

C. C. Herman Chr. & B. F. Co
280

~~1746-47~~ XXXX

Belonging 152-10

TO THE

Belles Lettres Society

OF

DICKINSON COLLEGE

129
8

W. D. Clayton
1862 Librarian

A
PRACTICAL TREATISE
ON
Benefit Building Societies,

EMBRACING

THEIR ORIGIN, CONSTITUTION AND CHANGE OF CHARACTER;
AND THE SUPERIORITY OF PERMANENT, OVER
TERMINATING SOCIETIES:

ALSO,

THE PRINCIPLES AND PRACTICE

OF

TONTINE BUILDING COMPANIES,

FREEHOLD LAND SOCIETIES, &c.

AND
THE LAW RELATING TO THOSE SOCIETIES:

WITH

THE STATUTES AND CASES TO THE PRESENT TIME;

ALSO,

RULES, FORMS, AND PRECEDENTS, OF FREEHOLD,
COPYHOLD, AND LEASEHOLD SECURITIES;
WITH PRACTICAL NOTES.

BY

WILLIAM STONE,

ATTORNEY-AT-LAW.

LONDON:

W. MAXWELL, LAW BOOKSELLER AND PUBLISHER,

(LATE A. MAXWELL & SON,)

32, BELL YARD, LINCOLN'S INN;

HODGES AND SMITH, GRAFTON STREET, DUBLIN.

1851.

PART II
OF TONTINE BUILDING COMPANIES, FREEHOLD
LAND SOCIETIES, &c.

CHAPTER I.

OF TONTINE BUILDING COMPANIES.

- SECT. 1. *Origin and Nature of Tontine Building Companies.*
2. *How to form a Tontine Building Company.*

SECTION I.

ORIGIN AND NATURE OF TONTINE BUILDING COMPANIES.

THE constitution of Tontine Building Companies is very different from the Building Societies before described, but they are sufficiently within the scope of this work to render a practical explanation of them desirable.

The word *Tontine* signifies a life annuity, or a loan raised on life annuities, with benefit of survivorship. The term originated from the circumstance that Lorenzo Tonti, an Italian, invented this kind of security in the middle of the seventeenth century, when the governments in Europe had some difficulty in raising money in consequence of the wars of Louis the Fourteenth, who first adopted the plan in France. A loan was obtained from several individuals on the grant of an annuity to each of them, on the understanding that as deaths occurred the annuities should continue payable to the survivors, and that the last survivor should take the whole. The merit of this plan of raising money consisted in the inducement which it created to

very many persons, to advance their money at a more moderate rate of interest than the large capitalists demanded, on account of the great advantage which would be gained in the event of survivorship; and it made no difference to the governments, whether they obtained the loan from one or several persons. The scheme was adopted by other nations as well as France, but was not introduced into England until recently, and then only for the purpose of raising money to carry private speculations into effect, which could not be satisfactorily accomplished without a combination of capital.

The principle of Tontine has been successfully applied, with certain modifications, to carry into effect extensive building investments, requiring a larger capital than could be raised without the tempting inducements which schemes of this description hold out to the public,—namely, the immediate realization of a liberal rate of interest on the sum advanced, with the prospect of a continual increase of interest, and an ultimate gain of capital in the event of survivorship.

The plan adopted in most instances appears to have been, that some persons interested in a particular locality, either in a populous town or at a favourite watering place, who were satisfied that the erection of ten, twenty, or thirty houses or shops, would prove to be a lucrative investment, in consequence of the great demand for houses or shops in the particular locality, have chosen a certain spot for their erection and secured the ground by purchase or lease. Designs and specifications are then prepared for the erection of twenty-one houses, more or less, which it is calculated will cost, including the land and incidental expenses, the sum of, say, 14,000*l.* This capital is raised by one hundred and forty shares at 100*l.* each, or two hundred and eighty shares at 50*l.* each, any person being entitled to take several shares if he pleases. A particular life is nominated for each share; and in most of these schemes the shareholders are required to choose their lives in classes fixed within different ages; and if the twenty-one houses were divided into three classes of seven houses each, and the ages of

the different classes were within *fifteen* years, *twenty-five* years, or *thirty-five* years, the survivors of the *seven* surviving lives in each class would be entitled to the *seven* houses in each class, either in fee, or for the residue of the term of years, according to the interest which the company had originally obtained in the property.

In the mean time the rents or yearly income of the property, would be divided amongst all the shareholders, so long as the life nominated by each continued to exist; and amongst such as nominated the surviving lives, until only *seven* in each class remained in existence.

If it be assumed that the income, after the erection of all the houses, would produce seven or eight per cent. on the capital, each shareholder would obtain that per-centage, which would enable him to pay the premium for an assurance of the life nominated by him, so as to render his capital safe; and also to realize a good interest on it, increasing yearly as the lives dropped, with a possibility of obtaining a house by the survivorship of the life nominated by him, worth seven times the amount of the capital advanced.

It will be seen that by this scheme of dividing lives into classes, those who desired to obtain an increase of income would choose the first class, because they would get five or six per cent. interest after paying the premium for insurance, and the life nominated would be more likely to last longer; and those who were more indifferent to income, and preferred the prospect of realizing their capital or obtaining a house at an earlier period, would prefer taking shares in the third class. In this class the income would be less on account of the larger premium necessary to insure the life nominated, and the investment would be more speculative on that account, but the final result would be sooner ascertained.

The foregoing appears to have been the usual scheme pursued in Tontine Building Companies; but more recently a far superior plan has been adopted, less speculative in its character, and as a general rule much more satisfactory.

