

**SOUTHERN CROSS TERMINATING
MUTUAL BUILDING SOCIETY**

Established 1904

DIRECTORS

R H AUSTEN (Chairman)
P H J BARNARD
J J GOMES
C V JONES

K ATKINSON
R T DIXIE
L MASKE (Miss)

ADMINISTRATION

Cliff Jones, Secretary

REGISTERED OFFICE:

117 D F Malan Street, Parow North 7500

TELEPHONE

(021) 930 2601

POSTAL ADDRESS

P O Box 15812, PANORAMA, 7506

EMAIL

scross@mweb.co.za
cliff@scross.za.com

WEBSITE

www.scross.za.com

AUDITORS

Webb Accounting,
P O Box 1235, Strand, 7139

BANKERS

First National Bank Ltd, Goodwood
Acc No: 5023 0847 425

PLACE OF MEETING

Cliffe Dekker Hofmeyr (Attorneys)
Cliffe Dekker Place
11 Buitengracht Street, Cape Town.

[1]

SOUTHERN CROSS TERMINATING MUTUAL BUILDING SOCIETY

The **SOUTHERN CROSS** is a **TERMINATING BUILDING SOCIETY** - an active and rewarding association of homeowners and prospective homeowners.

Terminating Building Societies are not new to South Africa - the **SOUTHERN CROSS** - the oldest existing one - was established in Cape Town in 1904. In fact, they were the forerunners of the Permanent Building Societies.

This booklet intends to show you how you may be rewarded by becoming a member of the **SOUTHERN CROSS** - a non-profit-making Building Society.

In these pages you will find:-

... a description of how the **SOUTHERN CROSS** operates...an outline of what the **SOUTHERN CROSS** can mean to you, now and in the future...examples of what membership of the **SOUTHERN CROSS** entails...

The Society's aim is to assist Present or Prospective Homeowners by providing **MORTGAGE LOANS - INTEREST FREE** or subject to **LOW AVERAGE PREMIUMS**. It saves its members the burden of crippling interest payments.

Mortgage loans granted by the Society are used by members:

...to help buy or build their homes in the first instance...

...to redeem balances of existing Bonds, thereby saving further high interest payments...

...to provide funds for the improvement of their homes or for other purposes...

TERMINATING BUILDING SOCIETIES have acquired this rather unusual name because each Society operates a number of Sections. Each Section comprises a group of members and such Section terminates operations after a period of approximately 25 years. During the life cycle of a Section **every** member of that Section qualifies to claim a Mortgage Loan.

MEMBERSHIP ...To become a member one is required to apply for a quota of **SHARES**, the amount of which depends on the size of the Mortgage Loan required, taking into consideration the fact that **each share has a loan entitlement of R200,00** (e.g. 2 500 shares have a total loan entitlement of R500 000).

SHARE SUBSCRIPTIONS ...Subscriptions are payable at the rate of **60 cents per share** per month until the amount of R80 per share is paid, at which stage the shares are deemed to be fully subscribed. On termination of the Section subscriptions are either refunded to members or offset against any amounts outstanding on loans at that stage.

A person who joins a Section after its formation will, understandably, be "x" number of months behind the foundation members of that Section in so far as subscriptions are concerned, therefore, in fairness to those founder members, any person admitted as a member of a Section subsequent to the date of formation of that Section will be permitted to contribute single subscriptions from date of entry, with the full understanding that the backlog of subscriptions shall be spread over the period of the loan and paid together with the relevant monthly loan instalment. It is therefore essential that in deciding on the number of shares required, that this ruling be noted and allowances made therefor.

