) in “*electronic form*” if it is sent or supplied on any electronic storage device (such as compact disc) which is capable of being read by a computer or other similar device;
- (c) by “*electronic means*” if it is:
 - (i) sent initially and received at its destination by means of a computer or other electronic equipment for the processing (which expression includes digital compression) or storage of data;
 - (ii) posted on a website or other database and electronic access provided to the Members or other relevant person;
 - (iii) entirely transmitted, conveyed and received by wire, by radio, by optical or other electromagnetic means of transmitting data, but excluding telex and facsimile transmissions.

03. Name of Society

1. The name of the Society is “THE VICTORIA MUTUAL BUILDING SOCIETY”.

2. Chief Office

The Chief Office of the Society shall be at No. 6-10 Duke Street in the City and Parish of Kingston or at such other place as the Directors may from time to time determine.

3. Branch Offices

Branch offices or agencies of the Society may be established at such other places as the Directors may from time to time determine, subject to the approval of the Supervisory Committee, for receiving subscriptions and for the conduct of such other business of the Society as the Directors may from time to time determine and may be permissible under law. For the avoidance of doubt, “agencies” means agencies owned

and operated by third parties which are approved to operate as agent to the Society in accordance with the BSA or any regulations made thereunder.

04. Objects and Powers of the Society

1. Objects

The Society is established pursuant to the Act for the purposes of:

- (a) encouraging and facilitating savings and home ownership by making loans secured on residential or other property and funded substantially or in part by savings of Members and funds placed on deposits by Depositors;
- (b) raising, by the subscription of its Members and otherwise as hereinafter mentioned, a fund from which advances may be made to Members by way of mortgage upon the security of freehold property or upon the security of such other property as may be authorised by law together with such collateral security, as the Directors may require;
- (c) to carry on any other financial services which may lawfully be carried on by building societies;
- (d) carrying on any business necessary in the ordinary course of the Society's business as a deposit taking institution, including businesses in the field of information technology, data processing, and communication relating to its business and the business of the VMBS Group or with respect to housing and accommodation;
- (e) subject to being licensed as a financial holding company under the BSA, acting as financial holding company for the VMBS Group and co-ordinating the activities of any company or undertaking in which it holds an interest;
- (f) to the fullest extent permitted by law, carrying on or participating in any business or other activity which, in the opinion of the Board or any duly authorised officer or employee of the Society, may conveniently be carried on in connection with any other activity of the Society or for developing, taking advantage of or protecting any of the property or income of the Society or any connected undertaking of the Society or managing any risks associated with the activities of the Society or any connected undertaking of the Society;



2. Powers

The powers of the Society are set out below. These may be exercised in connection with any of the Society's objects:

- (a) to do all things which, in the opinion of the Board of Directors or any duly authorised officer or employee of the Society, are necessary or may help the Society to achieve any of its objects (including, for example, raising capital and other funds in any manner, whether or not involving the issue of securities);
 - (b) to guarantee or enter into any indemnity or other arrangement relating to the discharge of any other person's obligations;
 - (c) to make donations and provide assistance of any kind to any person, body or association having any charitable, public or community purpose or object;
 - (d) to exercise any power of the Society for any consideration of any kind (including, for example, in the form of securities or obligations of another person) or for no consideration;
3. Subject to the BSA or any regulation made thereunder, anything which the Society may do lawfully may be done by it in any part of the world and either alone or in partnership, association or joint venture with one or more other persons and either directly or indirectly.
 4. In addition, the Society has power to dispose of all or any part of its business or property. The Society also has power to take any lawful steps with a view to a merger with another entity, a transfer of all or part of its engagements to another entity, or a winding up of the Society or distribution of all or any of its property or to convert to a company or undertake any scheme of arrangement.

5. Interpretation of Objects & Powers

The objects and powers set out in Rules 4.1 and 4.2 above are to be interpreted by using the following principles:

- (a) each sub-paragraph and each activity referred to in any sub-paragraph is to be interpreted in the broadest possible sense, but subject to the provisions of the BSA, and any examples given are not to be interpreted as restricting the meaning of the purpose or power which they relate to;



- (b) each sub-paragraph and each activity referred to in any sub-paragraph is to be interpreted separately and (without qualifying the fact that the Society's principal purpose is making loans which are secured on residential property and are funded substantially by its Members) none of the sub-paragraphs or activities is to be interpreted in a way which would make it subordinate or incidental to another sub-paragraph or activity unless the wording expressly requires this.

05. Raising of Funds

The Society may borrow money and receive deposits as hereinafter provided.



>> **SHARES AND SUBSCRIPTIONS**

06. Shares and Subscriptions

The Society may issue shares in such classes or sub-classes or par value and upon such terms and conditions as the Directors may from time to time deem fit. The following three (3) classes of shares referred to under sub-paragraphs (1), (2) and (3) have been issued from time to time; namely:

“B” Shares

1. GENERAL INVESTMENT SHARES

To be known as “B” Shares and having a par value of J\$25.00 each, including additions of interest and bonus (if any) to be subscribed for by payment at any time and from time to time of any sum of not less than 25c which the Society may be willing to receive on account of each share. Such shares may be issued on a contractual basis. No person shall be allotted less than 100 of these shares.

“C” Shares

2. PAID UP INVESTMENT SHARES

To be known as “C” Shares

Issued on payment of J\$20.00 for each share and having a par value of, including additions of interest and bonus (if any), J\$30.00. No person, unless the Directors shall otherwise decide, shall be allotted less than 100 of these shares. Nevertheless, fractions of a share may be issued above this minimum.

Matured Shares

On “B” and “C” Shares attaining their ultimate value, if the sum at credit is not withdrawn within ninety days of such maturity, the Directors may, in their discretion:-

- (a) issue new shares of the same class as the maturing shares in the same name or names as those in the existing account and covering such sums at the credit of the maturing shares,
- (b) apply such sum with interest and any bonus at the date of maturity to the issue of Paid Up Investment Shares in the same name or names as those in the existing account, or
- (c) require the shareholder to withdraw the amount at credit.



3. **ADVANCED SHARES**

Each having a value of J\$10.00 or such other amount as the Directors may from time to time determine. To qualify and be kept qualified as a Member of the Society, every person obtaining an advance on mortgage from the Society shall make one payment of J\$10.00 or such other amount as the Directors may from time to time determine for an Advanced Share, which sum shall be credited to the borrower's loan account. When the advance is repaid in full the Society shall cancel the share.

4. **DEFERRED SHARES, PREFERENCE OR PREFERRED SHARES, AND OTHER CLASSES OF SHARES OTHER THAN ORDINARY SHARES (herein called "Funding Shares").**

The Society may also issue deferred shares, preference or preferred shares or other classes of shares (other than ordinary shares) which may be redeemable or perpetual and which may be classified as debt or equity under International Financial Reporting Standards or any other applicable accounting standards or rules or any applicable law of regulation for the time being in force. The rights and privileges attaching to any such new class of shares shall be determined by the Directors. Any one or more of such classes of shares or series thereof may be listed on the Jamaica Stock Exchange or any other recognised stock exchange and may be issued to and held by any person (whether a Member or non-Member of the Society).

Unless expressly stated in the rights and privileges attached to Funding Shares Rules 9, 10, 11, 13, 17, 18, 19, 20, 21, 22, and 23 shall not apply to any class of Funding Shares issued by the Society.

The Society may make an initial public offer in respect of any sub-class of Funding Shares and whether or not it has done so may procure a listing of any class of Funding Shares on any stock exchange.

The holder of any class of Funding Shares shall not, by reason of holding such shares, be treated as Members of the Society.

07. Suspension, Limiting and Discontinuance of the Issue of Shares

The Directors shall have power at any time to suspend or limit or discontinue the issue of any class or classes of shares.

08. Liability of Members

The liability of any Member of the Society shall be limited in accordance with the provisions of Section 18 of the Act.

09. Membership

1. Persons may be admitted as Members of the Society at any time at the discretion of the Directors on completing and submitting an Application for Membership prescribed by the Directors from time to time; and every person who holds an Advanced Share allotted for the purpose of a mortgage or an Investment Share shall thereby become a Member, and by so doing shall be bound by these Rules. The membership of an Advanced Member shall cease when all moneys due on the relevant mortgage have been paid and the membership of an Investor Member shall cease when the relevant Investment Shares are redeemed or withdrawn or otherwise cease to subsist.

Entrance Fee

2. Every person may be required to pay an entrance fee on being admitted to membership in such sum as the Board may from time to time determine: (a) in respect of each share subscribed to by him; and (b) in respect of each J\$20 of any advance made to him in respect of mortgage loan.

Cost of rules

3. A Member may obtain a copy of the Rules upon application to the Society and on payment of a sum not exceeding J\$50.00 or such other sum as may be fixed by the Directors from time to time.

Minors

4. A person who is under the age of 18 may be a Member but so long as he remains below the age of 18 he shall not be entitled:
 - (a) to vote;
 - (b) to join in requesting the Society to call a Special General Meeting or to put a resolution to an Annual General Meeting;
 - (c) to hold any office in the Society; or
 - (d) to join in nominating any candidate for election as a Director.



10. Impersonation of Member

If any Investor Member or Advanced Member fails to notify the Society in writing of the loss of his Pass Book, or deposit receipt, debit card, credit card or other card or electronic pass code or device and if any other person shall produce or use such Pass Book, Scrip or Deposit Receipt, debit card, credit card or other card or electronic pass code or device and represent himself to be the Investor Member or Advanced Member therein named and shall withdraw or receive any money in respect of the account relating thereto, neither the Society nor any of its officers shall be liable for loss arising therefrom.

11. Termination of Investing Membership

A Member who holds Investment Shares shall cease to be a Member in respect of his Investment Shares upon the maturity or forfeiture of his shares, on withdrawal and repayment of all moneys standing to his credit in respect of such shares, or upon a transfer of such shares. On the maturity of such Investment Shares, all accruals for interest and/or bonus shall cease at the discretion of the Directors, subject to the Society effecting all payment due in respect of such Investment Shares.

12. Termination of Advanced Membership

An Advanced Member shall cease to be a Member in respect of his Advanced Share upon the repayment in full of the amount advanced on the relevant mortgage together with any other amount outstanding or upon the realisation of the mortgage security or if such Advanced Share shall be cancelled. The securitisation of a mortgage shall not terminate the membership of the relevant Advanced Member unless such securitisation was effected by transfer of the relevant mortgage by way of novation.

13. Power of the Directors to create New Classes of Members

1. The Directors may admit, as Associate Members, any class of persons who does business with the Society or with any other member of the VMBS Group and the Board may create different classes of Associate membership.

2. Status and Rights of Associate Members

The rights and privileges attached to any class of Associate Members shall be determined by the Board of Directors and set out in the Board resolution pursuant to which Associate membership is to be granted, PROVIDED that such rights and privileges shall be limited to Group Affinity Benefits only. In particular, and without prejudice to the generality of the foregoing, an Associate Member shall have no right:

- (a) to attend and speak at general meetings of the Society;
 - (b) to vote at general meetings of the Society in person or by proxy;
 - (c) to participate in the profits of the Society; or
 - (d) other than Group Affinity Benefits, to enjoy any other right or privilege accruing to a Member as a direct result of his membership in the Society
3. The membership of an Associate Member shall cease when he ceases to meet the qualification pursuant to which he was admitted as an Associate Member.

14. Payment of Subscriptions and Other Moneys

1. All subscriptions and other moneys payable by any Member may be paid at any office of the Society or any office of any authorised agent appointed under the BSA or regulations made under that Act or at such other place as may be designated by the Society on or before the last day of each month, except where the Directors otherwise approve.
2. Notwithstanding anything herein contained, receipts may be given in any cases coming within the provisions of this Rule 14.