In the year 1849 a Tontine Building Company was established at Folkestone, in Kent, for the purpose of erecting a handsome new street, consisting of shops of various sizes with convenient dwellinghouses attached to them. This town is a limb or member of the ancient Cinque Port of Dover, on the coast of Kent, and has been brought into notoriety and importance by the South Eastern Railway Company. The harbour has been purchased and greatly improved by that company, and constant steam communication has since taken place between it and France. The old town of Folkestone, which is very ancient, is principally built on rising ground, and the High Street, in which the principal shops have hitherto been situated, is not only steep, but very narrow, and being paved with boulders it is extremely inconvenient for foot passengers, and absolutely dangerous for vehicles of any kind to pass up and down.

The new Tontine Street has been carried through the centre of the town on level ground, or nearly so, and leads from the Pier round to what may be called the new part of the town, on the West Cliff, where many new houses have been already built. There can be no doubt that the new Tontine Street, being broad and commodious, must very soon become the principal thoroughfare in the town, and all the principal shopkeepers must congregate there. It is also easy to foresee, that the effect of the railway and the constant communication with France, must cause the town and port of Folkestone to increase in extent and importance, and to surpass its ancient glory, as described in Hasted's History of Kent. The Tontine Street has already greatly assisted in improving the town, and facilitating the communication between the different parts of it; and in consequence of its central and convenient position will no doubt prove a very lucrative investment.

This short statement will serve to show, that this particular undertaking is a good representation of the manner, in which an extensive building speculation may be commenced and accomplished by a combination of capital; and how the talent and

energy of private individuals may sometimes be successfully applied, not only for their own benefit, but for great public improvements in particular localities.

To form a considerable portion of the new street just mentioned, it was proposed to erect eighty houses with shop fronts, by raising a capital of £50,000, in shares of £100 each, on the tontine principle, the ground required being conveyed to the trustees of the company in fee, subject to a perpetual ground rent.

The prospectus contains the following statements:—

“From the character of the locality, and from the calculations of highly respectable and competent authorities, the following results may be confidently adopted:

Eighty houses, costing on an average 600 <i>l.</i> each	£48,000
Outlay for paving, lighting, &c.	1,000
Preliminary expenses, say	1,000
	<hr/>
	£50,000

“It is proposed to raise the capital by way of tontine, on lives not exceeding fifteen years of age.

“There are to be 500 shares of 100*l.* each. Shareholders may take one, or any larger number of shares, but not more than twenty shares to be placed on any one life.

“The shares to be paid up (if required by the directors) by monthly calls of 3*l.* each.

“Shareholders will be required to nominate the life or lives, on which their shares are to be held, on or before the 1st day of January, 1850; but shareholders coming in after that time shall nominate their life within fourteen days after the allotment of such share or shares.

“Interest at the rate of 5*l.* per cent. per annum will be paid on each share.

“On the death of a nominee, the shareholders will be entitled to receive back the full amount of his or her share or shares held on that particular life. Whenever the number of lives on which shares are held is reduced by deaths to twenty, the entire

property will be divided amongst the holders of the shares, represented by such surviving lives in proportion to their number of shares.

“Arrangements have been entered into with one of the leading life assurance societies, by means of which the fulfilment of the foregoing contract, for the repayment of capital will be guaranteed.

“The following calculations will show the operation of the scheme, and exhibit the profitable character of the Tontine as an investment.

Rent of eighty houses, at 60 <i>l.</i> per annum each, being	£4,800
Deduct annual rent charge, at the full amount of 10 <i>l.</i> per plot	800
	<hr/>
	£4,000
Five per cent. per annum on capital	2,500
	<hr/>

To pay expenses of management, to compensate for occasional loss, accruing from empty houses and other casualties, and to discharge annual premium, for carrying out the contract with the assurance office

1,500

“It must be obvious that as the lives (nominated) gradually fall in, and as the capital thereon is repaid by the assurance office, that the surplus income will rapidly increase.* There will be an annual declaration of this surplus income, beyond 5 per cent., which will be divided amongst the existing shareholders.

“The advantages of the Tontine as a profitable investment may be briefly enumerated—

“Perfect security for the capital invested, and its repayment, in case of death of a nominee.

* See the table *infra*, p. 76, which shows the probable increase according to the average duration of lives.

"Five per cent. per annum interest.

"An annual share of the profits, which will increase from year to year.

"A share of the property, when divided, should the nominee live to be one of the twenty survivors.

"A vote for the Eastern Division of the County of Kent.

"The property of the company will be vested in five trustees, to be elected by the shareholders, who will have the control and direction of the affairs of the company.

"Each shareholder will be entitled to one vote, and the holder of five or more shares to one additional vote for every five shares.

"Three shareholders will be appointed at an annual general meeting, to be held in the month of June, to audit the accounts, which will be submitted unreservedly to the shareholders for examination at the office of the company, at least ten days before each meeting."

This scheme, which is now in practical operation, with every outward prospect of success, for the reasons before mentioned, has evidently been formed with great care, and on much more stable and practical principles than other companies of a similar character.

The plan of having the freehold conveyed to the company, subject to a perpetual ground rent, possesses many advantages. It is manifestly preferable to a leasehold term for ninety-years, not only on account of the extended interest in the property, but because many stringent covenants are avoided, which are necessary in building leases, to keep up the value of the reversion, and which create difficulties in dealing with the property, on account of the forfeiture which may arise on a breach of covenant. At the same time the company retain the use of the purchase money as capital, and the general body of shareholders have the advantage of the difference between the *four* or *five* per cent. fixed in lieu of it by way of rent-charge, and the *seven* or *eight* per cent. produced from the houses in the shape of rent;—the particular shareholders who are sufficiently

fortunate to obtain the houses being eventually fixed with a perpetual rent-charge of a moderate amount for the intermediate benefit of the general body of shareholders, whose interest it is most important to consider in the first instance.

