

C A P. L X X V I.

An Act to incorporate the *Compagnie Hypothécaire*.

[Assented to 27th February, 1893.]

WHEREAS Damase Parizeau, merchant, member of the Preamble. Legislative Assembly of Quebec, Adelard de Martigny, agent of the Jacques Cartier Bank, and Louis E. Beauchamp, merchant, president of *La Société des Marchands*, all three of the city Montreal; Louis Napoléon Carrier, registrar, of the town of Levis; and Vildebou Wenceslas LaRue, notary, of the city of Quebec, president of the Provincial Board of Notaries, have, by their petition, prayed for an act of incorporation, for the establishment, by means of capital to be subscribed in America and in Europe, of an institution of landed credit having for its object to supply real estate owners in this Province with the advantage of borrowing money on easy terms and paying their indebtedness by long term annuities, and to loan upon hypothec, and upon privileged or hypothecary claims, with or without a sinking fund, and to issue bonds and debentures, and to purchase, sell, hypothecate and lease immoveables, and to buy real estate, and construct houses, buildings and dependencies thereon, and to perform all operations and pass all by-laws necessary to permit such society to attain its object; and whereas it is expedient to grant the prayer of the said petition;

Therefore, Her Majesty, by and with the advice and consent of the Legislature of Quebec, enacts as follows :

TITLE I

FORMATION OF THE SOCIETY—ITS NAME—HEAD OFFICE.

- 1.** An anonymous partnership is constituted, consisting of the proprietors of the shares hereinafter established. Partnership constituted.
- 2.** The name of the present partnership is the "*Compagnie Hypothécaire*." Name.
- 3.** The constitution of the partnership shall be established on and after the coming into force of this act. When partnership constituted.
- 4.** The head office shall be in Montreal, but branch offices may be established in the towns of the Province of Quebec, by mere resolution of the board of management. Head office and branches.

TITLE II.

OPERATIONS OF THE PARTNERSHIP.

- Operations of partnership :
Loans upon hypothec ;
- Idem ;
- Loans to corporations ;
- Acquisition of hypothecary claims ;
Issue of bonds ;
- Purchase of property, &c.
- Loans to proprietors of real estate and how made ;
Security on undivided immoveables ;
What may be accepted as security.
Rate of interest ;
- Stipulations in contracts of loan ;
- 5.** The operations of the partnership shall consist in :
1. Loaning, upon hypothec, to all proprietors of immoveables situated in the Province of Quebec, sums of money, repayable either at long date or by annuities, calculated to extinguish the debt, within ten years at least and fifty at most, or at short date, with or without a sinking fund, within a delay not exceeding ten years.
 2. Loaning, upon the security of hypothecary or privileged claims, upon property situate in the said Province, sums of money, re-payable as above.
 3. Loaning to town or rural corporations, to parishes, *fabriques* and trustees and other corporations, for the construction or repair of churches, in the said Province, such sums of money as they may be authorized to borrow, and repayable either at long date or by annuities, or at short date, with or without a sinking fund.
 4. Acquiring, by subrogation or transfer, hypothecary or privileged claims.
 5. Creating and negotiating, as representing its operations, obligations or bonds, to an amount which shall not exceed that of the sums of money due by the subscribers, and the value of the bonds or debentures and public securities in the possession of the corporation.
 6. Purchasing and selling, by private treaty or at public auction, even by annuities, all moveable and immoveable property.
 7. The partnership shall lend to proprietors of immoveables only on hypothec ; constituted seigniorial rents and equivalent ground rents being alone excepted.
 8. Undivided immoveables shall not be taken as valid security, unless with the consent of all the co-proprietors.
 9. The partnership shall accept, as security, only those immoveables of which the revenues are deemed sufficient.
 10. The rate of interest, to be charged on all sums loaned, shall be determined by the directors ; it shall not exceed the rate authorized by the laws regulating the same in force in the Province of Quebec.
 11. The annuity, as well of long as of short date loans, stipulated in the contract of loan, shall include :
 - a. The interest :
 - b. The sinking fund, determined by the rate of interest and the duration of the loan ;
 - c. An annual allowance for cost of management, which cannot exceed one per cent per annum of the principal loaned.

12. The annuities shall be payable, half-yearly, at the dates fixed by the board of directors, but when the first instalment is due, the borrower shall only pay the interest for such part of the six months which shall have elapsed, from the time of the effecting of the loan until the payment of such first instalment.