SUBSCRIPTIONS ARE PAID AT 60c PER SHARE PER MONTH UNTIL WE HAVE RECEIVED R80 PER SHARE		
TOTAL SHARE HOLDING	SUBS PER MONTH @ 60c PER SHARE	FULLY PAID @ R80 PER SHARE
500	R300.00	R40 000.00
750	R450.00	R60 000.00
1 000	R600.00	R80 000.00
2 000	R1 200.00	R160 000.00
2 500	R1 500.00	R200 000.00

LOAN REQUIRED = NUMBER OF SHARES @ R200 PER SHARE	
LOAN	TOTAL NUMBER OF SHARES
R100 000	500
R150 000	750
R200 000	1 000
R300 000	1 500
R500 000	2 500

SHAREHOLDINGS The maximum number of shares allowed in each holding is 2 500 and as mentioned earlier, the loan entitlement of such a "holding" is **R500 000**. There is **no limitation** placed on the number of holdings a member may have and, assuming of course that the member qualifies in all other respects, the Society will grant more than one mortgage bond on a single property.

APPROPRIATIONS (*The term used for deciding which members are entitled to loans at specific meetings*) From the accumulation of members' subscriptions and loan repayments, funds are available for the granting of mortgage loans. Appropriations are made by "Ballot" and by two "Sales" in the presence of members at meetings arranged specifically for that purpose.

Members' shares are grouped into numbered "Holdings" and although there is no limit to the amount of holdings (blocks of shares) a member may have, each holding is given a separate serial number and each holding will need to be separately appropriated - either by Ballot or by Sale.

BALLOTS are conducted at Appropriation Meetings and it is the "Holding" numbers which are drawn. The successful number entitles the holder to an **ENTIRELY INTEREST FREE LOAN** up to the value of the number of shares in the relevant "holding". The taking up of a loan may, if wished, be deferred to a date suitable to the successful member.

Loans obtained by **Ballot** are repayable at the rate of R1,80 per share per month over a period of approximately 9½ years.

SALES (The alternative system to waiting for one's number to be drawn by Ballot)

At an appropriation by Sale members offer to pay back more (a premium) than what they borrow. An auction takes place with members bidding against each other (either in person or by **PROXY**) and the member making the highest bid becomes entitled to a loan to the value of the number of shares he owns in a particular holding. The minimum **BID** for each share is decided by the Board and members are advised accordingly.

Loans obtained by **Sale** are repayable at the rate of R1,30 per share per month over a period of approximately 13 years.

Appropriations are held until the holder of every shareholding has become entitled to a loan, thereafter the Section commences its process of termination. Members qualify to participate in appropriations immediately after joining the Society - there is no waiting period. Members are notified by post of all appropriation meetings in order that they may attend and participate.

PREMIUMS The amount bid by the successful member at a **Sale** is referred to as the **PREMIUM** the total amount of which is payable in equal instalments over a period of 150 months together with the loan repayments.

A member is not necessarily committed to paying the full original premium, because, if his number is *subsequently* drawn in a Ballot, 100% of the balance outstanding on premium at the date his number is drawn is waived.

Premiums on appropriations by **Sale** provide the main source of the Society's administration costs.

LOANS OBTAINED BY BALLOT (FREE OF INTEREST) ARE REPAID AT R1,80 PER SHARE PER MONTH		
SHARES	LOAN	MONTHLY REPAYMENT
500	R100 000	R900
750	R150 000	R1 350
1 000	R200 000	R1 800
1 500	R300 000	R2 700
2 500	R500 000	R4 500

LOANS OBTAINED BY SALE ARE REPAID AT R1,30 PER SHARE PLUS THE PREMIUM INSTALMENT		
SHARES	PER MONTH	PLUS PREMIUM
500	R650.00	?
750	R970.50	?
1 000	R1 300.00	?
1 500	R1 950.00	?
2 500	R3 250.00	?

SECURITY Loans are only granted against the security of **MORTGAGE BONDS** over immovable property anywhere within the Republic of South Africa.

It should be noted that irrespective of whether a loan is obtained by **Ballot** or by **Sale**, from the outset a member is aware of his maximum commitment and, contrary to the situation with other financial institutions, our members will never receive letters informing them from time to time that their monthly payments must be increased due to a rise in the interest rate. In other words, whilst members are repaying a loan or paying a premium, their payments will never increase.

