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Right Hon. Mr. Massey.

MORTGAGES FINAL EXTENSION.

ANALYSIS.

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A BILL INTITULED

AN ACT to confer on the Supreme Court Jurisdiction to extend the Due Date for Payment of the Principal Sums secured by certain Mortgages, and to make other Provisions in respect of Overdue Mortgages.

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

1. This Act may be cited as the Mortgages Final Extension Act, 1924.

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2. In this Act, unless inconsistent with the context,—
 “ Court ” means the Supreme Court of New Zealand :
 “ Judge ” means a Judge of the Supreme Court :

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“ Mortgage ” means any deed, memorandum of mortgage, instrument, or agreement whereby security for payment of moneys or for the performance of any contract is granted over land or chattels or any interest therein respectively ; and includes any instrument of security granted over or in respect of any policy for securing a life insurance, endowment, or annuity :

“Mortgagor” means a person liable under the provisions of a mortgage, and includes any person who has guaranteed the performance by the mortgagor of any covenant, condition, or agreement expressed or implied in the mortgage, whether such guarantee is expressed in the mortgage or in any other instrument; and also includes any person against whom a mortgagor has a legal or equitable right of indemnity in respect of any liabilities under the mortgage: 5

“Mortgagee” means the person entitled to the benefit of the security of the mortgage: 10

“Trade mortgage” means a mortgage securing to any bank, trading company, or merchant the balance of the account current of a customer of such bank, trading company, or merchant, whether such mortgage is granted by the customer or by any surety for the customer. 15

Application of Act to certain mortgages.

3. This Act shall apply to all mortgages except—

- (a.) Trade mortgages;
- (b.) Securities for loans granted under the Repatriation Act, 1918; and
- (c.) Mortgages executed on or after the twenty-fourth day of October, nineteen hundred and nineteen, being the date of commencement of the Mortgages Extension Act, 1919. 20

Act to apply to agreements for sale and purchase of land.

4. (1.) Except as otherwise provided in subsection *three* of this section, the provisions of this Act shall extend and apply, with the necessary modifications, to agreements for the sale and purchase of land made before the twenty-fourth day of October, nineteen hundred and nineteen. 25

(2.) For the purposes of this Act an agreement for the sale and purchase of land shall be deemed to be a mortgage of such land to secure payment of the unpaid purchase-money and interest thereon, and fulfilment of the conditions set forth in the agreement. 30

(3.) The provisions of this Act shall not extend or apply to—

- (a.) Any agreement for the sale and purchase of land entered into pursuant to the Workers’ Dwellings Act, 1910; or
- (b.) Any agreement for the sale and purchase of a leasehold interest in land unless freehold land is comprised with leasehold in the agreement. 35

Extension Orders.

Jurisdiction to grant extension orders.

5. (1.) In respect of any mortgage to which this Act applies the Court is hereby empowered by order of the Court (hereinafter termed an “extension order”) to extend the due date appointed by the mortgage, or by any agreement or other document executed subsequent to the mortgage, for the payment of the principal moneys or any part thereof. 40

(2.) No extension order shall be made except upon the application of a mortgagor. 45

(3.) No extension order shall be made unless notice of motion for such order is filed by the mortgagor not later than the thirty-first day of ~~December~~ *March*, nineteen hundred and ~~twenty-four~~ *five*, in some office of the Court within the provincial district in which the land or property mortgaged, or part of such land or property, is situate.

Limitation of time for notice of motion.

(4.) No extension order shall extend the due date to a date later than the thirty-first day of December, nineteen hundred and *twenty-six*.

Limitation of extension.

(5.) The Court may exercise the jurisdiction conferred by this section, notwithstanding any contract or agreement of the parties, and notwithstanding that the date appointed for the payment of principal moneys by the mortgagee or by any previous extension thereof has passed.

(6.) A mortgage in respect whereof an extension order is made under this section shall be read and interpreted subject to and in accordance with such order.

6. (1.) In determining whether any extension order shall be made the Court may take into consideration—

Matters for consideration of Court on application for extension order.

(a.) The effect of the continuance of the mortgage upon the security thereby afforded to the mortgagee :

(b.) The inability of the mortgagor to redeem the property either from his own moneys or by borrowing at a reasonable rate of interest :

(c.) The conduct of the mortgagor in respect of any breaches by him of the covenants of the mortgage :

(d.) Any hardship that would be inflicted on the mortgagee by the continuance of the mortgage or upon the mortgagor by the enforcement thereof.