15. Credits to Members

No money shall be placed to the credit of any Member until the Society has actually received value in cleared funds whether by payment at any of its offices or authorised agents or by electronic funds transfer, including but not limited to transfer through RTGS or otherwise for credit of the account of such Member.



» **TRANSFER, WITHDRAWAL AND FORFEITURE**

16. Transfer of Shares

Any Investment Member may, with the consent of the Directors, transfer his share to any other person on payment of all arrears and fines together with a transfer fee of J\$5.00 in respect of each transfer and the person to whom such share shall be transferred shall become a Member of the Society in the place and stead of the Member transferring such share and be entitled to all the rights and privileges in respect of such share to which the former owner thereof would have been entitled in case such transfer had not been made. No transfer shall be valid unless made pursuant to a duly signed Transfer of Shares in the form set out at Form "B" in the Schedule hereto and recorded in the Member's account in the manner to be directed from time to time by the Directors.

17. Withdrawal of Investment Shares - Notice Required

Any Member who holds Investment Shares may, with the consent of the Directors, withdraw all or a part of the money standing at his credit for Investment Shares including interest and bonus after deducting therefrom all fines, taxes, and such discount as may be determined by the Directors from time to time in cases where the amount to be withdrawn is required without notice. The periods of notice and terms on which notice shall be given are:

- (a) 1 month for amounts up to J\$100.00,
- (b) 2 months for amounts over J\$100.00 and up to J\$200.00,
- (c) 3 months for amounts over J\$200.00 and up to J\$600.00,
- (d) 4 months for amounts over J\$600.00 and under J\$1,000.00,
- (e) 6 months for amounts of J\$1,000.00 and over,

provided that the foregoing periods and terms may be varied or waived at the discretion of the Directors.

18. Withdrawals According to Priority of Notice

If the money in hand in the Society shall at any time be insufficient to pay all the Members who have applied to



withdraw in accordance with the foregoing provisions, they shall be paid in rotation according to the order in which their notices of withdrawal were received.

19. Notice of Members to Withdraw

The Directors may give one month's notice to any Member to withdraw the amount at his credit in respect of his subscriptions, interest and bonus, if any; and at the expiration of such notice, such Member shall surrender his Pass Book or any relevant credit, debit or other card or device provided to him by the Society and withdraw such amount without deduction for any discount, and in default of his so doing all interest and bonus which would otherwise have accrued in respect of such Member's shares shall thereupon cease to accrue.

20. Forfeiture of "B" Shares

Every "B" Share or batch of "B" Shares upon which not more than J\$2.00 has been paid shall after the expiration of two years from the date of the last subscription cease to bear interest or bonus and may be forfeited to the Society. No withdrawal shall be permitted which would at any time reduce the balance to less than J\$2.00.

21. Appropriation of Payment for Arrears

If any Member shall be in arrears in respect of his Investment Shares, Advanced Shares, or repayment subscription on advances, every payment afterwards made by such Member, if not sufficient to discharge the whole amount in arrears, may be applied to the liquidation of miscellaneous advances, fees, bank charges, fines incurred, advances made on behalf of such Member, interest, principal repayments and/or share subscriptions in such order as may be determined by the Directors in their discretion from time to time.

22. Maximum Fine for Failure to Pay Subscription

Any Member including an Advanced Member, who shall fail to pay his subscriptions to Advanced Shares or repayment subscriptions on advances, or shall fail to pay any interest on, or the repayment of any principal of, any loan or other credit facility granted by the Society, in accordance with the agreed payment schedule, may be fined at the discretion of

the Directors provided that such fine shall not exceed the maximum fine provided in the Act or if the relevant agreement with the Society provides for any additional payment then such additional payment shall be payable notwithstanding that it may be inconsistent herewith.

23. Fines Payable Without Demand

Every fine or additional payment shall be deemed to be payable without demand on the date upon which the same is imposed and may forthwith be debited to the Member's account.



>> **ADVANCES TO MEMBERS**

24. Advances to Members

1. The funds of the Society may be advanced to the Members by way of mortgage upon security of freehold property or upon security of such other property as may be authorised by law or both, provided that nothing herein shall authorise the doing of anything which is contrary to the Act.
2. Advances may also be made to Members on credit card accounts, consumer loans and other credit facilities to the fullest extent permitted by law for the time being.
3. The Directors of the Society shall be responsible for formulating, from time to time, and administering appropriate credit policies and procedures regarding mortgage loans and other credit facilities and financial products offered by the Society.

25. General Requirements in Respect of Mortgages

All property, on the security of which an advance is made to a Member, shall be secured by mortgage to the Society until the total sum advanced and all interest thereon and other sums secured or intended to be secured by such mortgage are paid or repaid in full. Each such mortgage shall be so prepared to meet the requirements of each particular case and for that purpose shall be in such form as has been approved by an Attorney-at-law for the Society and contain such powers, covenants, stipulations and conditions as he may consider necessary.

26. Transfer of the Benefit of a Mortgage

1. The Society may at any time transfer the benefit of a mortgage given by the Society to any person or persons or corporation (herein a "Transferee") and in such case and for the purposes of any such transfer the whole of the moneys (whether for principal, interest or costs or otherwise) then owing from the mortgagor to the Society shall be deemed to be the principal money then due and owing and shall bear interest at the rate payable immediately before the date of the transfer upon the principal money thereby secured from the date of the transfer and such interest shall thenceforth be payable by monthly payments to the Transferee; the first payment to be made at the expiration of one month from the date of the transfer. The Transferee shall have the benefit of all the covenants by the Mortgagor and of the provisions contained in the mortgage



and may at any time thereafter exercise all rights and remedies of the Society for securing the said sum and interest but so that the provisions therein contained having special reference to the Society, the Rules or the membership of the Mortgagor shall cease to apply and every statement offer contained in such transfer shall as against the mortgagor be deemed to be conclusive and binding.

2. For the avoidance of doubt a transfer under Rule 26.1 may be effected by way of a transfer of the whole or any part of the Society's mortgage portfolio under any securitisation transaction or programme whereby such mortgages (or only the cash flow therefrom) may be transferred or assigned to a trustee or other person such as a special purpose vehicle and securities are sold to investors either on a "pass-through" basis, whereby the security holders acquire fractional ownership interests in the pool of mortgages or on a "pay-through" basis, whereby debt securities are collateralised by a pool of mortgages or alternatively a structure whereby the mortgages are transferred to, or charged in favour of, a security trustee to secure mortgaged-backed debt securities or any other like transaction which involves the Society disposing of the whole or any part of its interest in the whole or any part of its mortgage portfolio.
3. The Society may also transfer and securitise other credit facilities granted by the Society including but not limited to auto loans, credit card advances and other consumer loans.



» **POWER TO BORROW
AND TO GUARANTEE**

Large, overlapping geometric shapes in magenta and olive green colors, located at the bottom of the page.



27. Power to Borrow – Issue of Securities

The Directors may from time to time, as the occasion may require and subject to the provisions of the BSA, for the purposes of the Society, borrow any sum of money from any person on such terms and conditions as the Directors may deem fit and may authorise the issue of commercial paper, notes, bonds, certificates of deposit, deposit receipts, debentures or other securities therefor upon such conditions and in such form as they deem necessary, and each such security shall be signed by any two authorised Officers of the Society.

28. Pass Book Deposit, and Deposit Receipts

The Directors may from time to time, subject to the provisions of the Act and subject to such conditions as may be imposed by them, receive deposits on interest from any person and all such deposits shall be entered in a deposit account held by the Society in favour of such person and shall bear interest at a rate determined by the Directors from time to time.

29. Bank Loans and Overdraft

1. The Directors may from time to time, subject to the provisions of the Act, for the purposes of the Society, borrow any sum of money from any bank or financial institution on overdraft or by way of a revolving loan or term loan or otherwise, or from any other person, and the Directors may as security for the money borrowed, mortgage or charge or deposit all or any of the securities, stocks or other property belonging to the Society.

Power to Guarantee

2. The Directors may from time to time as the occasion may require and subject to the provisions of the Act and such conditions as may be imposed by them, authorise the Society to give guarantees or become a surety for any of the Subsidiaries of the Society and any company in which the Society owns more than 25% of its equity capital, including but not limited to:
 - (a) Victoria Mutual (Property Services) Limited;
 - (b) VMBS Money Transfer Services Limited;
 - (c) Victoria Mutual Pensions Management Limited formerly Prime Asset Management Limited;

- (d) Victoria Mutual Wealth Management Limited; and
- (e) British Caribbean Insurance Company Limited.

30. Securitisation of Mortgage Portfolio

The Society may sell, securitise or otherwise deal with its portfolio of mortgages or other financial assets in such manner as the Directors may deem fit, or may raise funds on the security of its mortgage portfolio or other financial assets. Securities issued in any securitisation transaction or any note, bond or other securities which are secured by the whole or part of the Society's mortgage portfolio or other financial or tangible asset, may be listed on the Jamaica Stock Exchange or any other recognised stock exchange.



>> LOSSES

31. Liability of Members

If any audited balance sheet of the Society laid before a General Meeting shall disclose that the liabilities of the Society shall exceed its assets, such liabilities and assets being determined at the figures at which they are taken into account in that balance sheet, the Directors shall take such steps to provide for the deficiency as they may consider necessary and in particular may reduce the total holdings of all persons holding Investment Shares, as at the date of such Balance Sheet (called in this Rule “Investing Members”) by an amount equal to the said loss provided that:

- (a) the amount by which the holding of each Investing Member is reduced shall be in the same proportion to that holding as the total amount of the deficiency bears to the total holdings of all the Investing Members, and
- (b) a holding shall mean the total at the time of the said reduction of the amount then standing to the credit of the Investing Member in respect of his Investment Shares.

Notwithstanding the powers conferred on the Directors by this paragraph, no Member who has received an advance or advances from the Society shall be liable for any loss incurred by the Society other than a loss in connection with such advance or advances. If such a Member also holds Investment Shares he shall however be liable in respect of those shares as an investing Member.

32. Reimbursement to Members

If any audited balance sheet submitted to an Annual General Meeting after the Directors have reduced the holdings of Investing Members under paragraph (a) of Rule 31 above shall show that the assets of the Society exceed its liabilities, such assets and liabilities being determined at the figures at which they are taken into account in that balance sheet, the Directors shall have power to credit out of such excess each Investing Member with such amount as the Directors may determine, not exceeding in the aggregate the amount by which his holding has been reduced under the paragraph (a) of Rule 31 above, and to pay to each former Investing Member who can be traced after reasonable enquiry such amount as the Directors may determine, not exceeding the aggregate by which his holding has been reduced under the said paragraph, together with interest thereon at the interest rate paid by the Society on deposits for comparable amount during the



relevant period. For this purpose “the relevant period” is the period between the date when the holding of the Investment Member was reduced pursuant to paragraph (a) of Rule 31 and when it was reinstated pursuant to this Rule.

33. Preservation of Mutuality

1 (SPECIAL CLARIFICATION NOTE)

1. The provisions set out in this Rule 33 (herein called “the Mutuality Rules”) are intended to safeguard the mutuality of the Society against predation or abusive attempts to demutualise the Society and/or acquire control of the Society in circumstances where the Incumbent Directors believe that the Acquirer is motivated by the prospects of profits to the detriment of the principle of mutuality on which the Society was formed and has prospered for more than 140 years. The Mutuality Rules (with the exception of paragraph 9) shall apply once the Incumbent Directors declare, pursuant to paragraph 5 below, that a Predation Event has occurred or started.

