



ANALYSIS

<p>Title</p> <ol style="list-style-type: none"> 1. Short Title 2. Board of Management 3. Guarantees by Corporation of portions of mortgages granted for housing purposes 	<ol style="list-style-type: none"> 4. Guarantees by Corporation of portions of loans for development or establishment of tourist hotels 5. Power to waive or reduce contribution to General Reserve Fund 6. Consequential amendments
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1961, No. 16

An Act to amend the State Advances Corporation Act 1934-35 *[18 October 1961]*

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. Short Title—This Act may be cited as the State Advances Corporation Amendment Act 1961, and shall be read together with and deemed part of the State Advances Corporation Act 1934-35* (hereinafter referred to as the principal Act).

2. Board of Management—Section 2 of the State Advances Corporation Amendment Act 1951 is hereby amended by repealing paragraph (c) of subsection (1), and substituting the following paragraph:

“(c) Such number of directors (not exceeding four) as may from time to time be appointed by the Governor-General in Council to hold office in accordance with the provisions of this section:”.

*1957 Reprint, Vol. 15, p. 1
Amendment: 1959, No. 81

3. Guarantees by Corporation of portions of mortgages granted for housing purposes—The principal Act is hereby amended by repealing section 32A (as inserted by section 2 of the State Advances Corporation Amendment Act 1953), and substituting the following section:

“32A. (1) For the purposes of this section ‘financial institution’ means the Public Trustee, the Government Insurance Commissioner, and the National Provident Fund Board, and any Government Department, building society, savings bank, company, or body corporate (whether incorporated in New Zealand or elsewhere) empowered to lend money on mortgage of land.

“(2) Where any person approved by the Corporation is desirous of purchasing or erecting a house and applies to a financial institution for an advance by way of first mortgage upon the security of the land and the house erected or to be erected thereon, the Corporation may by deed or other instrument, and upon such terms as may be agreed upon between the Corporation and the financial institution, guarantee to that financial institution repayment of any portion of the money which the financial institution may so advance to that person.

“(3) Notwithstanding any rule of law or any statutory or other provision to the contrary, but subject to the provisions of subsection (5) of this section, any financial institution may advance money (including trust funds) by way of mortgage—

“(a) On the security of an estate in fee simple on any land and a house erected or to be erected thereon to an amount which does not exceed the percentage fixed by subsection (4) of this section of the total estimated value of the land and of the house erected or to be erected thereon:

“(b) On the security of any lease and a house erected or to be erected on the land comprised in the lease to an amount which does not exceed the percentage fixed by subsection (4) of this section of the estimated value of the house or proposed house alone.

“(4) The percentage fixed for the purposes of subsection (3) of this section shall be eighty-five per cent where the house is already erected and ninety per cent where the house is to be erected.

“(5) No such advance of money by way of mortgage shall be made unless the Corporation has entered into a guarantee in a form agreed upon between the Corporation and the

financial institution whereby the Corporation guarantees to the financial institution repayment of the difference between the maximum loan that the financial institution would be authorised to advance without the guarantee and the amount (not exceeding the limit specified in subsection (3) of this section) which the financial institution advances.

“(6) Where a financial institution advances money to any person at any time after the commencement of this subsection and the repayment of portion of that money is guaranteed by the Corporation under the provisions of this section, then that person shall be required to pay to the credit of the General Reserve Fund established pursuant to Part IV of this Act an amount equal to two per cent of the portion of the advance guaranteed by the Corporation.

“(7) The amount payable to the General Reserve Fund pursuant to subsection (6) of this section may be paid in cash at the time of the giving of the guarantee or it may be added to the amount of the advance (notwithstanding the limit specified in subsection (3) of this section) and included in the guarantee, and in such case shall be secured by the mortgage to the financial institution and paid by that institution to the Corporation.”

4. Guarantees by Corporation of portions of loans for development or establishment of tourist hotels—The State Advances Corporation Act 1936 is hereby amended by inserting, after section 29, the following section:

“29A. (1) Where any person (in this section referred to as the borrower) approved by the Corporation is desirous of providing accommodation for tourists or travellers in New Zealand of a standard and in a locality approved by the Minister in Charge of Tourist and Health Resorts and applies to any person (in this section referred to as the lender) for a loan to enable or assist him to do so, the Corporation may by deed or other instrument, and upon such terms as may be agreed upon between the Corporation and the lender, guarantee to the lender repayment of any portion of the money which the lender may lend to the borrower for that purpose.

“(2) Where any guarantee is given by the Corporation under the provisions of this section, the borrower shall be required to pay to the credit of the General Reserve Fund established pursuant to Part IV of this Act an amount equal to two per cent of the portion of the loan guaranteed by the Corporation.

“(3) The amount payable to the General Reserve Fund pursuant to subsection (2) of this section may be paid in cash at the time of the giving of the guarantee or it may be added to the amount of the loan and included in the guarantee, and in such case shall be paid by the lender to the Corporation.

“(4) The provisions of section 29 of this Act shall apply with all necessary modifications to guarantees given under this section as if they were loans made under that section:

“Provided that the losses incurred by the Corporation in respect of such guarantees, and against which it is guaranteed under subsection (5) of that section, shall be the losses incurred after the amounts paid to the General Reserve Fund in respect of such guarantees have been taken into account.”

5. Power to waive or reduce contribution to General Reserve Fund—(1) Section 32 of the principal Act is hereby amended by adding the following subsection:

“(4) Notwithstanding the provisions of subsection (1) of this section, where any mortgagor who has repaid (whether before or after the date of the commencement of this subsection) a loan made to him by the Corporation makes application to it after that date for a further loan and, when the application is received by the Corporation, less than five years have elapsed since the completion of the repayment of the previous loan, whether the further loan is to be secured by a mortgage of the same land or other land, the Board may, if it thinks fit, decide—

“(a) That the mortgagor shall not be required to contribute to the General Reserve Fund in respect of the further loan if the amount of that loan does not exceed the sum owing under the previous loan at the time when the repayment of that loan was completed; or

“(b) That the mortgagor shall be required to pay to the credit of the General Reserve Fund in respect of the further loan an amount equal to two per cent of the amount by which the further loan exceeds the sum owing under the previous loan at the time when the repayment of that loan was completed, instead of an amount calculated in accordance with the provisions of subsection (1) of this section.”

(2) Section 32 of the principal Act is hereby further amended by inserting in subsection (3), after the word “made”, the words “or waived”.

6. Consequential amendments—(1) Section 2 of the State Advances Corporation Amendment Act 1953 is hereby repealed.

(2) Section 33 of the principal Act is hereby amended by repealing paragraph (b) of subsection (2), and substituting the following paragraph:

“(b) All money required to be contributed to the General Reserve Fund in accordance with the provisions of section 32 and subsection (6) of section 32A of this Act and subsection (2) of section 29A of the State Advances Corporation Act 1936:”.

This Act is administered in the State Advances Corporation of New Zealand.