Another advantage of this scheme is, that all the lives nominated must be under the age of fifteen years, by which a uniformity of interest is created amongst the shareholders, and instead of their having the trouble and inconvenience of insuring the lives nominated by them for each share, the company undertake to insure all the lives, paying the premiums out of the income in the first instance. By this plan a considerable saving is effected, because any insurance company would contract to insure 500 lives under such circumstances on a reduced scale. It will also occur to the professional man, that this uniformity avoids many legal difficulties in the practical working out of the scheme.

This scheme is moreover simple in its character, and may be easily understood by the public, so as to encourage them to take shares. They have only to satisfy themselves that the houses may be built for the sum, and let for the rents mentioned in the calculations.

And if this does not prove to be the case, they have the great satisfaction of knowing that their principal money at least is safe, and that the interest must, in the nature of things, gradually increase in amount, by the death of some of the persons nominated by the shareholders, as shown in the table below, prepared by an eminent actuary connected with a life assurance company expressly for the Tontine Company just described.

The calculations are made on the supposition that the company will work out in sixty-five years, and on the presumption that seven lives per annum will fall in during the first thirty-three years, and eight lives per annum for the remaining period, which will leave *twenty survivors*, amongst whom the houses are to be divided as stated in the prospectus of the company.

TABLE.

1st Year	£2500 divided amongst 500 Shares will be	PER CENT.
1st ..	493 ..	5 0 0
2nd ..	486 ..	5 1 5
3rd ..	479 ..	5 2 10½
4th ..	472 ..	5 4 4½
5th ..	465 ..	5 5 11
6th ..	458 ..	5 7 6¼
7th ..	451 ..	5 9 2¼
8th ..	444 ..	5 10 10¼
9th ..	437 ..	5 12 7¼
10th ..	430 ..	5 14 5
11th ..	423 ..	5 16 3¼
12th ..	416 ..	5 18 2½
13th ..	409 ..	6 0 0
14th ..	402 ..	6 2 3
15th ..	395 ..	6 4 4½
16th ..	388 ..	6 6 7
17th ..	381 ..	6 8 10½
18th ..	374 ..	6 11 3
19th ..	367 ..	6 13 8¼
20th ..	360 ..	6 16 2¾
21st ..	353 ..	6 18 10¾
22nd ..	346 ..	7 1 7½
23rd ..	339 ..	7 4 6
24th ..	332 ..	7 7 6
25th ..	325 ..	7 10 7¼
26th ..	318 ..	7 13 10½
27th ..	311 ..	7 17 2¾
28th ..	304 ..	8 0 9¼
29th ..	297 ..	8 4 5¾
30th ..	290 ..	8 8 4¼
31st ..	283 ..	8 12 5
32nd ..	276 ..	8 16 8
33rd ..	268 ..	9 1 2
34th ..	260 ..	9 6 6¾
35th ..	252 ..	9 12 3¾
36th	9 18 5

37th Year	£2500 divided amongst 244 Shares will be	PER CENT.
37th ..	236 ..	10 4 11
38th ..	228 ..	10 11 10¼
39th ..	220 ..	10 19 3½
40th ..	212 ..	11 7 3¼
41st ..	204 ..	11 15 1¼
42nd ..	196 ..	12 5 1¼
43rd ..	188 ..	12 15 1¼
44th ..	180 ..	13 5 11½
45th ..	172 ..	13 17 9¼
46th ..	164 ..	14 10 8¼
47th ..	156 ..	15 4 10½
48th ..	148 ..	16 6 0
49th ..	140 ..	16 17 10
50th ..	132 ..	17 17 1¾
51st ..	124 ..	18 18 9½
52nd ..	116 ..	20 3 2¾
53rd ..	108 ..	21 11 0½
54th ..	100 ..	23 2 11½
55th ..	92 ..	25 0 0
56th ..	84 ..	27 3 5¾
57th ..	76 ..	29 15 3
58th ..	68 ..	32 17 10¾
59th ..	60 ..	36 15 3½
60th ..	52 ..	41 13 4
61st ..	44 ..	48 1 6½
62nd ..	36 ..	56 16 4¼
63rd ..	28 ..	69 8 10½
64th ..	20 ..	89 5 8½
65th	125 0 0

The above table proves very clearly the very great benefits which may be derived from investments on the principle of Tontine, and the foregoing observations will have shown that throughout the *principle* is unquestionably *safe*. The only question which an investor has to satisfy his mind upon is, whether the undertaking is likely to prosper. This of course depends entirely on the requirements of the particular locality, and each case must be judged of by that test.

SECTION II.

HOW TO FORM A TONTINE BUILDING COMPANY.

Tontine Building Companies are at present subject to the acts relating to Joint-Stock Companies,* and the proceedings from first to last, for the purpose of forming such a company, must be taken strictly in accordance with the provisions of those acts.

This renders it necessary that all the proceedings should be private, until the scheme is sufficiently matured for a prospectus to be prepared and issued. The time for publicity must be in the discretion of the promoters, but it may here be suggested that, generally speaking, it will be worse than useless to place the proposed undertaking before the public unless the names of responsible and business-like men, in whom the public would have confidence, can be inserted in the prospectus as provisional directors, and unless one-third, or at least one-fourth of the shares are virtually taken.

The last chapter contains all but the formal parts of a prospectus, which may be added to, and altered, according to circumstances.