Special Defined Terms

2. In these Mutuality Rules the following terms shall have the following meanings:

“Acquirer” means any one or more persons, acting in concert, who shall launch or implement any plan or proposal which could result in a Predation Event or the aim of which is to cause a Predation Event;

“Collateral Benefits” means any cash, shares or other security or other property paid or given or promised to be paid or given to Members or any class or group of Members for (i) voting or not voting upon a particular resolution or (ii) for voting or otherwise supporting any Predation Event irrespective of who bears the cost of such Collateral Benefit;

“Conversion Benefits” means any dividend, shares, bonus, or other distribution (whether payable in cash, securities, benefit in kind, or other assets) or any option, subscription right, warrant or other property, right or benefit of whatsoever kind including any future or contingent right or property payable or promised to a Member or which may be granted to, or acquired by, a Member upon the occurrence of a Predation Event, the cost or

1 Rule 33 –Preservation of Mutuality has been further explained in Appendix 1 attached to these Rules to provide greater clarification regarding the circumstances that may bring this Rule 33 into operation. Appendix 1 details the purpose of Rule 33, how the rule will operate, and its effect.

burden of which shall fall upon the Society or its successor or any of its subsidiaries or affiliates. For the avoidance of doubt, Conversion Benefit shall include any waiver or write-off of any principal, interest or other sum owing by a Member to the Society or any Member of the VMBS Group or any other benefit in kind paid, granted or promised to a Member or any other person by reason of the Member's rights and, for this purpose, similar benefits given or promised to a Member's spouse or other family member shall be deemed to be a benefit granted to the Member himself;

"Incumbent Directors" means, as at any time, the Directors of the Society who have served as directors of the Society for the immediately preceding three (3) years before the Relevant Date or if there is no Relevant Date the commencement of the relevant Predation Event and for this purpose service on the Board prior to the adoption of these Rules shall count as service on the Board of the Society for this purpose;

"Mutuality Trustee" means The Victoria Mutual Foundation or any other charitable organisation or non-profit organisation appointed by a majority of the Incumbent Directors as the Mutuality Trustee;

"Packing the Board" or other cognate expression means to lobby or solicit proxies (i) to secure the appointment to the Board of Directors of two or more persons whose election to the Board is not recommended by the Incumbent Directors; or (ii) to vote against a person whose election to the Board is recommended by the Incumbent Directors; or (iii) to remove one or more Incumbent Directors from the Board if a majority of the Incumbent Directors shall deliver a letter to the Secretary signed by them confirming their confidence in the Incumbent Director(s) proposed to be removed;

"Predation Event" means any act done by or on behalf of an Acquirer in pursuance of, or with the object of securing:

- (a) the demutualisation of the Society or any attempt to demutualise the Society; or
- (b) the acquisition of the business of the Society or a substantial part of such business without the consent of the Incumbent Directors; or
- (c) the Packing of the Board; or
- (d) the material modification of the ownership structure of the VMBS Group; or



- (e) the deletion or modification of any of the Mutuality Rules; or
- (f) the requisition of a Special General Meeting pursuant to these Rules or the Act with a view of proposing any motion or resolution in pursuance, directly or indirectly, of any of the matters set out in items (a) to (e) above; or
- (g) the request by any one or more Members of the Society to circulate to the Members any motion, resolution or written circular which is not unanimously supported and endorsed by all Incumbent Directors; or
- (h) the solicitation of proxies to vote or refrain from voting on any resolution proposed at any general meeting of the Society.

“Qualified Two Year Member” means a Member who, in the case of an individual, must be at least 18 years of age at the Relevant Date and must have been a Member for at least 24 months before the Relevant Date;

“Substantial Interest” with reference to any Subsidiary of the Society means 30% of the shares of such Subsidiary;

“Relevant Date” means, with respect to a Qualified Two Year Member or the term “Incumbent Directors” (as defined above), for each of the following purposes the date set opposite such purpose; namely:

PURPOSE	RELEVANT DATE
Removing a Director pursuant to a resolution	The date on which the Society received notice of the relevant resolution
Nominating a candidate for election as a Director	The date on which the Society received the notice of such nomination
Amendment to, or removal of the Mutuality Rules, or any of them	The date of the general meeting at which the vote on resolution is to occur

3. Assignment of Conversion Benefits and Collateral Benefits in a Predation Event

Each Member, in consideration for being admitted to membership of the Society or continuing to be a Member of the Society after the adoption of these Rules or by applying to

open an account with, or obtaining a credit facility from, the Society, on or after the Rules Adoption Date, and/or for other good and valuable consideration (the receipt and sufficiency of which each Member by becoming and/or remaining a Member of the Society does hereby irrevocably acknowledge) hereby irrevocably assigns and conveys to the Mutuality Trustee all his rights, title and interest in, and to, all Conversion Benefits and all Collateral Benefits to which he may become entitled or which may be promised to him upon the occurrence of any Predation Event or by virtue of the occurrence of any Predation Event. Each Member hereby appoints the Secretary of the Society as his attorney, in his name and on his behalf and as his act and deed or otherwise, to execute, deliver and complete any document (including any other assignment or other instrument) which the Society may deem desirable or expedient or which may be required for perfecting the assignment to the Mutuality Trustee or for vesting all of his Conversion Benefits and any Collateral Benefits in the Mutuality Trustee or its nominees and otherwise generally to sign, seal and deliver and otherwise perfect any such legal or other assignment and all such deeds and documents and to do all such acts and things as may be required for the full exercise of the powers hereby conferred. Each Member hereby covenants with the Society and *inter se* with the other Members *inter se* to ratify and confirm any deed, document, act and thing and all transactions which any such attorney may lawfully execute or do on his behalf. Each Member acknowledges that it is the intention of the Society and the Member that the benefit of this assignment shall be enforceable by the Mutuality Trustee to the fullest extent as if it were a party hereto.

4. Back-up Option

As a separate right in favour of the Mutuality Trustee, each Member agrees that if for any reason the foregoing assignment is held to be unenforceable by any court of competent jurisdiction, the Mutuality Trustee shall have an option to purchase from each Member all its Conversion Benefits and Collateral Benefits for a price of one Jamaica dollar (J\$1.00). This option may be exercised by the Mutuality Trustee serving a notice upon the Secretary of the Society, as agent for each Member, and each Member hereby appoints the Secretary generally to sign, seal and deliver and otherwise perfect any such legal or other assignment to the Mutuality Trustee and to sign and deliver all such further deeds and documents and to do all such acts and things as may be required for the full exercise of the powers hereby conferred.



5. Declaration of Predation Event

If a majority of the Incumbent Directors shall declare that a Predation Event has occurred or started they shall issue a written notice (“Predation Event Notice”) to the Mutuality Trustee stating the nature of the Predation Event and details as to the likely effect of the Predation Event. After issue of a Predation Event Notice and until such notice is withdrawn by the Incumbent Directors, only Qualified Two Year Members shall be qualified to vote at general meetings of the Society and reference herein to “qualified to vote” and other cognate expressions shall be construed accordingly. The declaration by the majority of the Incumbent Directors that a Predation Event has occurred or started shall be final and binding on the Society for all purposes.

6. Trust of Conversion Benefit and Collateral Benefit

All Conversion Benefits, Collateral Benefits and bonus shares and other accretions acquired by the Mutuality Trustee shall be held by the Mutuality Trustee in trust for the Members as a whole.

7. Administration of Trusts by Mutuality Trustee

The Mutuality Trustee shall administer the assets held on trust and may engage one or more persons to undertake such management and administration. The costs of such management and administration shall be paid out of such assets.

8. Abrogation of Amendment of the Mutuality Rules

The provisions of the Mutuality Rules may not be amended, supplemented, removed or otherwise nullified except by the following procedure. First the Incumbent Directors must unanimously resolve in writing that it is in the best interest of the Society that these Mutuality Rules be amended, supplemented, removed or otherwise nullified and make a recommendation to the Qualified Two Year Members for the Mutuality Rules to be amended, supplemented, revoked or otherwise nullified in the manner recommended by such Incumbent Directors. Subject to such unanimous resolution being passed by the Incumbent Directors, a Special General Meeting must then be called of the Qualified Two Year Members and at such meeting the relevant resolution approving the amendment, supplementation, removal or other nullification of the Mutuality Rules must be approved by a special resolution passed by such Qualified Two Year Members. For the avoidance of doubt, Members of the Society

who are not Qualified Two Year Members shall have no right to attend or vote at such general meeting.

9. Notwithstanding anything in this Rule 33, it shall not apply in a case where the Directors have passed a resolution authorising the Society to undertake a scheme of arrangement or other transaction with the objective of converting the Society to a company (herein called (“the Converted Company”) incorporated under the Companies Act, 2004 and such scheme or other transaction provides or contemplates that, subject to being approved by the Members and/or sanctioned by the Court:

the Converted Company will adopt an article or set of articles in its Articles of Incorporation similar to this Rule 33; and

the Members of the Society, as at the time when the scheme or transaction becomes effective, shall automatically become the only members of the Converted Company or any company which is the ultimate holding company of the Converted Company to the intent that mutuality shall be preserved through the Converted Company or such ultimate holding company, as the case may be.



>> MEETINGS

34. Annual General Meeting

The Annual General Meeting of the Society shall be held as soon after the end of each financial year at such time and place as the Directors may appoint.

35. Notice – Annual General Meeting

1. Subject to the provisions of Rule 35(2) below, seven days' notice of the Annual General Meeting shall be given by the Secretary by publication in at least one daily newspaper published in Jamaica.
2. If in the opinion of the Directors it is not practicable for the Secretary to summon an Annual General Meeting in the manner hereinbefore provided then the Annual General Meeting may be summoned by the Secretary either by notice by public advertisement in at least two public newspapers of the island, or over a radio or television station in the Island of not less than fourteen days' notice of the Annual General Meeting, or by displaying in the Chief Office and all the branch offices of the Society not less than one calendar months' notice of the meeting.

3. Omission to Give Notice

The accidental or negligent omission to give notice of an Annual General Meeting within the time specified in this Rule shall not invalidate a meeting held pursuant to such notice or any resolution passed or business transacted at such meeting.

36. Quorum – Annual General Meeting

Thirty (30) Members qualified to vote present in person or by proxy shall form a quorum at Annual General Meetings.

37. Annual Report and Accounts

The Directors shall cause to be prepared and presented at every Annual General Meeting a general statement of the funds and effects, liabilities and assets of the Society specifying in whose custody or possession the funds or effects shall be then remaining, together with an account of the various sums of money received, lent and expended by, or on account of the Society since the preceding statement; and every such statement shall be attested by the Auditors of the Society, signed by two Directors and countersigned by the Secretary. The report of the Directors shall accompany every



such statement and a copy thereof shall be supplied to every Member on application to the Secretary, and shall be ready for distribution at least seven days prior to the meeting.

38. Election of Directors and Appointment of Auditors

At every Annual General Meeting, Directors shall be elected and the auditors appointed in place of those retiring in accordance with the provisions of these Rules. The retiring Directors shall be eligible for re-election and retiring auditors shall be eligible for re-appointment. The Members present may also discuss such matters and transact such other business as may be deemed proper and expedient by the Chairman of the meeting.

39. Special General Meeting

Subject to Rule 33, a Special General Meeting of the Society shall be summoned by the Secretary whenever the Directors require him to do so, or upon his receiving a requisition in writing signed by not less than twenty Members qualified to attend and vote at such meeting. The objects for which such meeting is required shall be stated in the requisition for the meeting. Notwithstanding the foregoing, if the meeting is being summoned to (i) remove any Director (other than one which the other Directors shall have unanimously declared in writing to have lost their confidence); (ii) to elect any Director who is not unanimously approved by all the current Directors or (iii) to pursue a matter which is declared by the Incumbent Directors to be a Predation Event, then the requisition of the meeting must occur in accordance with Rule 33 above and the provision of that Rule shall apply in lieu of this Rule.