13. Every half-yearly instalment of an annuity, if not paid when due, shall of right, and without any putting in default being necessary, bear interest, for the benefit of the partnership, at the same rate as the loan itself.

The same shall apply to all costs of suit, from the day upon which they have been paid, whether settled by consent or taxed, incurred by the partnership, in order to obtain payment of its claim.

The non-payment of the sums due half-yearly on such annuity shall give the right to exact the amount of the loan, without any putting in default being necessary, if the partnership so desire.

14. Debtors shall have the right to discharge their debts before they become due, whether in whole or in part only; provided that they pay the partnership an indemnity of three per cent on the capital repaid before coming due.

15. The borrower is obliged to notify the partnership within the delay of one month, of the total or partial transfers of property which he may have made.

In default of his so informing the partnership within the above mentioned delay, the partnership shall have the right to exact the repayment of the balance of the loan; moreover, it shall have a right to the indemnity fixed by paragraph 14 of this article.

16. The borrower shall, likewise, inform the partnership within the delay above mentioned, of any deterioration which the immoveable hypothecated may have suffered.

If the deterioration seriously affect the interests of the partnership, it may exact the repayment of the balance of the loan.

In default of such notice, the repayment shall carry with it a right to the indemnity authorized by paragraph 14 of this article; when the borrower shall have given notice of the deterioration, the repayment shall be exacted without indemnity.

17. Property liable to destruction by fire shall be insured against fire in a solvent company, at the expense of the borrower.

The contract of loan shall contain a transfer to the amount of the policy, in case of loss.

The insurance must be kept up during the entire continuance of the loan.

The partnership may require that the policy of insurance be made out in its name, and that the amount of the annual

premiums be paid through it. In such case, the amount of the annuity shall be increased to that extent.

In case of loss, the amount of the policy shall be paid over directly to the corporation.

If the partnership consider that its security is endangered from the effects of the fire, it may exact the payment of the balance of the loan, but without indemnity.

Repayment of loans.

18. Loans shall be effected and be repayable at the current rate of exchange in, or in currency of Canada.

Loans to municipal and school corporations, *fabriques* and church trustees may be made, either in cash or in bonds.

Power to amalgamate.

19. The partnership may amalgamate with one or other associations of a similar nature and shall thereupon assume the name of one of such associations, retaining the statutes and by-laws of the *Compagnie Hypothécaire*.

TITLE III.

OBLIGATIONS OR BONDS—GENERAL PROVISIONS.

Issue of obligations.

6. The partnership may create and issue obligations representing its operations, comprising loans to private individuals, to municipal or school corporations, to *fabriques* and church trustees, public securities, bonds and debentures of municipal and school corporations on hand, and others not described herein.

Subdivision of obligations.

7. The obligations created by the partnership shall be subdivided into six categories :

1. Those redeemable at par, with a fixed term for redemption, without prizes ;

2. Those redeemable at par, within a definite delay, without any period being fixed for their redemption before such delay, and by means of a drawing of numbers without prizes ;

3. Those redeemable with premiums at a fixed term for redemption, without prizes ;

4. Those redeemable at par, with a right to participate in prizes, within a definite delay, without any period being fixed for their redemption before such delay, and by means of a drawing of numbers ;

5. Those redeemable with a premium, within a definite delay, without any period being fixed for their redemption before such delay, and by means of a drawing of numbers without prizes ;

6. Those redeemable at par, with a premium and a right to participate in prizes, within a definite delay, without a period being fixed for their redemption before such delay, and by means of a drawing of numbers.

The board of management shall determine the duration of the delay and the date of the drawings.

8. The prizes and premiums attached to such obligations and payable when they shall be withdrawn from circulation, shall not exceed two per cent per annum on the capital, represented by the series of such obligations ; and the aggregate amount of the interest and of the percentage for prizes or premiums, shall not exceed the rate of interest authorized by the laws in force in the Province of Quebec.

Amounts of prizes and premiums.

The board of management shall determine the importance and the method of apportionment thereof.

Apportionment, &c.

9. The drawing of the obligations which are to be repaid, shall be effected by lot, in presence of the censor.

Obligations how drawn.

10. Within eight days from such drawing, the numbers drawn shall be posted up in the office of the partnership and published in one of the newspapers of the city in which the head office is situated.

Posting up of numbers drawn.

11. The obligations, designated by lot, shall be redeemed on the day indicated in the notice published.

When obligations are redeemed.

From and after such day, the interest upon such redeemable obligations shall cease to run.

