



Building Societies Act 1986

1986 CHAPTER 53

PART II

CONSTITUTION OF BUILDING SOCIETIES

Establishment

5 Establishment, constitution and powers

- (1) A society may be established under this Act if its purpose or principal purpose is that of raising, primarily by the subscriptions of the members, a stock or fund for making to them advances secured on land for their residential use.
- (2) A society is established under this Act on compliance by the persons establishing it with the scheduled requirements and is incorporated under this Act as from the date of registration by the central office.
- (3) A society incorporated under this Act is referred to in this Act as a "building society".
- (4) A society incorporated under the repealed enactments whose principal office, as registered with the central office immediately before the commencement of this section, was in the United Kingdom, shall be deemed to be registered (and accordingly as incorporated) under this Act.
- (5) A building society shall have the powers conferred on building societies by or under the subsequent provisions of this Act subject, however, to—
 - (a) any specified restriction assumed by the society;
 - (b) the operation of any provision by virtue of which a power is not available to a building society ;
 - (c) compliance with any requirement that, for a power to be exercisable by a building society, it must be adopted by the society ; and
 - (d) the exercise by the Commission of any of its functions by virtue of which the society is precluded from exercising or is subject to restrictions on the exercise of any of its powers.

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- (6) Powers are adopted by a building society for the purposes of this Act by its compliance with the scheduled requirements and, subject to any provision of this Act to the contrary, may be adopted to any specified extent.
- (7) Restrictions on its powers are assumed by a building society for the purposes of this Act by its compliance with the scheduled requirements.
- (8) Schedule 2 to this Act has effect as respects the constitution, powers, and regulation of building societies and in that Schedule—
 - (a) Part I makes provision with respect to the constitution, memorandum, rules and certain incidents of membership ;
 - (b) Part II makes provision for the purpose of precluding a society from anticipating the adoption of powers; and
 - (c) Part III makes provision with respect to meetings, postal ballots and resolutions;
 and in this section " scheduled ", with reference to requirements for establishment or for the adoption of powers or the assumption of restrictions on powers, means contained in that Schedule and " specified ", with reference to the adoption of powers or the assumption of restrictions on powers, means specified in the memorandum.
- (9) Any obligation imposed by this Act or the rules of a building society to give or send notices or other documents to members is subject to paragraph 14 of that Schedule.
- (10) In this Act, except sections 10 to 13, " land ", in the expression " advance secured on land ", means land in the United Kingdom, and, in so far as land in other countries or territories is, under any provision of this Act, land on which advances may be secured, land in that other country or territory.

6 Power to hold land etc. for purposes of its business

- (1) A building society may acquire and hold premises for the purpose of conducting its business.
- (2) A building society may, otherwise than by acquisition, provide itself with premises for the purpose of conducting its business.
- (3) A building society which has subsidiaries or other associated bodies, in addition to exercising the powers conferred by subsections (1) and (2) above as regards premises from which the society's business is to be conducted by a subsidiary or associated body, may exercise corresponding powers for the purpose of enabling a subsidiary or other associated body to conduct the business of that body from the premises.
- (4) A building society may exercise the powers conferred by subsections (1) and (2) above as regards premises situated outside, as well as premises situated within, the United Kingdom.
- (5) If the acquisition or provision of any premises is necessary for the purpose of the conduct of the business of a building society or a subsidiary or other associated body, the society may acquire or otherwise provide itself with and hold the premises under this section notwithstanding that part only of the premises is or will be required for that purpose.
- (6) A building society—
 - (a) may dispose of property held under this section; and

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- (b) in the event that no part of the premises comes to be or, as the case may be, is any longer occupied for the conduct of the business of the society or a subsidiary or associated body, shall, subject to subsection (7) below, sell its estate or interest in the premises as soon as it is conveniently practicable to do so without undue loss.
- (7) Subsection (6)(b) above does not require a building society to sell any property if the society may hold the property under section 17 and elects to do so by a resolution of the board of directors.