40. Quorum for Special General Meetings

Thirty (30) Members qualified to vote, present at a Special General Meeting, in person or by proxy, shall form a quorum at such Special General Meeting.

41. Expenses of Special General Meeting

The Board may direct that Members subscribing to a requisition for a Special General Meeting shall deposit with the Secretary such sum as may be deemed by the Board sufficient to pay the expenses of the meeting; and the Members present

at such meeting shall decide by their vote whether the said expenses shall be paid out of the funds of the Society or by the Members who signed the requisition.

42. Notice of Special General Meeting

1. Subject to the provisions of Rule 42(2) below the Secretary shall summon every Special General Meeting by publication in at least one daily newspaper published in Jamaica of seven clear days' notice of such meeting, and such notice shall state shortly the objects for which the meeting shall be held.
2. If, in the opinion of the Directors, it is not practicable for the Secretary to summon a special meeting in the manner herein before provided, then a Special General Meeting may be summoned by the Secretary in either of the ways provided for in Rule 56(2). All notices summoning a Special General Meeting shall state shortly the objects for which the meeting is to be held.

3. Omission to Give Notice

The accidental or negligent omission to give notice of a Special General Meeting within the times provided in this Rule shall not invalidate a meeting held pursuant to such notice or any resolution passed or business transacted at such meeting.

43. Adjournment of Annual and Special General Meetings

1. If within half an hour from the time appointed for an Annual General Meeting or a Special General Meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum.
2. Provided that if the same day of the next week is not a business day then the meeting shall be adjourned to the business day immediately after such non-business day at the same time and place. "Business day" for this purpose means any day other than a Saturday, Sunday or "Public General Holiday" so declared under the Holiday (Public General) Act.



3. The Chairman may, with the consent of any meeting at which a quorum is present and shall if so desired by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

44. Business of Special General Meeting

No other business shall be transacted at any Special General Meeting than that stated in the notice by which such meeting is summoned.

45. Chairman to Preside at Annual and Special General Meetings

The Chairman of the Board, or failing him the Deputy Chairman, or failing him, any one of the other Directors, shall preside at all Annual General Meetings or Special General Meetings. Should no Director be present within fifteen minutes of the time appointed for the meeting, the Members present shall appoint a Chairman from among their number.

46. Votes of Members

1. In every case not otherwise provided for by these Rules or by law, all questions submitted to any meeting of Members shall be decided by a majority of votes of those Members present personally or by proxy and entitled to vote. The votes shall be taken by a show of hands or by ballots, as the Chairman shall determine, and his decision as to the result of voting shall be final, and in case of an equality of votes the Chairman shall have a casting vote. If the Chairman directs that voting shall be recorded by ballots, then every Member present personally or by proxy and qualified to vote and who was not in arrears at the 31st December preceding the meeting shall have one vote.
2. At any general meeting where a resolution is put to the vote of the meeting by show of hands before or on the declaration of the result of the show of hands voting by ballots (or poll) may be demanded:

- (a) by the Chairman; or
- (b) by at least ten (10) Members present in person or by proxy and qualified to vote at such meeting.

Unless voting by ballots be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. Where voting by ballot is demanded it shall be taken and conducted in such manner as the Chairman may determine. The demand for a vote by ballots may be withdrawn.

3. In case of shares held jointly, only the person whose name appears first in the Member's account shall be entitled to vote or where notice is given under Rule 77 to receive notice of general meetings, proxy forms or ballots for voting.

47. Votes by Proxy

1. Votes may be given personally or by General Proxy or Special Proxy. The proxy shall be in a form prescribed by the Board and such form shall be provided by the Secretary on request and shall be signed by the appointor and delivered to the Chief Office of the Society not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named in such form proposes to vote. Forms shall be numbered consecutively and only those forms may be used.

2. General Proxies

From and after the 1st day of September 2006, any person applying to become a Member of the Society shall execute the form of General Proxy printed on the reverse side of his Application Form (or otherwise provided separately) appointing the Chairman of the Board or any officer of the Society from time to time nominated by the Chairman or any Director specified in such Application Form or General Proxy Form as the general proxy of such applicant to vote on his behalf at all meetings or adjourned meetings, as the case may be, of the Society and upon such applicant becoming a Member of the Society such General Proxy shall have effect as if it had been executed by him upon becoming a Member and thereupon lodged at the Chief Office of the Society.



3. Any Member of the Society may execute and lodge at the Chief Office of the Society a General Proxy Form appointing the Chairman of the Board or any officer of the Society from time to time nominated by the Chairman or any Director specified in such General Proxy Form as the General Proxy of such Member to vote on his behalf at all meetings or adjourned meetings, as the case may be, of the Society.
4. A General Proxy may be revoked by the Member who executed it at any time by notice in writing lodged at the Chief Office of the Society PROVIDED THAT it shall not be revocable in respect of a meeting or adjourned meeting of the Society within the period of ten (10) days preceding such meeting or adjourned meeting.
5. A General Proxy shall not have effect for enabling the person thereby appointed to vote at any meeting or adjourned meeting, as the case may be, if the Member who executed such General Proxy is in attendance in person at such meeting or adjourned meeting at the time of voting.
6. A General Proxy shall not have effect for enabling the person thereby appointed to vote at any meeting or adjourned meeting, as the case may be, unless such General Proxy has been approved by at least three (3) members of the Proxy Committee which shall consist of the Chairman and Deputy Chairman of the Society for the time being and three Directors ("the Special Proxy Directors") appointed annually by the majority of the Board of Directors at the commencement of the meeting of Directors following such Annual General Meeting of the Society or at such later date as the Chairman may determine,

PROVIDED THAT the Board of Directors of the Society may at any time by the vote of not less than three-quarters (3/4) of the number of the Board of Directors revoke the appointment of any Special Proxy Directors and appoint another Director in his place for the remainder of the period of service of the Special Proxy Director whose appointment has been revoked.

7. A General Proxy shall be in the following form or as near thereto as the circumstances may admit.

Form of General Proxy

The Victoria Mutual Building Society

I, _____ of _____
 being a member of The Victoria Mutual Building Society
 (Account No. (s) _____) hereby appoint –

* The Chairman of the Board of Directors of the
 said Society or any officer of the Society from time to time
 nominated by him;

* Mr./Miss/Mrs./Ms. _____ a Director of the
 Society, as my Proxy to vote for me and on my behalf at all
 meetings, including adjourned meetings, of the Society from
 time to time and from year to year until this Proxy is revoked
 by me in accordance with the Rules of the Society.

Signed this _____ day of _____ 20

(Signature First Named) _____

* Strike out if not applicable.

8. The Chairman or Officer or Director to whom a General Proxy is granted shall vote in pursuance of the General Proxy in accordance with the directions of a simple majority of the Incumbent Directors on the Board of the Society.

9. Special Proxies

Any Member of the Society who has not executed a General Proxy which is in effect may, subject to the provisions of this paragraph, execute and lodge at the Chief Office of the Society a Special Proxy appointing the person named therein as his proxy to vote on his behalf at any meeting or adjourned meeting as the case may be of the Society.

10. A Special Proxy shall be in the form prescribed by the Board and such form shall be provided by the Secretary on request and shall be signed by the appointer and delivered to the Secretary at the Chief Office of the Society not less than ten (10) days before the time appointed for the meeting or



adjourned meeting, as the case may be, at which the person thereby appointed is authorised to vote. Special Proxy form shall be numbered consecutively and only those forms may be used.

11. Default

In the event of the failure or omission of a Member either to attend a meeting or to appoint a Proxy (whether General or Special) to attend and vote on his behalf at a meeting of the Society the Member so failing or omitting shall be deemed to have appointed the Chairman of the Board of Directors or any officer nominated by the Chairman as his General Proxy to attend and vote at all such meetings of the Society.

12. If on a show of hands or on a voting by ballot or poll:

- (a) any votes are counted which ought not to have been counted; or
- (b) any votes are not counted which ought to have been counted;

then such error shall not vitiate the decision or result of the voting unless it shall, in the opinion of the Chairman, be of sufficient magnitude so to do.

48. Personal Interest

1. No Member shall vote either personally or by proxy on any question which relates to any transaction with the Society in which he has a personal interest otherwise than as a Member.

2. Misbehaviour of Member

In case of gross misbehaviour on the part of a Member or of disobedience to the ruling of the Chairman at any meeting, the Members present shall have power by their vote to deprive the offender of his right of voting at that meeting and may exclude him from the meeting.

49. Minutes

1. The Directors shall cause minutes to be duly entered in books provided for the purpose:-
 - (a) of all appointments of officers made by the Directors;



- (b) of the names of the Directors present at all meetings of the Directors; and
 - (c) of all resolutions and proceedings of Directors, Committees and Annual and Special General Meetings.
2. Any such minutes of any meeting of Directors, Committees or of any Annual or Special General Meeting, if purporting to be signed by the Chairman of any such meeting or by the Chairman of the next succeeding meeting, shall without further proof be evidence of the matters stated in such minutes.



>> DIRECTORS

50. Directors

1. The business of the Society shall be governed by and be under the control of a Board of Directors.
2. The Board of Directors shall consist of not less than seven or more than fifteen persons including any ex officio member but excluding Honorary Directors.
3. The Directors who upon the coming into force of these Rules called the Victoria Mutual Building Society Rules 2017 held office as such shall continue in office until they retire pursuant to Rule 61 or resign or die or are removed from office or otherwise cease to be directors.

51. Chief Executive Officer May Ex-officio be a Director

1. The Directors may appoint the Chief Executive Officer of the Society ex officio to be a member of the Board of Directors provided that the maximum number of Directors as fixed in Rule 50(2) is not exceeded.
2. The Chief Executive Officer shall, whilst he is a member of the Board, enjoy the full privileges of the Board but shall not be subject to retirement under the provision of Rule 59(1).
3. The Chief Executive Officer may at any time be removed from membership of the Board on a Resolution passed at a special meeting of the Board at which at least two thirds of the members shall be present.

52. Quorum for Directors' Meeting

The quorum for the transaction of the business of the Directors shall be fixed by the Directors and unless so fixed, shall be five.

53. Meeting of Directors and Attention to Urgent Matters

1. The Directors shall meet as often as necessary at such place and time as they may determine for the purpose of conducting the business of the Society and in the interval between meetings the Chairman or Deputy Chairman or any Director acting in either office may deal with any matter requiring urgent attention and report thereon to the Directors at their



next meeting. The Chief Executive Officer (or President) or the Secretary, or any other authorised member of staff may act and report in a similar manner if the Board so directs.

2. Each Director, by taking office, hereby consents pursuant to a Director participating in a meeting of the Board of Directors or a committee meeting by means of telephone, video conference, voice over internet or other communicating facilities which allow all participants in the meeting to hear each other and a Director who participates in a meeting by such means shall, for all purposes, be deemed to be in attendance thereat and shall be entitled to vote and be counted in the quorum.

54. Special Meetings of Directors

The Chairman, any two Directors, the Chief Executive Officer or the Secretary may call a special meeting of the Directors at any time upon giving two clear days' notice in writing stating the objects of such meeting, PROVIDED THAT in case of urgency such a meeting may be called by shorter notice. In any case where a quorum of Directors does not attend the Secretary may adjourn the meeting to some other time and date.

55. Votes at Directors' Meetings

Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of equality of votes the Chairman of the meeting shall have a second or casting vote. Save as aforesaid each Director shall be entitled to one vote only.