Interest to cease thereafter.

12. The obligations redeemed by such drawing of numbers shall be, at once, cancelled by means of a stamp.

Cancellation of obligations drawn.

They shall be destroyed, in the presence of the president of the board of management, or of his representative, and of the censor.

Destruction thereof.

A minute of such operation shall be kept of record.

Record thereof.

13. The obligations redeemed by the partnership by anticipated payments shall, at once, be stamped with a special stamp, and they can be replaced in circulation, only by a resolution of the board of management.

Stamp on obligations redeemed by anticipation.

In all cases, they shall participate in the drawing of numbers.

Participation in drawing.

14. The obligations shall be payable, either to order or to bearer.

Obligations how payable :

The obligations payable to order shall be transferable in the same manner as that indicated for the transfer of shares to order. The partnership shall not, in any case, be responsible for the validity of transfers.

To order ;

Obligations payable to bearer shall be transferable by simple delivery.

To bearer.

15. Obligations may be issued for an amount determined upon by the board of management.

Amount of issue.

16. The obligations shall bear interest, the rate and the date and manner of payment whereof shall be determined

Interest thereon.

by the board of management, but such interest shall not exceed the rate authorized by the laws in force in the Province of Quebec.

Whatever may be the form of the obligations, the payment of the interest thereon to the holder of the certificate shall be lawful.

Representa- **17** The obligations shall be represented by documents
tion of obliga- of evidence taken from a register with a counter-foil.

Signature They shall be signed by a director and the manager, or
thereto. by two directors, and shall bear the seal of the partnership.

Indication of **18.** The interest upon obligations, the premiums or
interest in the prizes, and the sinking fund shall all be set forth upon the
title.

Issue of real **19.** The total amount of the real estate obligations can-
estate obliga- not exceed the amount of the bonds and debentures in hand,
tions limited. and of the claims held by the partnership, due by municipal
and school corporations, *fabriques* and church trustees,
and public securities and bonds or debentures of municipal
and school corporations, in hand.

Obligations **20.** All obligations issued by the partnership shall be
how secured. secured by the assets of the partnership.

Recourse of **21.** Holders of obligations shall have no other recourse
holders. for the recovery of the principal and interest due thereon,
than that which they may exercise against the partnership
directly.

TITLE IV.

ACQUISITION OF REAL ESTATE.

Power to **22.** The partnership may acquire and possess real estate
acquire, &c., in the Province of Quebec, purchase lots and build houses,
real estate. buildings and dependencies thereon; it can also purchase,
with right of redemption.

Lease, &c. It may lease, mortgage or sell all or part of the real estate
so purchased.

TITLE V.

ESTABLISHMENT OF BRANCHES.

Establishment **23.** The Montreal board of management is authorized to
of branches establish branches and agencies in the towns of the Prov-
and agencies. ince of Quebec, when it may deem expedient, which under
the name of *Compagnie Hypothécaire*, branch or agency
at....., shall be managed by one or more delegated

directors, under the direct control of, and in accordance with instructions from the central board of management of the *Compagnie Hypothécaire*.

Such branches and agencies shall not have separate and distinct capital stock; their funds shall be comprised in the general funds of the partnership, which will bear the losses or gain by the profits of the management of such branches and agencies.

TITLE VI.

CAPITAL STOCK—SHARES—INSTALMENTS.

24. The capital stock shall be two million dollars, divided into twenty thousand shares of one hundred dollars each. Capital stock, shares.

25. The partnership reserves the right to increase its capital hereafter. Increase thereof.

The increase of the capital stock of the partnership can only take place in virtue of a resolution of a general meeting of the shareholders, according to the forms and conditions determined by the following article.

26. The capital stock of two million dollars shall be composed of issues of two thousand shares each, of which the first shall be issued at once. Stock how issued.

On the two thousand shares, composing the first issue, ten dollars shall be paid on subscription, and the remainder shall be called in by resolution of the board of directors.

The other three fourths shall be called for by a decision of the board of management.

The dates of the issue of the remaining shares shall be determined by the board of management, who shall determine the conditions.

27 Every instalment, of which the payment is delayed, shall, without a judicial demand, of right, bear interest, for the benefit of the partnership, at the rate of six per cent per annum from the date at which such payment became due. Interest on delayed instalments.

28. If the instalments upon any of the calls on stock are not paid when due, the numbers of the stock-certificates of those who are in arrear shall be published in one of the daily newspapers of the city in which the chief office of the partnership is situated. Proceedings when instalments are not paid and sale of stock in default.