Before the promoters can issue the prospectus, or otherwise advertise the undertaking, without subjecting themselves to penalties, they must cause it to be *provisionally registered* in the mode pointed out by the 7th & 8th Vict. c. 110; and before the company can purchase, or hold land, it must be *completely registered* and a *license* obtained from the Lords of the Committee of the Privy Council for Trade, upon a petition to them for that purpose. An abstract of the proposed deed of settlement must be sent with the petition, for the inspection, and consideration of the Board.

The form of the abstract, petition, and license, are inserted below, and will be found of great practical utility to professional men engaged in the formation of a similar company; and a short abstract of the conveyance will also be inserted for the same reason.

* 7 & 8 Vict. c. 110 & 111; 8 & 9 Vict. c. 16; 10 & 11 Vict. c. 107.

(Indorsement on the Abstract.)

JOINT-STOCK COMPANIES' REGISTRATION ACT,
7 & 8 VICT. c. 110.

COMPLETE REGISTRATION.

RETURN OF ABSTRACT OF DEED OF
SETTLEMENT

OF THE

FOLKESTONE TONTINE BUILDING
COMPANY.

PURSUANT TO SECTION 7.

Date of receipt at the Registry Office . . .	11
Serial number of the return . . .	7656
Fee on perusal . . .	£1 4 0
Fee on registry . . .	

NUMBER OF FOLIOS 48.

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration. }

{ Dated 21st
January, 1850.

	Clause of Deed.
Parties.	The shareholders of the company of the one part, and John Page, wine merchant, trustee, on behalf of the company, of the other part.
Recitals.	Intention to form company. Provisional registration on the 24th day of April, 1849. Intention to obtain complete registration under 7 & 8 Vict. c. 110, s. 7. That the shares are numbered from 1 to 500, and are to be held on the lives of nominees. Contract (to take effect on complete registration) for the purchase of lands at Folkestone from Messrs. Charles Price and Edward Watts, for erecting 80 houses, with a plot of ground to each, subject to certain specified annual rent-charges, with power to the directors to vary the size of the plots, and apportion the rent-charges accordingly. That it is intended to obtain a license from the Committee of the Board of Trade to authorize the company to hold such lands, and to take a conveyance accordingly. That a road and sewer have been made, one-half of the expense of which to be paid by Messrs. Price and Watts, and the other by the company.
Covenant.	By the shareholders with trustee to form the company and observe the rules..... 1
Name.	The Folkestone Tontine Building Company.. 1
Covenant.	To pay instalments and perform engagements. 2
I. Constitution, purpose, and general particulars.	Company to consist of the holders of shares on existing lives, subject to proviso in the event of the lives being reduced to 20..... 3
Constitution.	Shares not to be divisible, and one person only to vote for a share or shares held by several persons jointly 4
	Lives to be nominated on or before 21st January, 1850, or within fourteen days after allotment of shares 5
	Two or more shareholders may not nominate the same life 5
	Power to change nomination before the 21st day of January, 1850..... 6
	Proof of age of nominees to be furnished .. 7

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration. }

	Clause of Deed.
I. Constitution, purpose, and general particulars.	
Business.	Name, residence, and addition of nominees to be stated on certificate of proprietorship.... 8 To form a new street within the town of Folkestone, in the county of Kent, and to build houses in the line of the said street, and by letting of such houses on lease or otherwise, to create and raise a rental to be divided among the shareholders by way of tontine 9
Commencement.	On day of complete registration..... 10
Duration.	Until dissolved, as after provided or otherwise, according to law 10
Place of Business.	Folkestone, in the county of Kent 11
Present officers.	Five directors, five general trustees, two auditors, secretary, as named in the deed..... 12
Trusts of the property of the company.	Trustees to hold the real and personal estate of the company, in trust for the company, and to be leased, conveyed, and otherwise disposed of, as the board of directors shall appoint, subject to the provisions of the deed and of the act of parliament, and to the control of a general meeting..... 13 Houses to be built. Power to the directors to vary the size of the plots and apportion the rent-charges. Street to be completed and maintained. Houses to be let.
II. Capital.	Houses and buildings to be insured..... 14 50,000 <i>l.</i> in 500 shares of 100 <i>l.</i> each 15 Register to be made of shares taken, amounts paid, names and addresses of shareholders, the numbers of shares and names, &c. of the nominees 15
III. Insurance of lives.	The directors to insure the life of each nominee for a sum not exceeding 100 <i>l.</i> per share. 16 If life of any nominee be not insurable another life to be nominated. In case of neglect to nominate, share may be forfeited..... 17
IV. Dividends.	A reserved fund to be retained every half-year 18

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration }

IV. Dividends.	Clause of Deed.
Dividend at 5l. per cent. per annum to be paid half-yearly to the shareholders.....	19
The surplus rents and profits to be divided yearly among the shareholders rateably.....	20
Times of making the half-yearly divisions and yearly division of surplus rents and profits.	21
Shareholders before receiving dividends or apportionment of surplus rents and profits to furnish proof that their nominees are alive	22
On the deaths of the nominees (except the 20 survivors) the shareholders to receive back their respective shares of the capital, unless the policies be vitiated by the act or default of the nominees	23
The holders of shares on the 20 surviving lives to become absolutely entitled, but no partition to be made while the company subsists....	24
Dividends and apportionment of rents and profits are to be paid at the office of the company or at their bankers. Shareholders to be informed by circulars of the amounts thereof....	25
V. General meetings.	
1. Their convening and adjournment.	
Ordinary general meeting to be held half-yearly, in July and January, or at such other periods within six calendar months as the directors shall appoint. The meeting in the month of January to be considered the annual meeting	26
Extraordinary general meetings may be called by directors on their own accord, or on the requisition of five shareholders, expressing the object of the meeting.....	27
Every meeting may adjourn if the whole of the business be not completed.....	28
Fourteen days' notice of original meetings to be given by advertisement in two daily London newspapers, and one weekly provincial paper, and by letters to the shareholders	29
2. Powers.	
Any ordinary general meeting may (without notice) elect directors, auditors, and treasurer; receive accounts, balance sheets and reports of directors, auditors, and treasurer; decide on	