56. Powers of the Board

1. The Board shall have power to conduct the affairs and business of the Society in all things according to their discretion, subject only to the Act and to these Rules; and for this purpose and without prejudice to the generality of the foregoing provisions they shall have power to appoint committees and to make regulations for the conduct of their own meetings and to alter the same from time to time as they may think fit, and generally to do all such things as may be necessary or desirable for the good conduct of the affairs and business of the Society.

2. Fees Payable to Directors for Serving on Committees

A Director (other than the Chief Executive Officer or President) shall be paid such fees for his services as the Board may, by

resolution, determine. Any Directors serving on Committees may be paid such additional sum as the Board may likewise determine.

3. Local or Regional Boards or Committees

The Board shall have power to appoint local or regional Boards or Committees of Management who are hereby declared to be officers of the Society, and to define the Constitution, powers and duties of such Boards or Committees, to appoint and dismiss the members thereof and generally to do such things in relation thereto as they may think fit.

4. Ex-officio Members of Local or Regional Boards or Committee

The Directors shall be ex officio members of any such local or regional Boards or Committees. The remuneration of members of the local or regional Boards or Committees shall be determined by the Directors, and be paid out of the funds of the Society, but no Director shall receive any remuneration by reason of his being an ex officio member of any such Board or Committee.

57. Qualification of Director

1. Every Director shall be a Member of the Society and shall hold in his name alone unencumbered Investment Shares upon which an amount of at least ONE THOUSAND DOLLARS (\$1,000.00) has been paid, or alternatively, holding in his name alone unencumbered Investment Shares in respect of which he has given a written undertaking to the Society to pay a subscription of not less than FIFTY DOLLARS (J\$50.00) per month until the amount of ONE THOUSAND DOLLARS (J\$1,000.00) has been paid.

2. Disqualification of Director

A Director who withdraws from such qualifying account so as to reduce the balance therein to less than ONE THOUSAND DOLLARS (J\$1,000.00) or defaults in making any monthly payment undertaken to be made by him shall ipso facto cease to hold office as a Director.



58. Appointment of Chairman and Deputy Chairman

1. The Directors shall at their first meeting in each calendar year appoint from their number a Chairman and a Deputy Chairman who shall hold office until their respective successors are appointed, and shall be eligible for reappointment.
2. In the absence of the Chairman, the Deputy Chairman shall preside at all meetings of the Board, but if both the Chairman and the Deputy Chairman shall be absent from any meeting, the Directors present shall elect one of their number to be Chairman of that meeting.

59. Retirement and Election of Directors

1. Two (2) Directors shall retire annually at the Annual General Meeting of the Society and shall be eligible for re-election without previous nomination. The two Directors to retire shall be (unless otherwise determined by the Board) those who have been longest in office and in the case of Directors who have been the same time in office, unless otherwise determined by the Board, shall be selected by ballot.

2. Nomination and Election of Directors

In default of any nomination under the provisions of Rule 61, the Directors may at any time prior to the Annual General Meeting nominate for election in place of the Directors retiring annually other persons duly qualified.

3. Election of Directors at Annual General Meeting

All vacancies caused by annual retirements shall be filled at the Annual General Meeting in the manner provided by these Rules.

60. Casual Vacancies

The Board may fill any vacancy caused otherwise than by annual retirement, and the person so chosen by the Board shall hold office until the next Annual General Meeting of the Society, when the vacancy shall be filled as if it were a vacancy caused by annual retirement.

61. Nomination and Election of Directors

1. No person other than a Director retiring at the meeting shall, unless recommended by the Incumbent Directors, be eligible for election to the Board at any general meeting unless not less than twenty-eight (28) days before the date appointed for the meeting, there shall have been delivered to the Secretary at the Chief Office of the Society a hard copy of a notice in writing signed by at least 100 Qualified Two Year Members duly qualified to attend and vote at such meeting ("the Nominators") for which such notice is given of their intention to attend such meeting and to propose such person ("the Candidate") for election to the office of Director and also notice in writing signed by the Candidate of his willingness to be elected. The nomination form shall state the account number and the full name, address and occupation of each Nominator and shall be signed by each of the Nominators as well as by the nominee. For the nomination to be valid not less than 100 of the Nominators shall attend the meeting and join in the nomination of the Candidate.

2. Multiple Nominations

A Qualified Two Year Member may not nominate more than one Candidate under Rule 61 (1) above at any General Meeting.

3. Retiring Directors

The Secretary shall cause a list of the retiring Directors and of persons nominated to be included in the Annual Report. Such list shall be exhibited in the Chief Office of the Society for at least seven (7) days before the Annual General Meeting.

62. Removal of Director from Office

A Director may be removed from office by a resolution passed by two-thirds of the whole number of the Directors at a Special Meeting of the Board convened for the purpose, notice of which has been sent to all Directors.

63. Disqualification of Director

A Director shall cease to hold office:-

- (a) if he ceases to be qualified under the provisions of Rule 57;
- (b) if he is in arrears with his subscription and interest for six months;



- (c) if a receiving order or provisional order in bankruptcy is made against him or he shall compound or make any general arrangement with his creditors;
- (d) if he becomes of unsound mind;
- (e) if he signifies in writing his desire to retire from office or refuses or neglects to act or becomes incapable of acting therein;
- (f) if he is removed by resolution of the Directors under Rule 62;
- (g) if he fails to attend three consecutive Directors' Meetings without leave of absence or sufficient reason being given to the satisfaction of the Board;
- (h) if he ceases to have his permanent residence within Jamaica;
- (i) if he ceases to be a "fit and proper person" within the meaning of the BSA;
- (j) if he accepts the office of a Director or other office of any kind with another building society, bank or financial institution in Jamaica without prior approval of the Board.

64. Remuneration of Directors – Directors' Fees

1. The Directors shall be entitled to receive as remuneration for their services such sum as may from time to time be voted for that purpose at the Annual General Meeting of the Society, but in the event of no alteration the amount last voted shall be payable, provided however that any Member may at any Annual General Meeting propose an increase of the amount upon giving not less than 28 days' notice in writing of the proposed change prior to the date fixed for the annual General Meeting;
2. such remuneration shall be divided among the Directors in such proportion as they shall agree or failing such agreement, equally. A Director holding office for part of a year shall be entitled to a proportionate part of such remuneration.
3. in addition to remuneration as aforesaid, a Director may, by resolution of the Board, be paid such reasonable travelling, hotel and other expenses as he may incur in or about the business of the Society.

4. Remuneration of Directors – Valuation Fees

The Board may by a resolution passed by not less than three fourths of the whole number of Directors, present and voting, authorise any Director or Directors (being competent in that regard or professionally qualified) to inspect, value and report on any property proposed to be mortgaged to the Society as security for an advance and any Director or Directors so authorised shall be entitled to receive for services in so doing such remuneration as the Board may specify in such resolution.

65. Interest of Directors in Contracts

1. A Director may hold any office or place of profit under the Society in conjunction with his office of Director or may act in a professional capacity to the Society on such terms as to tenure of office, remuneration and otherwise as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Society, either with regard to his tenure of any such office or place of profit or as a vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Society in which any Director is in any way interested, be liable to be voided, nor shall any Director so contracting or being so interested be liable to account to the Society for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relationship thereby established, but the nature of his interest shall be declared by him at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting interested in the proposed contract or arrangement then at the next meeting of the Board held after he became so interested.
2. A Director shall not be entitled to vote in respect of any contract or arrangement in which he is in any way interested. For the purpose of this Rule, a general notice given to the Directors of the 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 shall be deemed to be a sufficient declaration of interest in relation to any contract so made if the following conditions are satisfied, that is to say:
 - (a) there is stated in the said notice the nature and extent of the interest of the said director in such company or firm; and



- (b) at the time the question of confirming or entering into any contract is first taken into consideration the extent of his interest in such company or firm is not greater than is stated in the notice; and
- (c) either the notice is given at a meeting of the Directors or the Director takes all reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.

66. Validity of Acts of the Directors

All acts done by any meeting of the Board or by any Committee or by any person acting in his capacity as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director.

67. Resolution without Meeting

A resolution in writing signed or approved by letter, telegram, cablegram, telex, or facsimile by at least seven Directors or their alternates and circulated by electronic mail or other means shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held, and when signed may consist of several documents each signed by one or more of the persons aforesaid.

68. Alternate Director

1. Subject to sections 32, 34 and any other pertinent provision of the BSA, any Director may, by writing under his hand, appoint any "fit and proper person" (within the meaning of the BSA and whether a Member of the Society or not) who is approved by the Board of Directors to be his alternate; and every such alternate shall be entitled to notice of all meetings of Directors and shall be entitled to attend and vote at meetings of the Directors, and shall have and exercise all the powers, rights, duties and authorities of the Director appointing him, but shall not be required to hold or acquire a share qualification: provided always that no such appointment shall be operative unless, or until the approval of the Board of Directors shall have been given and entered in the Directors' Minute Book.

2. A Director may at any time in writing revoke the appointment of an alternate appointed by him, and, subject to such approval as aforesaid, appoint another person in his place, and if a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon cease and determine; provided nevertheless that if a Director retires by rotation and is re-elected by the meeting at which such retirement took effect, any appointment made by him pursuant to this rule which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired.
3. All appointments and removals of alternate Directors shall be left with the Secretary or the Chairman of the Directors or may be effected by letter delivered by hand or sent by post, pre-paid courier, electronic mail or facsimile transmission to the Secretary or the Chairman of the Board of Directors.
4. Every person acting as an alternate for a Director shall be an officer of the Society and shall alone be responsible to the Society for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.
5. The remuneration of any alternate Director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such portion of the last mentioned remuneration, as shall be agreed between the alternate and the Director appointing him, and as is notified in writing to the Society by the Director making the appointment.

69. Honorary Directors

1. Subject to sections 32, 34 and any other pertinent provision of the BSA the Directors may in their discretion from time to time invite to serve and appoint as Honorary Directors such persons (being persons who are "fit and proper person" (within the meaning of the BSA) and whom they may consider likely to provide special Services in advancing the objects of the Society and who may or may not be Members of the Society, upon such terms as the Directors may think fit. Honorary Directors shall hold office until the next Annual General Meeting of the Society when they shall be deemed to have retired. Honorary Directors shall be entitled to attend meetings of Directors if required by the Chairman but shall have no vote and shall not be taken into account in determining the quorum for meetings and shall not be Directors for the purposes of Rule 64.



2. The office of Honorary Director may be purely ceremonial and (ii) the terms of his appointment may provide that he shall not participate in deliberations of the Board and that he assumes no fiduciary duty of care to the Society.

70. Appointment of Management and Officers

1. The Directors may appoint: -
 - (a) The Chief Executive Officer or President, Secretary and other Executive Officers of the Society with appropriate titles and responsibilities as the Directors may deem fit and the Directors may remove such persons at any time.
 - (b) Attorneys-at-law, surveyors, valuers, bankers and advisers and agents as they may at any time determine and the Directors shall from time to time determine the remuneration powers and duties of any persons so appointed. The Directors may remove such persons at any time.
2. Each such person shall carry out the duties and responsibilities assigned to him from time to time by the Directors in a proper manner conducive to the well-being and advancement of the Society.

71. Powers of Delegation

The Directors may delegate any of their powers, duties and authorities relating to the business of the Society to such officers of the Society as they may deem fit.

