

RULES OF THE MELTON MOWBRAY BUILDING SOCIETY

ALL PREVIOUS RULES RESCINDED

The headings contained in these Rules are for reference only and shall not affect the interpretation of these Rules.

1. INTERPRETATION

For Members holding a Share, Deposit, Loan or advance opened, issued or made before these Rules took effect, these Rules shall, in respect of such Share, Deposit, Loan or advance, be read in conjunction with the Additional Rules set out in the Appendix.

- (a) In these Rules, unless the context otherwise requires -

"Additional Rules" means those rules set out in the Appendix which forms part of these Rules which apply, where indicated, in circumstances where the Share, the Deposit or loan to the Society, or Loan or advance from the Society was opened, issued or made before these Rules took effect. The Preface at the beginning of the Appendix does form part of these Rules;

"Annual Accounts" has the meaning given by Rule 30(3);

"Annual General Meeting" means the meeting held by the Society in the first four months (or such other period as permitted by the Statutes) of each Financial Year at which the Annual Accounts are presented and which is specified as such in the notice convening the meeting;

"Board" means the Board of Directors of the Society;

"Borrower" means a Person (other than a guarantor) who owes money to the Society;

"Borrowing Member" has the meaning given by Rule 4(1)(b);

"Borrowing Members' Resolution" -

- (i) in relation to a resolution proposed or to be proposed, means a resolution that the Statutes require to be passed as a Borrowing Members' Resolution if it is to be effective for its purpose,
- (ii) in relation to a resolution passed, means a resolution passed as a Borrowing Members' Resolution in accordance with the requirements of the Statutes, that is, when it has been passed by a majority of the Borrowing Members of the Society voting in person or by proxy on a poll on the resolution at a meeting of the Society of which notice specifying the intention to move the resolution as a Borrowing Members' Resolution has been duly given, and for a purpose that the Statutes require to be effected by the passing of a Borrowing Members' Resolution.

For the purposes of a Borrowing Members' Resolution, the meaning of Borrowing Member applied to Individuals by Rule 4(1)(b) shall include any body corporate where that body corporate became so indebted, or so entitled and accepted, to the Society before these Rules took effect.

"Chief Executive" means an Individual who is employed by the Society and who, either alone or jointly with one or more other Individuals, is or will be responsible under the immediate authority of the Board for the conduct of the business of the Society and also means, if the office is vacant or if there is for any other reason no Chief Executive capable of acting, an Individual authorised by the Board to act as the deputy or assistant to or in the stead of the Chief Executive;

"Commission" means the Building Societies Commission or its successor established by the Statutes;

"Corporate Representative" means an Individual authorised by resolution of the directors or other governing body of a body corporate to represent it;

"Deposit" means a deposit with the Society by any Person and includes a loan to the Society and a subordinated deposit (that is, a deposit which, on a winding up, would fall to be repaid only

after repayment in full had been made to the holders of Shares other than deferred Shares);

"Director" means a member of the Board;

"Directors' Report" has the meaning given by Rule 30(2);

"Financial Year" means the 12 months ending on 31st December in any year;

"Heritable Security" means a security capable of being constituted over any land, by disposition or assignation of that interest, in security of any debt, and of being recorded in the Register of Sasines or, as the case may be, in the Land Register of Scotland, and includes a security constituted by a standard security, and any other charge enforceable in the same manner as a standard security;

"Individual" means a natural person;

"Loan" means a loan from the Society which is substantially secured on land within the meaning of the Statutes and these Rules. For the purposes of these Rules, substantially means where not less than 50% of the Loan is secured on land;

"Manager" means an Individual (other than the Chief Executive) employed by the Society who, under the immediate authority of a Director or the Chief Executive, exercises managerial functions or is responsible for maintaining accounts or other records of the Society;

"Member" means a Person who is a Shareholding Member or a Borrowing Member or both;

"Memorandum" means the Memorandum, for the time being in force, of the purpose and the extent of the powers of the Society agreed upon by the Society pursuant to the Statutes;

"Month" means calendar month;

"Mortgage" includes a charge and, in Scotland, a Heritable Security over land;

"Mortgage Debt" means the total amount outstanding in respect of -

(i) the principal of a Loan,

- (ii) interest on the Loan, and
- (iii) any other sum which the Borrower is obliged to pay the Society under the terms of the Loan;

"Officer" means any Director, Chief Executive, Secretary or Manager and all Officers of the Society shall be bound by these Rules and by the Memorandum;

"Ordinary Resolution" -

- (i) in relation to a resolution proposed or to be proposed, means a resolution that the Statutes require to be passed as an Ordinary Resolution if it is to be effective for its purpose,
- (ii) in relation to a resolution passed, means a resolution passed as an Ordinary Resolution in accordance with the requirements of the Statutes, and for a purpose that the Statutes require to be effected by the passing of an Ordinary Resolution,
- (iii) in relation to (i) and (ii) above, means a resolution which will be effective without being passed as a Special Resolution, Shareholding Members' Resolution or a Borrowing Members' Resolution;

"Person" means any Individual or body corporate;

"Principal Office" means the Principal Office of the Society for the time being;

"Register" means the Register of Members maintained pursuant to the Statutes showing the name and address of each Member, and whether each Member is a Shareholding Member or a Borrowing Member or both;

"Registered Address" in relation to any Member means -

- (i) the address currently shown in the Register except where paragraph (ii) below applies,
- (ii) where a Member has requested that communications from the Society be sent to some other address, that other address;

"Representative Joint Borrower" means that Borrowing Member who is named first in the records of the Society in respect of a Loan;

"Representative Joint Shareholder" means that Shareholding Member who is named first in the records of the Society in respect of a Share;

"Rules" means the Rules of the Society for the time being in force;

"Secretary" means the Officer appointed by the Board to be the Secretary of the Society and also means, if the office is vacant or if there is for any other reason no Secretary capable of acting, an Individual authorised by the Board to act as the deputy or assistant to or in the stead of the Secretary;

"Share" means a share account opened or a share issued by the Society -

- (i) in return for payment, or
- (ii) in pursuance of the fulfilment by the Society of the engagements of another building society, or
- (iii) by way of capitalisation of interest credited, and includes stock and a part or fraction of a Share;

"Shareholder" means a Person who has a Shareholding;

"Shareholding" means the holding by a Member of a Share or Shares (whether in a class or not);

"Shareholding Member" has the meaning given by Rule 4(1)(a);

"Shareholding Members' Resolution" -

- (i) in relation to a resolution proposed or to be proposed, means a resolution that the Statutes require to be passed as a Shareholding Members' Resolution for it to be effective for its purpose,
- (ii) in relation to a resolution passed, means a resolution passed as a Shareholding Members' Resolution in accordance with the requirements of the Statutes, that is, when it has been passed by not less than three-quarters of the number of the Shareholding Members of the Society qualified to vote on a Shareholding Members' Resolution and voting in person or by proxy on a poll on the resolution at a meeting of the Society of which notice specifying the

intention to move the resolution as a Shareholding Members' Resolution has been duly given, and for a purpose that the Statutes require to be effected by the passing of a Shareholding Members' Resolution;

"Society" means Melton Mowbray Building Society;

"Special Resolution" -

- (i) in relation to a resolution proposed or to be proposed, means any resolution that the Statutes or these Rules require to be passed as a Special Resolution if it is to be effective for its purpose, or which is a resolution (not being a resolution which if passed would purport to interfere with the Board's right and duty to manage the affairs of the Society) which is specified in a Members' requisition referred to in Rule 31(3)(a) or in a Members' Notice referred to in Rule 33(1)(c) and which has the only or main object or consequence of seeking that the Board consider, investigate or effect the transfer of the Society's business to a commercial company or a merger;
- (ii) in relation to a resolution passed, means a resolution passed as a Special Resolution in accordance with the requirements of the Statutes, that is, when it has been passed by not less than three-quarters of the number of the Members of the Society qualified to vote on a Special Resolution, and voting -
 - (A) in person or by proxy on a poll on the resolution at a meeting of the Society, or
 - (B) in a postal ballot,

of which notice specifying the intention to move the resolution as a Special Resolution has been duly given, and for a purpose that the Statutes or these Rules require to be effected by the passing of a Special Resolution;

"Statutes" means the Building Societies Act 1986, or other Act or Acts, or statutory instruments or other statutory provisions from time to time in force relating to building societies, and any reference in these Rules to the provisions of any particular statute shall be construed as if these Rules were an enactment to which section 17(2) of the Interpretation Act 1978 applies.

- (b) In these Rules, unless the context requires otherwise, for any reference to the value of a Shareholding, that value shall be taken as the amount standing to the credit of the Shareholding Member in respect of -
 - (i) payments made on the Shares, and
 - (ii) interest credited by way of capitalisation.
- (c) In these Rules, unless the context requires otherwise, words importing one gender import any other gender, and words importing the singular include the plural, and vice versa.
- (d) In these Rules, each amount, figure, length of time or percentage shall be read as if followed by the words "or such other amount, figure, length of time or percentage (as appropriate) which is for the time being the maximum permitted for this purpose by the Statutes". Such Rules include -
 - (i) paragraphs (1)(e), (4)(a), (4)(b), (5) and (11) of Rule 13,
 - (ii) paragraph (1) of Rule 14,
 - (iii) paragraph (1)(b) of Rule 24,
 - (iv) paragraph (5)(g) of Rule 30,
 - (v) paragraphs (3)(a), (4)(a) and (4)(b) of Rule 31,
 - (vi) paragraphs (1)(a) and (1)(b) of Rule 33,
 - (vii) paragraph (6)(b) of Rule 35,
 - (viii) paragraphs (3)(c) and (4)(c) of Rule 36, and
 - (ix) paragraph (5)(c) of Rule 41.

2. NAME

The name of the Society is "Melton Mowbray Building Society".

3. PRINCIPAL OFFICE

(1) The address of the Principal Office is 39 Nottingham Street, Melton Mowbray, Leicestershire, LE13 1NR.

(2) The Board may from time to time by resolution change the place of the Principal Office.

4. MEMBERSHIP

(1) No Person shall be a Member of the Society unless he is a Shareholding Member or a Borrowing Member or both, and -

(a) "Shareholding Member" means a Person who holds a Share in the Society; and

(b) "Borrowing Member" means an Individual -

(i) who is indebted to the Society in respect of a Loan or a Loan from another building society whose interest in the Loan has, as the result of any amalgamation or transfer of engagements, passed to the Society, or

(ii) who is indebted to the Society as mentioned in (i) above who has taken with the consent of the Society a transfer of any land already in mortgage to the Society, and who shall become a Borrowing Member as from the date the transfer is registered in the records of the Society, or

(iii) who, on the death or bankruptcy of a Borrowing Member or otherwise on transfer by operation of law becomes entitled to land already in mortgage to the Society and who (being willing to become a Borrowing Member) is accepted by the Society as a Borrowing Member while such Loan shall be outstanding, from the date of acceptance by the Society, and

such an Individual shall be a Borrowing Member whether the Loan is owed to the Society at law or in equity.

(2) Each Member, and all Persons claiming through him or on his behalf or under the Rules, shall be bound -

(a) by these Rules and by the Memorandum, and

(b) where applicable, by the Additional Rules which are contained in the Appendix for accounts opened before these Rules took effect.