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration }

V. General meetings.	Clause of Deed.
directors' recommendation of dividends; demand inspection of books, and generally discuss and control the affairs of the company	30
General management of the company to be subject to order of general meeting, subject to proviso, that when there shall not be ten shareholders the rules then inapplicable shall be void, and the general management be subject to the orders of general meetings, to be styled "provisional general meetings," at which a majority per capital present shall bind the company, proviso that the shareholders present shall be holders of half the shares in the company	31
Extraordinary general meetings may make bye-laws, if not repugnant to the act of parliament or this deed	32
Two extraordinary general meetings, by votes of three-fifths of the members present, may make, alter, or repeal rules	33
No special matters to be transacted at ordinary meetings, unless specially advertised. No business to be transacted at extraordinary meetings which has not been stated in the notice. No other business to be transacted at adjourned meetings than what was left unfinished at the original meeting	34
3. Procedure.	
The chairman of the board of directors shall be chairman of general meetings; in his absence, the deputy-chairman; in his absence, one of the directors; in their absence, some shareholder to be chosen	35
Each shareholder to have one vote with an additional vote for every five shares.....	36
Except in specified cases, a simple majority to bind. A ballot may be required by two or more shareholders	37
Lunatics and infants may vote by their committees or guardians as if they were beneficially entitled	38
Shareholders may vote by proxies appointed by the prescribed form	39
One shareholder may hold only five proxies..	40

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration. }

V. General Meetings.	Clause of Deed.
Proxies to be transmitted to the secretary before the meeting	41
In case of shareholders jointly entitled, the person whose name stands first may vote for all	42
Chairman to have a casting vote	43
Proof of majority only required in case of a poll	44
VI. Directors.	45
1. Number, qualification, and removal.	46
There shall be five directors	47
Directors to be elected at the annual ordinary meeting	48
Every director must have five shares, at least, and not hold any office (except that of trustee)	49
Office of director to become vacant if he become disqualified as above, or neglect to attend, or become bankrupt or insolvent	50
Two directors, to be determined by ballot, to go out of office in 1850; two more in 1851, and the other in 1852. Two to go out in every subsequent year	51
Places.	52
Places of retiring directors to be supplied. Directors to be immediately re-eligible	53
Occasional vacancies to be supplied	54
On failure of election of directors, meeting to stand adjourned	55
2. Meetings.	56
Ordinary meeting of directors shall be on the first Saturday in every month, or such other day as the directors shall appoint. Two directors may require the secretary to call a meeting.	57
Three directors necessary to make a meeting	
Attendances of directors to be recorded and reported	
Chairman to have casting vote	
The chairman shall be elected for the year by the directors at the first meeting of directors, and they may also choose a deputy chairman	
Occasional chairman may be chosen in absence of chairman or deputy chairman	
3. Powers and duties.	
The directors are charged and empowered as follows, viz.:	

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration. }

VI. Directors.	Clause of Deed.
3. Powers and duties.	58
To have the management of the affairs, subject to control of general meeting	59
To appoint, remove, or change bankers, actuary, architect, and solicitors, secretary and registrar, and other officers	60
To purchase or hire offices	61
To lease houses	62
To open a banking account, and to keep all ready money and securities at such bank	63
To pay all monies to the bankers of the company, and all payments of money to be made by order of the directors.	64
To keep accounts, and make up half-yearly balance sheet; to take care of, and produce all books, &c.	65
To give discharges	66
To contract debts not exceeding 5000 <i>l.</i>	67
Not to make, accept, or indorse notes or bills	68
To make contracts, and how they are to be made	69
To enter, or cause to be entered in a book, the orders and proceedings of all meetings of the company and of the directors, and such entries to be evidence	70
Informalities in the appointment of directors not to invalidate proceedings	71
Directors not to be personally liable	72
Directors to be indemnified in respect of all actions and suits, and from all losses in discharge of their duties, out of the funds of the company, except when happening from their wilful neglect, or default	73
Directors shall have a common seal, on which shall be inscribed the name of the company. Seal to be kept under two locks. The secretary to have one key, and one of the directors the other key; and to be used only by authority of directors	74
Directors may bring or defend actions, or compound, or refer to arbitration	
4. Remuneration.	
General meeting shall appoint a sum, for	

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration }

VI. Directors.	Clause of Deed.
each director to receive for his attendance at the Board.....	75
VII. Auditors. To be appointed at the annual ordinary meeting.....	76
Auditors must be shareholders; may not hold any other office	77
One auditor shall go out of office annually by rotation, but to be re-eligible	78
Occasional vacancies may be supplied at any meeting, by election of the shareholders.....	79
On failure of election, meeting to stand adjourned	80
Directors to deliver balance sheet to auditors 28 days before the ensuing ordinary meeting ..	81
Auditors to receive and examine balance sheet	82
Auditors to examine books, &c., and to report on the accounts and balance sheet	83
The salaries of the auditors shall be fixed at the annual general meeting of the shareholders	84
Director or auditor. Notice to be given of candidates for the office of director or auditor	85
Directors and auditors must be chosen from list to be posted up, and have been proposed..	86
Candidates may appoint scrutineers	87
VIII. Trustees. General trustees to be appointed by the directors, and removed by them or by a general meeting	88
Must be appointed out of shareholders eligible as directors; shall make declarations of trust if required; shall dispose of estates and property of the company, as directors or general meeting shall appoint	89
Receipts of trustees to be discharges	90
Trustees to be remunerated as annual meeting shall direct	91
On removal of trustees, all necessary acts to be done for the security of the company and the trustees	92
Directors, auditor, and trustee. The validity of the election of any director, auditor, or trustee, not to be questioned.....	93

