

This PUBLIC BILL originated in the HOUSE OF REPRESENTATIVES, and, having this day passed as now printed, is transmitted to the LEGISLATIVE COUNCIL for its concurrence.

*House of Representatives,
13th March, 1935.*

Right Hon. Mr. Coates.

MORTGAGE CORPORATION OF NEW ZEALAND.

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A BILL INTITULED

Title.	AN ACT to provide for the Establishment of a Financial Institution to be called the Mortgage Corporation of New Zealand, and to define its Powers, Functions, and Duties.	5
Short Title and commencement.	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 Mortgage Corporation of New Zealand Act, 1934-35, and shall come into force on the <i>first</i> day of April, nineteen hundred and <i>thirty-five</i> .	10
Interpretation.	2. In this Act, unless the context otherwise requires,— “ Approved securities ” means— (a) The debentures, stock, funds, or other securities of the Government of New Zealand, or the Commonwealth of Australia or any State thereof, or the United Kingdom : (b) The debentures, stock, or other securities of any local authority within the meaning for the time being of the Local Government Loans Board Act, 1926 :	15 20

- “ Board of Management ” or “ Board ” means the Board of Management of the Corporation :
“ Corporation ” means the Mortgage Corporation of New Zealand established under this Act :
5 “ Rules ” means the rules of the Corporation.

PART I.

ESTABLISHMENT OF THE MORTGAGE CORPORATION OF NEW ZEALAND.

- 10 3. (1) There shall be established in accordance with this Act a body corporate to be called the Mortgage Corporation of New Zealand. Provision for establishment of the Mortgage Corporation of New Zealand.
- (2) The Corporation shall have its Head Office in the City of Wellington, and may establish such branches and agencies and appoint such agents in New Zealand 15 as in its discretion it thinks fit.
- (3) The general conduct of the business of the Corporation shall be entrusted to a Board of Management, constituted in accordance with the provisions of Part II of this Act.
- 20 4. (1) Any contract which, if made between private persons, must be by deed, shall, when made by the Corporation, be in writing under the common seal of the Corporation. Contracts of Corporation.
- (2) Any contract which, if made between private 25 persons, must be in writing signed by the parties to be charged therewith, may, when made by the Corporation, be in writing signed by any person acting on behalf of and under the express or implied authority of the Corporation.
- 30 (3) Any contract which, if made between private persons, may be made verbally without writing, may, when made by the Corporation, be made verbally without writing by any person acting on behalf of and under the express or implied authority of the Corporation.
- 35 5. (1) Unless and until altered in accordance with the following provisions of this section, the rules set out in the Schedule hereto shall be the rules of the Corporation. Rules of Corporation.
- (2) At any time after the Board has been constituted and before the first general meeting of shareholders has 40 been held, the Governor-General in Council, at the request of the Board, may amend any of the rules in the Schedule hereto or may make additional rules.

(3) The Board may from time to time, with the approval of the Governor-General in Council, and with the concurrence of the shareholders expressed at a general meeting of shareholders, but not otherwise, amend any of the rules in the Schedule hereto or make such additional rules in relation to the conduct of the affairs of the Corporation as it thinks fit. 5

(4) The authority conferred by this section to amend the rules or to make additional rules shall not be exercised so as to conflict with any of the provisions of this Act contained elsewhere than in the Schedule hereto. 10

Capital of
Corporation.

6. (1) The original capital of the Corporation shall be *one million* pounds, divided into shares of *one* pound each.

(2) Five hundred thousand of such shares shall be allotted at par to the Minister of Finance, and shall be held by him on behalf of the Crown. 15

(3) The remaining shares shall be offered by the Minister of Finance at par for public subscription in New Zealand, and shall be allotted by him in such manner as he may in his discretion determine to British subjects who are ordinarily resident in New Zealand or who, having been so resident, may at the time of allotment be temporarily out of New Zealand for the purposes of their business, or for other sufficient reason, or to any company or other corporation incorporated in New Zealand, or to any company incorporated outside New Zealand but having a place of business in New Zealand. Not more than *five thousand* shares shall be so allotted by the Minister to any one person, whether in his own right or on behalf of any other person or persons. 20 25 30

(4) Such amounts in respect of every share as the Minister of Finance may determine shall be payable on application and on allotment, and the balance shall be paid in one or more instalments within such period, not exceeding *twelve* months from the date of allotment, as may be fixed by the said Minister in that behalf. 35

(5) The liability of every shareholder shall be limited to the amount (if any) for the time being unpaid on the shares held by him. 40

(6) In the event of any of the shares offered to the public not being subscribed for the Minister of Finance may subscribe for such shares, but shall offer them for sale to the public as soon as, in his opinion, it is desirable so to do. 45

(7) The shares of the Corporation shall be personal property and, except in the case of the shares allotted to the Minister of Finance pursuant to subsection *two* hereof, shall be transferable in manner provided by the 5 rules, but no transfer shall be registered unless a proper instrument of transfer has been delivered to the Board. The Board shall not accept any transfer of shares if the transferee would by such transfer become the holder of more than five thousand shares, nor shall any transfer 10 be accepted except to a person or corporation competent to receive shares on allotment.

(8) No notice of any trust, express or implied, shall be entered on the register of shareholders or be receivable by the Board.

15 (9) The Minister of Finance shall not be entitled to vote at any meeting of the shareholders of the Corporation by virtue of his being the holder of any shares pursuant to this section.

20 7. (1) Every share shall confer on the holder thereof the right to receive from the available profits of the Corporation a cumulative dividend of *four and one-half* per centum per annum. Dividends on shares

(2) The dividend payable for the first year shall be computed from the date of the allotment of the shares in 25 respect of which it is payable.

(3) If at the beginning of any financial year of the Corporation the full amount payable in respect of any shares has not been paid up, the dividend payable in 30 respect of those shares shall be computed separately for each month, and shall be payable for any month only in respect of the amount paid up thereon at the beginning of that month.