(3) Each Member shall, on demand, be given a copy of these Rules and of the Memorandum -

- (a) free of charge, if he has not previously been given a copy, or
 - (b) upon payment of £1, or such other fee as may be duly prescribed from time to time by the Commission, if he has already been given a copy.
- (4) Each Member shall -
- (a) notify the Society immediately of any change of name or address and shall produce such evidence of the change as the Society may require,
 - (b) supply a specimen of his signature as and when required,
 - (c) ensure that where he is the Shareholding Member or Representative Joint Shareholder in respect of more than one Shareholding, his name and Registered Address are notified in identical terms in respect of each Shareholding,
 - (d) ensure that where he is the Borrowing Member or Representative Joint Borrower in respect of more than one Loan, his name and Registered Address are notified in identical terms in respect of each Loan,
 - (e) ensure that where he is both a Shareholding Member or Representative Joint Shareholder and a Borrowing Member or Representative Joint Borrower, that his name and Registered Address are notified to the Society in identical terms in respect of the Shareholding and the Loan.
- (5) For the purposes of these Rules -
- (a) where, in relation to any two or more Shareholdings, to any two or more Loans, or to any Shareholding and a Loan, the names or Registered Addresses of the Shareholding Member or Borrowing Member (or the Representative Joint Shareholder or the Representative Joint Borrower as the case may be) have been notified to the Society in terms that are not identical the Society shall, insofar as it is reasonable to do so, be entitled to assume (in the absence of written notice to the contrary) that those Shares are held by different Shareholding Members, that those Loans were made to different Borrowing Members, or that

the Shareholding Member and the Borrowing Member are different Persons,

- (b) where a Shareholding is issued during a Financial Year or up to 56 days prior to the voting date (if applicable) the Society shall, insofar as it is reasonable to do so, be entitled to assume that the Shareholding Member (or Representative Joint Shareholder) was not a member at the end of the last Financial Year unless either -
 - (i) at the end of the last Financial Year the Register included an entry showing a Person of the same name and Registered Address as a Shareholding Member (or Representative Joint Shareholder) or as a Borrowing Member (or Representative Joint Borrower), or
 - (ii) the Society is given written notice to the contrary,
- (c) where a Loan is made during a Financial Year, the Society shall be entitled to assume that the Borrowing Member of the Loan (or Representative Joint Borrower) was not a Member during the last Financial Year unless either of the circumstances as set out in subparagraphs (i) and (ii) above applies in the same way, the necessary changes being made.

(6) Two or more Persons may jointly hold a Share unless the terms of issue forbid a joint holding but no Share shall be issued to the holders, or be held by them at any time, as tenants in common. The Society may decline to issue any Share or lend money to more than four Persons jointly. Joint Shareholding Members or joint Borrowing Members shall be entitled to choose the order in which they are named in the records of the Society.

(7) A Shareholding Member or all joint Shareholding Members may authorise an agent (who may be one of the joint Shareholding Members) to withdraw any Share or to receive any interest or bonus paid in respect of it and the receipt of, or evidence of payment to, an agent so authorised shall be a good discharge to the Society.

(8) The Society may in its absolute discretion and without giving any reason refuse to -

- (a) issue a Share to any Person, or
- (b) lend money to any Person, or

- (c) accept any Person as a Member.

(9) If the Society accepts a transfer of engagements of any other building society, any Person who becomes a Member of the Society by virtue of the transfer shall be deemed to have been a Member at any date before the transfer on which he was a member of the transferor society and -

- (a) in the case of a member holding shares in the transferor society, to have had a Shareholding on that date to the value of his shares in the transferor society, or
- (b) in the case of a member to whom a Loan has been made by the transferor society, to have owed the Society on that date the amount of his mortgage debt to the transferor society.

5. DEATH OR BANKRUPTCY OF MEMBER

- (1) If -

- (a) a Member domiciled in any part of the United Kingdom dies testate or intestate, and
- (b) at the time of his death the sum of money standing to his credit with the Society in respect of his Shareholding does not exceed the amount specified in or under the provision of the Statutes* regarding payment to a Person who claims to be beneficially entitled without the grant of probate of the will or the grant of letters of administration or confirmation,

then, although there is no probate of the will or letters of administration or confirmation, as the case may be, the Society may pay that sum of money to a Person who claims to be beneficially entitled to that sum of money and who satisfies the requirements of that provision for the production to the Society of appropriate evidence of his entitlement. Such payment shall be valid and effective with respect to any demand against the funds of the Society from any other Person claiming to be entitled to it.

(2) Any Person becoming entitled to a Share or to land already in mortgage to the Society as a result of the death or bankruptcy of a Member may, subject to Rule 4(8) and upon such evidence being produced and upon the payment of such fee (if any) as the Society may from time to time require, be registered as the Shareholding

Member or as the Borrowing Member in respect of the Loan and, if registration is refused in respect of a Share, the Society shall repay that Share with interest up to the date of repayment at the rate then being paid on that type of Share.

* This footnote is not part of the Rules. When these Rules were printed in June 2000, the "Statutes" applicable was the Building Societies Act 1986 which specified an amount of £5,000

6. CESSATION OF MEMBERSHIP

(1) Subject to paragraphs (2) and (3) below, a Shareholding Member shall cease to be a Shareholding Member if he ceases to hold a Share in the Society.

(2) If the Society allows a Shareholding Member to overdraw on his account, he shall not cease to be a Shareholding Member so long as the amount overdrawn does not exceed the limit to which the Society has for the time being consented but, if -

- (a) the amount overdrawn exceeds that limit, or
- (b) consent to overdrawing is withdrawn,

he shall cease to be a Shareholding Member on such date as the Society may decide.

(3) The Society may, without giving any reason, give to a Shareholding Member, not being a Director, except in relation to a Share that has been issued for a fixed term, not less than one month's notice in writing of its intention to terminate his membership rights as a Shareholding Member. The Society may, at the expiration of such notice, pay to the Shareholding Member the whole of his Shareholding together with interest on it, up to and including the date of payment at the rate or rates currently being paid. Payment may be made by cash or cheque given, posted or delivered to the sole Shareholding Member or to the Representative Joint Shareholder. Upon such payment being given, posted or delivered, a Shareholding Member shall cease to be a Shareholding Member.

(4) A Borrowing Member shall cease to be a Borrowing Member at any time if at that time the Society -

- (a) takes possession of, or exercises its power of sale in relation to, the whole or any part of the land on which the Loan is secured, or

- (b) obtains an order for foreclosure absolute or, in Scotland, foreclosure in respect of the whole or any part of that land, or
- (c) serves upon him written notice that it has transferred or assigned its interest in his Mortgage.

7. RAISING OF FUNDS

The Society may raise funds in accordance with and subject to the Statutes.

8. SHARES

Members who have one or more Share accounts currently in existence which were opened before these Rules took effect should read this Rule in conjunction with Additional Rule 1 on page 57.

(1) The power of the Society to raise funds by the issue of Shares shall be exercised, subject to these Rules and the Statutes, by the issue of Shares or classes of Shares as the Board may from time to time in its absolute discretion determine and the Board may decide to discontinue, suspend, limit or resume the issue of any Shares or class of Shares.

(2) Preferential or deferred Shares shall not be issued.

(3) The terms on which Shares or classes of Shares are to be issued shall be determined by the Society.

(4) (a) The Society may at any time change the terms on which Shares or any particular class of Shares already issued are held, in the manner and subject to the conditions set out in the terms applying at that time to such Shares or class of Shares. The Society shall use its best endeavours to ensure that any such alteration shall be publicised as follows -

- (i) by post to the Members, or
- (ii) by a notice exhibited at the Principal Office and at all branch offices of the Society and by advertisement in accordance with Rule 45(1), or
- (iii) by such other means as may be set out in the terms applying to the Share,

- (b) an accidental omission to exhibit a notice (where required) or to publicise under (a) above shall not affect the validity of the alteration.
- (5) If it appears to the Society that any Shareholding Member is suffering from mental disorder or is through mental infirmity arising from disease or age incapable of managing his affairs, any Person appearing to the Society to have the care of such Shareholding Member or the management of his affairs may, with its consent, withdraw the whole or any part of the amount standing to the credit of that Shareholding Member's account but, except in Scotland and in Northern Ireland, such consent shall not be given until -
 - (a) the Society has given to the Court of Protection notice in writing of the intention to give such consent specifying the name and address of the Person appearing to have the care of, or the management of the affairs of, such Member and the amount and nature of the sum to be withdrawn, and
 - (b) the Society has received from the Court notice in writing that the Court does not object to the giving of such consent, provided that in any case of exceptional urgency the Society, without awaiting the receipt of such notice, may consent to the withdrawal of a single sum not exceeding such sum as the Society from time to time thinks fit, and, in Scotland, if the Shareholding Member has a factor, curator or tutor, such consent shall be given only with the approval of that Person and, in Northern Ireland, if the Shareholding Member has a receiver, committee, guardian or controller, such consent shall be given only with the approval of that Person.

A Person appearing to the Society to have the care of, or the management of the affairs of, a Shareholding Member may be required for the purposes of this paragraph to give such indemnity against all claims in respect of the amount to be withdrawn as the Society thinks fit for the protection of the Society.

9. DEPOSITS WITH AND LOANS TO THE SOCIETY

Any Person who made a deposit with or loan to the Society before these Rules took effect should read this Rule in conjunction with Additional Rule 2 on page 61.

(1) The power of the Society to borrow money from any Person on deposit or by way of loan may be exercised, subject to these Rules and the Statutes, by the receipt of deposits or loans or classes of deposits or loans as the Board may in its absolute discretion from time to time determine.

(2) The Society shall have power to determine the terms on which deposits or loans or classes of deposits or loans are to be received and the Board may determine the rates of interest or bonus (if any) to be paid on deposits or loans or on classes of deposits or loans, and the conditions subject to which the same shall be payable.

(3) The Society may give such security upon any of its assets for any deposits or loans as the Board may from time to time consider expedient.

(4) Except where the Board requires otherwise, the receipt of a deposit taken by the Society in accordance with the Statutes shall be, insofar as it is permissible by the Statutes to do so, on terms that Rule 4(4) to (7), Rule 5, Rule 6(1) to (3), Rule 8(4) and (5), Rule 12(5) and Rule 45 apply (with any necessary consequential amendments being made) to a depositor and a deposit as those Rules apply to a Shareholding Member and a Share.

10. LENDING

Members who received an advance or other Loan from the Society before these Rules took effect should read this Rule in conjunction with Additional Rule 3 on page 61.

The Society may lend money, with or without security, upon such terms and conditions as the Board may determine from time to time, subject to the Statutes, the Memorandum and these Rules, and may suspend, reduce or waive any repayment of principal, or the payment of interest, or other payment on such terms and from such date (whether then already past or not) as the Society may think proper.

11. REPAYMENT OF MONEY OWED TO THE SOCIETY

Members who received an advance or other Loan from the Society before these Rules took effect should read this Rule in conjunction with Additional Rule 4 on page 65.

If a Person wishes to repay the whole or any part -

- (a) of a Mortgage Debt, or
- (b) of any sum owing,

before the time agreed, he may do so in accordance with the terms on which the money was lent and in the case of a repayment in full he shall pay to the Society the Mortgage Debt and all sums owing together, in any case, with any other of the Society's expenses connected with such repayment.

12. DIRECTION AND MANAGEMENT

(1) The business of the Society and any business that the Society proposes to carry on shall be under the direction of a Board of Directors consisting of not more than 8 nor (subject to the provisions of Rule 25(6)) less than 5 Members and the Board may from time to time resolve the number who together shall constitute the Board within these limitations.

(2) The Board may exercise all those powers of the Society that are not, by the Statutes or by these Rules, required to be exercised by the Society in general meeting.

(3) No Rule or alteration to a Rule made by the Society in general meeting shall invalidate any act of the Board prior to the date on which the Rule or alteration takes effect that would have been valid if that Rule or alteration had not been made.

(4) Without prejudice to the generality of the foregoing paragraphs (1), (2) and (3), the Board -

- (a) shall ensure the direction and management of all affairs and business of the Society by a sufficient number of Individuals fit and proper to be Directors or other Officers, in their respective positions, with prudence and integrity, in the best interests of the Society, in accordance with the Statutes, the Memorandum and these Rules,
- (b) may appoint, and terminate the appointment of, any Members of the Society as members of a local board with such powers, duties, discretions and authorities as the Board may at any time delegate to that board but so that-
 - (i) each Director shall be a member ex officio of

any such local board but no Director shall receive any remuneration by reason of his being an ex officio member of such local board,

- (ii) two members of a local board shall form a quorum, and
 - (iii) no Member shall be eligible for appointment to, or continue as a member of, any local board unless he shall have a Shareholding in his own right of not less than £250,
- (c) may, without prejudice to the generality of the foregoing sub-paragraph (b)(i), remunerate out of the funds of the Society, and pay the reasonable expenses and any professional and other fees of, the members of any local board,
- (d) may pay out of the funds of the Society the expenses of the Society and such sums as the Board may deem necessary or expedient to be paid in the interests of the Society, but no Director (other than a holder of any executive office) shall receive any payment save as is authorised by these Rules,
- (e) may make, vary or revoke regulations for the conduct of its meetings and all affairs and business of the Society, provided that the same are not inconsistent with the Statutes, the Memorandum and these Rules,
- (f) may authorise the use of all forms, instruments and other documents that it may deem necessary for the proper conduct of the business of the Society,
- (g) may delegate any of its powers, duties, discretions and authorities relating to the business of the Society to -
- (i) one or more Directors,
 - (ii) committees consisting of such Director or Directors, other Officer or Officers and/or employee or employees as it thinks fit,
 - (iii) one or more Officers or employees

provided that where the powers of the Board are delegated to a committee pursuant to (ii) above, no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting are

Directors or other Officers.

