



ANALYSIS

Title
1. Short Title

2. Corporation may give guarantees
and indemnities

1970, No. 11

An Act to amend the State Advances Corporation Act 1965
[17 July 1970]

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

1. Short Title—This Act may be cited as the State Advances Corporation Amendment Act 1970, and shall be read together with and deemed part of the State Advances Corporation Act 1965 (hereinafter referred to as the principal Act).

2. Corporation may give guarantees and indemnities—
(1) The principal Act is hereby amended by repealing section 20, section 20A (as inserted by section 2 of the State Advances Corporation Amendment Act 1968), and section 21, and substituting the following section:

“20. (1) Subject to the provisions of this section, the Corporation may by deed or other instrument and upon and subject to such conditions as it thinks fit give in respect of the whole or any portion of any loan made to any person for any purpose for the time being approved in writing by the Minister of Finance for the purposes of this section such guarantees or indemnities as it thinks fit.

“(2) The Minister of Finance may from time to time specify in writing conditions to be observed by the Corporation in giving guarantees or indemnities under this section. Any such conditions may relate to such guarantees and indemnities generally or to any particular guarantee or indemnity or to any particular class of such guarantees or indemnities.

“(3) Without limiting subsections (1) and (2) of this section, it is hereby declared that it may be a condition of any such guarantee or indemnity that an amount, not exceeding 2 percent of the loan or of the portion of the loan in respect of which the guarantee or indemnity is given, be paid by the borrower to the Corporation.

“(4) Any amount payable pursuant to subsection (3) of this section may be paid in cash at the time of the giving of the guarantee or indemnity or it may be added to the amount of the loan and included in the guarantee or indemnity, and in such case shall be secured by the mortgage or other security given to the lender and paid by the lender to the Corporation.

“(5) Out of the money payable pursuant to subsection (3) of this section, the Corporation shall appropriate a fee at the rate from time to time fixed by it to meet the costs of administration of guarantees and indemnities given under this section and shall credit the remainder to the General Reserve Fund established pursuant to section 34 of this Act.

“(6) Notwithstanding any rule of law or any statutory or other provision to the contrary, any person may advance money (including trust funds) upon the security of a mortgage of land if the repayment of the money advanced or of the excess above the amount which might otherwise be advanced is secured by a guarantee or indemnity under this section which is expressed to be a guarantee or indemnity to which this subsection applies.

“(7) Any loss that may be incurred by the Corporation by reason of the operation of this section shall be a charge against the General Reserve Fund.

“(8) For the purposes of this section, the giving of credit whereby any person to whom any amount is payable agrees that payment of the amount shall be made by instalments or deferred shall be deemed to be the making of a loan; and in any such case the person to whom the amount is payable shall be deemed to be the lender and the person by whom it is payable shall be deemed to be the borrower.”

(2) The State Advances Corporation Amendment Act 1968 is hereby consequentially repealed.

(3) Notwithstanding the repeal of sections 20, 20A, and 21 of the principal Act by subsection (1) of this section—

(a) The purposes mentioned in those sections shall be deemed to be approved by the Minister of Finance for the purposes of section 20 of the principal Act (as substituted by subsection (1) of this section); and

(b) Every guarantee or indemnity given pursuant to any of the provisions of the said sections 20, 20A, and 21 and in force immediately before the commencement of this Act shall continue to have effect according to its tenor.

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