>> AUDITORS

72. Appointment and Remuneration of Auditors

1. The Society shall, at each Annual General Meeting, appoint a firm of chartered accountants as its auditors. The firm so appointed shall hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting at which the retiring auditors shall be eligible for reappointment. In the case of the resignation of the auditors between one Annual General Meeting and the next the Directors shall appoint another firm of chartered accountants to fill the vacancy until the next Annual General Meeting.
2. It shall be the duty of the auditors to conduct an annual or more frequent audit of the accounts of the Society and to inspect the mortgages and other securities belonging to the Society and to report to the Members of the Society their opinion as to the correctness or otherwise of the Balance Sheet presented to the Members in Annual General Meeting or otherwise.
3. At any Annual General Meeting the retiring auditor or auditors shall be re-appointed without any resolution being passed unless a resolution has been passed at that Meeting appointing another auditor or other auditors or providing expressly that the retiring auditor or auditors shall not be re-appointed.
4. Not less than 28 days' notice in writing prior to the Annual General Meeting shall be given to the Secretary of any nomination for the appointment of an auditor or auditors other than the retiring auditor or auditors.
5. The remuneration of the auditors shall be fixed by the Board.



» ATTORNEYS-AT-LAW

73. Panel of Attorneys-at-Law

1. The Directors may, in their absolute discretion and upon such terms and conditions as they may think fit, appoint Attorneys-at-law to the panel of Attorneys-at-law of the Society and may engage any Attorneys-at-law on such panel to act on behalf of the Society if and when so instructed.
2. The legal and conveyancing business of the Society shall be transacted by the Attorneys-at-law on the panel and their charges shall be as agreed with the Directors or failing such agreement such charges shall be taxed in the usual way as between Attorney-at-law and client.
3. Notwithstanding anything herein contained the Directors shall have the right to appoint or retain any Attorney-at-law other than any of those whose names appear on the panel to act on behalf of the Society in any cause or matter whatsoever.

» SUPERANNUATION

74. Superannuation

The Directors may establish, administer and contribute to any provident funds, pension funds or other funds for the benefit of the executive officers and other members of staff of the Society and may pay any superannuation allowance or premiums upon assurance policies or deferred annuities effected upon the lives of any or all of such executive officers or members of the staff of the Society. The Directors shall have power also to make a gratuity and/or grant a pension to any executives or any other member of staff who, by reason of age or otherwise, have been excluded from the full benefit of any such funds. The Directors shall extend the aforesaid benefits to non-executive Directors who have served continuously on the Board for at least five years and who shall have attained the age of at least 65 years. Such pension shall be at the rate of 75% of the gross annual average Directors' fees received by the Director concerned during the five years immediately preceding his retirement or alternatively a gratuity in lieu of a pension amounting to 50% of the within non-executive Directors' annual pension multiplied by five, may be paid. For the purpose of this rule a 'non-executive Director' shall mean a Director who is not in the full time employment of the Society.



» SECURITY AND INDEMNITY

75. Security And Indemnity

1. Every officer of the Society to whom section 13 of the Act applies and any other person in the service of the Society who may be required by the Board so to do, shall enter into a bond in accordance with the provisions of section 13 of the Act in a sum determined by the Board.
2. Any premium payable on a bond may be paid out of the funds of the Society in the discretion of the Board.

76. Indemnity of Directors and Officers

All Directors and officers of the Society, save and except auditors, valuers, surveyors and attorneys-at-law on the Society's panel and other persons or firms employed to carry out professional services shall be indemnified out of the funds and property of the Society from all losses, costs, charges, damages and expenses which they, or any of them may without negligence or any wilful default on their part, incur or be put to in execution of their respective offices, services or trust. None of them shall be answerable for any act or default of another of them or for the insufficiency or deficiency in title or otherwise of any security whatsoever which shall be taken for the repayment of any advance or otherwise on behalf of the Society unless such loss arises through their own negligence or wilful default; nor shall they in the absence of negligence or wilful default on their part be liable for any banker, broker or any person with whom the funds of the Society shall from time to time be deposited or placed with for safe custody, investment or otherwise; nor for involuntary loss, misfortune or damage whatsoever which may happen in the execution of their respective offices, services or trusts or in relation thereto respectively.

» NOTICES

77. Notice to Members

(1) Notices to Members of any change in the terms of any savings, deposit or other account with the Society or other contractual or business arrangement with the Society may be given (except as otherwise provided herein) by affixing any such notice on some conspicuous place in the Chief Office and in all branch offices of the Society and/or posting such notice on the Society's web site and unless the Directors consider it necessary or these Rules require that notice should be sent to each Member personally, all notices so exhibited in its offices and/or published on its web site shall be deemed sufficiently and duly served of Members. Where the Directors consider it necessary that notices should be served on Members then only the Members who were not in arrears on the 31st December of the immediately preceding year, and in the case of shares held jointly, only those Members whose names appear first in the Members' accounts shall be entitled to receive such notice and such notice may be given in electronic form or by electronic means.

(2) Any such notice may provide that if a Member does not take a positive action including but not limited to closing his account or making and communicating an election to the Society he shall be deemed to have agreed to a particular legal or other result and each Member agrees to be bound accordingly.



» ACCOUNTS AND RECORDS OF INVESTORS

78. Member's Accounts to be Kept

An account shall be kept for each Investor Member or Advanced Member or number of Investor Members or Advanced Members holding joint accounts in which shall be entered such particulars as might be required under the Act or as the Directors may determine. Any change of name, address or other particulars shall forthwith be reported to the Society in writing, accompanied by the relevant pass book, scrip or deposit receipt for alteration.

79. Joint Accounts

1. Two or more persons may invest jointly subject to the absolute discretion of the Directors to decline to open an account in more than two names, or to accept an investment from any person.
2. **Joint Accounts – Mandate of Payment**

In the case of joint accounts explicit directions shall be given in writing when shares are applied for as to how payment is to be made in the event of withdrawals.

80. Register of Members

The Directors may in their discretion direct that in addition to the accounts referred to in Rules 79 and 80 a Register of Members shall be kept in such form as they may determine.

81. Inspection of Accounts

Any Investor Member or Advanced Member may inspect his account in the Society's books and other records during office hours upon giving 48 hours' notice in writing to the Society specifying the number of his account.

82. Service of Notices to Members

Any notice or communication to an Investor Member or Advanced Member given or issued pursuant to these Rules or any other instrument or document made hereunder shall be deemed to be duly and properly served if addressed to such Investor Member or Advanced Member at his address appearing in his account in the Society's books and delivered to such address, or by posting the same to him at such address at any post office or postal agency, and if so posted shall be deemed to have been served on the sixth day from the posting thereof.

» **REPAYMENTS OF DEPOSITS AND INVESTMENTS ETC.**

83. Repayments to Investors

If the moneys of the Society shall not from time to time be disposed of by advances to Members, withdrawals, repayment of deposits or loans, investments or otherwise, the Directors may apply all or any of the moneys in hand in repayment of the whole or any portion of the deposits, subscriptions, interest and bonuses standing to the credit of any one or more of the Investor Members of any class or depositors as the Directors may in their discretion think fit and such Investor Member or depositor, after one month's notice of the decision of the Directors, shall be bound to withdraw the sum proposed to be paid to him and be no longer entitled to any interest or bonus.

» INVESTMENT OF SURPLUS FUNDS

84. Investment of Surplus Funds

1. The Directors may from time to time invest for the use and benefit of the Society, other than by way of new mortgages pursuant to paragraph (a) of Rule 4, any sums of money which are not required for immediate expenditure:
 - (a) in any investments for the time being authorised by law for the investment of trust funds;
 - (b) in any security issued by the Government of Jamaica or any security guaranteed by the Government of Jamaica or issued or guaranteed by any other Government designated by the Directors;
 - (c) in any shares or stock of any chartered or incorporated Bank duly authorised to carry on banking business in Jamaica or elsewhere;
 - (d) in the securities of any incorporated body carrying on business in Jamaica and secured by a charge over the all or any part assets of such company;
 - (e) in the purchase of mortgages and also in loans secured by mortgages of freehold properties issued by persons of bodies corporate who are not Members of the Society (including loans so secured on joint account with other lenders);
 - (f) in deposits with other building societies;
 - (g) in units or shares under any collective investment scheme duly registered under the Securities Act;
 - (h) in deposits in any bank duly authorised to carry on banking business in Jamaica or elsewhere;
 - (i) in debentures, bonds, notes, securities or other monetary obligations issued, undertaken or guaranteed by any Bank



duly authorised to carry on banking business in Jamaica or elsewhere;

- (j) in deposits in any financial institution regulated under the BSA or any act which replaces same;
 - (k) in the shares or securities of any company which is, or is to be established as a subsidiary of the Society;
 - (l) in the shares or other securities of any company listed on the Jamaica Stock Exchange or any other recognised stock exchange;
 - (m) in the shares or other securities of any insurance company;
 - (n) in any housing development or housing scheme;
 - (o) in any other investment which is not prohibited by law or regulation binding on the Society.
2. Notwithstanding anything herein contained it shall also be permissible for the Directors to invest in the ordinary shares or stock or securities of any company whether or not incorporated in or carrying on business in Jamaica subject however that the amount invested in such shares or stock or securities together with the total investments under sub-paragraphs (g), (k) and (l) of paragraph 1 of this Rule not being in excess of 20% of the amount at credit of the General Reserve Fund of the Society.

3. Liquid Funds

The Directors shall maintain a reasonable portion of the funds of the Society in liquid form to cover the General Reserve Fund, meet demands from depositors and shareholders for withdrawals, and also for the stability of the Society. Such liquid funds shall be held in cash and in any of the investments referred to in this Rule.

85. Contributions to Public Funds

1. The Directors may in time of national crisis, catastrophe, or emergency by a resolution of the Directors, contribute from the General Reserve Fund or current revenue to any public or privately administered funds in connection with any such crisis, catastrophe or emergency, a sum not exceeding such amount as may be determined by the Directors from time to time.

2. Contributions to Charities which are Allowable Expenses for Tax Purposes

The Directors may by resolution contribute such sums of money as they in their discretion may think fit to organisations and charities, contributions to which are allowable expenses for the purpose of income tax. Such amounts shall be a charge against the revenue of the year during which they are contributed.

3. Contributions to Other Charities

The Directors may in their absolute discretion contribute sums of money to charities other than those referred to in paragraph 2 of this Rule and charge the same against the revenue of the Society for the year in which the contribution is made.

4. Donations of Cups, Shields etc.

The Directors may donate cups, shields and do such other things as may be designed to develop the culture of the Island and to promote sports as they in their discretion may think fit. The total expenditure shall be a charge against the revenue of the year during which the expense is incurred.



» LOANS FOR DEVELOPMENT SCHEMES AND HOUSING SCHEMES

86. Development Schemes

1. The Society may make loans to borrowers upon the security of mortgages of freehold property or as permitted otherwise under the Act or in these Rules in any area of any scheme as defined in the Act to an amount which in the opinion of the Directors the property may warrant for such period and on such terms as may be agreed between the Directors and the Minister of Housing or other competent authority.
2. Every Borrower under this Rule shall become a Member of the Society under paragraph (3) of Rule 6.

87. Housing Schemes

The Directors may from time to time agree with any person who is promoting or concerned in the promotion of a Housing Scheme that the Directors will, upon such terms and conditions as they may think fit, grant advances to the Purchasers of houses comprised in the Housing Scheme who become Members and qualify for advances under the Rules of the Society.

» **UNDERTAKINGS OR GUARANTEES**

88. Guarantees by Directors

The Directors shall be entitled from time to time to undertake or guarantee, subject to such terms and conditions as they may think fit, that the proceeds of any advance agreed to be made pursuant to any of these Rules shall be paid to any bank, company, firm, association or person to whom payment is authorised to be made by the person to whom the advance is granted.