35 8. (1) The Minister of Finance is hereby empowered to borrow, on the security of and charged upon the public revenues of New Zealand, such sums as may be required for the acquisition by him of shares in the Corporation pursuant to the foregoing provisions of this Act. This section shall be deemed to be an authorizing Act within the meaning of the New Zealand Loans Act, 40 1932, and the moneys herein authorized to be borrowed may be borrowed under and subject to the provisions of that Act accordingly.

(2) Without affecting the authority conferred by the *last preceding* subsection, any payment required to be

made by the Minister of Finance under any of the foregoing provisions of this Act may be made without further authority than this section out of any balances in the Public Account, and payments so made shall be regarded as investments of such balances made under section thirty-nine of the Public Revenues Act, 1926. 5

See Reprint of Statutes, Vol. VII, p. 22

Corporation to come into existence when capital subscribed.

9. After the full amount of the capital of the Corporation has been subscribed, the Minister of Finance shall give public notice of the fact of such subscription in the *Gazette*, and on a date to be specified by the Minister by such notice in the *Gazette* the shareholders of the Corporation shall become a body corporate, with perpetual succession and a common seal, and shall be capable of holding real and personal property, of suing and being sued, and of doing and suffering all such other acts and things as bodies corporate may lawfully do and suffer. 10 15

No other corporation to be formed in New Zealand with similar name.

10. No company or other corporation shall be formed in New Zealand or registered under any Act with a name identical with the name of the Corporation established under this Act or with a name that so resembles that name as to be calculated to deceive. 20

PART II.

MANAGEMENT OF THE CORPORATION.

Constitution of Board of Management.

11. (1) There shall be a Board of Management of the Corporation, consisting of eight directors, as follows:— 25

(a) Four State directors, of whom one shall be appointed as the Chairman of Directors, and two shall be appointed as joint Managing Directors: 30

(b) Three shareholders' directors:

(c) An *ex officio* director, being such officer of the Treasury as the Minister of Finance may approve for the purpose.

(2) The powers of the Board shall not be affected by any vacancy in the membership thereof. 35

Appointment of State directors.

12. (1) The State directors of the Corporation shall be appointed by the Governor-General in Council, and may be so appointed at any time after the passing of this Act. 40

(2) The joint Managing Directors shall each be appointed for a term of seven years.

(3) Of the State directors first appointed under this section, other than the Managing Directors, one (to be determined by the Board by lot) shall retire on the *thirty-first* day of August, nineteen hundred and *thirty-*
5 *nine*, and the other shall retire on the *thirty-first* day of August, nineteen hundred and *forty*.

(4) Except as hereinbefore otherwise provided, the State directors of the Corporation shall be appointed for a term of five years.

10 (5) If any State director dies or resigns or otherwise vacates his office before the expiry of the term for which he was appointed, the Governor-General in Council shall appoint a suitable person in his stead, who shall hold office for the unexpired period of the term of office
15 of the director so vacating his office.

(6) Any person retiring from office as a State director in accordance with this section may, unless expressly disqualified by this Act, be reappointed.

20 **13.** (1) No person shall be appointed or elected as a Shareholders' directors. shareholders' director who is not a shareholder of the Corporation. If any shareholders' director ceases to be a shareholder of the Corporation, he shall be deemed to have vacated his office as a director of the Corporation.

(2) The first shareholders' directors shall be appointed
25 by the Governor-General in Council to hold office in accordance with this section; and thereafter the shareholders' directors shall be elected for a period of five years by the shareholders at a general meeting.

(3) Of the shareholders' directors appointed by the
30 Governor-General as hereinbefore provided, one shall retire in each of the years nineteen hundred and *thirty-eight*, nineteen hundred and *thirty-nine*, and nineteen hundred and *forty*, the member to retire in any year being determined by the Board by lot. The director
35 to retire in any year pursuant to this subsection shall retire on the date of the annual meeting held in that year.

(4) Every person retiring from office as a share-
40 holders' director shall, unless expressly disqualified by this Act, be eligible for election or re-election as a share- holders' director.

Casual vacancies
in office of
shareholders'
directors.

14. If any shareholders' director dies or resigns, or otherwise vacates his office before the expiry of the term for which he was appointed or elected, the Board shall appoint a qualified person as his substitute, to hold office until the next ordinary general meeting, when a member shall be elected by the shareholders to hold office as a director for the unexpired period of the term of office of the director so vacating his office. 5

Vacation of
office by
directors.

15. (1) No person shall be capable of being appointed or elected, or of continuing to hold office as a member of the Board, who— 10

(a) Is or becomes a member of either House of Parliament; or

(b) Being a bankrupt within the meaning of the Bankruptcy Act, 1908, has not obtained an order of discharge under that Act. 15

(2) If any member of the Board becomes, in the opinion of the Board, permanently incapable of carrying out the duties of his office, or fails to comply with any of the requirements of this Act or of the rules of the Corporation, he may be removed from office by resolution of the Board approved by the Governor-General in Council. 20

Fees and
expenses of
members of
Board.

16. The directors, other than the joint Managing Directors, shall be entitled to receive from the funds of the Corporation such fees and such allowances in respect of their expenses as may from time to time be determined by the Board: 25

Provided that the aggregate amount of the fees paid to the directors under this section in any year shall not exceed the sum of *three thousand* pounds or such smaller sum (if any) as may be fixed at a general meeting of the shareholders 30

Remuneration
of Managing
Directors.

17. (1) The first Managing Directors of the Corporation shall be respectively entitled to receive out of the funds of the Corporation such salaries and allowances as may be fixed by the Governor-General in Council. The salaries and allowances of the Managing Directors, other than the first Managing Directors, shall from time to time be fixed by the Board with the approval of the Governor-General in Council. 35 40

(2) Notwithstanding anything in the *last preceding* subsection, all moneys payable as salary or allowances to the joint Managing Directors before the date of incorporation of the Corporation shall be paid, without
5 further appropriation than this section, out of the Consolidated Fund, and shall be recoverable from the Corporation as a debt due to the Crown.