(2.) If, having regard to ~~the~~ foregoing and to all other relevant considerations, the Court is of opinion that it is just and equitable that the due date should be postponed, an extension order may be made accordingly.

7. The Court may, if it thinks fit, by an extension order appoint several dates for the payment in parts of the principal moneys, and may provide that the extension order shall cease to have effect if default is made in payment of any part on the day appointed by the order for payment thereof.

Extension in parts.

8. (1.) Every application to the Court for an extension order shall be made by motion.

Motions for extension orders.

(2.) Notice of such motion shall be served on the mortgagee and on every person (other than the person filing the notice of motion) who is a mortgagor as defined by section *two* of this Act in respect of the mortgage.

(3.) The mortgagor filing the notice of motion shall use due diligence in effecting the required services, and if he fails to do so the mortgagee may move to dismiss the motion, and the Court may on that ground dismiss the motion accordingly.

(4.) If a person upon whom notice is required to be served is dead or is absent from New Zealand, or his address is unknown, the Court may, upon the application of the person desiring to effect such service, dispense with such service, or direct such substituted or alternative service as the Court thinks fit.

(5.) Every motion under this section may be heard and disposed of by a Judge in Chambers, or by a Registrar in Chambers.

(6.) There shall be no appeal from an extension order under this Act if made by a Judge, but an appeal shall lie to a Judge in Chambers from any such order made by a Registrar. 5

(7.) An extension order may be made subject to such terms and conditions not inconsistent with the provisions of this Act as the Judge or Registrar thinks fit.

(8.) Where separate notices of motion for an extension order are filed by more than one mortgagor in respect of the same mortgage, all such motions shall be heard together unless the Court in any special case otherwise directs. 10

(9.) Where a motion for an extension order has been heard and determined, no other notice of motion for an extension order may be filed by the same or by any other mortgagor in respect of the same mortgage. 15

Limitation of Powers of Mortgagees under Mortgages to which this Act applies.

Limitation of rights of mortgagees until 31st December, 1924.

9. (1.) Subject only to the provisions of this section, all restrictions upon the powers and rights of mortgagees imposed by the Acts hereby repealed shall, on the commencement of this Act, cease to have force and effect. 20

(2.) Until after the thirty-first day of ~~December~~ *July*, nineteen hundred and ~~twenty-four~~ *five*, it shall not be lawful for a mortgagee under a mortgage to which this Act applies— 25

(a.) To call up or demand payment from any mortgagor of the principal sum or any part of the principal sum secured by any such mortgage ;

(b.) To exercise any power of sale or entry into possession conferred by any such mortgage or by statute ; 30

(c.) To commence any action or proceeding for breach of any covenant, agreement, or condition expressed or implied in any such mortgage, other than a covenant, agreement, or condition for the payment of interest,—

without special leave of the Court, which special leave a Judge of the Court is hereby empowered to grant upon motion heard and determined in Chambers, if after taking into consideration the matters specified in subsection *one* of section *six* hereof, and all other relevant considerations, the Judge is satisfied that it is just and equitable that such leave should be granted. 35 40

Limitation of rights after 31st December, 1924.

(3.) After the thirty-first day of ~~December~~ *July*, nineteen hundred and ~~twenty-four~~ *five*, in any case where notice of motion for an extension order has been duly filed in respect of a mortgage it shall not be lawful for the mortgagee under such mortgage to exercise any of the powers or rights specified in subsection *two* hereof until such motion has been heard and determined or otherwise disposed of. 45

Limitation after grant of extension order.

(4.) If an extension order is made in respect of a mortgage to which this Act applies, it shall not be lawful for the mortgagee to exercise any of the powers or rights specified in subsection *two* hereof unless and until default is made by the mortgagor in complying with the terms and conditions of the extension order, or of the mortgage as affected by the extension order. 50

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Special Provisions affecting all Mortgages to which this Act applies.

10. Where the date appointed by any mortgage to which this Act applies, or by any renewal or extension thereof, for the payment of any principal moneys secured by any mortgage has passed (whether before
5 or after the commencement of this Act) and no agreement in writing has been made between the mortgagor and the mortgagee for a renewal or extension of the term thereof, the mortgagor shall be entitled to repay to the mortgagee such principal moneys upon giving to the mortgagee three months' previous notice in writing of his intention so
10 to repay.