- (5) The Board may -
- (a) demand payment or reimbursement from any Person in respect of any cost, expense or liability that the Society may incur directly resulting from any act, default or neglect of such Person, or the carrying out of tasks considered by the Board to be outside the normal servicing of that Person's account. Such charges, including a proper sum for the cost of time, facilities, accommodation and services of its Officers, employees and agents shall be recoverable on the basis of a full indemnity. In the case of a Borrower this sum, if unpaid, may be debited to the mortgage account with interest at the rate payable from time to time, and
 - (b) from time to time levy charges in respect of the Society's services. The Society shall give not less than one months notice of its intention to impose or increase such charges and details of the charges concerned shall be given to Persons affected by individual notice or publicised in accordance with Rule 45(1). An accidental omission to give or publicise such details shall not affect the validity of the charges concerned.

13. ELIGIBILITY AND ELECTION OF DIRECTORS

(1) No Individual shall be elected or appointed as a Director unless -

- (a) he will be less than 70 years of age at the date on which the election, or in the case of an appointment under Rule 25, the appointment, would take effect,
- (b) he is qualified under Rule 14 at the date of his election or, in the case of appointment under Rule 25, the date of his appointment,
- (c) he is not a minor,
- (d) such Individual maintains in his own right a Shareholding with the Society of an amount not less than £1,000, and
- (e) (except in the case of appointment under Rule 25, or nomination under paragraph (12) below,

or where a Director retires under Rule 26), a nomination form in the form required by the Society, signed by not less than 150 Members who comply with the requirements of paragraph (4) below and addressed to the Secretary, has been delivered at the Principal Office. A nomination may be made at any time but, if made after the end of the Financial Year preceding the Annual General Meeting at which the vacancy in respect of which he is nominated is to be filled, the nomination shall be carried forward (unless the candidate otherwise requires) as a nomination for the next election of Directors at the next Annual General Meeting.

(2) The nomination form shall contain the full name, address, age and occupation of the Individual nominated, his consent to be so nominated, and the full names, account numbers and addresses of the Members proposing his nomination. The nomination form shall be dated with the date of its delivery at the Principal Office and that date shall be deemed to be the date of nomination for the purposes of paragraph (4) below.

(3) In exercise of its duties pursuant to Rule 12(4)(a), the Board may require any Individual nominated for election as a Director to supply in writing in such form as the Board may specify, evidence as to his qualifications, financial and managerial experience, creditworthiness, competence and character and to complete in draft any form or questionnaire that, if elected, he would be required to submit to any regulatory authority in accordance with the Statutes.

(4) The requirements with which a Member must comply in order to be eligible to nominate an Individual as a Director are as follows -

- (a) he must have been a Member for not less than 2 years before the date of nomination, and
- (b) either -
 - (i) if he claims eligibility as a Shareholding Member, he must hold at that date Shares to the value of not less than £100, or
 - (ii) if he claims eligibility as a Borrowing Member, he must owe at that date a Mortgage Debt of an amount not less than £100,

and, at all times during that period of 2 years, he must have been such a Shareholding

Member or such a Borrowing Member, and

(c) he must not be a minor at that date.

(5) An Individual duly nominated for election as a Director shall deposit £250 with the Society not later than one week after the end of the Financial Year referred to in paragraph (1)(e) above, and an Individual so nominated who fails to lodge the required deposit money with the Society within the time required by this paragraph shall not be eligible for election.

(6) An Individual duly nominated for election as a Director may furnish the Society with an election address or a revised election address and the Society shall be under a duty to send a copy of the address or revised address to each Member entitled to vote in the election if -

(a) the address or revised address does not exceed 500 words,

(b) the Society is furnished with the address or revised address before the end of the Financial Year referred to in paragraph (1)(e) above,

(c) publicity for the address or revised address is not likely to diminish substantially the confidence in the Society of investing members of the public,

(d) the right conferred by this paragraph on the Individual seeking election is not being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes, and

(e) the address or revised address relates directly to the affairs of the Society,

and the Commission shall hear and determine any dispute arising from sub-paragraph (c) above.

(7) Any Individual nominated for election as a Director may withdraw his name up to and including the date of the election, and in the event of such withdrawal the Board shall decide within one month after the date on which the Society received notice of his withdrawal whether all or any part of any deposit lodged by that person under paragraph (5) above shall be forfeited or returned to him.

(8) Elections of Directors shall be conducted on a

poll taken at the Annual General Meeting.

Where Directors are to be elected at the Annual General Meeting, a form for the appointment of a proxy shall be sent to each person entitled to notice of the meeting. Subject to paragraph 10(c) below, the vacancies shall be filled by those candidates obtaining the most votes in their favour. The Persons entitled to vote in an election of Directors are those Members who, on the voting date, are entitled to vote on an Ordinary Resolution.

The following provisions of the Rules shall apply to the poll -

- (a) the voting papers shall include the number of vacancies on the Board, the full names of all the candidates in alphabetical order and any declarations required by the Statutes,
 - (b) subject to paragraph (a) above, the Board shall prescribe or approve the form of the voting paper and may include such other declarations and denoting of retiring Directors as it thinks fit,
 - (c) the voting shall be effected by the placing of an X after the names of the candidates for whom the votes are to be cast,
 - (d) the voting paper shall be void if a Member votes for more candidates than there are vacancies to be filled.
- (9) If on the election of Directors there are more candidates than vacancies to be filled by the election, each Member entitled to vote in the election -
- (a) shall have one vote in respect of every vacancy, but
 - (b) cannot be required to cast all or any of his votes.
- (10) If on the election of Directors there are not more candidates than vacancies to be filled by the election -
- (a) each Member entitled to vote in the election shall have one vote in respect of every candidate, but cannot be required to cast all or any of his votes,
 - (b) each vote shall be capable of being cast either for or against the candidate concerned, and
 - (c) a candidate shall be elected if, and only if, more votes are cast for him than against him.

(11) Within 14 days after the date of the election the Society shall return to an Individual who -

(a) has been nominated for election as a Director, but

(b) has not been elected,

the deposit money lodged by him under paragraph (5) above if, but only if, he secured not less than -

(i) 5 per cent of the total number of votes cast for all the candidates in the election, or

(ii) 20 per cent of the number of votes cast for the candidate who has been elected with the smallest number of votes,

whichever is the smaller, and the Society shall also return within a like period to a Member who has been nominated for election as a Director, and who has been elected as such, the deposit money so lodged by him.

(12) If a vacancy arises on the Board after the last day of the Financial Year and before the conclusion of the Annual General Meeting held in the succeeding Financial Year for any reason including the death, disqualification or resignation of any retiring Director who was seeking re-election the Board may either -

(a) without giving notice under Rule 32 substitute in that Director's place some other Member who has filled the vacancy under Rule 25 and who is at the date of that meeting -

(i) less than 70 years of age, and

(ii) not a minor, and

(iii) qualified under Rule 14

to take the place of such retiring Director as a candidate for election and such Member shall be deemed to be a retiring Director, or

(b) reduce the number of vacancies to be filled at the Annual General Meeting by one in respect of each such event and any remaining vacancy on the Board shall be and become a vacancy which the Directors have power to fill under Rule 25.

14. QUALIFICATION OF DIRECTORS

(1) The qualification of a Director shall be that he holds in his own right a Shareholding to the value of not less than £1,000.

(2) An Individual -

- (a) who has been nominated for election as a Director, or
- (b) whom the Board proposes to nominate as a candidate for election as a Director under Rule 13(12) or to appoint under Rule 25, or
- (c) who is a Director,

shall produce to the Board on request his birth certificate (or such other evidence as the Board may consider acceptable) as evidence of his date of birth and if he fails to do so within 7 days (or such further time as the Board may allow) after the request, he shall be ineligible for election or if he is already a Director shall forthwith cease to hold office as a Director.

15. APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

(1) At its first meeting after every Annual General Meeting the Board shall elect from its number a Chairman and a Vice-Chairman who shall, subject to paragraph (3) below, hold office until the commencement of the first meeting of the Board held after the next Annual General Meeting unless either shall cease in the meantime to be a Director or shall resign the office. The Chairman shall preside at all meetings of the Board at which he is present and in the absence of the Chairman the Vice-Chairman shall take his place.

(2) If the Chairman and the Vice-Chairman so elected shall both be absent from a meeting of the Board or shall both decline to act as Chairman, the Directors present at that meeting shall elect a Director to be Chairman for the purposes of that meeting.

(3) The Board may at any time remove the Chairman or the Vice-Chairman from office.

(4) The Board shall fill from its number any casual vacancy (whether or not arising from the exercise of its power under paragraph (3) above) in the office of Chairman or Vice-Chairman and a Chairman or Vice-

Chairman so elected shall, subject to paragraph (3) above, hold office until the commencement of the first meeting of the Board held after the next Annual General Meeting unless he shall cease in the meantime to be a Director or shall resign the office.

16. MEETINGS OF DIRECTORS

(1) The Board shall meet for the despatch of business as often as it shall find necessary and 4 Directors present at any Board meeting shall, subject only to the provisions of Rule 25(6), form a quorum.

(2) Questions arising at a meeting shall be resolved by a majority of votes and, in the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

(3) The Secretary shall convene a special meeting of the Board upon the direction in writing of the Chairman or of any two other Directors or of the Chief Executive and, if he fails so to do, the Chairman or such two Directors or the Chief Executive 127 as the case may be, may convene the meeting. The Secretary may at any time at his own instance convene a special meeting of the Board.

(4) Subject to the provisions of Rule 24(2), two clear days' oral or written notice or such shorter period of notice in such a manner as the Board may have previously deemed appropriate of any special meeting of the Board shall be given to each Director and to the Chief Executive and, where appropriate, to the Secretary. It shall not be necessary to give notice to a Director or the Chief Executive at an address outside the United Kingdom.

(5) A notice given under paragraph (4) above shall state the business to be transacted at the special meeting.

(6) Subject to paragraphs (1) to (5) above and the approval of the Chairman of the meeting, all or any members of the Board, or any committee of the Board, or any local board, may participate in a meeting of the Board, or that committee, or local board, by means of a conference telephone or any other communications equipment which allows all Individuals participating in the meeting to hear, or both see and hear, each other. An Individual so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group is

assembled or, if there is no such group, where the Chairman of the meeting is present.

17. MINUTES

The Board shall cause minutes to be taken of all proceedings at all meetings of the Society, of the Board, of any committee and of any local board. Any such minutes of any meeting if purporting to be signed by the chairman of that meeting or by the chairman of the next succeeding meeting shall be conclusive evidence without any further proof of the facts stated in those minutes.

18. VALIDITY OF ACTS

(1) All acts done by the Board, or any committee, or any local board, shall be valid even though it might afterwards be discovered that there was some defect in the constitution of the Board, or committee, or local board, or in the election, or re-election, or appointment, of any member of the Board, or committee, or local board, or Individual acting as such. Likewise, such acts shall not be invalidated by reason of the fact that any Individual acting in such capacity was disqualified from holding office, or was not entitled to vote.

(2) A resolution in writing signed by all the members of the Board or of a committee of Directors or any local board shall be as valid and effectual as if it has been passed at a meeting of the Board or (as the case may be) a committee of Directors or any local board duly convened, constituted and held and may consist of several documents in a like form each signed by one or more Directors or (as the case may be) members of the local board.