One month after such publication, the partnership shall have the right to sell such shares, on account and at the risk and peril of the parties in arrear, on the Stock Ex-

change of the city in which the head office is situated, if they are quoted on the Stock Exchange, and if not, at public auction by a notary or by the sheriff.

Such sale may be made in a lump or in detail, either on the same day or at successive periods, without any putting in default or any legal formalities being necessary.

The interim certificates of the stock so sold shall, of right, become void; and new ones shall be delivered to the purchasers under the same numbers.

Any certificate, which does not contain a mention of the payment of the calls due thereon, shall cease to be negotiable.

The steps hereinabove authorized to be taken shall not prevent the partnership from having recourse, at the same time, to the ordinary proceedings at law.

Application of proceeds of stock sold for non-payment of calls.

29. The proceeds of the sale, after deducting the costs, shall belong to the partnership, and shall be imputed upon the amount due by the expropriated shareholders, who shall still be liable for the difference, if there be a deficiency, but who shall be entitled to receive the surplus, if any there be.

Liability of shareholders.

30. The shareholders shall be liable only for the amount of each share; no call shall be permitted beyond such amount.

Titles to shares how payable.

31. The interim titles to shares are made payable to bearer, until the payment of half of the share; afterwards they are made payable to order or bearer, at the option of the shareholder.

Certificates to be taken from register and numbered.

32. Interim and final certificates to bearer shall be taken from a register with counter-foil; they shall be numbered consecutively and bear the signature of two directors and of the manager.

Seal.

They shall bear the seal of the partnership.

Transfer of certificates and shares.

33. Certificates to bearer shall be transferred by simple delivery.

Shares to order shall be transferred only by a transfer inscribed in the books of the partnership.

The transfer shall be signed by the seller and the buyer or their authorized attorney.

All the costs of transfer are charged to the purchaser.

The partnership may require that the signature of the parties and their capacity to act be certified by a notary.

Shares upon which the instalments called for are paid up can alone be transferred.

34. Any shareholder may deposit his certificate with the partnership and claim, in exchange therefor, a certificate to order. Exchange of certificates to bearer.

The board of management shall determine the form of such certificates and the charges in favor of the company which such deposit gives rise to.

35. Every share shall give its holder a right in the ownership of the partnership assets, to a proportionate share in the number of shares issued and in the profits, in the proportions hereinafter set forth. Rights of shareholders.

36. Every share shall be indivisible and the partnership shall recognize but one owner for each share. Shares indivisible.

Co-proprietors of a share shall be required to be represented by one of them.

37. The rights and obligations appertaining to shares shall follow the certificate into whose hands soever it may pass. Rights follow certificates.

The possession of a share shall of right entail compliance with the by-laws or regulations of the partnership and the decisions of general meetings. Possession entails compliance with by-laws.

38. The heirs or creditors of a shareholder cannot, under any pretext whatsoever, require the affixing of seals upon the property and securities of the partnership, demand the partition or licitation, nor interfere in any way with the management thereof; they shall, for the exercise of their rights, abide by the financial statements of the partnership and the proceedings of general meetings or of the board of management. Affixing of seals to company's property not permitted.

39. In the event of the capital stock being increased in virtue of a decision of a general meeting, the holders of shares previously issued shall have a right, by preference, to subscribe for the shares to be issued to the extent of the number of shares which they possess. Preference right of shareholder to new issue of stock.

A similar privilege is allowed in the case of an issue of obligations.

40. Any shareholder who has lost his stock-certificate may, on proof of his rights and the loss of such certificate, procure from the partnership a duplicate non-transferable certificate of the lost certificate; the interest and dividends overdue, however, shall not be paid him until five years after they become due, and interest thereon at the rate of five per cent per annum. Replacing of lost certificates.

Duplicates of lost certificates shall be delivered under the conditions and within the delays fixed by the board of management.

Validity of payments of dividends.

41. Payment of the dividends upon any share, either to order or to bearer, shall be valid, if made to the holder of the certificate or the coupon.

TITLE VII.

MANAGEMENT OF THE PARTNERSHIP.

Board of management and number of directors.

42. The partnership is managed by a board of management, composed of at most nine and at least five members, elected by the general meeting, and may indefinitely be re-elected, without regard to their nationality, provided the majority of the directors are residents of Canada, and subjects of Her Majesty ;

Term of office.

