



ANALYSIS

Title.
1. Short Title.

2. Guarantees by Corporation of portions of mortgages granted for housing purposes.
3. Second mortgages to Corporation in certain cases.

1953, No. 76

Title. AN ACT to amend the State Advances Corporation Act 1934–35. [26 November 1953]

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

Short Title. 1. This Act may be cited as the State Advances Corporation Amendment Act 1953, and shall be read together with and deemed part of the State Advances Corporation Act 1934–35 (hereinafter referred to as the principal Act).

Guarantees by Corporation of portions of mortgages granted for housing purposes.

2. The principal Act is hereby amended by inserting, after section thirty-two, the following section:

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

“(2) Where any person approved by the Corporation is desirous of erecting a house and applies to a financial institution for an advance by way of first mortgage upon the security of the land and the house proposed to be

erected thereon, the Corporation may by deed or other instrument, and upon such terms as may be agreed upon between the Corporation and the financial institution, guarantee to that financial institution repayment of any portion of the moneys which the financial institution may so advance to that person.

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

“(a) On the security of an estate in fee simple in any land and a house to be erected thereon to an amount which does not exceed nine-tenths of the total estimated value of the land and of the proposed house when erected thereon:

“(b) On the security of any lease and a house to be erected on the land comprised in the lease to an amount which does not exceed nine-tenths of the estimated value of the proposed house alone when erected thereon.

“(4) No such advance of moneys by way of mortgage shall be made unless the Corporation has entered into a guarantee in a form agreed upon between the Corporation and the financial institution whereby the Corporation guarantees to the financial institution repayment of the difference between the maximum loan that the financial institution would be authorized to advance without the guarantee and the amount (not exceeding the limit specified in subsection three of this section) which the financial institution advances.”

3. Section thirty-seven of the State Advances Corporation Act 1936 is hereby amended by adding to subsection one the words “unless the further mortgage or other charge is in favour of the Corporation”.

Second
mortgages to
Corporation in
certain cases.
1936, No. 12