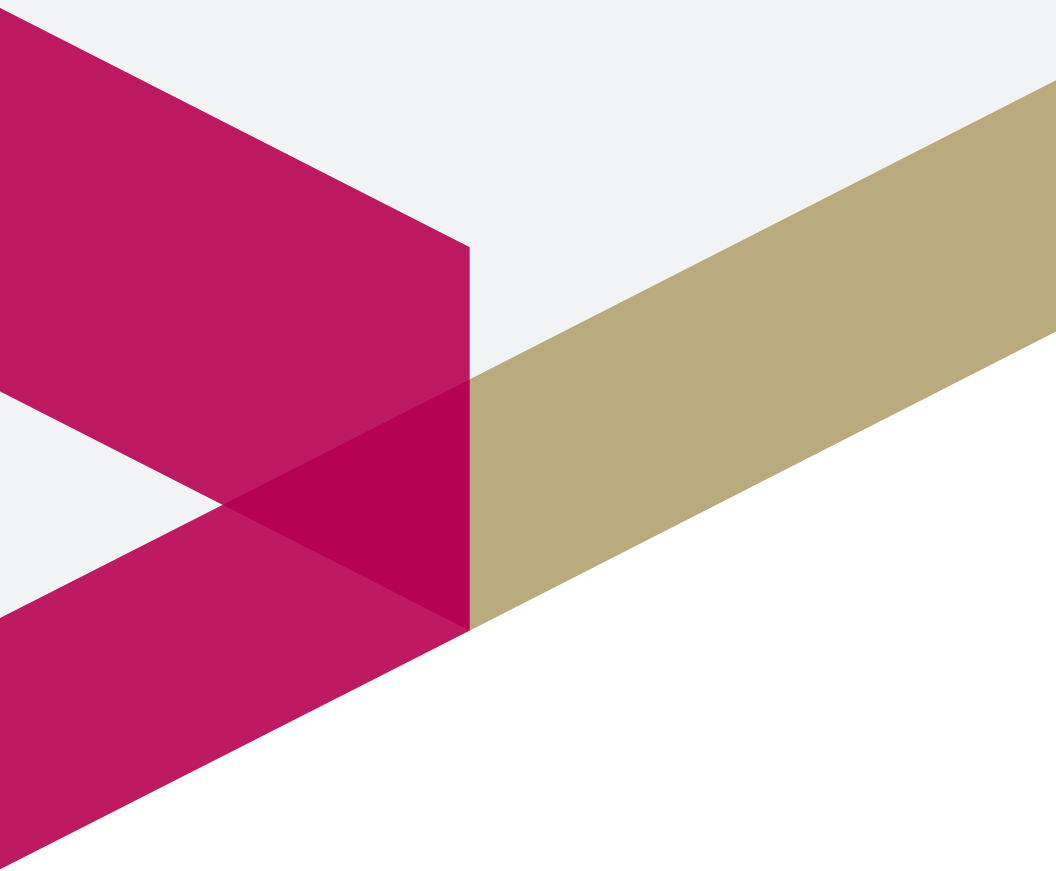
» **REGISTRATION AND SAFE KEEPING OF SECURITIES**

89. Registration and Safe Keeping of Securities

All securities and investments of the Society shall be taken and made in the name of the Society or its nominees and all deeds and documents in connection therewith shall be deposited and kept in such place as the Directors shall direct.



>> **REVENUE AND APPROPRIATION ACCOUNT**





90. Credits to be Carried and Debits Charged to Revenue and Appropriation Account

1. At the end of each financial year of the Society it shall, in accordance with the requirements of the BSA or any regulations, directions or other guidelines made or issued thereunder by the Supervisory Committee or the Supervisor, cause to be prepared the requisite financial statements (including (i) income statements; (ii) balance sheet; (iii) statements of comprehensive income; (iv) changes in capital and reserves; and cash flows (consolidated where appropriate) in accordance with International Financial Reporting Standards adopted in Jamaica from time to time. The auditors shall audit and report on such financial statements to the Member. The Directors shall, in their absolute discretion, deal with any net surplus realised by the Society at the end of each financial year of the Society, in the following manner:

Transfers to Reserve Funds

- (a) they may transfer the whole or any portion of such surplus (less appropriation to the Credit Facility Reserve) to the credit of the General Reserve Fund or to a Reserve or Reserve Funds. The amount credited to the General Reserve Fund or other Reserve Fund may be applied in such manner as the Directors in the interest of the Society may think fit;

Bonus

- (b) they may transfer the then remaining surplus (if any) or the whole surplus if no amount has been carried to the General Reserve Fund or any other Reserve Fund referred to in (1) above or such part as they may think fit, as a bonus to the credit of:
 - (i) Members holding Investment Shares in such proportions as the Board shall decide, provided however that such additions of bonus shall be treated as an increase of interest for the current year; all such additions of bonus to be made to Members' Investment Share Accounts as of the 31st December in the relevant financial year;

- (ii) Advanced Members, provided that such bonus shall be treated as a reduction of the amount of interest on their mortgages payable for the current year; such reductions of interest to be made as at the 31st December in the relevant financial year; and/or
- (iii) Investors holding any class of Funding Shares issued with profit participation rights.

The Directors shall be at liberty for the purpose of expediting the crediting of bonus or profit participation, to have an estimate of the surplus of any year and fix the rate of bonus or profit participation accordingly.

2. Deficit Charged against General Reserve Fund

The Directors may in their discretion allow a bonus to Investment Members or Fund Advanced Members whose Investment Shares or Advanced Shares mature or are withdrawn before the end of a financial year.

3. If there be a deficit in any year, the Directors may charge it to the General Reserve Fund at their discretion.

4. Shareholders' Right in Respect of Surplus

The Directors shall, in dealing with the net surplus, give careful consideration to the rights of shareholders and to the stability of the Society.



» **CHEQUES, PAYMENT ORDERS AND CASH PAYMENTS**

91. Authorised Signatories for Cheques and Payment Orders

1. Payments for and on behalf of the Society shall be made in such manner as may be customary among banks and financial institutions including by cheques, wire transfers, transfer effected through RTGS or other methods to the order of the payee or the duly authorised agents of the payee and shall be signed and/or authorised by two authorised signatories. Authorised signatories shall include the Directors, the Chief Executive Officer or President, the Secretary and such senior officers as the Directors may appoint. The Directors may fix, from time to time, the signing limit or authority of different classes of signing officers.

2. Cash Payments

Payments may also be made in cash on the authority of the Board or by any other means authorised by the Board from time to time.

» ARBITRATION

92. Arbitrators' Election

Five (5) Arbitrators shall be elected by the Society in Annual General Meeting (none of whom shall be a Director or officer of the Society) and whenever a vacancy arises it shall be filled at the next Annual General Meeting or at any special meeting of the Society.

93. Disputes

Disputes between the Society and any of its Members or any persons claiming by or through any Member or under the Rules, shall be settled by reference to arbitration and every Member requiring a reference to arbitration shall deposit with the Society FIFTY THOUSAND DOLLARS (J\$50,000.00) or such other sum as the Directors may from time to time determine and sign an undertaking to abide by the results of the reference.

94. Selection of Arbitrators

In each case of dispute the names of the Arbitrators shall be written on pieces of paper and placed in some convenient box or other place out of view, and the three (3) names which are drawn by the complaining party or his agent shall be the Arbitrators to decide the matter in difference and their decision shall be final and binding on all parties.

95. Expenses of Arbitration

The expenses of arbitration shall in each case be borne as between the parties in such manner as may be decided by the Arbitrators in their discretion.



>> SEAL

96. Device, Custody and Use of Seal

1. The common seal of the Society (in this Rule referred to as “the Seal”) shall bear the registered name of the Society in a circle enclosing the device, if any, adopted for the Society.
2. The Seal shall be kept at the Chief Office of the Society or at such other place as the Board may from time to time direct and shall be in the custody of the Secretary or other such person as the Board may from time to time determine. The Seal shall be secured by two locks, the keys of which shall be held by any two of four senior staff members appointed by the Directors (“Key holders”) who shall each be empowered to hold one key, the receipt for which shall be given in a space provided in the Seal Minute Book and no Keyholder shall deliver his key to another Keyholder without ensuring that this requirement has been complied with.

3. Authorisation for Use of Seal and Execution of Sealed Documents

The Seal shall not be used without the authority of the Board and whenever the Seal is affixed to any document to which the Society is a party such document shall be signed and countersigned by such persons as the Board may authorise in that behalf from time to time and all such documents so sealed, signed and countersigned shall be deemed to be validly executed by the Society.

4. Delegation of Powers for the Use and Custody of the Seal to a Committee

If the Board shall delegate to a Committee powers and discretions pursuant to Rule 56 (3) enabling that Committee to enter into transactions and to take action in the name of the Society (including the transactions acts and things required to be evidenced in writing under Seal) the Board may entrust the Seal to such Committee with general authority to use the same in the name of the Society and may at any time revoke that authority. The Board shall give to a Committee to whom the Seal is so entrusted directions as to the place where and the manner in which the Seal shall be kept and may at any time vary or alter those directions and subject to such directions the Seal so entrusted shall be kept in the custody of such person as the Committee may from time to time determine.



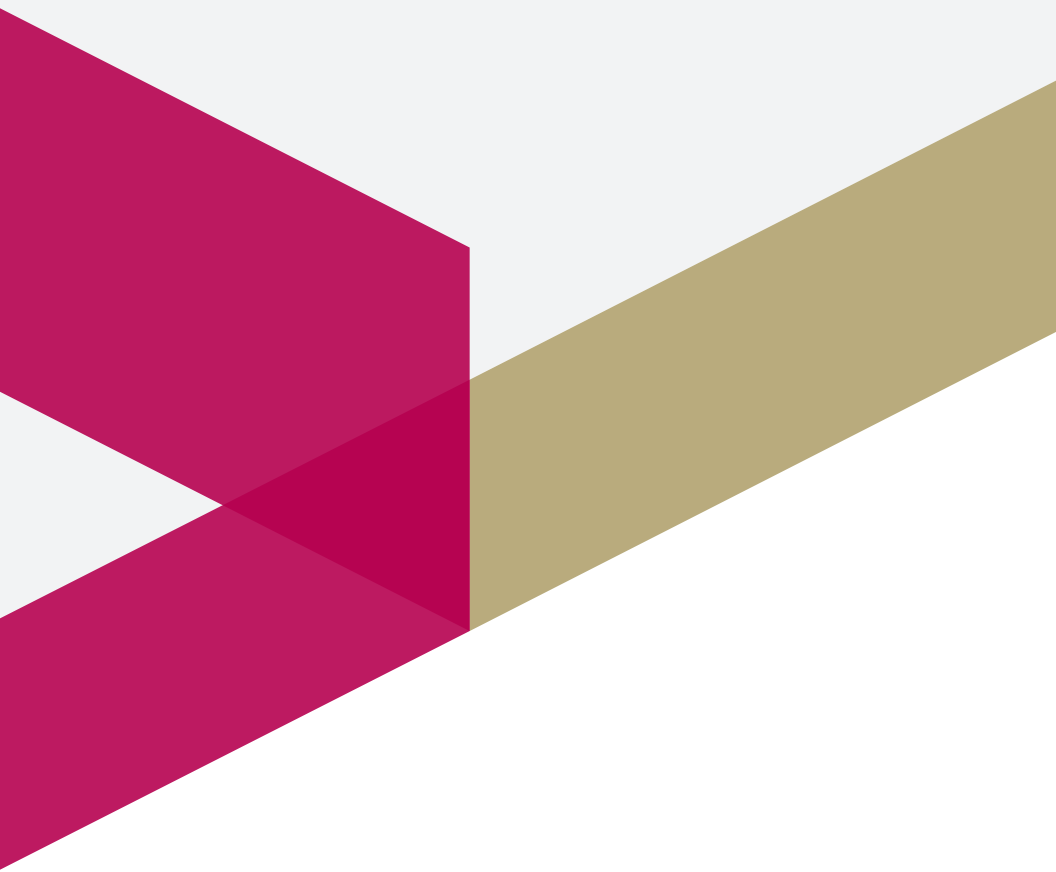
5. The Seal, when entrusted to a Committee having general authority to use the same pursuant to paragraph (4) of this Rule, shall not be used without the authority of that Committee, and whenever the Seal is affixed to any document to which the Society is a party pursuant to an authority in that behalf given by such Committee, that document shall be signed and countersigned by such persons as the Committee may authorise in that behalf from time to time.
6. Every authority given by a Committee having a general authority to use the Seal pursuant to paragraph (4) of this Rule, in relation to the use of the Seal and the signing and countersigning of documents to which it is affixed, shall be deemed to have been given by the Board. Every document to which the Seal is duly affixed, and which is signed and countersigned pursuant to and in accordance with an authority given by such Committee, shall be deemed to be validly executed by the Society and shall take effect in all respects as if the Seal had been duly affixed to such document and such document had been signed and countersigned by the order of and in accordance with the authority of the Board.
7. The Board may grant a Power of Attorney to an officer of the Society to act with or in place of the Committee as set forth in paragraphs (4), (5), and (6) of this Rule.
8. A person dealing with the Society shall not be concerned to see or enquire whether any of the powers, discretions or authorities mentioned in this Rule have been duly delegated, given, exercised or revoked.
9. The Board may at any time call in and take control of the Seal entrusted to a Committee or any officer acting in that behalf and thereupon the powers of the Committee or officer as to the use of the same shall cease without prejudice however to any further delegation of such powers to that Committee or officer.