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration }

VIII. Trustees.	Clause of Deed.
IX. Secretary. Any director, auditor, or trustee, may resign. May represent company in matters of business	94
X. Officers generally. Security to be taken from officers entrusted with moneys	95
Officers to render accounts	96
Informalities in the appointment of officers not to invalidate proceedings	97
XI. Shareholders. Shareholders to be at liberty to search the register	98
Their rights and interests. Shares to be personal estate	99
Changes of name or residence to be testified to the secretary	100
The guardians of infant shareholders may be registered, after notice to the secretary	101
The committees of lunatic shareholders may be registered, after notice to the secretary ..	102
The executors of any deceased shareholders may be registered, after notice to the secretary.	103
The assignees of a bankrupt or insolvent shareholder shall not be shareholders	104
Form of transfer of shares	105
Every future shareholder must covenant to observe the Rules	106
Trusts not recognized by the company	107
Shareholders may inspect account books and balance sheet	108
Balance sheet, and report of auditors, to be produced at ordinary meetings	109
Notices to shareholders, unless required to be served personally, to be sent by post, or otherwise, to their registered addresses; and in case of joint proprietors, notices to be sent to the person whose name stands first in the register book	110
Advertisements (unless otherwise directed) to be published in London Gazette, and some daily London newspaper, and in a Kentish newspaper	111
Notices requiring authentication may be signed by two directors, or by the secretary ..	112
XII. Calls. Calls shall be made as the board of directors	113

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration. }

	Clause of Deed.
XII. Calls.	
shall think fit; but no call to exceed 3 <i>l.</i> per share, nor (except the first) more frequently than monthly.	
Notice thereof to be sent to each shareholder. Interest to be paid, or allowed, as the case may be	114
On death of nominee, liability to future calls to cease.....	115
If calls not paid within seven days, shares may be declared to be forfeited, and actions may be brought. Forfeited shares may be sold.	116
Directors may restore forfeited shares, on payment of 5 <i>l.</i> per cent. on the unpaid calls, with costs, and fine of from 5 <i>s.</i> to 20 <i>s.</i> per share ..	117
Shareholders not entitled to vote, or exercise any privilege while their calls remain unpaid..	118
Default in payment of calls to be certified to the directors by the secretary	119
XIII. Augmentation of capital.	
The capital of the company may be augmented by the issue of new shares, to the amount of 10,000 <i>l.</i> , with the consent of two successive extraordinary general meetings, at which two-thirds of the shareholders shall be present, either in person or by proxy. The original shareholders to have preference in the allotment of new shares	120
XIV. Borrowing of money.	
The company, by order of a general meeting, may borrow, on mortgage or bond, any sum of money not exceeding 25,000 <i>l.</i>	121
The company may re-borrow on mortgage, or bond, any part of the amount which may have been paid off, with the authority of a general meeting	122
A copy of the order of a general meeting, certified by one of the directors, to be evidence of the order for borrowing money having been made.....	123
Form of mortgage deed and bond	124
Mortgagees to take <i>pari passu</i>	125
Directors may provide that obligees in bonds shall take <i>pari passu</i>	126
Mortgages and bonds to be registered.....	127

*Abstract of the Deed of Settlement of the
Folkestone Tontine Building Company.*

Complete }
Registration. }

	Clause of Deed.
XIV. Borrowing of money.	
Form of transfers of mortgages and bonds ..	128
Transfers of mortgages and bonds to be registered	129
The interest of the money borrowed to be paid half-yearly, if no time be appointed	130
Money raised by loan, or otherwise, to be applied in paying the costs and expenses of the formation, &c. of the company, and in carrying the purposes of the company into execution ..	131
XV. Arbitration.	
Questions arising between shareholders, or between shareholders and the company, shall be referred to arbitration, in the manner provided.....	132
Vacancy of arbitrator to be supplied	133
Umpire to be appointed	134
Arbitrators, or their umpire, may call for the production of any documents in the possession or power of either party	135
Costs of arbitration to be in the discretion of the arbitrators, or their umpire	136
Submission to arbitration may be made rule of court.....	137
XVI. Dissolution.	
When the number of lives shall be reduced to 20, any one shareholder may give notice of dissolution, and at the end of six calendar months from such notice the company shall stand and be dissolved; and a partition and division of the estates and property shall be made.....	138
The secretary shall inform the shareholders of the notice of dissolution	139
XVII. Ratification.	
Of the acts done by the directors and promoters	140

TO THE RIGHT HONORABLE THE LORDS OF THE
COMMITTEE OF THE PRIVY COUNCIL FOR
TRADE.

THE HUMBLE PETITION OF THE FOLKESTONE TONTINE
BUILDING COMPANY

SHREWETH—

THAT an act of parliament was made and passed in the session of parliament held in the 7th and 8th years of the reign of her present Majesty Queen Victoria, intituled—"An Act for the Registration, Incorporation, and Regulation of Joint Stock Companies."

THAT another act of parliament was made and passed in the session of parliament, held in the 10th and 11th years of the reign of her said Majesty, intituled—"An Act to amend an Act for the Registration, Incorporation, and Regulation of Joint Stock Companies."