19. REMUNERATION AND EXPENSES OF DIRECTORS

(1) The annual remuneration of the Directors as members of the Board (exclusive of any remuneration paid in respect of executive duties) shall be paid at a rate to be determined by the Board from time to time but not exceeding 3 pence per one hundred pounds of total assets of the Society as at the last day of each Financial Year. This remuneration shall be divisible among the Directors in such proportion as may be agreed among them by a majority decision.

(2) In addition to such remuneration, any Director may be paid such reasonable travelling, accommodation and other expenses as he might incur while attending Society business with the approval of the Board. He may also, by resolution of the Board, be paid for professional or other work done by him on behalf of the Society in addition to his usual services as a Director.

20. OFFICES OF PROFIT

(1) A Director may hold any office or place of profit with the Society (other than the office of auditor or valuer) simultaneously with his office of Director and may be appointed by the Board to an office or place of profit with any body corporate in which the Society is, or will be, interested.

(2) A Director so appointed to an office or place of profit with a body corporate in accordance with paragraph (1) above shall disclose to the Board any benefit he derives from any such office or place in the Financial Year in which it is received.

(3) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any office or place of profit with the Society or with any body corporate in which the Society is, or will be, interested or at which the terms of any such appointment are arranged. He may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms of that appointment.

21. INTEREST IN CONTRACTS

(1) Subject to a Director's complying with the provisions for the time being of the Statutes that -

- (a) require him to declare to the Board any direct or indirect interest he might have, or be treated as having in any contract to which the Society is a party,
- (b) prohibit particular contracts,
- (c) require a contract to be approved by a resolution of a general meeting, or
- (d) require him to furnish to the Society particulars of any related business,

he may enter into or be interested, whether

directly or indirectly, in contracts with the Society and shall not be disqualified from office as a result of his interest, nor shall he be liable to account to the Society for any profit arising out of any such contract to which he is a party or in which he is interested by reason of his being at the same time a Director.

(2) Except as required by Rule 19(1), no Director may vote as a Director in regard to any contract, or proposal for a contract, in which he is interested, whether directly or indirectly, or upon any matter arising out of it. If he shall so vote, his vote shall not be counted nor shall he be reckoned in estimating a quorum when any such contract, or proposal for a contract, is under consideration.

(3) Notwithstanding anything contained in this Rule, the prohibition contained in the foregoing paragraph (2) may at any time or times be suspended or relaxed to any extent by resolution at a general meeting of the Society.

(4) In this Rule the term "contract" includes any transaction or arrangement. For the avoidance of doubt, the word "interest" in this Rule does not include any interest a Director may have as a director of a wholly owned connected undertaking of the Society.

22. APPOINTMENT OF OFFICERS, EMPLOYEES AND OTHERS

(1) The Board shall appoint and may terminate the appointment of the Chief Executive and the Secretary.

(2) The Board may also -

(a) appoint and terminate the appointment of a Manager and such employees, advisers, bankers and agents as the Board may at any time determine,

(b) appoint under this Rule more than one Individual to any office or place of profit with the exception of the offices of Chief Executive and Secretary, and may require from any Person appointed under this Rule such guarantees as in its judgment shall appear necessary.

(3) The powers and duties of Persons appointed under this Rule shall be those given them from time to time by the Board which may pay them such salaries, wages, remunerations, fees, commissions and bonuses

(whether or not section 67 of the Building Societies Act 1986 would otherwise apply to such commissions or bonuses but not so as to contravene sub-section (5) of that section), compensation for loss of office or of employment, fees and other remuneration as it may consider desirable.

23. INDEMNITY TO DIRECTORS, OFFICERS AND EMPLOYEES

(1) Every Director, every other Officer and every employee of the Society shall be indemnified by the Society against any liability in respect of losses, costs, charges, damages and expenses which might arise from, or in the course of, his duties, but not against any such liability as, by virtue of any rule of law or of the Statutes, would attach to him in respect of any negligence, default, breach of duty or breach of trust of which he might be guilty in relation to the Society. He shall, however, be indemnified against any liability incurred by him in defending any proceedings whatsoever, whether civil or criminal, arising out of his duties in relation to the Society in which judgment is given in his favour or in which he is acquitted.

(2) The Society may make arrangements to provide and pay for insurance in respect of any such indemnity or liability as is mentioned in paragraph (1) above.

24. VACATION OF OFFICE AND DISQUALIFICATION

(1) Without prejudice to Rule 14(2), a Director shall cease to hold office -

- (a) if he resigns his office by notice in writing to the Secretary on the date specified in the notice or, if none, the date that the notice is received by the Secretary,
- (b) if he ceases to hold in his own right a Shareholding of not less than £1,000 as prescribed by Rule 14(1),
- (c) if he takes up a permanent residence outside the United Kingdom,
- (d) if he is requested in writing by a majority of his co-Directors to resign and a resolution that he has vacated office is thereafter passed at a meeting of the Board by at least a majority of the members of the full Board,

- (e) if for more than six consecutive months he absents himself without permission of the Board from meetings of the Board held during that period and the Board passes a resolution that he has vacated office,
- (f) if he becomes bankrupt or is sequestered or compounds or makes any arrangement with his creditors generally,
- (g) if he is, or might be, suffering from mental disorder and either -
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the provisions of the Mental Health Act 1983 or he is admitted to hospital under the provisions of the Mental Health (Scotland) Act 1984 or the provisions of the Mental Health (Northern Ireland) Order 1986, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other Individual to exercise powers with respect to his property or affairs,
- (h) upon a Special Resolution of which notice has been given under Rule 33(2)(a) that he shall cease to be a Director passed on a poll at a general meeting,
 - (i) if, whilst a Director of the Society and without the prior consent of his co-Directors, he accepts the office of a director or officer in, or employment by, any other building society or institution authorised under the Banking Act 1987 or any statutory modification or re-enactment thereof, or any other organisation, company or body deemed by the Board to be in direct competition with the business of the Society,
 - (j) upon the conclusion of the Annual General Meeting next following the date at which he attains 70 years of age,
 - (k) if he becomes prohibited by law from being a Director,
 - (l) if he contravenes Rule 21(1) by knowingly or recklessly failing to declare an interest and the Board passes a resolution that he

has vacated office,

- (m) if, having exhausted the appeals procedure set out in the Statutes, or having not appealed within the time limits permitted by the Statutes, a majority of the other Directors pass a Board resolution to give effect to a direction or a condition on the Society's authorisation imposed by the Commission requiring his removal as a Director.

(2) The Secretary shall give not less than 14 clear days' notice in writing to all Directors of a meeting of the Board at which it is intended to move a resolution that a Director has vacated office. The notice shall set out the proposed resolution and, if all the requirements of this paragraph are not complied with, the resolution, even if passed, shall be of no effect. The provisions of Rule 47(2) shall be deemed to apply to any such notice.

25. FILLING OF CASUAL VACANCIES

(1) In the case of any vacancy not occasioned by the retirement of any Director by rotation the Board may at any time, and from time to time, appoint an Individual as a Director to fill such vacancy.

(2) If the Board resolves to increase the number of Directors within the limitations prescribed by Rule 12(1), the Board may appoint an Individual as an additional Director in order to fill any vacancy.

(3) The Board shall appoint under this Rule only an Individual who -

- (a) appears to it to be fit and proper to be a Director, and
- (b) is qualified under Rule 13 (as far as that Rule is applicable), and
- (c) is not an Individual who, having been nominated for election as a Director at any election held within the preceding 12 months, was not elected as a Director.

(4) A Director appointed under this Rule shall hold office until the conclusion of the Annual General Meeting next following such appointment but, if he is appointed on a date falling within a period commencing with the beginning of the Financial Year and ending with the Annual General Meeting held in that year, he shall not retire at that Annual General Meeting but -

- (a) at the conclusion of the next Annual General Meeting, or
 - (b) at the expiration of the period of 16 months beginning with the date of his appointment,
- whichever is the earlier.

(5) A Director appointed under this Rule and retiring under paragraph (4) above shall be eligible for election without nomination, provided that he is qualified under Rule 14(1) at the date of the Annual General Meeting at which he retires and is not ineligible by reason of his age on that date.

(6) Notwithstanding any vacancies on the Board, the remaining Directors may continue to act. If at any time the number of Directors falls below the minimum of 5 prescribed by Rule 12, the Board so constituted, although its members are insufficient to form a quorum, may act by a majority of its members for a maximum period of 6 months but the Chairman shall, notwithstanding Rule 16(2), not have a second or casting vote.

26. RETIREMENT BY ROTATION

(1) In addition to any Director retiring under Rule 24(1)(j) or 25(4) and any Director choosing to retire and stand for re-election, not less than one-third (or the whole number nearest to but not exceeding one-third) of the other Directors or (if their number is greater) all those of the other Directors who have not been elected or re-elected at either of the last two Annual General Meetings shall retire from office at the Annual General Meeting in each year.

(2) The Directors to retire by rotation in each year shall be those who have been longest in office since their last election but, as between Individuals who were elected or were last re-elected Directors on the same day, those to retire shall, unless they agree among themselves, be decided by the Board by lot.

(3) A Director retiring under this Rule shall be eligible for re-election without nomination provided he is qualified under Rule 14(1) at the date of the Annual General Meeting at which he retires and is not ineligible by reason of his age on that date and he shall retain office until the conclusion of that meeting.

27. RESERVES

The Board may set aside to reserve sums whether for particular purposes or otherwise. Subject to the Statutes or regulations made under the Statutes, the revenue and reserve funds may be drawn upon for such purposes of the Society as the Board may think fit and in particular for the payment of interest and bonuses, or either of them, on Shares at such rates and in such manner as the Board may from time to time determine.

28. LOSSES

(1) For the purposes of this Rule liabilities and assets shall be determined at the figures at which they are taken into account in a balance sheet of the Society.

(2) If the accounting records show a loss in respect of any Financial Year, that loss shall be borne by the Society's reserves (if any). If at any time the accounting records disclose that the liabilities exceed the assets, the Board shall take such steps as it may deem necessary in the interests of the Society; for example, it may put to the Members proposals, including proposals to deal with the situation as follows-

- (a) the transfer of all the Society's engagements to an existing building society or company, or
- (b) the winding up of the Society.

(3) No Person who has been lent money by the Society and who does not hold a Share shall be liable for any loss incurred by the Society other than a loss incurred in connection with such lending but, if that Person also holds Shares, he shall be liable in respect of that Shareholding.

29. PENSION AND OTHER SCHEMES AND FUNDS

(1) In this Rule the term "Officers" excludes any Director who does not hold or has not held any executive position in the Society in addition to that of Director.

(2) The Board may from the Society's resources and on such terms as it thinks fit provide, establish, maintain and administer pension, life assurance, sickness, annuity and other funds or schemes (whether contributory or not) for the benefit of -

- (a) past, present or future Officers and employees of the Society,

- (b) past and present Officers and employees of any society with which the Society might merge in the future,
- (c) the spouses, children and dependants of Individuals referred to in sub-paragraphs (a) or (b) above.

(3) In addition to the powers aforesaid the Board may grant on such terms as it thinks fit other pensions, allowances, gratuities, donations and bonuses to or for the benefit of -

- (a) past or present Officers and employees of the Society,
- (b) past Officers and employees of a society with which the Society has merged,
- (c) any spouses, children or dependants of Individuals mentioned in (a) or (b) of this paragraph.

(4) The Board may make, vary and revoke the rules of any such fund or scheme as is mentioned in paragraph (2) (to such extent as this power is not as a result prohibited, or is found permissible) and may constitute any trust and may from time to time at its discretion exercise any powers reserved to the Society by the terms of any trust constituted by the Society including the power of modifying or discontinuing the terms of any such trust or any rules or regulations that may be or may have been made pursuant to it.

30. ANNUAL GENERAL MEETING

(1) The Society shall hold an Annual General Meeting in each Financial Year, at such hour, date and place as the Board shall determine.

(2) The Board shall lay before the Members at the Annual General Meeting the Annual Accounts of the Society for the last Financial Year before the date of that meeting, and shall also submit to them a report by the Board (called in these Rules "the Directors' Report") on the business of the Society, which Directors' Report shall include the information required by or under the Statutes.