97. Seal Minute Book

A description of all documents to which the Seal is affixed shall be recorded in a seal minute book and the Secretary or other persons authorised by the Board to sign any such document, and the Keyholders shall all affix their respective signatures to such record with the date of execution of the document, in verification that the document was executed under Seal to the best of their knowledge.



» MISCELLANEOUS





98. Bankrupt Member

On any Member becoming bankrupt or if his shares or any of them shall be charged in favour of any person by or through an order of a Court of competent jurisdiction, or otherwise, the trustee or person obtaining such charge shall not, by reason thereof, become a Member of the Society, but shall be at liberty to withdraw the share or shares or interest of such Member. Such shares shall nevertheless be subject to all the Rules of the Society to which they would have been liable in the hands of the Member holding the same.

99. Incapacitated Member or Depositor

In the event of any Member or depositor becoming incapacitated by reason of lunacy, unsoundness of mind, infirmity or otherwise, the amount standing to the credit of his share or deposit account at the time of his so becoming may be paid, subject to the Rules as to withdrawals, to the committee or guardian of such Member or depositor and in case there be no legally appointed committee or guardian, then to the person having the care of such Member or depositor upon such person giving to the Society such indemnity against all claims in respect of such shares or deposits as the Directors may require.

100. Death Intestate of Member of Depositor

In the event of the death intestate of a Member or depositor having in the funds of the Society a sum not exceeding forty thousand (J\$40,000.00) or any such amount as may be allowed under the provisions of Section 29 of the Act or any other applicable law for the time the same may be paid out without administration being raised.

101. Set-Off and Combining Accounts

1. The Society shall have the right at any time without notice to apply any funds standing to the credit of a Member's or Depositor's or investor's account towards full or partial satisfaction of any liability (whether as principal obligor or surety) overdue and owing to the Society by the Member or Depositor or investor. This right of set-off shall operate between accounts of any kind whatsoever held or operated by the Society. For the purpose of effecting set-off against any

liability in a currency other than Jamaican currency (“a foreign currency”) or funds held in any account in a currency other than Jamaican currency may be converted into Jamaican currency or the relevant foreign currency (as the case may be) at the selling rate of exchange offered by the Society in over the counter transactions in respect of the relevant foreign currency.

102. Transfer of Balance in Overdrawn Accounts to Mortgage

The Society shall have the right at any time, without notice, to transfer overdrafts occurring in a mortgagor’s share or deposit account or current account or other loan or credit card account to his mortgage account to the intent that the amount transferred shall be secured by the mortgage granted by the Society. This right shall also apply to any account guaranteed by the mortgagor.

103. Alteration or Repealing of Rights

1. No rules of the Society shall be altered or repealed or any rule or new set of rules shall hereafter be made except in keeping with the provisions of the Act at a Special General Meeting of the Members of the Society convened for that purpose at which meeting each Member of the Society shall have only one vote.

104. Effect of Alteration or Amendment of Rules

No alteration or amendment of the Society’s Rules governing the terms or conditions on which persons become Members shall entitle the Society or the Members to require that the alteration or amendment shall apply to contracts in existence when the alteration or amendment takes effect.

105. Construction of Rules

If any question or dispute shall arise touching the construction or meaning of these Rules or any of them, such question or dispute shall be referred to one or more of the Attorneys-at-law of the Society selected by the Directors, whose opinion shall be final and binding unless the question or dispute is referred to arbitration. The opinion of any such Attorney-at-law shall be put in writing and forwarded to the Society.

» AMALGAMATION

106. Amalgamation and Transfer of Engagements (Outward)

The Society may, subject to the BSA, unite with another building society or, by a scheme of arrangement or otherwise, amalgamate with or transfer its undertaking to, any other building society or company, being another deposit-taking institution, in the manner prescribed by the BSA or any other applicable law.

107. Amalgamation and Transfer of Engagements (Inward)

The Society may undertake to fulfil the engagements of any other building society or, by a scheme of arrangement, amalgamate with or accept the transfer of the undertaking of a company being another deposit-taking institution licenced under the BSA in the manner prescribed by the BSA.

108. Conversion to a Company Under the Companies Act, 2004

The Society may, pursuant to the BSA or by a scheme of arrangement under the Companies Act, 2004, convert itself to a private or public company incorporated under the Companies Act, 2004.

>> DISSOLUTION

109. Dissolution

The Society may be dissolved in the manner prescribed by the Act or the BSA.

>> NEW RULES

110. New Rules

1. The within new Rules of The Victoria Mutual Building Society, adopted by the Members at a Special General Meeting held on (date to be included), in keeping with the provisions of the Act, are hereby acknowledged to replace in their entirety the Rules previously in existence but the rights of the existing Members and depositors prior to the adoption of the said new Rules shall not thereby be prejudiced in any manner whatsoever.
2. All of the Directors, Chief Executive Officer, Secretary, Auditors, Attorneys-at-law and all officers of the Society as defined in the said new Rules holding office or appointments at the date of the adoption thereof shall continue to hold their respective offices and/or appointments on the terms and conditions then prevailing until they shall retire or otherwise cease to hold the same in accordance with the provisions of the said new Rules, in like manner as if they had been elected or appointed pursuant to the said Rules.

APPENDIX 1

» CLARIFICATION STATEMENT IN SUPPORT RULE 33 THE VICTORIA MUTUAL BUILDING SOCIETY

Rule 33

1. Purpose:

The purpose of this Rule is to safeguard against a hostile demutualisation of the Society by predators.

2. Premise of the Rule

The Rule is premised on the assumption that the only way a predator can force an involuntary demutualisation upon the Society is by taking control of its Board of Directors. Because the Society operates on the basis of “*one member one vote*”, control cannot be achieved by securing voting control as would occur in the case of a company having a share capital.

3. How a Predator Would Seize Control of the Board

The predator would select a slate of candidates to be appointed to the Board of the Society in place of the existing Directors. He would develop a proposal (or manifesto) which he would propose to members of the Society (the “Members”) in a solicitation campaign to get Members to vote for his slate of candidates to the Board.

4. As has occurred in the United Kingdom and elsewhere, he would entice Members to vote for his slate of candidates by promising special benefits to the Members. These benefits would be:

(a) **Conversion benefits:**- being benefits borne by the Society, such as a one-time bonus payment to all Members or a gift of shares on conversion of the Society to a company; and/or

(a) **Collateral Benefits:**- which are benefits funded by the predator himself, such as direct cash payments.

5. Experience in the UK and elsewhere has shown that when conversion or collateral benefits are offered to members

of a mutual organisation as an inducement to demutualise there will be a mad rush of new members (commonly called “*carpetbaggers*”) who will seek to join the Society to reap the windfall benefits. This has caused chaos in the UK, resulting in a series of imprudent demutualisations, ultimately cumulating in the winding up of several mutual building societies which were demutualised by outsiders with the principal aim of stripping the societies. The Government responded by passing legislation which states that in a demutualisation “*late joiners*” (being persons joining the society in the last 2 years) could not qualify for windfall profits.

How Rule 33 Works

6. Rule 33 works as follows. It provides that if a predator proposes a plan to “bribe” members to vote for his slate of candidates or to otherwise acquire board control then:
 - (a) the existing Board of 3 year Directors (called the “Incumbent Directors”) can declare that a Predation Event has occurred.
 - (b) Once a Predation Event is declared only Members of the Society who have been members for the last 2 years will be allowed to vote at any general meeting of the Society called to vote on the plan or the new slate of directors. Thus, carpet baggers will be excluded from the decision-making process.
 - (c) If the Members vote for the plan or the new slate of directors then any conversion benefit or collateral benefit offered to them to induce the support will be automatically assigned by the Members to a Mutuality Trustee by virtue of the Rule.

The effect of item (c) is that Members will realise that they will not receive any conversion or collateral benefits in their hands and so they will get nothing directly from supporting the predators’ plan. This technique is used in the UK as a lawful “*poison pill*” to prevent predators launching plans to involuntarily demutualise a society which has adopted this kind of Rule. The idea is that when a predator realises that Members will not get any promised benefits it will become apparent that there is nothing he can use to “*buy the votes*”, for the promised benefits would go to the Mutuality Trustee. Thus the plan will not even get off the ground.



7. The Mutuality Trustee would hold the benefits in trust for the Members themselves. If the benefit is cash then the Mutuality Trustee could reinvest the cash in the Society since that would enure to the benefit of the Members, or if it is shares it would end up holding all the shares in the Society in trust for the Members; thereby preserving its mutuality. Thus the plan would fail even if it gets to a successful vote. In the UK and elsewhere, provisions such as Rule 33 have worked to repel predators from even launching a demutualisation plan.
8. The UK's largest building society, Nationwide, has successfully used this technique. In Rule 33 there is a further back-stop. If for some reason the assignment of benefits fails then the Mutuality Trustee has a call option to purchase the conversion benefit or the collateral benefits for a nominal sum – thereby taking them away from the Members to be held once more on trust for them.

9. Who is the Mutuality Trustee?

In this case the Mutuality Trustee will be VMBS Foundation. This is what Nationwide and other societies have done – used their own charitable foundation as the mutuality protector. The VMBS Foundation is a not-for-profit organisation. Its Directors will be the Incumbent directors of the Society. That is, Directors who have been on the Board for the last 3 years, rather than those which might have been recently appointed by a successful predator.

10. Voluntary Demutualisation

Rule 33 does not prevent the voluntary demutualisation of the Society approved by its Incumbent Directors. This is because the Rule is only engaged if those Directors declare that a Predation Event (being basically an attempt to force demutualisation upon the Society) has occurred. Rule 33 (9) expressly contemplates that demutualisation on terms proposed by the Incumbent Directors will occur.

11. In such a case, the most likely scenario is that the Society would convert to a company owned directly or indirectly by a mutual company having “one member one vote” and which would (but need not) adopt Articles corresponding to Rule 33.