WITHDRAWAL FEES A member's withdrawal, although permitted, is frowned upon as it creates a drain on a Section's resources and is therefore subject to a withdrawal fee.

RULES A Rule Book is supplied to each member. Rule amendments are passed by members in general meeting. The rights of members are governed by the Rules of the Society.

GENERAL NOTES

INSURANCE All properties bonded to our Society are required to be insured and the relevant policies ceded to our Society. Where the Society is a second bond holder, the interests of Southern Cross are to be noted on the original insurance policies.

PAYMENT OF DUES

Subscriptions @ 60 cents per share monthly (until R80 per share is paid). Payment may be made by Cheque (crossed), Money or Postal Order (payable at Post Office, Panorama) or Bank Transfer and made payable to the Society and forwarded to the Secretary, Southern Cross Terminating Mutual Building Society, P O Box 15812 Panorama 7506.

BANKERS First National Bank Limited
P O Box 1, Goodwood, 7460
(Account No: 5023 0847 425)

NOTE Your regular monthly dues would be for Subscriptions only, until such time as your holding/s become appropriated.

PAYMENT TO REACH THE SECRETARY EACH CALENDER MONTH.

CHANGE OF ADDRESS Please notify the Secretary of any change of address.

PLEASE FEEL FREE TO DISCUSS ANY QUERIES WITH THE SECRETARY

QUESTIONS AND ANSWERS ABOUT OUR SOCIETY

1 Q What is the object of the Society?

A To raise, by Subscriptions from members, a fund out of which advances may be made to members to assist them to acquire homes, to redeem balances of existing bonds, to provide funds for the improvement of their homes, or for other purposes.

2 Q Who controls the affairs of the Society?

A A Board of Directors numbering up to eight who are elected by the members at the Annual General Meetings - each Director is paid a nominal fee of R10 per month. Only one full-time official is employed - he is the Secretary.

3 Q For how long has the Society been operating?

A Continuously since 1904.

4 Q Is the Society a profit-making organisation?

A No. Unlike other financial institutions, this Society is a non-profit making organisation.

5 Q What capital does the Society have?

A The Society does not have capital as such - the members' monthly subscriptions etc., comprises the working funds.

6 Q How does one become a member?

A Briefly, to become a member one applies for a number of shares; each share has a loan entitlement of R200 e.g. 1 000 shares entitles one to a loan of R200 000, whereas 2 500 shares entitles one to a loan of R500 000 and so on. Each member decides upon the number of shares applied for, taking into consideration the mortgage loan required.

7 Q What is the amount of Subscriptions payable?

A As from a member's date of application, 60 cents per share per month until a total of R80 per share is reached. The share is then "fully subscribed".

8 Q Are subscriptions refunded to members once they have repaid their loans?

A Yes, but not immediately; subscriptions are retained in the Section until termination takes place whereupon each member has the subscriptions or a pro-rata portion thereof standing to his credit refunded to him.

9 Q What does the word "Termination" mean in the Society's name ?

A The Society operates a number of Sections, each an entity on its own, which terminate operations after a period of approximately 25 years. During the life cycle of a Section, each member of that Section becomes entitled to claim a mortgage loan. In other words, **ALL** members become entitled to an appropriation before that Section is terminated.

10 Q What is an "Appropriation" ?

A It is the system by which loans are made available to members - it takes the form of either a "Ballot" or a "Sale" (auction).

11 Q What is meant by the terms "Sale" or "Ballot" ?

A Each shareholding has a number and in a Ballot which is conducted at an Appropriation Meeting of members, numbers are drawn - the successful member becoming entitled to a loan FREE OF INTEREST. In an appropriation by Sale, members bid against each other as in an auction, the highest bidder becoming entitled to a loan. However, a loan obtained by Sale will not be free of interest - it is subject to a premium, the amount of which has been decided by the member himself by virtue of him having successfully bid at the auction.