(3) In these Rules "Annual Accounts" means the classes of document (including the notes to them) the Society is required (unless otherwise exempted) by or under the Statutes to prepare by way of accounts for itself individually and, if it has subsidiary undertakings,

by way of group accounts for itself and those subsidiary undertakings.

- (4) The report of the auditors on -
- (a) the Annual Accounts laid before the Annual General Meeting, and
 - (b) to the extent required by the Statutes, the annual business statement of the Society and the Directors' Report

shall be open to inspection by any Member at that meeting.

(5) No business shall be transacted at an Annual General Meeting, and no resolution shall be brought forward at any such meeting, except as might arise upon -

- (a) the Annual Accounts laid before the meeting,
- (b) the annual business statement for the last Financial Year before the date of the meeting,
- (c) the Directors' Report submitted to the meeting,
- (d) the report of the auditors on the documents listed in (a) to (c) above,
- (e) the election and re-election of Directors,
- (f) the appointment or re-appointment of auditors,
- (g) a motion for a resolution (whether Special Resolution or Ordinary Resolution), notice of intention to move which at the meeting has been duly given to the Society by 500 Qualified Members (as defined in Rule 33(1)(a)) not later than the last day of the Financial Year preceding that in which the meeting is held,
- (h) business (including a motion for a resolution, whether Special Resolution or Ordinary Resolution, or a motion for a Shareholding Members' or Borrowing Members' Resolution) brought before the meeting by the Board, and
- (i) notification of any merger or transfer proposal required by the Statutes.

31. SPECIAL MEETINGS

(1) All general meetings other than Annual General Meetings shall be called special general meetings.

(2) The Board may, whenever it thinks fit, convene a special general meeting.

(3)(a) The Board shall convene a special general meeting on the requisition of not less than 500 Members qualified under paragraph (4) below, and specify the meeting as such in the notice calling it. Subject to the provisions of sub-paragraph (b) below, the requisition shall state the objects of the meeting, and the full text of any resolution which the requisitioners wish to move at the meeting, (neither of which must include the election of a Director or a resolution which, if passed, would purport to interfere with the Directors' right and duty to manage the affairs of the Society). The requisition shall be signed by the requisitioners and deposited at the Principal Office and may consist of several documents in like form each signed by one or more requisitioners, provided that each document is deposited within 3 months of the date on which the first was deposited. A deposit of £25 in respect of each requisitioner signing the requisition shall be lodged with it. If within half an hour after the time appointed for the meeting a quorum is not present, all such deposits shall be forfeited but if a quorum is present the Members present and entitled to vote at the meeting shall decide by Ordinary Resolution whether the deposits shall be appropriated either wholly or in part towards the expenses of convening and holding the meeting and to any extent to which the deposits are not so appropriated they shall be returned by the Society to the requisitioners equally.

If required by the requisition, the Board shall, subject to sub-paragraph (c) below, send to each Member entitled to receive notice of the meeting a copy of a statement of not more than 500 words with respect to the matters to be dealt with at the meeting.

(b) The Board shall be under no duty to convene such a special general meeting if -

(i) the only or main object of the meeting as stated in the requisition is to move a resolution in substantially the same terms as any resolution which has been defeated at a meeting or on a postal ballot during the period beginning with the third Annual General Meeting before the date on which the requisition is deposited at the Principal Office, or

- (ii) the date of the meeting called in accordance with paragraph (5) below would fall during the period of four months beginning one month after the end of the Financial Year.
- (c) The Board shall be under no duty to send copies of a statement to Members entitled to receive notice of the meeting in any case where -
 - (i) the statement does not relate directly to the affairs of the Society, or
 - (ii) publicity for the statement would be likely to diminish substantially the confidence in the Society of investing members of the public, or
 - (iii) the rights conferred by paragraph (a) above are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes,

and the Commission shall hear and determine any dispute arising from sub-paragraph (ii) above.

(4) A Member shall be qualified under this paragraph for the purposes of paragraph (3) above if he -

- (a) has or had a Shareholding to the value of not less than £100 or owes or owed to the Society a Mortgage Debt of not less than £100 on the qualifying date, and
- (b) had held such a Shareholding or owed such a Mortgage Debt for a continuous period of not less than 2 years ending with the qualifying date, and
- (c) is not a minor,

and in (a) and (b) above the "qualifying date" is either the date of deposit of the sole requisition or the date of deposit of the last requisition sufficient to comply with the requirements of paragraph (3).

In addition, to be qualified under this paragraph for the purposes of paragraph (3) above, a Member must -

- (i) state his full name and address, and

- (ii) identify a share account or mortgage account or both with the Society which will evidence the fact that he fulfils the conditions set out in paragraphs (a) and (b) above.

If the Board wishes to object to the requisition by virtue of any of the requirements of this paragraph or paragraph (3) above not being met, it must do so within 14 days of the requisition or document being deposited at the Principal Office.

(5) If the Board does not within 28 days after the date of deposit of the sole requisition or the date of deposit of the last requisition sufficient to comply with the requirements of paragraph (3) above proceed to despatch notices convening a meeting to be held within 63 days after that date, the requisitioners or any proportion of them exceeding one half may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of five months from the date of the deposit of the sole or last requisition. The meeting so convened by the requisitioners shall be convened in the same manner, as nearly as possible, as that in which meetings are convened by the Board and notices of it shall be sent by post to the Persons entitled to it under Rule 32(3).

The Board or, as the case may be, the requisitioners shall give to the Members notice of any resolution the requisitioners propose to move at the meeting at the same time and in the same manner as notice is given of the meeting.

If the Board is required under paragraph (3)(a) above to send a statement to Members entitled to receive notice of the meeting and does not comply with the requirement within 28 days from the date of the deposit of the sole requisition or the date of deposit of the last requisition, not less than one half of the requisitioners themselves may send a copy of the statement to each Member entitled to receive notice of the meeting.

Any days falling within the period mentioned in paragraph (3)(b)(ii) above shall be disregarded in determining any period for the purposes of this paragraph.

Any reasonable expenses incurred by the requisitioners by reason of the failure of the Board duly to convene a meeting shall be paid to those requisitioners by the Society. Any sum so paid shall be recovered by the Society from the defaulting Directors (whether by way of retention of fees or other remuneration in respect of services, or otherwise).

(6) No business shall be entertained at any special general meeting except such as shall be stated in the notice convening the meeting or, (where applicable), to decide by Ordinary Resolution whether the deposits mentioned in paragraph (3)(a) above shall be appropriated either wholly or in part towards the expenses of convening and holding the meeting.

(7) Except where the requisitioners themselves convene a special general meeting under paragraph (5) of this Rule, special general meetings shall be held at such hour, date and place as the Board shall determine.

(8) The accidental omission to give, send or deliver a statement to, or the non-receipt of a statement by, any Person entitled to receive a statement shall not invalidate the proceedings at that meeting.

32. NOTICE OF MEETINGS

(1) At least 21 clear days' notice, calculated from the final date for the receipt of proxies under Rule 37(3), in writing of every general meeting (whether an Annual General Meeting or a special general meeting) specifying the hour, date and place of the meeting shall be given to Members as provided in paragraph (3) of this Rule. The notice shall specify -

- (a) the nature of any resolution to be moved at the meeting and of the other business to be transacted at it, and
- (b) the full name of each candidate for the office of director or auditor, unless in the case of an Individual nominated under Rule 13(12) the nomination has been made, or in the case of an auditor his nomination has been received, too late for his candidature to be included in, or to accompany, the notice.

The notice shall state that -

- (i) a Member entitled to attend and vote may appoint one proxy to attend and, on a poll, vote at the meeting instead of him, and
- (ii) the proxy need not be a Member of the Society, and
- (iii) the Member may direct the proxy how to vote at the meeting.

(2) The Annual General Meeting shall be described as such in the notice of meeting.

(3) Notice of meeting shall be given to every Member who would be eligible to vote at the meeting under the provisions of Rule 36 if the meeting were held on the date of the notice. Notice shall also be given to every Person who -

- (a) becomes a Shareholding Member or Borrowing Member of the Society after the date of the notice and before the specified date, or
- (b) being such a Member at the date of the notice, attains the age of 18 after that date and on or before the date of the meeting,

and who would (in either case) be eligible to vote at the meeting if he remained such a Member until the date of the meeting. The "specified date" means the date specified by the Society as the final date for the receipt of proxies under Rule 37(3).

(4) Subject to Rule 47(3), a notice of meeting shall, unless otherwise specified, be given in accordance with Rule 47(2). In paragraphs (5) to (9) below, the term "notice" includes any Members' Notice given or statement duly lodged and required to be sent by Rule 33(2) and any election address, or revised election address, required to be sent by Rule 13(6).

(5) A notice of meeting shall be given by the Society to -

- (a) joint Shareholding Members, or
- (b) joint Borrowing Members,

either by giving it personally or by sending it by post or otherwise delivering it to the Registered Address of the Representative Joint Shareholder or the Representative Joint Borrower respectively.

(6) A notice of meeting shall be given by the Society to the Persons who, in consequence of the death or bankruptcy of a Member, are entitled -

- (a) to a Share, or
- (b) to land already in mortgage to the Society

either by giving it personally or by sending it by

post or by otherwise delivering it, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, to the address, if any, supplied for the purpose by the Persons claiming to be so entitled, or (until such an address has been so supplied) by sending the notice through the post to the Registered Address of the deceased or bankrupt member.

(7) A notice of meeting shall be given to the holder of a power of attorney which has been duly registered in the records at the Principal Office by giving it personally or by sending it by post or otherwise delivering it to the Registered Address of the holder of the power of attorney, and shall relieve the Society of the obligation to give notice to the Member who gave the power.

(8) If a Member is suffering from mental disorder a notice of meeting shall be given by the Society to his receiver, curator bonis or other Person in that behalf appointed by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder. Such a notice shall be given to such Person personally or by sending it by post or otherwise delivering it to the address supplied for the purpose by the aforesaid receiver, curator bonis or other Person or, until such an address has been so supplied, by sending the notice by post to the Registered Address of the Member.

(9) The accidental omission to give, send or deliver a notice of meeting to, or the non-receipt of a notice of a meeting by, any Person entitled to receive notice shall not invalidate the proceedings at that meeting.

33. ENTITLEMENT TO PROPOSE RESOLUTIONS

(1) For the purposes of the following paragraphs of this Rule the following expressions shall have the following meanings -

- (a) "Qualified Member" means a Member who has been a Member for not less than 2 years before the qualifying date, was not a minor on the qualifying date, and either -
 - (i) holds or held Shares to the value of not less than £100 on the qualifying date, or
 - (ii) owes or owed a Mortgage Debt to the Society of an amount not less than £100 on the qualifying date,

and

- (iii) at all times during that period of 2 years, was such a Shareholding Member or such a Borrowing Member,

and in this paragraph the "qualifying date" is the date on which the notice of intention to have the resolution moved is given to the Society.

- (b) "Requisite Number" means 500, and
- (c) "Members' Notice" means a notice given to the Society in writing (whether in one or more documents) signed by at least the Requisite Number of Qualified Members, of their intention to have moved on their behalf at an Annual General Meeting a Resolution that is specified in the Notice and is either a Special Resolution or an Ordinary Resolution, but is not a Shareholding Members Resolution or a Borrowing Members Resolution.