18. The Managing Directors shall be the principal executive officers of the Corporation, and shall be required
10 to devote the whole of their time to the duties of their offices, and, in particular, they shall not engage in any business on their own account.

Functions of
Managing
Directors.

19. (1) The Board may from time to time as it thinks proper define districts within New Zealand, and
15 for any such district may appoint one or more suitable persons to be associate directors to the Corporation.

Board may
appoint associate
directors.

(2) The functions of the associate directors in any district shall be to advise the Board on any matters submitted to them by the Board, either in relation to
20 the general policy of the Board or with respect to any matters particularly affecting the business of the Corporation within the district.

PART III.

BUSINESS OF THE CORPORATION.

25 20. The principal business of the Corporation shall be the making of loans in accordance with the provisions of this Part of this Act.

Principal
business of
Corporation.

21. (1) Subject to the provisions of this section, the Corporation may from time to time issue bonds, stock,
30 or other securities, at such rate of interest and on such other terms and conditions as it thinks fit, for the purpose of providing funds for carrying on its business under this Act.

Corporation
may issue bonds
or stock.

(2) The total amount borrowed by the Corporation
35 under the authority of this section and for the time being outstanding (including the amount of the stock issued by the Corporation pursuant to section *thirty-eight* hereof)

shall not at any time exceed an amount equal to fifteen times the sum of the subscribed capital of the Corporation and the amount then standing to the credit of the General Reserve Fund established in accordance with Part IV of this Act :

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Provided that the validity of any securities issued by the Corporation shall not be questioned on the ground that the Corporation in issuing those or any other securities has exceeded the limit imposed by this section.

(3) All securities issued by the Corporation shall constitute a floating charge on all the assets of the Corporation, and the security created by such charge shall be available *pari passu* for all holders of such securities without priority or preference among themselves, and without regard to the respective dates on which such securities were issued.

10

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(4) Securities issued by the Corporation shall be for such term not exceeding *fifty* years as the Board may in any case determine.

(5) The Corporation may at any time purchase any securities issued by it and shall forthwith cancel the same.

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Corporation
stock may be
inscribed by
Reserve Bank.

22. (1) Where pursuant to the authority conferred on it by the *last preceding* section the Corporation issues any stock such stock may be inscribed or registered in the books of the Reserve Bank of New Zealand. For the purposes of this section the Corporation shall be deemed to be a public body within the meaning of paragraph (k) of subsection one of section thirteen of the Reserve Bank of New Zealand Act, 1933.

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See Reprint
of Statutes,
Vol. VII, p. 424

(2) No duty under the Stamp Duties Act, 1923, shall be payable in respect of an instrument of transfer of any stock issued by the Corporation.

Trust funds may
be invested in
securities issued
by Corporation.

23. (1) It shall be lawful for a trustee, unless expressly forbidden by the instrument (if any) creating the trust, to invest any trust funds in securities issued by the Corporation.

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(2) Any moneys of the classes hereinafter specified may be invested in securities issued by the Corporation, that is to say :—

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(a) Any public moneys within the meaning of the Public Revenues Act, 1926 :

Ibid., Vol. VII,
p. 10

- (b) Any moneys available for investment by the trustees of any savings-bank under the Savings-banks Act, 1908 :
- 5 (c) Any moneys available for investment by any building society under the Building Societies Act, 1908.
- (3) Securities issued by the Corporation shall be securities available for deposit with the Public Trustee under section three of the Life Insurance Act, 1908, and subsection two of that section shall be read subject to the provisions of this section accordingly.
- 10 **24.** (1) Moneys lent by the Corporation shall be secured by way of first mortgage of land in New Zealand, or of an interest in any such land, with or without any
- 15 other security, as the Board may think fit :
- Provided that the Board may, if it thinks fit, lend money on the security of a mortgage of stock or other chattels if in its opinion the interests of the Corporation in any mortgage of land will thereby be more adequately
- 20 safeguarded.
- (2) Except as provided in the *next succeeding* subsection, no moneys shall be lent by the Corporation in excess of *two-thirds* of the value of the security as determined by the Board. Where the security consists
- 25 of a mortgage of land used exclusively or principally for agricultural, horticultural, or pastoral purposes, the Board shall determine the value thereof for the purposes of this section by reference primarily to the earning-capacity of such land.
- 30 (3) Where application is made to the Corporation for a loan to repay a mortgage debt existing at the commencement of this Act and the security offered is a mortgage of land used exclusively or principally for agricultural, horticultural, or pastoral purposes as aforesaid,
- 35 the Corporation may grant a loan exceeding *two-thirds* but not exceeding *four-fifths* of the value of the security on condition that the Minister of Finance shall guarantee the Corporation against any loss that may be incurred by it in respect of the loan in so far as such loss is
- 40 attributable to the excess of the loan over *two-thirds* of the value of the security. The terms of any guarantee given

See Reprint
of Statutes,
Vol. VIII, p. 142 .

Ibid., Vol. I,
p. 708

Ibid., Vol. IV,
p. 79

Security for
moneys lent by
Corporation.

for the purposes of this subsection shall be such as may be mutually agreed on by the Minister of Finance and the Board.

Rates of interest payable under mortgages to Corporation.

25. The Board shall from time to time fix the rate of interest to be paid under mortgages to the Corporation so as to make adequate provision for the payment of dividends and the costs of administration and for all other matters incidental to the proper functioning of the Corporation : 5

Provided that the net rate of interest payable under any mortgage of land shall not exceed by more than *one* per centum the rate of interest payable by the Corporation on its last issue of bonds or other securities before the date of the mortgage. 10

Loans to be secured by table mortgages.