THAT a company has been formed under the provisions of the said act of parliament, and is called the Folkestone Tontine Building Company. And that the business or purpose of such company is to form a new street (which is intended to be called "The Tontine") within the town of Folkestone in the county of Kent, and to build houses in the line of the said street (which said land and street are particularly described in the plan annexed to this petition), and by the letting of such houses on lease, or otherwise, to create and raise a rental, to be divided amongst the shareholders of the said company by way of tontine, according to the provisions which are contained in a certain deed of settlement of the said company, bearing date the 21st day of January, 1850.

THAT on the 1st day of June, 1850, the said company was completely registered, pursuant to the provisions of the said acts of parliament or one of them, and a certificate of such complete registration has been obtained, and bears date the 1st day of June, 1850.

THAT your petitioners are desirous of being authorized and empowered, in the name of the said company, or of the trustees or trustee of the said company, to purchase, take, and hold, and again to let, sell, mortgage, or otherwise dispose of, the lands, tenements, and hereditaments, with their appurtenances, mentioned and comprised in the said plan hereunto annexed, and therein variously coloured green, red, yellow, pink, blue, and brown; and which said lands, tenements, and hereditaments, with their appurtenances, are therein distinguished by their several and respective numbers, commencing with No. 1, and ending with No. 80; and a right of road for all purposes along the road on the said plan, and therein distinguished by the colour of light yellow.

YOUR PETITIONERS THEREFORE HUMBLY PRAY that your Lordships, in pursuance of the power and authority vested

in your Lordships by the said acts of parliament, will be pleased to grant a license to authorize and empower them to purchase, take, and hold, and again, to let, sell, mortgage, or otherwise dispose of, the said lands, tenements, and hereditaments, mentioned and described in the said plan, with their appurtenances, including the said right of road, in the name of the said company or of the trustees or trustee thereof.

And your Petitioners will ever pray,

BROCKMAN and WATTS,
Registered Solicitors of the said Company.

FORM OF LICENSE TO HOLD AND DISPOSE OF
LANDS FROM BOARD OF TRADE.

TO ALL TO WHOM THESE PRESENTS SHALL COME.—The Lords of the Committee of her Majesty's Privy Council for the consideration of all matters relating to trade and plantations send greeting. WHEREAS by an act of parliament passed in the session of parliament holden in the 7th and 8th years of the reign of our Sovereign Lady the Queen, intituled "An Act for the Registration, Incorporation, and Regulation of Joint Stock Companies," it is amongst other things enacted, that upon the complete registration of any companies in the manner provided for by the said act being certified by the registrar of joint stock companies, such companies and the shareholders therein, and all the succeeding shareholders whilst shareholders, shall be incorporated as from the date of such certificate by the name of the company as set forth in the deed of settlement for the purposes in the said act described; and that thereupon it shall be lawful for the said company to purchase and hold lands, tenements, and hereditaments, in the name of the said company, or of the trustees or trustee thereof, for the purpose of occupying the same as a place or places of business of the said company; and also (but, nevertheless, with a license general or special for that purpose, to be granted by the Lords of the Committee first had and obtained), such other lands, tenements, and hereditaments, as the nature of the business of the company may require: AND WHEREAS it has been certified to the Lords of the said Committee by the registrar of joint stock companies that a certain company has been completely registered, according to the provisions of the said act, by the name of "The Folkestone Tontine Building Company:" AND WHEREAS the directors of the said company have made application to us for a license to authorize the said company, in the name of the said company, or of the trustees or trustee thereof, to purchase, take, and hold, and again to let, sell, mortgage, or otherwise dispose of, the lands and hereditaments hereinafter mentioned: AND WHEREAS it is expedient that the said company should be

enabled to do so; *Now, therefore, we*, in pursuance of the power and authority vested in us by virtue of the said recited acts, and of a certain other act passed in the session of parliament, holden in the 10th and 11th years of the reign of her present Majesty, intituled "An Act to amend an Act for the Registration, Incorporation, and Regulation of Joint Stock Companies," *do hereby* grant a license to the said company, called The Folkestone Tontine Building Company, in the name of the said company, or of the trustees or trustee thereof, to purchase, take, acquire, and hold, and if the said company shall think proper, to let, sell, mortgage, or otherwise dispose of, the lands and hereditaments hereinafter more particularly described, (that is to say) All those eighty several plots, pieces, or parcels of freehold land, situate in the town of Folkestone in the county of Kent, which are particularly described, with their several and respective dimensions, abutments, and boundaries, in the plan or map which is drawn at the foot of this license;* which said several plots or pieces of land are the same plots and pieces of land which are intended to be conveyed by the indenture hereinafter referred to; and which said plan or map is also drawn in the second schedule annexed to a certain indenture which is already prepared, and is intended to bear date the day next after the day of the date of this license, and to be made between Charles Price and Edward Watts of the one part, and William James King, Richard Price, Thomas Neale the younger, William Bland, and Francis Chambers (the general trustees of the said company) of the other part; and which said plots of land are in the said plan or map variously colored, green, red, yellow, pink, blue, and brown, and are therein distinguished by their several and respective numbers, commencing with the No. 1 and ending with the No. 80; and on each of several of which said plots or parcels of land a house has been already erected, and on each of the rest of which said plots or parcels of land it is intended that a house shall be erected and built in the line of a street which is called, or is intended to be called, the Tontine; together with the right of way, in the said indenture particularly mentioned, upon, along, and over the road or street which is delineated and described in and upon the said plan or map, and is therein coloured light yellow, and which extends from Mill Lane to High Street, in the town of Folkestone aforesaid, including both the branches of the said road from Mill Lane aforesaid; and also, in the name of the said company, or of the trustees or trustee thereof, from time to time to purchase, take, acquire, and hold, and to let, sell, mortgage, or otherwise dispose of, and again acquire such lands tenements, or hereditaments, as the said company may from time to time desire and require for any of the purposes which are authorized by the present deed of settlement, or