(2) If the Society receives a Members' Notice, (subject to paragraphs (3) and (4) below) the Board shall -

- (a) include in the notice of the Annual General Meeting a notice specifying the intention of those Members moving it to have the resolution moved on their behalf at that meeting and, if applicable, the intention to move it as a Special Resolution and
 - (b) at the request of the Qualified Members intending to have the resolution moved on their behalf, include in the notice of that meeting to each Member entitled under Rule 32(3) above to receive notice of that meeting a copy of any statement of not more than 500 words with respect to the matter referred to in the resolution.
- (3) The Board shall be under no duty -
- (a) to include a Members' Notice in the notice of the Annual General Meeting, or
 - (b) to send to Members such a statement as is mentioned in paragraph 2(b) above

if -

- (i) the Members' Notice (or the last of the

documents sufficient to enable it to comply with the requirements of paragraph 1(c) above) and, if submitted, any statement given (of the kind mentioned in paragraph 2(b) above) are given to or lodged with the Society later than the last day of the Financial Year preceding that in which the Annual General Meeting at which it is intended to move the resolution is held, or

- (ii) the resolution specified in the Members' Notice and, if lodged, any such statement does not relate directly to the affairs of the Society, or
- (iii) publicity for the resolution specified in the Members' Notice or, as the case may be, the statement would be likely to diminish substantially the confidence in the Society of investing members of the public, or
- (iv) the rights conferred by paragraph (2) above are being abused to seek needless publicity for defamatory matter or for frivolous or vexatious purposes, or
- (v) the resolution specified in the Members' Notice is in substantially the same terms as any resolution that has been defeated at a meeting or on a postal ballot during the period beginning with the third Annual General Meeting before the date on which the Members' Notice (or the last of the documents sufficient to enable it to comply with the requirements of paragraph 1(c) above) is given to the Society, or
- (vi) the resolution if passed would purport to interfere with the Directors' right and duty to manage the affairs of the Society,

and the Commission shall hear and determine any dispute arising from sub-paragraph (iii) above.

(4) If it is not practicable for any reason to include a Members' Notice, duly given, within the notice of the Annual General Meeting, the Members' Notice so given together with any statement, duly lodged, as mentioned in paragraph 2(b) above shall be sent along with the notice of that meeting. If, however, that is not practicable, the Members' Notice so given and any statement so lodged shall be sent as soon as practicable after the despatch of the notice of that meeting.

34. QUORUM AT MEETINGS

(1) No business shall be considered at any Annual General Meeting or special general meeting unless a quorum is present at the time when the meeting proceeds to business and a quorum shall be constituted for all purposes as follows -

- (a) if a motion for a resolution (other than a Borrowing Members' Resolution) is included in the business at such a meeting or if the meeting is a special general meeting (other than one requisitioned under Rule 31(3)), by 50 Members present and entitled to vote on a show of hands under Rule 36(5),
- (b) if a Borrowing Members' Resolution is included in the business at an Annual General Meeting or special general meeting, by 50 Members who are present and entitled to vote -
 - (i) in the case of a Shareholding Member, under Rule 36(5) on a show of hands, or
 - (ii) in the case of a Borrowing Member, under Rule 36(5) on a poll,
- (c) if resolutions referred to in both sub-paragraphs (a) and (b) above are to be considered, by Members qualifying accordingly,
- (d) if the meeting is a special general meeting requisitioned under Rule 31(3), by 100 Members present and entitled to vote under Rule 36(5) on a show of hands.

(2) If no quorum shall be present within half an hour after the time appointed for the Annual General Meeting or special general meeting, the Chairman of the meeting shall adjourn it to such hour, date and place as he shall direct, unless it is a special general meeting requisitioned under Rule 31(3) whereupon the Chairman of the meeting shall dissolve it.

(3) The Members present at an adjourned meeting and entitled under paragraph (1) above to be included in the quorum for the meeting shall constitute a sufficient quorum.

35. PROCEDURE AT MEETINGS

(1) The Chairman of the Board or, in his absence, the Vice-Chairman of the Board shall preside at every

meeting of the Society. If there is no such Chairman or Vice-Chairman or if neither the Chairman nor the Vice-Chairman is present within fifteen minutes after the time appointed for the meeting or if both the Chairman and the Vice-Chairman are unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting. If at any meeting no Director is willing to act as Chairman, or if no Director is present within fifteen minutes after the time appointed for the meeting, the Members present and entitled under Rule 34(1) above to be included in the quorum for the meeting shall choose one of their number who is present to be the Chairman of the meeting.

(2) The Chairman of the meeting may, notwithstanding the presence of a quorum (and shall, if so directed by a resolution of the meeting), adjourn the meeting from time to time and from place to place but, except as provided in paragraph (10) of this Rule, no business shall be transacted at any adjourned meeting other than the business left unfinished or not reached at the meeting from which the adjournment took place.

(3) Every adjourned meeting shall be deemed a continuation of the original meeting but any resolution passed at an adjourned meeting shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

(4) When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(5) Subject to the Statutes and these Rules every question submitted to an Annual General Meeting or special general meeting shall be decided by a simple majority and such votes shall be taken in the first instance by a show of hands.

(6) A poll may (before or on the declaration of the result of the show of hands) be demanded by -

- (a) the Chairman of the meeting, or
- (b) 10 Members who are entitled to vote at the meeting and are present in person, by proxy, by attorney, by representative or by a Person specified in Rule 36(7),

and in the event of such a demand, a poll shall

be taken in accordance with paragraph (10) of this Rule, but no poll shall be permitted upon a resolution to appoint a Chairman or as to whether the meeting should be adjourned.

(7) Unless a poll be so demanded, a declaration by the Chairman that a resolution on a show of hands has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting 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.

(8) If a motion for a Special Resolution or an election of Directors is to be put to the vote of the meeting or there is a contest for the office or appointment of auditor, a poll shall be deemed to have been demanded by the Chairman.

(9) Except in the case of a motion for a Special Resolution or of an election of Directors or of a contest for the office or appointment of auditor, the demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

(10) If a poll is duly demanded in accordance with paragraph (6), it shall be taken at the meeting at which it is demanded or, if the Chairman so decides, at an adjourned meeting and in either case (subject to Rules 13(8), (9) and (10) in the case of an election of Directors and to Rule 41(6) in the case of a contested appointment of auditors) in such manner, subject to paragraph (12) below, as the Chairman directs and the result of the poll, shall, notwithstanding paragraph (3) of this Rule, be deemed to be the resolution of the meeting or adjourned meeting at which the poll was taken. The Chairman may, in the event of a poll, appoint the scrutineers (who need not be Members) and may adjourn the meeting or adjourned meeting to some hour, date and place fixed by him for the purpose of declaring the result of the poll.

(11) A poll demanded on any question shall not prevent the continuance of a meeting for the transaction of any business other than that upon which the poll has been demanded.

(12) Voting papers to be used on a poll shall be valid only if they are issued by the Society. Members are entitled to vote in accordance with Rule 36. In addition, if the Member is voting by proxy, Rule 37 shall apply.

(13) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is taken, shall be entitled to a second or casting vote.

36. ENTITLEMENT OF MEMBERS TO VOTE ON RESOLUTIONS

(1) In this Rule "voting date" means -

- (a) the date of the meeting at which the resolution is intended to be moved, or
- (b) in the case of a Member appointing a proxy to vote instead of him at a meeting, the date the Society specifies as the final date for the receipt of instruments appointing proxies to vote on that resolution.

(2) Subject to paragraphs (3) and (4) below, a Member is entitled to vote -

- (a) on an Ordinary Resolution or a Special Resolution if he was, at the end of the last Financial Year before the voting date, and is, on the voting date, a Shareholding Member or Borrowing Member,
- (b) on a Shareholding Members' Resolution if he was, at the end of that year, and is, on the voting date, a Shareholding Member, and
- (c) on a Borrowing Members' Resolution if he was, at the end of that year, and is, on the voting date, a Borrowing Member.

(3) A Shareholding Member is entitled to vote on a resolution (whether Ordinary, Special or Shareholding Members') if -

- (a) being an Individual he is not a minor on the voting date or, where he is voting by proxy, on the date of the meeting at which the resolution is intended to be moved, and
- (b) in the case of a joint Shareholding he is the Representative Joint Shareholder, and
- (c) he held Shares to the value of not less than £100 -
- (i) at the end of the Financial Year before the

voting date, or

- (ii) if the voting date falls during that part of the Financial Year which follows the conclusion of the Annual General Meeting commenced in that year, at the beginning of the period of 56 days immediately preceding the voting date for Members voting in person at a special general meeting or a postal ballot

as the case may be, and

- (d) he has not ceased to hold Shares at any time between the time referred to in (c)(i) or (ii) above (as applicable) and the voting date.

(4) A Borrowing Member is entitled to vote on a Resolution (whether Ordinary, Special or Borrowing Members') if -

- (a) being an Individual he is not a minor on the voting date or, where he is voting by proxy, on the date of the meeting at which the resolution is intended to be moved, and
- (b) in the case where the Loan has been made to two or more Members jointly he is the Representative Joint Borrower, and
- (c) the amount of his Mortgage Debt to the Society in respect of that Loan both at the end of the last Financial Year before the voting date and at that date is not less than £100, and
- (d) where a Borrowing Members' Resolution approving a transfer of the engagements of the Society is moved, his is one of the mortgages to be transferred.

(5) Subject to paragraph (3) or (4) above (as applicable), on a show of hands every Member who -

- (a) being an Individual, is present in person or by attorney or by a representative or by a Person specified in paragraph (7) of this Rule, or
- (b) being a body corporate, is present by a Corporate Representative, not being himself a Member entitled to vote thereon,

shall be entitled to one vote and on a poll a Member may vote in person or by proxy or by attorney or by representative or by a Corporate Representative or by a Person specified in

paragraph (7) of this Rule and shall be entitled to one vote.

(6) The holder of a power of attorney from a Person who is a Member and who is entitled to vote under paragraphs (2) or (3) or (4) above shall, if the power of attorney is duly registered at the Principal Office and if the power has the effect of authorising the holder to exercise the rights of the Member under the Rules, be entitled to vote in all circumstances as if he were a member and in the Member's stead but he shall not be entitled to appoint a proxy or an attorney.

(7) A Member who is entitled to vote under paragraph (2) or (3) or (4) above but in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other representative in that behalf appointed by that court. Any such receiver, curator bonis or other representative may, on a poll, vote by proxy. Evidence to the satisfaction of the Board of the authority of the Person claiming to exercise the right to vote shall be deposited at the Principal Office not less than 2 clear days before the day appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

(8) A body corporate entitled to vote under paragraph (2) or (3) or (4) above may by resolution of its directors or other governing body expressed in a deed or other duly executed instrument authorise an Individual (who should not be a Member) to act as its Corporate Representative at a meeting or adjourned meeting. Such Corporate Representative shall not be entitled to appoint a proxy but shall (subject to Rule 37(3)) otherwise be entitled to exercise the same powers on behalf of the body corporate he represents as that body corporate could exercise if it were an Individual Member.

(9) The right to vote shall be limited to those Persons on whom this Rule confers a right to vote.

37. APPOINTMENT OF PROXIES

(1) A Member entitled to attend and vote at a meeting of the Society-

- (a) may appoint one Person (whether a Member or not) as his proxy to attend and, on a poll, to vote at the meeting instead of him, and

(b) may direct the proxy how to vote at the meeting.

(2) A proxy shall be appointed by an instrument in writing which shall be in such form and include such declarations as the Board may from time to time determine. The instrument shall enable the Person appointing the proxy to direct him how to vote and, if the instrument is not in the form specified by the Society or is not signed by the appointor, the appointment of the proxy shall be invalid.

(3) The instrument appointing a proxy or representative shall be deposited at the Principal Office, or such other place as the Board may from time to time determine, not less than two clear days before the day appointed for holding the meeting, or adjourned meeting, and in default the instrument shall not be treated as valid.

(4) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll but, save as by this paragraph provided, a proxy shall have no right to speak at the meeting.

(5) If a Member who at the final date for the receipt of proxy instruments determined under paragraph (3) above is entitled to attend and vote at the meeting appoints a Person as a proxy to vote instead of him at that meeting and then ceases after that date to be so entitled, that Person may notwithstanding Rule 36(2), (3) or (4) act as the Member's proxy at that meeting.

(6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of a Share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer as aforesaid shall have been received by the Society at its Principal Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

38. JOINT SHAREHOLDING MEMBERS AND JOINT BORROWING MEMBERS

(1) No joint Shareholding Member, other than the Representative Joint Shareholder, and no joint Borrowing Member, other than the Representative Joint Borrower, may attend a meeting except as a proxy or exercise any right conferred by these Rules on a Member.

(2) Any reference in these Rules to any number of Members shall be read as if any joint Shareholding were held by the Representative Joint Shareholder and as if any Loans received jointly were received by the Representative Joint Borrower.