26. (1) Except as provided in the *next succeeding* section, every mortgage of land taken by the Corporation as security for a loan shall be a table mortgage, providing for the repayment of the mortgage debt by half-yearly or more frequent instalments, consisting partly of principal and partly of interest. Except for any necessary adjustments, the instalments payable under a table mortgage shall be of equal amount. 15

(2) The instalments of principal and interest fixed under a table mortgage shall be so computed as to ensure the repayment of the mortgage debt within such period, not exceeding *fifty* years, as the Board may determine. 20

Provisions as to repayments in advance.

(3) At any time during the term of the mortgage the mortgagor, when making any periodical payment of principal and interest, may, subject to the provisions of section *twenty-nine* hereof, pay to the Corporation, in bonds or other securities issued by the Corporation, an additional amount to be applied in repayment of the principal moneys owing under the mortgage. 25

(4) The Board may also in its discretion and on such terms as it thinks fit accept cash in repayment in advance of any principal moneys owing under the mortgage. 30

Loans for term of years.

27. (1) The Corporation may if it thinks fit in special cases grant a loan secured by a mortgage of land for a term not exceeding five years, to be repayable in one sum at the end of the term. 35

(2) Any mortgage under this section may be renewed by the Corporation for a further term not exceeding five years, but shall not be further renewed.

5 28. (1) Except as expressly provided in this Act, the terms and conditions of any table mortgage or other mortgage securing a loan from the Corporation shall be such as may be mutually agreed to between the Corporation and the mortgagor. **Terms of mortgage.**

10 (2) Without limiting the generality of the provisions of the *last preceding* subsection, it may be made a condition of any such mortgage that the principal moneys secured thereby may be called up by the Board and immediately become payable in the event of the sale or other disposition of the mortgaged property, or on the happening of any
15 other specified contingency or event whatsoever.

20 29. (1) Payments due in respect of principal or interest under any table mortgage or other mortgage held by the Corporation may, if the mortgagor so desires, be made in accordance with the *next succeeding* subsection in bonds or other securities issued by the Corporation. **Loans may be repaid in securities of Corporation.**

(2) Where pursuant to the provisions of the *last preceding* subsection, or of subsection *three* of section *twenty-six* hereof, payment of any principal or interest under any mortgage is made in securities issued by the Corporation, such payment shall be made in securities of the last issue made to the public before the date of the mortgage, or, in the case of mortgages transferred to the Corporation pursuant to Part V of this Act or any other mortgages executed before the issue of any securities by
25 the Corporation, such payment shall be made in securities of the first issue made by the Corporation to the public.

30 (3) Securities of the Corporation accepted in payment of any moneys payable under a mortgage shall be so accepted at their nominal value and shall be forthwith
35 cancelled by the Corporation.

40 30. (1) Notwithstanding anything to the contrary in the Land Transfer Act, 1915, or the Deeds Registration Act, 1908, or in any other Act, any registered mortgage of land or of an interest in land held by the Corporation shall have priority over any mortgage previously registered if the mortgagee under the prior mortgage **Mortgage to Corporation may be given priority over prior mortgages.**

and every other person (if any) having a registered interest in such mortgage and every caveator (if any) claiming an interest in such mortgage consent to such priority in writing duly attested and endorsed on or annexed to the mortgage to the Corporation. 5

(2) On presentation for registration of any mortgage to the Corporation having a consent endorsed thereon or annexed thereto as mentioned in the *last preceding* subsection, the District Land Registrar, or the Registrar of Deeds, or any other person charged with the duty of registering any instrument in any register, shall, without fee, make an appropriate entry on the certificate of title, or lease, or other instrument of title, or other document, as the case may be, and in the appropriate register or registers, to the effect that the mortgage to the Corporation is entitled to priority as aforesaid. 10 15

Procuration fees not chargeable in respect of loans from Corporation.

31. It shall not be lawful for any person to demand or charge or to receive a procuration fee in respect of any loan from the Corporation.

Mortgagors required to contribute to General Reserve Fund.

32. (1) Every mortgagor who receives from the Corporation a loan secured by a mortgage of land 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 centum of the amount of the loan. 20 25

(2) The amount payable to the General Reserve Fund pursuant to this section may be paid in cash at the time of the making of the loan, or, at the option of the mortgagor, the total amount so payable may be added to the amount of the loan and in such case shall be secured by the mortgage as if it formed part of the loan. 30

(3) For the purposes of this section the renewal of a mortgage or the execution of a new mortgage in substitution for a former mortgage securing the whole or part of a loan in respect of which payments to the General Reserve Fund have been made in accordance with this section shall not be deemed to be the granting of a loan by the Corporation. 35

PART IV.

GENERAL RESERVE FUND.

33. (1) The Corporation shall establish and shall at all times maintain a General Reserve Fund.

5 (2) There shall be credited to the General Reserve Fund—

10 (a) An amount equal to the capital moneys secured, as at the date of transfer, by debentures or other securities vested in the State Advances Superintendent in respect of advances to local authorities and transferred to the Corporation, pursuant to paragraph (c) of subsection *one* of section *thirty-six* of this Act :

15 (b) All moneys required to be contributed on account of the General Reserve Fund by mortgagors under mortgages of land, in accordance with the provisions of section *thirty-two* hereof :

20 (c) Interest on moneys for the time being credited to the General Reserve Fund, to be computed for any period at the average rate of interest received for that period on all the approved securities held by the Corporation :

25 (d) Any surplus profits of the Corporation that are credited to the General Reserve Fund in accordance with the provisions of section *forty-two* hereof.

34. The Board shall at all times keep invested in approved securities such amounts as it thinks fit, being not less in the aggregate than the amount for the time
30 being credited to the General Reserve Fund.

35. (1) If at the end of any financial year the total amount standing to the credit of the General Reserve Fund exceeds *ten* per centum of the nominal value of all
35 bonds or other securities issued by the Corporation and for the time being outstanding, the amount of the excess shall be paid by the Corporation into the Public Account

General Reserve Fund.

Board to maintain approved securities on account of General Reserve Fund.

Amount payable to Public Account in respect of local authorities' securities transferred to Corporation.

until the total amount so paid is equal to the amount credited to the General Reserve Fund pursuant to paragraph (a) of subsection *two* of section *thirty-three* hereof.