12 Q When are appropriations held?

A This depends on the cash flow which is derived from Subscriptions, premium payments and loan repayments. As soon as the Section has R500 000 at its disposal an appropriation is arranged. It follows therefore that the larger the membership, the larger the monthly income, which will consequently result in an increase in the frequency of appropriations - an improvement for which we are constantly striving.

13 Q At what rates are loans repayable?

A Bearing in mind that each share has a loan entitlement of R200 - loans obtained by Ballot are repayable at R1,80 per share per month - the full repayment period being 111 months. Loans obtained by Sale are repayable at R1,30 per share per month - the full repayment period being 154 months.

14 Q Does a member need to provide the Society with security in order to obtain a loan?

A Yes; loans may be made only against the registration of a MORTGAGE BOND over a suitable property.

15 Q **When a member succeeds in obtaining an appropriation by SALE, does he become liable for an additional payment to the Society in respect of the premium which he bid at the auction?**

A Yes; the Premium to which he commits himself is payable in equal monthly instalments spread over a period of 150 months, together with his loan repayments.

P.S.

Should you decide to join, please make use of the following Share Application Form

APPLICATION FOR SHARES

FULL NAME:		ID NO:	
HOME ADDRESS		PH NO :	
BUSINESS ADDRESS:		PH NO;	
OCCUPATION:		EMAIL:	

NO OF SHARES APPLIED FOR: (2 500 shares per holding or part thereof)

INITIAL PAYMENT:

ONE MONTHS SUBSCRIPTION AT 60 CENTS PER SHARE **TOTAL DUE**

THEREAFTER SUBSCRIPTIONS ARE PAYABLE AT 60 CENTS PER SHARE
PER MONTH UNTIL SHARES MATURE

**CONDITIONS OF MEMBERSHIP OVERLEAF
PLEASE SIGN BOTH SIDES OF APPLICATION FORM**

I understand that I am joiningmonths after the inception of the Section and that my total BACKLOG OF SUBSCRIPTIONS of R..... will be paid on an instalment basis once the holding is appropriated and in addition to the loan repayment

I/We hereby make application for shares issued subject to the Rules of the Society and the conditions set forth in this application form.

DATE: SIGNATURE OF APPLICANT

FOR OFFICE USE ONLY

SHARE NO:	<input style="width: 50px;" type="text"/>	TO	<input style="width: 50px;" type="text"/>	=	<input style="width: 50px;" type="text"/>	SHARES	REG NO	<input style="width: 100px;" type="text"/>
SHARE NO:	<input style="width: 50px;" type="text"/>	TO	<input style="width: 50px;" type="text"/>	=	<input style="width: 50px;" type="text"/>	SHARES	REG NO	<input style="width: 100px;" type="text"/>

1. The rights of members are governed by the Rules of the Society.
2. Membership of the Society is open to all individuals but the right of Final admission is at the discretion of the Board.
3. The following categories of applicants must comply with the requirements listed below and where applicable, forward the supporting documents described hereunder:

Married Women

A married woman applicant can only be accepted if her Ante-Nuptial Contract excluding the marital power of her husband, or her divorce order is forwarded to the Society for noting.

Applications by women married under the Marital Power of their husbands cannot be accepted.

Minors

Applications by minors over the age of sixteen years only will be accepted but on the further conditions that until he reaches majority he will not commit himself for any premiums at appropriations by Sale, and that he will not make application for an advance from the Society until he reaches majority.

Joint Holdings

The Share Application Form must be signed by all the applicants who by so doing will bind themselves jointly and severally, and one of the applicants must be nominated as the correspondent and representative of such joint membership.

Powers Of Attorney

When the application form is signed under a Power Of Attorney, such power must be forwarded to the Society for noting.

4. It is understood that a copy of this application will be supplied to me/us on request.

DATE:.....

SIGNATURE:.....