39. POSTAL BALLOTS

(1) The Board may determine to submit a resolution for decision by postal ballot, but the power conferred by this Rule shall not be exercisable in respect of -

- (a) elections of Directors, or
- (b) Shareholding Members' Resolutions, or
- (c) Borrowing Members' Resolutions, or
- (d) any other resolution required by the Statutes to be passed at a meeting of the Society, or
- (e) resolutions for the appointment or reappointment of an auditor or for the removal of an auditor before the expiration of his term of office.

(2) If any resolution is passed or is rejected at any general meeting or adjourned general meeting then, if in the opinion of the Board the carrying into effect of such resolution would be injurious to the Society (in the one case) or the passing of such resolution would be beneficial to the Society (in the other case), the Board may within one month after that meeting -

- (a) determine to submit the resolution for decision by postal ballot, and
- (b) cause the operation of a resolution passed to be suspended until such a decision.

(3) Within one month (or such longer period as the Board may deem necessary) after the determination of the Board under paragraphs (1) or (2) above the Society shall give notice of the postal ballot which, accompanied by or incorporating a voting paper, shall be sent -

- (a) not less than 21 days nor more than 56 days before the date which the Society specifies for the receipt of the completed voting papers, and
- (b) subject to Rule 47(3), by post to the Registered Address of every Member who under Rules

36(2) to (4) (whichever is applicable) would be eligible to vote on the resolution if the voting date fell on the date of the notice of the postal ballot, "the voting date" here meaning the date specified for the receipt of the completed voting papers, and

- (c) to every Person -
 - (i) who becomes a Shareholding Member or Borrowing Member of the Society after the date of the notice of the postal ballot and before the voting date, or
 - (ii) who, being such a Member at the date of that notice, attains the age of 18 after that date and on or before the voting date,

and who would (in either case) be eligible to vote on the resolution if he remained such a Member until the voting date,

and for the purposes of this paragraph, paragraphs (5) to (9) of Rule 32 shall apply to the sending of a notice of a postal ballot as they apply to the sending of a notice of a meeting.

(4) The notice of a postal ballot sent in accordance with paragraph (3) above -

- (a) shall contain such other notices relating to the resolution, and
- (b) shall be accompanied by such other documents

as would be required to be given, sent or delivered to a Member with a notice of a meeting, had it been intended to vote on the resolution at a meeting instead of by postal ballot with the exception of any notices relating to voting by proxy at a meeting.

(5) The accidental omission -

- (a) to give notice of a postal ballot, or
- (b) to send a voting paper or any document required by paragraph (4) above to accompany such a notice,

to any Person entitled to receive it, or non-receipt of such a notice, voting paper or document by such a Person, shall not invalidate the postal ballot.

(6) The voting paper shall be in such form and be accompanied by or incorporate any explanatory note as the Board may decide.

(7) Subject to the foregoing provisions of this Rule, the Board shall make regulations for the conduct of the ballot (including the appointment of a Person to decide all questions that might arise relating to the postal ballot except such as are by this Rule delegated to the Board) and shall fix a time (not being later than 7 days after the final date for the receipt of voting papers) and place at which the voting papers shall be opened and counted.

(8) A Member to whom a voting paper is sent in accordance with paragraph (3) above shall be entitled to one vote on any resolution.

(9) The matter in question shall be decided by the appropriate majority of the votes given and where relevant the appropriate proportion of eligible Members voting and if the decision is -

- (a) to rescind a resolution, it shall be rescinded as from the time at which the counting of the votes is completed but any such rescission shall not affect the validity of any act done under the resolution before it was suspended, or
- (b) to carry into effect or to pass a resolution, that resolution shall come into effect as from the time at which the counting of the votes is completed.

(10) The Board shall announce the result of the postal ballot by -

- (a) an advertisement in a newspaper or newspapers having an appropriate circulation, and
- (b) a notice displayed in a prominent position at the Principal Office and at all branch offices

and shall state in that advertisement and notice the time at which the counting of the votes was completed.

40. COUNTING OF VOTES

If on a show of hands, a poll or a postal ballot -

- (a) any votes are counted that ought not to have been counted, or

- (b) any votes are not counted that ought to have been counted,

the error shall not vitiate the decision arrived at unless it has been in the opinion of the Chairman or in the case of a postal ballot the Individual appointed by the Board pursuant to regulations made under Rule 39(7) of sufficient magnitude so to do.

41. AUDITORS

(1) At each Annual General Meeting the Society shall appoint one or more auditors to hold office as such from the conclusion of that meeting until the conclusion of the next Annual General Meeting.

(2) No Person shall be appointed as an auditor of the Society unless he is qualified for such an appointment by or under the Statutes.

(3) The Board may appoint any Person qualified for appointment under this Rule to fill any casual vacancy but, while any such vacancy continues, any surviving or continuing auditor may continue to act.

(4) If notice of intention to move a resolution at an Annual General Meeting or special general meeting -

- (a) appointing as auditor a Person other than a retiring auditor, or
- (b) filling a casual vacancy in the office of auditor, or
- (c) reappointing as auditor a retiring auditor who was appointed by the Board to fill a casual vacancy, or
- (d) removing an auditor before the expiration of his term of office,

is to be given, the notice, if it is to be effective, must be given in accordance with paragraph (5) below.

(5) Such notice must be given to the Society not less than 28 clear days before the meeting at which it is to be moved -

- (a) by the Board, or
- (b) in the case of an Annual General Meeting, by

the requisite number of qualified Members entitled to move a resolution under Rule 33(1), or

- (c) in the case of a special general meeting, by 500 Members qualified to requisition such a meeting under Rule 31(4),

and the Society shall give notice of the resolution (and send copies of any appropriate representations made by the auditors in due time) to the Members entitled to receive notice of the meeting at which the resolution is to be moved.

(6) If at an Annual General Meeting or special general meeting there is a contest for the office of auditor in that there are more candidates for such office than there are vacancies, the vote shall be taken on a poll, which shall be deemed to have been demanded by the Chairman and the candidates obtaining the most votes shall fill the vacancies. The procedure for the poll shall be the same as that set out in Rules 13(8) and (9) for election of Directors but substituting "auditors" for "Directors" and with any other necessary consequential amendments.

(7) The remuneration to be paid to the auditors shall be fixed by the Board and, for the purposes of this paragraph, the term "remuneration" shall be deemed to include sums to be paid in respect of the auditors' expenses.

42. COMMON SEAL

(1) The Common Seal of the Society shall bear the name of the Society in a circle enclosing, for a device, a lion rampant.

(2) The Society may have in addition to the Common Seal one or more other seals each of which shall be a facsimile of the Common Seal. Any provisions relating to the safe custody and otherwise of the Common Seal shall also apply to any such facsimile seals.

(3) The Common Seal shall be kept at the Principal Office or at such other place as the Board may from time to time determine, and shall be in the custody of such Individual as the Board may from time to time direct.

(4) The Common Seal shall not be used without the authority of the Board or a Committee of the Board

authorised in that behalf and, when used or affixed to any document, such document shall be countersigned by such Individual or Individuals as the Board may authorise for that purpose from time to time. All documents so sealed and countersigned shall be deemed to be validly executed by the Society.

(5) In this Rule the word "countersigned" includes the use of a facsimile signature by whatever process reproduced. The use of such facsimile signature is only authorised in so far as it is permitted from time to time by law.

43. CUSTODY OF DOCUMENTS

All documents of title, mortgage deeds and other securities belonging to the Society and all the documents relating to -

- (a) land on which Loans are secured, and
- (b) loans, whether or not they are secured, made by the Society

shall be kept in safe custody by such employees of the Society or such Persons as the Board shall appoint for the purpose either -

- (i) at the Principal Office, or
- (ii) at such other place or places as may from time to time be determined by the Board,

and the consent of the Board or of an Officer or of such an employee or such Person shall be required on each occasion on which any such document is released from such custody.

44. DISTRIBUTION OF SURPLUS ASSETS ON WINDING UP OR DISSOLUTION

(1) Upon the winding-up of the Society, or upon its being dissolved by consent, any surplus remaining after payment in full of the Society's creditors and repayment to Members of the amount of their Shares (together with interest due thereon) shall be applied either in accordance with the instrument of dissolution (if any) or otherwise shall be divided among qualifying Members in proportion to the values of their Shareholdings at the date of commencement of dissolution or winding-up.

(2) For the purposes of this Rule, "qualifying Members" means Persons who hold on the date of commencement of the dissolution or winding-up, and have held, throughout the period of two years up to that date, Shares to the value of not less than £100.

45. COMMUNICATIONS WITH MEMBERS BY ADVERTISEMENTS AND ANNOUNCEMENTS

(1) The requirements of Rules 8(4)(a), and 12(5)(b) for publicising by way of advertisement alterations in any of the terms on which the Shares are held, or any charges to be levied shall be met if an advertisement announcing the alterations or charges and showing the date on which each alteration or charge is to take, or took, effect appears in at least two newspapers currently selected by the Board under paragraph 2 below.

Notice shall be deemed to have been given by such advertisement on the first day on or by which the advertisement has appeared at least once in each of the selected newspapers.

(2) The Board shall select newspapers for the purposes of paragraph (1) above and may vary its selection from time to time.

(3) The Board shall maintain a list of the newspapers currently selected by it for the purposes of paragraph (1) above so that any Member who enquires of the Society can be informed as to the newspapers so selected.

46. ALTERATION OF RULES

Notwithstanding anything elsewhere in these Rules, these Rules may be altered by passing a resolution as a Special Resolution.

47. NOTICES TO THE SECRETARY AND BY THE SOCIETY

(1) Any notice or other document to be served on the Society under these Rules may be served -

- (a) by leaving it, addressed to the Secretary, at the Principal Office, or
- (b) by sending it by post, or delivering it, to him at that Office,

(2) Subject to paragraph (3) below, any notice or other document to be served by the Society on a Member under these Rules may be served either on him personally or by sending it by post or by otherwise delivering it, addressed to him at his Registered Address, and a notice or document so sent and addressed shall be deemed to have been duly served 72 hours after having been posted (regardless of the class of post by which such notice or document is sent). The provisions of Rule 32(5)-(9) shall apply to the service of any notices in the same way as to notice of meetings, with the necessary changes being made.

(3) The Society shall not be obliged by the Statutes or these Rules to serve a notice (including a notice of a meeting or a notice of a postal ballot), a voting paper or other document to a Member in whose case the Society has reason to believe that communications sent to him at his Registered Address are unlikely to be received by him but in the case of a notice (defined by Rule 32(4)) of a meeting and in the case of the notice of a postal ballot pursuant to Rule 39 the Society shall, if it decides not to send the notice to him by post in accordance with those provisions, instead display in a prominent position at the Principal Office and in every branch office a notice of the holding of the meeting or a notice of the holding of the postal ballot which -

(a) must be given not later than 21 clear days before the date of the proposed meeting, or 21 clear days calculated from the final date for the receipt of proxies, or, as the case may be, the final date for the receipt of completed voting papers, and

(b) must state where Members may obtain -

(i) copies of the resolutions and of any statements with respect to the matters referred to in a resolution, and

(ii) either forms relating to voting by proxy or, in the case of a postal ballot, the voting papers.

ADDITIONAL RULES

PREFACE

These Additional Rules apply to accounts (whether share, deposit or loan) opened before these Rules took effect and should be read by holders of such accounts in conjunction with the Rules. ***A full copy of the previous edition of the Society's Rules is available on request from 39 Nottingham Street, Melton Mowbray, Leicestershire, LE13 1NR.***

Where these Additional Rules use any defined term, that term has the same meaning as used in the Rules.

Members need only refer to these Additional Rules if -

- (a) they became a Member prior to these Rules taking effect, and
- (b) Rules 1-47 are silent on a matter included in the previous edition of the Society's rules.

References to rule numbers are the numbers in the previous edition of the Society's rules, except where prefixed by "Rule". In such cases, those references are to Rules in this current edition of the Rules.

ADDITIONAL RULE 1 - SHARES

Members who have one or more Share accounts currently in existence which were opened before these Rules took effect should read this Additional Rule in conjunction with Rule 8 of the Rules.