(2) The Corporation shall from time to time pay interest to the Public Account on the amount for the time being standing to the credit of the General Reserve Fund pursuant to paragraph (a) of subsection *two* of section *thirty-three* hereof. The amount payable as interest under this section shall be computed at the same rate as the rate determined for the purposes of paragraph (c) of the said subsection *two*, and shall be charged against the General Reserve Fund.

PART V.

TRANSFER OF SECURITIES TO CORPORATION.

Certain classes of securities to be transferred from Crown to Corporation.

36. (1) Except as provided in subsection *three* hereof, there shall be transferred to the Corporation all securities of any of the following classes, namely:—

- (a) Mortgages vested in the State Advances Superintendent in respect of advances to settlers or workers under the State Advances Act, 1913: 20
- (b) Mortgages vested in the State Advances Superintendent in respect of advances made under the Rural Advances Act, 1926:
- (c) Debentures or other securities vested in the State Advances Superintendent in respect of advances to local authorities made under Part III of the Local Bodies' Loans Act, 1926, or the corresponding provisions of any former Act: 25
- (d) Mortgages vested in the Crown or in any person on behalf of the Crown in respect of advances made to discharged soldiers or other persons under the authority of the Discharged Soldiers Settlement Act, 1915, or any amendment thereof (including mortgages securing advances made pursuant to section eleven of the Finance Act, 1933, in respect of lands subject to any other mortgage to which this paragraph relates): 30 35

5 (e) Mortgages vested in the Crown or in any person on behalf of the Crown in respect of advances made out of the Land for Settlements Account by direction of the Lands Development Board established under Part I of the Land Laws Amendment Act, 1929.

10 (2) The securities of the several classes referred to in the *last preceding* subsection, or any specified securities of any such class, shall be transferred to the Corporation on such date or dates as may from time to time be specified in that behalf by the Governor-General by Order in Council.

15 (3) Where any Order in Council as aforesaid relates to a class or to classes of securities, any specified security or specified securities of a class to which the Order in Council so relates may be excluded from its operation by the same or a subsequent Order in Council. Any security excluded from the operation of an Order in Council as aforesaid shall not vest or be deemed to have vested, 20 as the case may be, in the Corporation.

(4) The date specified in any Order in Council as the date on which any securities shall vest in the Corporation may be earlier or later than the date of such Order in Council.

25 **37.** (1) On the date specified in that behalf in any Order in Council as aforesaid, with respect to any specified securities or to any specified class or specified classes of securities, all securities to which the Order in Council relates (not being securities expressly excluded 30 from the operation of such Order in Council in accordance with the *last preceding* section) shall be deemed to be transferred to and vested in the Corporation without the necessity of any instrument of assignment, transfer, or other assurance, and thereupon the Corporation shall 35 have in respect of such securities and in respect of all property charged thereby all the powers, rights, privileges, and discretions of the Superintendent or other person theretofore entitled to exercise any such powers, rights, privileges, and discretions under such securities.

40 (2) Interest on securities transferred to the Corporation pursuant to this section shall be apportioned between the Corporation and the State Advances Superintendent or the Crown (as the case may be) as from the date immediately preceding the date on which the 45 transfer to the Corporation took effect.

Effect of Order
in Council.

(3) Where any securities transferred to the Corporation as aforesaid consist of mortgages of land or interests in land, it shall be the duty of every Registrar of Deeds, District Land Registrar, or other person charged with the duty of keeping any register, on the application of the Corporation and without payment of any fee, to register the Corporation in the appropriate register or registers as the mortgagee under such securities. 5

(4) A certificate under the hand of the Minister of Finance or of any person authorized in that behalf by the Minister of Finance as to the transfer of any securities to the Corporation pursuant to this section, or as to the revocation or variation of any Order in Council purporting to transfer any securities to the Corporation, shall be accepted by the Registrar of Deeds, the District Land Registrar, and all other persons concerned as conclusive proof of the facts therein certified to. 10 15

(5) No stamp duty under the Stamp Duties Act, 1923, shall be payable in respect of the transfer to the Corporation of any securities in accordance with this Part of this Act. 20

Corporation to
issue stock to
Crown in
consideration of
mortgages
transferred to it.

38. (1) As consideration for the mortgages transferred to it pursuant to the foregoing provisions of this Part of this Act, the Corporation shall issue to the Minister of Finance stock of the Corporation, for such amount, at such rate of interest, and on such other terms as may be mutually agreed to by the Corporation and the said Minister : 25

Provided that the rate of interest shall be provisionally fixed on the issue of such stock and, after the first issue of bonds or stock to the public, shall be adjusted as from the date of issue, so that the stock held by the Minister shall bear the same rate of interest as the bonds or stock so issued to the public. 30

(2) The difference (if any) between the aggregate amount of capital moneys secured by all mortgages transferred to the Corporation as aforesaid and the nominal value of the stock issued by the Corporation in consideration therefor shall constitute a contingent liability of the Corporation to the Crown. 35 40

(3) Any adjustments that may at any time be found necessary, as between the Corporation and the Minister, may be made either by the issue by the Corporation

of further stock in reduction of its contingent liability to the Crown or by the cancellation of any stock theretofore issued by the Corporation. Any issue or cancellation of stock made for the purposes of this sub-
 5 section may be made to take effect retrospectively.

(4) All ascertained losses that may be suffered by the Corporation in respect of capital moneys secured by any mortgages transferred to it as aforesaid shall be deducted from the amount of the Corporation's con-
 10 tingent liability to the Crown, and that liability shall be deemed to be reduced accordingly.

39. (1) The mortgagor under any mortgage of land that is transferred to the Corporation under the foregoing provisions of this Part of this Act shall have the right,
 15 at any time within *three* years after the transfer of his mortgage to the Corporation, to require that the mortgage be varied in accordance with the following provisions, namely:—

Mortgagors under mortgages transferred to Corporation may obtain new mortgages from Corporation.