* The plan will be the same as that contained in the petition already presented.

shall or may be authorized by any future deed or deeds of settlement of the said company. And this shall be the license and authority for the said company, in the name of the said company, or of the trustees or trustee thereof, to purchase, take, acquire, and hold, and to let, sell, mortgage, or otherwise dispose of, all such lands, tenements, or hereditaments, as aforesaid, during the continuance of the said company. Signed by order of the Lords of the Committee of her Majesty's Privy Council for the consideration of all matters of Trade and Plantations, this second day of September in the year of our Lord 1850.

G. R. PORTER,
One of the Assistant Secretaries of the
above-named Committee.

The plan or map above referred to.

SHORT ABSTRACT OF THE CONVEYANCE.

- Date. 3rd September, 1850.
- Parties. The (vendors) of the one part, and the (trustees) of the company of the other part.
- Recitals. That the company had been formed to make a new street within the town of Folkestone. The rental to be divided amongst the shareholders by way of Tontine, according to the provisions contained in the deed of settlement.
- That it had been agreed that when the certificate of complete registration had been obtained certain pieces of land, sufficient to erect eighty houses, with a plot of ground to each, should be conveyed to trustees for the said company, subject to the following annual rent-charge on each site, i. e., a peppercorn for the first year, 3*l.* for the second year, 6*l.* for the third year, and 10*l.* for the fourth and every subsequent year, with power to the directors to alter the size of the plots, and to apportion the rent-charges.
- That the rent-charges should commence from 24th April, 1849.
- Recitals of the several conveyances to the vendors.
- That on the 1st June, 1850, said company was completely registered, pursuant to 7 & 8 Vict. c. 110, and a certificate thereof had been obtained, dated 1st June, 1850.
- That a license, dated 2d September, 1850, had been obtained from the Lords of the Committee of the Privy Council of Trade, whereby the company were empowered to hold, let, sell, and mortgage, the lands, tenements, and hereditaments thereafter conveyed.

- Witnesseth That in pursuance of contract and of the several rent-charges thereafter mentioned, and of the powers reserved for enforcing them, and of the covenant on the part of (the trustees) thereafter contained, *they* said vendors appoint and convey,
- Parcels. Eighty plots of land, as described in first schedule, and also in the plan delineated in the second schedule (subject to various rights of way, &c.)
- Habendum. To (trustees) *to the uses* therein declared.
- Uses and trusts. That the annual rent-charges thereafter mentioned might issue out of each of the said plots, i. e., an annual rent-charge of one peppercorn for the first year, from the 24th April, 1849. An annual rent-charge of 3*l.* &c., free from all charges.
- That if any quarterly payment of rent-charges should be unpaid, the said (vendors) should have power to enter and distrain.
- That so often as any quarterly payment should be unpaid, the said (vendors) should have power to enter and take rents, and apply same in payment of rent-charges until arrears paid, with costs occasioned by non-payment, and such possession to be without impeachment of waste.
- And as to the premises (subject to the annual rent-charges).
- To the use of (trustees).
- Trust. In trust for the said Folkestone Tontine Building Company and their successors, and for the intents and purposes declared by said deed of settlement.
- Uses of the Rent-charges. Declaration that rent-charges should enure to such uses, &c. as the said (vendors), or the survivor of them, should appoint; and, in default of appointment, to the use of the said (vendors), their heirs and assigns for ever.
- Declarations. Declarations to prevent dower.
- That it should be lawful for directors to vary size of plots, and apportion rent-charges. Deeds to be executed accordingly between (vendors) and (trustees). That the rent-charge to be apportioned on any one plot should not exceed 10*s.* a foot frontage towards the said street.
- Covenants. For title by (vendors) as usual.
- By (trustees) to pay such rent-charges. To erect eighty houses with suitable offices within five years, and expend on each 400*l.*, to keep them in repair, to insure them in two-thirds the value, and produce policies and receipts for premiums on request of said (vendors).
- Declaration. That if said (trustees) to the said company should

neglect to perform covenants, then it should be lawful for said (vendors) or persons entitled to rent-charges, to enter any plot in respect of which such neglect should have occurred, and hold same and receive the rents thereof as in his and their former estate.

That no breach or neglect should give right of entry until judgment obtained on an action for breach of covenant; and the damages and costs recovered in such action should have remained unpaid. Or said premises should have remained unrepaired, &c., after three months' notice in writing of such judgment shall have been given to the secretary of the company.

Covenant. For production of the title deeds, &c., mentioned in the third schedule.

FIRST SCHEDULE, describing the plots of land intended to be conveyed, with their numbers and colors on the plan, and the dates of the recited indentures by which they were conveyed to the (vendors).

No.	Colors on Plan.	Parcels.	Dates of Conveyance to Owners.
1	Red and Green.	Plot 1. All that plot of land, &c. (So on to the end of 80 plots.)	11th Jan. 1848.

SECOND SCHEDULE, to which Indenture refers,
Contains a plan of all the plots coloured.

THIRD SCHEDULE
Specifies the dates and particulars of the several deeds covenanted to be produced.

The Author is indebted to his friends Messrs. Brockman and Watts, of Folkestone and Hythe, for the use of the preceding documents.