The directors shall be elected for three years, but every year one third shall leave office to be replaced by election.

The directors elected at the first meeting shall draw lots to decide who shall retire at the end of the first year, and those who are to retire at the end of the second year ; they may always be eligible for re-election ;

Election of directors.

The election of directors takes place at a general meeting, by a mere majority of the members present.

Vacancies in board.

43. In case of the death or resignation of any director, the vacancy may be temporarily filled up by the board until the next ensuing general meeting, which shall definitively elect a successor.

Term of office of replacing director.

The director so appointed, shall remain in office only during the remainder of his predecessor's term of office.

Qualification of directors and security, &c.

44. Every director shall be proprietor of twenty-five shares, which shall not be transferable while he remains in office, and shall remain affected as security for his good management, even for those which are exclusively personal to one of the directors.

The title of such shares shall be made to order and stamped, to show that they cannot be transferred, and shall be deposited with the partnership.

President and other officers.

45. The board of management appoints its president, a vice-president and a secretary ; the latter may be chosen outside of the board.

Term of office.

The president and vice-president are appointed for their term of office as members of the board ; they may be re-elected.

Powers of board.

46. The board of management has all the powers necessary to define the general management of the partnership, according to circumstances and the business requirements of the corporation.

It may appoint delegates from among its members, form one or more managing committees, appoint a manager or several assistant managers, even if not members of the partnership, whose office and duties it shall determine. Appointment of delegates.

47. The board of management shall have the most extensive powers for the management and carrying on of the affairs of the partnership. General powers of board.

It has specially the following powers, which are enunciativative and not limitative :

(a). It names and appoints all agents and employees of the partnership ; it fixes their salaries, emoluments, and the amount of the security required from them ;

(b). It decides upon the establishment of branches and agencies and organizes them ;

(c). It appoints and dismisses the directors and cashiers of the branches and agencies ; it determines, on the establishment of each branch or agency, the powers and attributions to be conferred on them, as well as the nature of the business for which the agents or delegates may, of their own initiative, bind the corporation. It also determines the manager's salary and the value of the presence check given to the local management of each branch or agency ;

(d). It fixes and decides upon all the general expenses of the administration, and provides for the employment of the funds remaining on hand ;

(e). It decides upon the creation and the rate of interest on the shares and obligations of the partnership ;

(f). It authorizes the purchase and the sale of immovables ;

(g). It decides on the general conditions upon which loans shall be granted ;

(h). It fixes the opening, for mand conditions of loans intended for the working of the partnership or the management thereof ;

(i). It decides upon the issue of shares or obligations with bankers ;

(j). It decides upon calls, upon shares or obligations issued ;

(k). It decides upon all the partnership's operations ;

(l). It decides upon the necessity of the corporation instituting or defending any suits ; it can settle and compromise any case ;

(m). It consents to all renunciations of privileges, hypothecs, actions and other rights of all kinds whatsoever, and cancels all inscriptions, seizures, oppositions and other incumbrances, the whole, with or without payment ;

(n). It decides upon the accounts which are to be submitted to the general meeting, and determines upon the allotment of the dividend ;

(o). It decides whether there is any necessity of amalgamating the partnership with other companies.

Meetings of board.

48. The board of management shall meet at the head office as often as the interests of the partnership may require, but at least once a month.

Calling of meetings. Quorum.

Its meetings shall be called by the president.

No resolution shall be valid, unless at least three of the directors are present or represented.

Representation of absent directors.

Directors residing outside of Montreal, or those who are absent, may be represented at the meetings of the board by special proxy given to one of their colleagues.

Majority to decide.

Decisions shall be taken by an absolute majority of the members present.

Casting vote.

When the votes are equal, the president shall have a casting vote.

Minutes.

49. The proceedings of the board of management shall be recorded by minutes entered in a register and signed by the president and the secretary.

Copies, &c., to be authentic.

Copies of or extracts from such minutes to be produced in court or elsewhere are signed by the president or a director and the secretary.

Who presides in absence of president.

50. In the event of the death or sickness, or the absence for any other reason of the president, the presidency of the board devolves on the vice-president, who temporarily exercises all the rights and attributes of the president.

In the case of the absence of the president and the vice-president, the board appoints for each sitting one of its members, who shall fill the office of president.

Irresponsibility of members of board.

51. The members of the board of management shall not incur any personal, or joint and several liability, in the performance of their duties; they shall be responsible only for the proper execution of their trust.

