

New Zealand.



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1921-22, No. 47.

Title.	AN ACT to make Special Provisions applicable in the Liquidation of Loan Companies. <i>[6th February, 1922.]</i>
Short Title.	BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—
Interpretation.	<ol style="list-style-type: none"> 1. This Act may be cited as the Loan Companies Act, 1921-22. 2. In this Act, unless inconsistent with the context,— <ul style="list-style-type: none"> “Building society” means a building society constituted under the Building Societies Act, 1908 : “The Court” means the Supreme Court of New Zealand : “Mortgage company” means an incorporated company whose principal object and business is the lending of money on mortgage of land for fixed terms of years or on conditions providing for the repayment of principal and the payment of interest by fixed periodical payments.
Special provisions applicable in liquidation of loan companies.	<ol style="list-style-type: none"> 3. (1.) In any liquidation of a building society or a mortgage company, whether the winding-up be voluntary, or compulsory, or under the supervision of the Court, the liquidator shall, before making any call upon the shareholders, make application to the Court for direction. (2.) If it is proved to the satisfaction of the Court that the liquidation has been the result, directly or indirectly, of the postponement by law of the due dates for payment of the principal sums secured by mortgages held by such building society or mortgage company, and that such principal sums are more than sufficient, if collected by the liquidator, to satisfy the debts and obligations of

such building society or mortgage company, and that the aggregate interest payable under the provisions of such mortgages is more than sufficient to provide interest at the rate of six per centum per annum on the amount of the allowed proofs of creditors, the Court shall (unless for special reasons in any case it deems fit to direct otherwise) direct the liquidator—

- (a.) To realize and convert into money as soon as conveniently may be all assets other than mortgages and the sums secured by mortgage, and to apply the proceeds of such realization and conversion in payment to the creditors in proportion to the amounts of their allowed proofs :
- (b.) To collect and get in all interest payable under the mortgages at the due dates for payment thereof :
- (c.) To collect and get in all sums payable at fixed periods under the mortgages providing for repayment by periodical payments of fixed sums, and to apply such parts of such payments as represent principal in the manner directed by paragraph (a) hereof, and to apply such parts of such payments as represent interest in the manner hereinafter directed :
- (d.) To apply the interest-moneys received under the provisions of paragraphs (b) and (c) hereof, first, in payment of the liquidator's costs, charges, and remuneration ; and, secondly, in payment half-yearly to the creditors of interest upon the respective amounts of their allowed proofs then outstanding and unpaid at the rate of six per centum per annum or at such other rate as the Court may from time to time direct ; and as to the surplus interest-moneys (if any) in any year, to apply such surplus in the manner directed by paragraph (a) hereof :
- (e.) Not to make any call of unpaid capital due by the shareholders until the thirty-first day of December, nineteen hundred and twenty-four.

(3.) The Court may, in its discretion, at any time after giving such directions, rescind or vary the same.

(4.) The Court may sanction any scheme for the realization of mortgages or for the transfer of mortgages to creditors in full or partial satisfaction of the claims of creditors.

4. (1.) The board of directors of a mortgage company or building society may resolve that the company or society will not take advantage of the provisions of Part II of the Mortgages and Deposits Extension Act, 1921 (in this section referred to as the said Act).

(2.) Every such resolution shall be published in the *New Zealand Gazette*, and on three successive days in some newspaper published and circulating in the city or town where the head office of such mortgage company or building society is situate.

(3.) At the expiration of one month after the last publication as hereby required of such notice, none of the provisions of Part II of the said Act shall apply to such mortgage company or building society, or to the lenders to such company or society, or to any contract of deposit with such company or society.

Mortgages and Deposits Extension Act, 1921, not to apply to loan companies if directors so resolve.

(4.) Every lender to such mortgage company or building society upon contract of deposit, as defined by Part II of the said Act, shall be entitled to interest at the rate of five and a half per centum per annum from the commencement of the said Act until the expiration of one month after the last publication as hereby required of such notice.

(5.) At the expiration of one month after the last publication as hereby required of such notice every lender to such mortgage company or building society shall have in all other respects the same rights and remedies against the company or society as if Part II of the said Act had not been passed.

Duration of Act.

5. This Act shall continue in force until the thirty-first day of December, nineteen hundred and twenty-four, and no longer.