(a) That (in cases where the rate of interest payable
 20 under the mortgage is in excess of the rate of interest charged by the Corporation under mortgages of land securing loans granted by the Corporation) the rate of interest be reduced to the rate charged by the Corporation:

(b) That the capital amount secured by the mortgage
 25 as at the date of the variation be increased by *two* per centum thereof, such increase being credited to the General Reserve Fund of the Corporation:

(c) That (unless the mortgage is a table mortgage) it
 30 be converted into a table mortgage requiring the repayment of principal and the payment of interest by equal instalments over a period to be fixed by the Board, not exceeding *fifty*
 35 years from the date when the variation takes effect.

(2) The variation of any mortgage under this section shall not require the consent or concurrence of any person having any registered interest in or encumbrance
 40 over the mortgaged property.

(3) Any memorial of the variation of a mortgage pursuant to this section, signed by the mortgagor and under the seal of the Corporation, shall be registered by the District Land Registrar or Registrar of Deeds without
 45 payment of any fee.

PART VI.

RURAL INTERMEDIATE CREDIT.

Directors of
Corporation
to be Rural
Intermediate
Credit Board.

40. (1) On a date to be fixed by the Governor-General by Order in Council, the members of the Rural Intermediate Credit Board established under the Rural Intermediate Credit Act, 1927, shall go out of office, and thereafter the persons who for the time being are the members of the Board established under this Act shall constitute the Rural Intermediate Credit Board. 5

(2) On the day on which the Board under this Act becomes the Rural Intermediate Credit Board, the powers conferred by the Rural Intermediate Credit Act, 1927, on the Commissioner under that Act may be exercised by either or both of the Managing Directors of the Corporation under this Act, and all references in the said Act to the Commissioner shall be read and construed accordingly as references to one or both of the Managing Directors under this Act. 10 15

(3) On the day on which the Board under this Act becomes the Rural Intermediate Credit Board, the Rural Intermediate Credit Act, 1927, shall be deemed to be amended as follows:— 20

- (a) By repealing subsections three, four, and five of section three thereof:
- (b) By repealing sections four, five, eight, nine, and ten thereof: 25
- (c) By omitting from subsection one of section twenty-three thereof all words after the words "by direction of the Board":
- (d) By repealing subsection two of section twenty-three thereof: 30
- (e) By repealing section twenty-four thereof:
- (f) By repealing section twenty-seven thereof:
- (g) By repealing section sixty-three thereof:
- (h) By repealing subsection two of section sixty-four thereof. 35

PART VII.

ACCOUNTS, PROFITS, AUDITS, AND RETURNS.

Financial year.

41. The financial year of the Corporation shall end on the thirty-first day of March. 40

Distribution of profits.

42. After such provision as the Board thinks proper has been made for the payment of dividends on shares, for the depreciation of assets, for superannuation or retiring-allowances for the officers or staff, and for such other matters as in the opinion of the Board are necessary 45

for the efficient conduct of the business of the Corporation, the surplus for each financial year shall be applied as follows :—

5 (a) So long as there exists any contingent liability of the Corporation to the Crown, the surplus shall be paid into the Public Account :

(b) Except as provided in the *last preceding* paragraph, the surplus for any year shall be credited by the Corporation to its General Reserve Fund.

10 **43.** (1) Within *four* months after the close of the financial year the Board shall send to the Minister of Finance a copy of its accounts for the year, certified by the auditors.

Board to furnish certified copy of annual accounts.

15 (2) A copy of the accounts so certified shall be forthwith published in the *Gazette*, and, if Parliament is then sitting shall, within fourteen days after the receipt thereof by the Minister of Finance, be laid before Parliament or, if Parliament is not then sitting, shall be laid before Parliament within fourteen days after the commencement
20 of the next ensuing session thereof.

44. (1) There shall at all times be two auditors of the Corporation, to be appointed and to hold office in accordance with this section.

Appointment of auditors.

25 (2) One auditor (to be known as the Government auditor) shall be appointed by the Governor-General in Council, for a term not exceeding *three* years. Any such auditor may from time to time be reappointed.

30 (3) The other auditor shall be known as the shareholders' auditor, and, except as provided in the *next succeeding* subsection, shall be appointed annually at the ordinary general meeting of shareholders. Any shareholders' auditor may from time to time be reappointed.

35 (4) The Governor-General in Council may at any time after the establishment of the Corporation appoint a shareholders' auditor, to hold office until the first ordinary general meeting. The directors may fill any casual vacancy in the office of the shareholders' auditor.

40 (5) The auditors first appointed shall, in respect of the period elapsing between the date of their appointment and the first ordinary general meeting of shareholders, be paid out of the funds of the Corporation such remuneration and allowances as the Governor-General in Council may approve. Thereafter the auditors shall receive such rate of remuneration as may be fixed at
45 the ordinary general meeting of shareholders, but no differentiation in the rate of remuneration shall be made as between the Government auditor and the shareholders' auditor.

(6) No director or officer of the Corporation shall during his tenure of office as such be qualified for appointment or to hold office as an auditor of the Corporation, and no other person shall be qualified for such appointment who would not be qualified for appointment as auditor of a company under the Companies Act, 1933. 5

PART VIII.

MISCELLANEOUS.

General meetings
and voting rights
of shareholders.

45. (1) An ordinary general meeting of shareholders of the Corporation shall be convened by the Board once in every year, and shall be held not later than the thirty-first day of July in any year : 10

Provided that the first such meeting shall be held not later than the thirty-first day of July, nineteen hundred and thirty-six. 15

(2) Except as provided in section *six* hereof, every shareholder of the Corporation, and no other person, shall be entitled to vote at general meetings of the shareholders of the Corporation.

Provision for
voting by proxy.