Remuneration of directors.

52. The directors shall, for every time they are present, receive a presence check, of which the value shall be determined by the general meeting.

They have further a right to a share of the profits fixed by article 78 hereinafter.

Transaction of current affairs in absence of manager, &c.

53. In the event of there being no manager, the signature of a director and of a representative of a director shall suffice for the transacting of current affairs, such as correspondence, deeds and other public documents, receipts or endorsements, discharges for sums received, acceptances, drafts or cheques on banks or to order.

The interim or definite titles of shares or obligations, the transfers of *rentes* or other securities inscribed in the name of the partnership, treaties, agreements, bargains, transactions, discontinuances, cancellations, and others, shall have the signature of two directors or of one director and a special attorney.

54. The board of management may require the assistance of a special council appointed to give advice on the partnership affairs. Special council, &c.

It shall determine their powers and the amount of their salaries.

It may also appoint special delegates for one or more specified objects.

TITLE VIII.

MANAGER'S ADMINISTRATION.

55. The directors may choose a manager from among their members or outside of them. Appointment of manager.

The manager administers the ordinary business of the corporation. He may, with the permission of the board, delegate all or a part of his powers to one or more cashiers. He shall carry out the decisions of the board of management. He represents the partnership as regards third parties in all matters which come under his management. His powers and duties.

He signs the correspondence, deeds of loan, subrogations and transfers, deeds of purchase and sales of real estate, receipts or endorsements of securities, acceptances and receipts of sums due to the partnership, drafts or cheques on banks, drafts or cheques to order, all treaties, agreements, deeds, bargains, transactions, discontinuances and cancellations, and generally all acts required to accomplish the business authorized by the board of management.

The signature of the manager alone is valid only up to two thousand dollars ; over this figure, it must be accompanied by that of a director ;

He directs the office work ; receives and makes all payments.

Before entering into office, the manager must prove that he holds one hundred shares.

Such shares remain affected by privilege, as security for his good management, and shall not be transferable while he remains in office.

The manager may suspend the employees, but he shall refer the matter to the board of management. He shall temporarily replace any employee who may be suspended.

On the first day of January of each year, the manager shall prepare a detailed statement of the operations of the partnership during the preceding year in his division.

This document shall be submitted to the board of management, who, after having examined it, shall forward it, with its observations thereupon, to the censor.

The president shall, after the appointment of a manager by the board of management, execute in duplicate a procuration, countersigned by the secretary, authorizing him to act, within the limits of his powers, for and in the name of the partnership.

A duplicate of the procuration shall be deposited at the head office, and the secretary shall give notice in a newspaper of such appointment and of the deposit of the procuration.

TITLE IX.

CENSORS.

Appointment of censors, their duties and powers.

56. The general meeting of the shareholders appoints each year one or more censors, whether partners or not, charged to make report to the general meeting of the following year, on the position of the partnership, the financial statement and the accounts presented by the directors.

The proceedings containing the approval of the annual financial statement are null if they have not been preceded by the report of the censors.

Their term of office.

They shall remain in office for one year; they may be re-elected.

Their remuneration.

The censors shall be allowed a remuneration, the amount of which shall be fixed by the general meeting.

TITLE X.

GENERAL MEETING.

General meeting represents body of shareholders.

57. The general meeting, regularly constituted, shall represent the whole body of the shareholders.

Annual general meeting.

58. A general meeting shall be held before the end of the month of May in each year, in Montreal.

Extraordinary meetings.

An extraordinary meeting may be held whenever the board of management deems it necessary, or one fourth of the shareholders unanimously require it.

Notice of meetings.

The general meetings shall be called by a notice inserted at least sixty days previously in one or more newspapers in Montreal, and by a notice addressed to each shareholder by letter.

Right to vote of shareholders.

59. At the general meeting, each shareholder shall have a vote for each share upon which all instalments due or called have been paid up.

Proxies.

Each proprietor of a share may be represented by another member of the meeting.

The form of proxies shall be fixed by the board of man- Form thereof.
agement.

60. Each proprietor of a share to order is *de jure* a member of the general meeting. Qualification of members of meeting.

The proprietors of shares to bearer who wish to attend and vote at a general meeting must deposit their titles at least twenty days before the day appointed for the meeting with a banking house which shall be indicated to them.

A certificate of such deposit shall be given them and a card of admission to the general meeting.

61. The meeting shall be regularly constituted when the shareholders present or represented by proxy represent, at least, one fourth of the shares forming the capital stock thereat, saving the provisions of the following article. Constitution of meeting.