If date fixed for repayment has passed, mortgagor may repay principal on three months' notice.

11. (1.) Where the rate of interest provided by a mortgage to which this Act applies, or by an agreement in writing or other document executed subsequent to such mortgage, is a rate exceeding *six and a half* per centum per annum, interest shall continue to be payable by
15 the mortgagor at such greater rate until repayment of the principal sum secured by the mortgage.

Rates of interest.

(2.) Where the rate of interest provided by a mortgage to which this Act applies, or by an agreement in writing or other document executed subsequent to such mortgage, is *six and a half* per centum per annum or a rate less than *six and a half* per centum per annum, interest
20 shall be payable by the mortgagor at the rate of *six and a half* per centum per annum until repayment of the principal sum secured by the mortgage :

Provided that if the date appointed by the mortgage or by
25 such subsequent agreement or document for repayment of the principal sum is a date prior to the commencement of this Act, interest shall be payable from the commencement of this Act at the rate of *six and a half* per centum per annum, and in any other case interest shall be payable at the rate provided by the mortgage or by such agree-
30 ment or document until the date therein appointed for repayment of the principal sum, and thereafter at the rate of *six and a half* per centum per annum.

(3.) Interest shall be payable on the days appointed by the mortgage or by any agreement in writing or other document subsequent to the
35 mortgage. If no such days are so appointed, interest shall be payable half-yearly on the last days of April and October in each year.

(4.) Where a mortgage to which this Act applies, or an agreement in writing or other document executed subsequent to such mortgage, provides a reduced rate of interest on punctual payment, such reduced
40 rate shall for the purposes of this section be deemed to be the rate provided in such mortgage, agreement in writing, or other document.

12. It shall be lawful for any trustee mortgagee under a mortgage to which this Act applies to arrange with his mortgagor for a renewal of any mortgage for any term not exceeding *five* years, at such rate of
45 interest (~~not being less than six per centum per annum~~) as such trustee may think fit, notwithstanding that a higher rate of interest might be obtainable for a new loan.

Trustee may arrange renewal of mortgage.

13. Every agreement in writing between a mortgagor and a mortgagee under a mortgage to which this Act applies whereby any provision
50 of the mortgage is varied or annulled, whether such agreement was made

Validation of written agreements to vary mortgages.

at any time before or is made after the commencement of this Act, shall have the same force and effect as if such agreement were expressed in a deed duly executed by the parties thereto.

Mortgages repayable
by instalments.

14. Where by the terms of a mortgage to which this Act applies the payment of both principal and interest is provided by a series of regular instalments upon the completion of which the principal debt becomes extinguished, each such instalment shall, for the purposes only of this Act, be deemed to consist wholly of interest. 5

General.

Special equitable
jurisdiction
conferred on
Supreme Court.

15. In order that full effect may be given to the intent of this Act the Supreme Court shall, in every matter arising in respect of a mortgage or of an agreement for sale and purchase to which this Act applies, have full power and jurisdiction to deal with and determine such matter in such manner (not inconsistent with the provisions of this Act) as it deems just and equitable under the circumstances of the case, notwithstanding that express provision in respect of such matter is not contained herein. 10 15

New.

Costs in
proceedings under
this Act.

15A. No party to any proceedings before the Supreme Court under this Act shall be liable to pay the costs of any other party to such proceedings. 20

Act to apply to
Crown.

16. All the provisions of this Act shall apply to the Crown.

Regulations.

17. The Governor-General in Council may from time to time make regulations for giving full effect to the provisions of this Act and for the due administration thereof. 25

Repeals.

18. (1.) The enactments mentioned in the Schedule hereto are hereby repealed.

Savings.

(2.) All proceedings pending at the commencement of this Act under any enactment hereby repealed may be continued and completed as if this Act had not been passed, and all leave heretofore granted under any such enactment, or hereafter granted in any such pending proceedings, shall enure for the purposes of this Act as if granted thereunder. 30

Schedule.

SCHEDULE.

ENACTMENTS REPEALED.

1919, No. 8.—The Mortgages Extension Act, 1919.

1921, No. 30.—The Mortgages and Deposits Extension Act, 1921.

1921, No. 47.—The Loan Companies Act, 1921: Section 4.