EXTRACTS FROM THE PREVIOUS EDITION OF THE SOCIETY'S RULES WITH MINOR VARIATIONS WHERE APPROPRIATE

8. SHARES

(3) The terms on which Shares or classes of Shares are to be issued shall be determined by the Board and, without prejudice to the generality of the power of the Board to determine such terms, it may -

- (a) determine the rates of interest or bonus (if any) to be paid on Shares or classes of Shares and the conditions subject to which the same shall be payable;
- (b) limit at any time and from time to time and without notice the amount which may be withdrawn in respect of any Share whether in a class or not.

(4) In the case of Shares or classes of Shares already issued, the Board shall have power to change the terms on which such Shares or classes are held as follows -

- (a) subject to any special condition attaching to any particular Shares or any particular class of Shares, it may change at any time any rate of

interest to be paid and in so doing it shall use its best endeavours to ensure any such alteration (if and so far as it is not notified by post to the Members holding the Shares or class of Shares concerned) shall be publicised as follows -

- (i) by a notice exhibited at the Principal Office and at all branch offices of the Society, and
 - (ii) by advertisement in accordance with Rule 45(1);
- (b) it may change at any time any term, including a special condition such as is mentioned in (4)(a) above, by agreement with the Members holding the Shares or class of Shares concerned, and publicise any such change as mentioned in (4)(a) above;
- (c) an accidental omission to exhibit a notice at a branch office or to publicise under (a) or (b) above shall not affect the validity of the alteration in question.

(5) Except as otherwise provided in the Rules, the Society shall be entitled to treat the holder of any Share, as denoted on the Share account, as the absolute owner thereof and accordingly it shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any trust or equitable or other claim to or interest in or charge on or security over such Share (whether partial or otherwise) on the part of any other Person whether or not it shall have express or other notice thereof nor be held responsible for omitting or neglecting to recognise any such claim.

(8) A Member may, subject to the terms of issue of his Share and to the prior approval of the Board, transfer his share to another Person on payment to the Society of such fee (if any) as the Board may from time to time determine. No transfer shall be valid unless made in a form approved by the Board and until registered in the records of the Society. The Board may refuse to permit a transfer without giving any reason.

(10) The Board may make such arrangement as may be necessary or convenient to ensure that the shares of members domiciled elsewhere than in England or Wales shall, for all or some purposes, be property situate in the place of their domicile.

9. UNCLAIMED BALANCES

If -

- (a) for a period of 6 years any Person holding a Share who has not received an advance from the Society shall make no payment to the Society and shall not claim any money standing to the credit of his account with the Society, and;
- (b) the amount standing to the credit of such account is less than £10, and;
- (c) such Person cannot be traced after reasonable enquiry,

the Board may resolve that such account be closed and that such moneys be forfeited to the Society but the Board may thereafter reopen such account and recredit such moneys therein.

10. PASSBOOKS AND OTHER RECORDS OF TRANSACTIONS

(1) Each Member shall be furnished with a Passbook, other record of his transactions or means of identification in respect of any Share or mortgage account held by him (hereinafter referred to as "the Membership Document").

(2) A Member holding a Share account shall produce to the Society the Membership Document relating to that account before making a withdrawal from it.

(3) All Membership Documents shall be forwarded to the Society, at such times as the Board may determine, for the purpose of being brought up to date or for such other purposes as the Board may reasonably require them.

(4) A Member holding a Share account shall immediately notify the Society in writing if he discovers that any Membership Document is missing. After he has furnished such evidence regarding the disappearance as the Board may require, the Board may transfer the amount standing to his credit in respect of the relevant account in the accounting records of the Society to a new account and shall after such transfer issue him with a new Membership Document.

(5) If any Person other than the Member to whom it shall belong shall produce any Membership Document and represent himself to be the Person named therein and shall thereupon withdraw or receive any money in respect of the account to which the Membership Document relates, neither the Society nor any of its Officers shall be responsible unless previous written notice of the loss of such Membership Document shall have been received by the Society together with written notice of the place or places at which the account to which the Membership Document relates has normally been operated, and any money so obtained shall unless otherwise determined by the Board be deemed to have been paid to the Person whose Membership Document shall have been so produced.

11. LIEN

Where a Person-

- (a) executes a Mortgage or guarantee in favour of the Society, or
- (b) otherwise owes money to the Society, the Society shall have a first and paramount lien upon all moneys in respect of Shares or deposits or other moneys standing to the credit of such Person with the Society, and, in respect of any sum due and owing under such Mortgage or such guarantee or otherwise, the Society may at any time appropriate and use such Share moneys and deposits and other moneys-
 - (i) for the credit and in reduction of the Mortgage or guaranteed account, or
 - (ii) in full or partial settlement of the debt arising otherwise than under a Mortgage or guaranteeas the case may be, and thereafter no interest or bonus shall be payable upon any money so appropriated.

ADDITIONAL RULE 2 - DEPOSITS WITH AND LOANS TO THE SOCIETY

Any Person who made a deposit or loan to the Society before these Rules took effect should read this Additional Rule in conjunction with Rule 9 of Rules.

EXTRACTS FROM THE PREVIOUS EDITION OF THE SOCIETY'S RULES WITH MINOR VARIATIONS WHERE APPROPRIATE

12. DEPOSITS AND LOANS

(4) The receipt of a deposit other than a non-retail deposit as from time to time defined in or under the Statutes shall be on terms that Additional Rule 1 applies mutatis mutandis to a depositor and a deposit as those Rules apply to a Member holding a share and to a share.

ADDITIONAL RULE 3 - LENDING

Members who received an advance or other Loan from the Society before these Rules took effect should read this Additional Rule in conjunction with Rule 10 of the Rules.

EXTRACTS FROM THE PREVIOUS EDITION OF THE SOCIETY'S RULES WITH MINOR VARIATIONS WHERE APPROPRIATE

13. ADVANCES AND LENDING

(4) Subject to paragraph (5) below, the Board may at its absolute discretion -

- (b) from time to time increase or reduce the rate of interest payable under any Mortgage already entered into (if the terms of the mortgage deed so permit) and, if such rate is increased, either require the periodical instalments payable to be increased or make other provision for payment of the additional interest and, if such rate is reduced, effect relief in whatever manner it may consider appropriate;
- (c) make further advances to any Member already having an advance;
- (d) vary the provisions of any Mortgage in agreement with the Member;
- (e) subject to the terms of the mortgage capitalise any interest in arrears so that interest may be charged thereon but such interest shall not be charged at a rate exceeding the rate payable from time to time under the mortgage generally;

- (f) when subscriptions remain unpaid after the expiration of fourteen days from the due date (such subscriptions then deemed to be in arrears) charge interest on such arrears at the rate of 2p for each month or part thereof on each £1 and in like proportion on fractional parts of £1.

(5) The Board shall make arrangements reasonably expected to ensure that any alterations in the rates of interest payable under any Mortgages already entered into (if and in so far as the mortgage deeds do not require such alterations to be individually notified by post to Members holding the mortgages) are publicised as follows -

- (a) by a notice exhibited at the Principal Office and at all branch offices of the Society,
- (b) by advertisement in accordance with Rule 45(1)

and any such alteration determined on by the Board shall not take effect on a date earlier than the date on which a notice announcing the alternation is first exhibited at the Principal Office -

(6) An accidental omission to exhibit a notice under paragraph (5)(a) above at a branch office shall not effect the validity of the alterations it would have announced.

(7) Subject to the agreement of the Member (whether or not contained in the mortgage deed), the Society's interest in any Mortgage may be transferred to a third party on such terms as the Board deems appropriate.

(8) All expenses incurred by the Society, its officers, Solicitors or Agents in respect of any property mortgaged or offered as security for an advance may be paid out of the Society's funds and charged to the member's account and dealt with in all respects as a further loan.

(9) All advanced shares issued under earlier rules shall be deemed cancelled with effect from the adoption of these rules and all rights and benefits which accrued to such advanced shares shall be secured by the mortgagor's membership of the Society and by his mortgage deed.

14. TRANSFER OF LAND SUBJECT TO MORTGAGE

(1) A Member who has mortgaged land to the Society may, subject to the conditions of the Mortgage, these Rules and the consent of the Board, sell or otherwise transfer the land to a purchaser or transferee subject to the Mortgage.

(2) Upon such a sale or transfer payment shall be made to the Society of all sums then due and owing to the Society by such Member (called hereinafter in this Rule "the Transferor") and the purchaser or transferee shall pay to the Society a transfer fee of such amount as the Board may determine.

(3) Such purchaser or transferee shall thenceforth, become answerable to the Society for payments becoming due under the mortgage, and the Board may thereupon release the transferor, at his cost, from all future liability in respect of such payments but, unless the Board otherwise decides, the transferee shall not be registered in the records of the Society nor the transferor released from his obligations unless -

- (a) the requirements of this Rule have been fulfilled, and
- (b) the deed by which the land has been transferred and any such further deeds, if any, as the Board may require have first been approved by or on behalf of the Society, all free of cost to the Society, and
- (c) such deed or deeds have been deposited with the Society.

16. PRODUCTION OF DEEDS

Any Member requesting the Society to produce to him or to his representative the deeds of land in mortgage from the Member to the Society, or to supply extracts from or copies of such deeds, may be required to pay in connection therewith such expenses of the Society and to comply with such conditions as the Board shall think fit.

17. INSURANCE

(1) All land mortgaged to the Society shall be insured in the name of the Society and the mortgagor or in such other manner as the Board may from time to time approve -

- (a) against such risks as the Board may from time to time require, and
- (b) with an insurer approved by the Board, and
- (c) for such amount as the Board may from time to time require.

(2) Whenever any fire, life or other insurance whatsoever is effected through the agency of the Society, all sums allowed to the Society by way of commission or otherwise by the insurers shall belong absolutely to the Society, and it shall not be required to account to the mortgagor therefore.

(3) Whenever a mortgagor insures on his own behalf, any land mortgaged to the Society, he shall hold all moneys received by him under any such insurance as trustee for the Society and on demand by the Society shall pay all such moneys to the Society to be applied in or towards the discharge of any debt due to the Society.

ADDITIONAL RULE 4 - REDEMPTION OF MORTGAGES

Members who received an advance or other Loan from the Society before these Rules took effect should read this Additional Rule in conjunction with Rule 11 of the Rules.

EXTRACTS FROM THE PREVIOUS EDITION OF THE SOCIETY'S RULES WITH MINOR VARIATIONS WHERE APPROPRIATE

15. REDEMPTION OF MORTGAGES

(1) If a Member wishes to repay the whole or any part of an advance before the time agreed, he may do so and in the case of a repayment in full he shall pay to the Society all sums owing in respect of such advance by way or principal, interest and costs, together with the Society's expenses connected with such repayment.

Where, however, such a repayment in full or part is made within 5 years of the date on which the advance was made, the Board may require him to pay, in addition and whether or not he gave notice of the intended repayment, a sum not exceeding an amount equal to 3 months interest, at the rate applicable to the mortgage at the date of such repayment, on the amount of principal so repaid.

(2) The Board may release from the Mortgage any part of the mortgaged land if it is satisfied that the remainder will form adequate security for the balance owing thereunder.

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COPY OF CERTIFICATE OF INCORPORATION

I, Edward William Brabrook, Esq., Assistant Registrar of Friendly Societies for England, for the Central Office, acting as Registrar of Building Societies in England, hereby certify that the Melton Mowbray Mutual Permanent Building Society, established at Nottingham Street, Melton Mowbray, in the County of Leicester, is incorporated under "The Building Societies Act, 1874."

Given under my hand,
this 22nd day of December, 1875.

EDWARD W. BRABROOK

For the Central Office,
as Registrar of Building Societies



**COPY OF CERTIFICATE OF REGISTRATION OF
CHANGE OF NAME**

The Registrar of Building Societies in England hereby certifies the registered name of the Melton Mowbray Mutual Permanent Building Society, established at 9 Nottingham Street, Melton Mowbray, in the County of Leicester, is changed from the date hereof to the name following:-

Melton Mowbray Building Society.
This 23rd day of March, 1934.



RULES OF MELTON MOWBRAY BUILDING SOCIETY

19th June 2000
(Adopted at AGM 20th April 2000)

**PRINCIPAL OFFICE - 39 NOTTINGHAM STREET,
MELTON MOWBRAY, LEICS, LE13 1NR**

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