62. If the conditions, provided for in the preceding article, for the constitution of a general meeting be not fulfilled, the board of management shall, a second time, call a general meeting, within an interval of at least forty days. Convocation of another meeting, if first not constituted.

The decisions arrived at by the general meeting at the second meeting shall be valid, but only with respect to the subjects mentioned on the order of the day drawn up for the first meeting, whatever may be the number of shares represented.

63. The order of the day is decided upon by the board of management. Order of the day.

Proposals from the board of management and those communicated to them at least eight days before calling the general meeting, bearing the signatures of shareholders possessing together one fourth of the capital stock of the partnership, are alone entered thereon.

No subject, other than those entered on the order of the day, can be taken into consideration.

64. The decisions are taken by the majority of the votes of the members present, excepting in cases mentioned in article 42. Majority to decide.

Each shareholder has as many votes as he holds shares, either in his own name or as proxy. Voting is by ballot. One vote for each share. Voting by ballot.

65. The general meeting shall be presided over by the president of the board of management, or, in his absence, by the vice-president, or by one of the members designated by the board. Who presides general meeting.

Two of the shareholders possessing the greatest number of shares shall perform the duties of scrutineers. Scrutineers.

The board shall appoint the secretary.

Secretary.

Attendance sheet and its contents, &c.

An attendance sheet shall be kept. It shall contain the names and residences of the shareholders present and the number of shares possessed or represented by each; this sheet, certified by the board, shall remain annexed to the minutes, but shall not be made public.

Powers of general meeting.

66. The general meeting shall approve the accounts, they shall fix the amount of dividends, the amounts to be granted to the censors as remuneration, the appointment of members of the board of management and of the censors, and the subjects entered in the order of the day drafted by the board of management.

Finally, it shall definitely decide upon all things touching the interests of the partnership.

First general meeting to appoint directors, &c. Term of office. Notice for such.

67. A first general meeting shall be held to organize the partnership and appoint directors and censors. They remain in office until replaced.

The delay for calling such meeting may be thirty days only.

Provisional meeting in certain event.

In the event of the first general meeting not bringing together a number of shareholders representing one fourth of the capital stock, a provisional meeting shall take place and a new general meeting shall be called.

Minutes of general meeting.

68. The proceedings of a general meeting shall be recorded by minutes, entered in a special register and signed by the members of the board.

Signature to extracts.

Extracts to be produced are signed by the president or vice-president of the board and by a director.

Decisions binding on all shareholders.

69. The decisions of the general meeting, in accordance with the by-laws, shall bind all shareholders, even those who are absent or who differ in opinion.

TITLE XI.

STATEMENT OF ACCOUNTS—INVENTORIES—RESERVE FUND— DIVISION OF PROFITS.

Financial year.

70. The partnership's financial year shall commence on the first of January and end on the thirty-first of December in each year.

First year.

By exception, the first year shall include the time from the organization of the corporation to the thirty-first of December, one thousand eight hundred and ninety-three.

Quarterly statement of assets and liabilities.

71. A summary statement of the assets and liabilities of the partnership shall be prepared every three months.

This statement shall be submitted to the censors.

And further, annually, a general statement, showing all the moveable and immovable securities, as well as all the assets and liabilities of the partnership.

Annual statement of securities.

The inventory, annual statement and the accounts showing profits and losses shall be submitted to the censors before the general meeting. They shall be laid before the meeting.

Inventory, &c., to be submitted to censors, &c.

72. A special account shall be opened for the costs of organization, which shall include all the costs made to obtain the definitive establishment of the partnership.

Costs of organization.

73. The assets of the partnership shall first be employed to pay the general expenses and debts of the partnership.

Application of assets to payment of expenses.

74. The net proceeds, after deducting all charges, shall constitute the profits.

Balance to constitute profits.

From and out of such profits, there shall be taken in the first place, as interest, a sum equal to the interest at five per cent on the capital paid up.

Application of profits to certain purposes.

The board of management is authorized to distribute such interest once or oftener during the year, computed as to be out of the profits of the current year.

75. From the surplus profits, ten per cent shall be taken to form a reserve fund.

Application of balance of profits.

Further, special reserve may be made, subject to the approval of the general meeting.

Reserve fund.

The application of the moneys belonging to the reserve fund shall be regulated by the board of management.

Application thereof.