46. Every shareholder shall be entitled to transfer his right of voting at any general meeting to any other shareholder as his proxy : 20

Provided that no person shall be entitled at any time to exercise more than five thousand votes, whether in his own right or as proxy, or shall be competent to receive proxies purporting to authorize him to exercise more than five thousand votes in the aggregate, taking into account the number of votes to which he is entitled in respect of the shares held by him. 25

Corporation's
liability for
taxes and rates.

47. (1) Save as provided in the *next succeeding* subsection, the Corporation shall be liable for taxes and rates to the same extent as if it were a company incorporated under the Companies Act, 1933. 30

(2) In its capacity as mortgagee under any mortgage transferred to it pursuant to Part V of this Act, the Corporation shall enjoy the same exemptions and protection in respect of rates as the original mortgagee, and the powers of the local authority in respect of the land liable to any such rates shall be subject to the same limitations (if any) as if the mortgage had not been transferred to the Corporation. 35 40

Corporation not
to be dissolved
except pursuant
to statute.

48. The Corporation shall not be at any time dissolved except pursuant to an Act of Parliament passed in that behalf.

SCHEDULE.

Schedule.

RULES OF THE MORTGAGE CORPORATION OF NEW ZEALAND.

Interpretation.

1. In these rules, unless the context otherwise requires,—
“The Act” means the Mortgage Corporation of New Zealand Act, 1934–35 :
“Corporation” means the Mortgage Corporation of New Zealand :
“Board” means the Board of Management of the Corporation :
“Members” or “Shareholders” mean the holders of shares for the time being of the Corporation.

Shares.

2. The Corporation shall keep a register of its members in which shall be entered the names, addresses, and descriptions of the members, particulars as to the shares held by each member, and such other particulars, if any, as the Board thinks fit.

3. Every person whose name is entered as a member in the register of members shall, without payment, be entitled to a certificate under the seal of the Corporation specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Corporation shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

4. If a share certificate is defaced, lost, or destroyed it may be renewed on payment of such fee, if any, and on such terms, if any, as to evidence and indemnity as the Board thinks fit.

5. The Corporation shall have a lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable in respect of that share. The lien of the Corporation, if any, on a share shall extend to all dividends payable thereon.

6. The Corporation may sell, in such manner as the Board thinks fit, any shares on which the Corporation has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

7. For giving effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase-money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

8. The proceeds of the sale shall be received by the Corporation and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

9. If any sum payable in respect of a share is not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest upon the sum at the rate of six per centum per annum from the day appointed for the payment thereof to the time of the actual payment, but the Board shall be at liberty to waive payment of that interest wholly or in part.

Transfer and Transmission of Shares.

10. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

11. Shares shall be transferred in the following form, or in any usual or common form which the Board shall approve :—

I, _____, of _____, in consideration of the sum of £ _____ paid to me by _____, of _____ (hereinafter called "the said transferee"), do hereby transfer to the said transferee the shares numbered _____ in the Mortgage Corporation of New Zealand, to hold unto the said transferee, subject to the several conditions on which I hold the same; and I, the said transferee, do hereby agree to take the said shares subject to the conditions aforesaid.

As witness our hands the _____ day of _____, 19 ____.

Witness to the signatures of, &c.

12. The Board may decline to register any transfer of shares to a person of whom it does not approve. The Board may also suspend the registration of transfers during the fourteen days immediately preceding the ordinary general meeting in each year. The Board may decline to recognize any instrument of transfer unless—

- (a) A fee not exceeding two shillings and sixpence is paid to the Corporation in respect thereof; and
- (b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

If the Board refuses to register a transfer of any shares, it shall within two months after the date on which the transfer was lodged with the Corporation send to the transferee notice of the refusal.

13. The legal personal representatives of a deceased sole holder of a share shall be the only persons recognized by the Corporation as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only persons recognized by the Corporation as having any title to the share.

14. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as may from time to time be properly required by the Board, have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Board shall, in either case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

15. Where the registered holder of any share dies or becomes bankrupt his personal representatives or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Board in that behalf, be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Corporation, or to voting, or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt. Where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of these rules, be deemed to be joint holders of the share.

Forfeiture of Shares.

16. If a member fails to pay on the day appointed for payment thereof any sum payable in respect of any share the Board may, at any time while such sum or any part thereof remains unpaid, serve a notice on him requiring payment of the amount unpaid, together with any interest which may have accrued.

17. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares will be liable to be forfeited.

18. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

19. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board thinks fit.

20. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Corporation all moneys which at the date of forfeiture, were presently payable by him to the Corporation in respect of the shares, but his liability shall cease if and when the Corporation receives payment in full of the nominal amount of the shares.

21. A statutory declaration in writing that the declarant is a director of the Corporation, and that a share in the Corporation has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons

claiming to be entitled to the share. The Corporation may receive the consideration, if any, given for the share on any sale or disposition thereof, and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of, and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase-money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share.

General Meetings.

22. A general meeting shall be held once in every year in accordance with the provisions of Part VIII of the Act. In default of a general meeting being so held, a general meeting may be convened by any two members in the same manner as nearly as possible as that in which meetings are to be convened by the Board.

23. The above-mentioned general meetings shall be called ordinary general meetings; all other general meetings shall be called extraordinary general meetings.

24. The Board may, whenever it thinks fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened by the Board on the requisition of members of the Corporation holding at the date of the deposit of the requisition not less than one-tenth in nominal value of such of the shares of the Corporation as at the date of the deposit carry the right of voting at general meetings of the Corporation.

Notice of General Meetings.

25. Seven days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day, and the hour of meeting and, in case of special business, the general nature of that business shall be given in manner hereinafter mentioned to every member of the Corporation.

26. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any member shall not invalidate the proceedings at any meeting.

Proceedings at General Meetings.

27. All business shall be deemed special that is transacted at an extraordinary meeting; and all business that is transacted at an ordinary meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts, balance-sheets, and the ordinary report of the directors and auditors, the election of any director or auditor, and the fixing of the remuneration of the auditors.

28. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, ten members personally present shall be a quorum.

29. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the

requisition of members, shall be dissolved ; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

30. The chairman of directors or in his absence a director nominated by the Board shall preside as chairman at every general meeting of the Corporation.

31. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

32. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least three members present in person, and, unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Corporation, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

33. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

34. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

35. A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

Votes of Members.

36. On a show of hands every member present in person shall have one vote. On a poll every member shall, except as expressly provided in the Act, have one vote for each share of which he is the holder.

37. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders ; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

38. (1) A member who is a mentally defective person within the meaning of the Mental Defectives Act, 1911, may vote by his committee or other person having authority to administer his estate; subject to the provisions of a protection order made under the Aged and Infirm Persons Protection Act, 1912, a member may vote in respect of any shares that are subject to such protection order by the manager appointed in that protection order; a member in respect of whose estate an administrator or interim curator has been appointed under Part III of the Prisons Act, 1908, or under the Reformatory Institutions Act, 1909, may vote by such administrator or interim curator. Any such committee, manager, administrator, interim curator, or other person as aforesaid may vote either on a show of hands or on a poll, and, on a poll, may vote by proxy.

(2) The provisions of this subclause apply in respect of members who are not living in New Zealand and to whom the provisions of the last preceding subclause are accordingly not applicable. Every such member who is of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, *curator bonis*, or other person in the nature of a committee or *curator bonis* appointed by that Court, and any such committee, *curator bonis*, or other person may, on a poll, vote by proxy.

39. No member shall be entitled to vote at any general meeting unless all sums presently payable by him in respect of shares in the Corporation have been paid.

40. On a poll votes may be given either personally or by proxy.

41. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.

42. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Head Office of the Corporation in Wellington not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

43. An instrument appointing a proxy may be in the following form, or any other form which the Board shall approve:—

I, _____, of _____, being a member of the Mortgage Corporation of New Zealand, hereby appoint _____, of _____, or, failing him, _____, of _____, or, failing him, _____, of _____, as my proxy to vote for me and on my behalf at the ordinary [*or extraordinary, as the case may be*] general meeting of the Corporation to be held on the _____ day of _____, 19____, and at any adjournment thereof.

Signed this _____ day of _____, 19____.

44. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Corporations acting by Representatives at Meetings.

45. Any corporation which is a member of the Mortgage Corporation of New Zealand may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Corporation or of any class of members of the Corporation and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Corporation.

Powers and Duties of Board.

46. The business of the Corporation shall be managed by the Board, who may exercise all such powers of the Corporation as are not by the Act, or by these rules, required to be exercised by the Corporation in general meeting.

47. The Board shall cause minutes to be made in books provided for the purpose—

- (a) Of all appointments of officers made by the Board ;
- (b) Of the names of the members of the Board present at each meeting of the Board and of any committee of the Board ;
- (c) Of all resolutions and proceedings at all meetings of the Corporation, and of the Board, and of committees of the Board.

The Seal.

48. The seal of the Corporation shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorized by the Board for the purpose, and in the presence of a member of the Board and of the secretary or such other officer as the Board or committee may appoint for the purpose ; and that member of the Board and the secretary or other officer as aforesaid shall sign every instrument to which the seal of the Corporation is so affixed in their presence.

Proceedings of the Board.

49. The Board may meet together for the despatch of business, adjourn, and otherwise regulate its meetings, as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A member of the Board may, and the secretary on the requisition of a member shall, at any time summon a meeting of the Board.

50. The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed shall be three.

51. The continuing members of the Board may act notwithstanding any vacancy in their body.

52. The Chairman of Directors shall preside at all meetings of the Board, but if at any meeting he is not present within five minutes after the time appointed for holding the same, the members of the Board present may choose one of their number to be chairman of the meeting.

53. The Board may delegate any of its powers to committees consisting of such director or directors as it thinks fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.

54. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

55. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the chairman shall have a second or casting vote.

56. All acts done by any meeting of the Board or of a committee of the Board, or by any person acting as a member of the Board or of a committee, shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of any such member or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a member.

Dividends and Reserve.

57. Subject to the provisions of the Act, the Corporation in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

58. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Corporation.

59. No dividend shall be paid otherwise than out of profits.

60. If several persons are registered as joint holders of any share any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.

61. Any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to any one of such joint holders at his registered address or to such person and such address as the member or person entitled or such joint holders as the case may be may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holders as the case may be may direct.

62. No dividend shall bear interest against the Corporation.

Accounts and Records.

63. The books of account shall be kept at the Head Office of the Corporation in Wellington. Such books and all records of the Corporation shall always be open to the inspection of any member of the Board.

64. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of members not being members of the Board, and no member (not being a member of the Board) shall have

any right of inspecting any account or book or document of the Corporation, except as authorized by the Board or by the Corporation in general meeting.

65. A copy of every balance-sheet which is to be laid before the members of the Corporation in general meeting together with a copy of the auditors' report shall not less than seven days before the date of the meeting be sent to all persons entitled to receive notices of general meetings of the Corporation.

Notices.

66. A notice may be given by the Corporation to any member either personally or by sending it by post to him to his registered address, or (if he has no registered address within New Zealand) to the address, if any, within New Zealand supplied by him to the Corporation for the giving of notices to him. Where a notice is sent by post service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of twenty-four hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

67. If a member has no registered address within New Zealand and has not supplied to the Corporation an address within New Zealand for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the Corporation shall be deemed to be duly given to him at noon on the day on which the advertisement appears.

68. A notice may be given by the Corporation to the joint holders of a share by giving the notice to the joint holder named first in the register of members in respect of the share.

69. A notice may be given by the Corporation to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, at the address, if any, within New Zealand supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

70. Notice of every general meeting shall be given in some manner hereinbefore authorized to (a) every member except those members who (having no registered address within New Zealand) have not supplied to the Corporation an address within New Zealand for the giving of notices to them; to (b) every person entitled to a share in consequence of the death or bankruptcy of a member, who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and also to (c) the auditors of the Corporation. No other persons shall be entitled to receive notices of general meetings.