76. When the reserve fund shall, by means of this levying of ten per cent, specified in the preceding article, amount to one fourth of the capital stock, the percentage, of which it is formed, may be diminished or suspended by decision of the general meeting. If such reserve be encroached upon, such percentage shall again be set aside.

Payments to reserve fund discontinued, &c., in certain event.

77. After taking the interest at five per cent on the paid up stock, as well as the reserve above mentioned, all the surplus profits shall be distributed as follows: ninety per cent to the shareholders as dividends, according to the number of their shares paid up or not; ten per cent to the directors,

Distribution of surplus profits

78. In the event of the proceeds of the year being insufficient to give five per cent interest or dividend per share, the difference may be taken out of the reserve fund.

Dividend may be supplemented out of reserve fund.

79. The dividend is payable at the time and in the manner decided upon by the board of management.

Payment of dividend.

Unclaimed interest.

80. All interest, not claimed five years after the date fixed for its payment, is prescribed and becomes the property of the partnership.

TITLE XII.

DISSOLUTION—LIQUIDATION.

Calling of meeting in event of loss of three quarters of the capital. Resolution to be made public.

81. In the event of the partnership having lost three fourths of its capital stock, the directors shall be obliged to call a general meeting of all the shareholders, to determine upon the continuance or the liquidation of the partnership.

The resolution of the meeting shall be in both cases made public.

Powers of such meeting.

82. The general meeting shall determine, on a proposal by the directors, the method of liquidation to be followed, and shall appoint the liquidators, on the dissolution of the partnership, or in case the corporation is dissolved previous to the fixed time.

Powers during the liquidation.

The powers of the general meeting shall continue to exist during the liquidation. It may, for instance, add commissioners to the liquidators, replace them if need be, receive and approve their accounts, and give them a discharge.

Property in assets during liquidation.

83. During the existence of the partnership and after its dissolution until the complete liquidation thereof, the immoveables and other securities belonging to the partnership always belong to the corporate and collective body, and, consequently, can never be considered as the property of the shareholders individually.

Application of proceeds of liquidation.

84. The proceeds of the liquidation, after the liabilities are paid, are employed in reimbursing the amount of each share.

Division of reserve fund and surplus assets.

The reserve fund and the surplus assets, after reimbursing the shares, are divided between the shareholders in proportion to the number of their shares.

TITLE XIII.

CONTESTATIONS.

Decision of contestations by courts at Montreal, &c.

85. All contestations, which may arise during the existence of the partnership or during the liquidation, either between the shareholders and the partnership, or between the shareholders themselves respecting partnership matters, are decided according to law, and are subject to the jurisdiction of the competent courts of the Province, at Montreal

For such purpose, every shareholder, not a resident of the Province, shall elect a domicile therein : in default of which, the domicile shall *pleno jure* be elected at Montreal.

86. Contestations, respecting the general and collective interests of the partnership, cannot be directed against the board of management or one of the members, except in the name of the body of shareholders and in virtue of a decision of the general meeting. Authority required to take proceedings, in general interest, against board, &c.

Any shareholder desiring to provoke a contestation of this kind, shall, at least three months before the next general meeting, communicate his intention to the president, who is obliged to place the subject on the order of the day at such meeting. Notice of intention to sue to be given.

If the proposal is rejected by the general meeting, no shareholder can bring it before the courts for a private interest ; if it is adopted, the general meeting designates one or more censors to carry out the contestation. If authority is refused. If granted.

The services to which the proceedings give rise are solely addressed to the commissioner. Upon whom services are made.

87. This act shall come into force on the day of its sanction. Coming into force.

C A P. L X X V I I .

An Act respecting "The Canadian Mutual Loan and Investment Company."

[Assented to 27th February, 1893.]

WHEREAS The Canadian Mutual Loan and Investment Company has, by its petition, represented that it is a corporation, duly incorporated under the provisions of The Building Societies Act of the Province of Ontario, being chapter 169 of the Revised Statutes of Ontario, 1887, as a building society, for raising, by monthly or other periodical subscriptions of the several members of the company, in shares not exceeding the value of four hundred dollars for each share, (and in subscriptions not exceeding four dollars per month for each share), a stock or fund to enable each member to receive out of the funds of the company the amount or value of his share therein for the purpose of erecting or purchasing one or more dwelling house or houses or other freehold or leasehold estate, or for any other purpose whatsoever, the amount or value of the shares to be secured to the company, by mortgage or otherwise, on real estate belonging to the Preamble.