

## PROPERTY LAW AMENDMENT BILL

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### EXPLANATORY NOTE

*Clause 2* provides that a mortgagee may make further advances under a mortgage which will rank in priority to subsequent mortgages (whether or not the mortgagee has notice of the subsequent mortgages at the time of any such further advance) in any case where the further advances form part of the principal sum specified in the mortgage.

*Clause 3:* Section 118 (1) of the principal Act provides that, before the lessor may exercise any right of re-entry or forfeiture for a breach by the lessee of the provisions of a lease, he must serve on the lessee a notice specifying the breach and, if it is capable of remedy, requiring the lessee to remedy it, and in any case requiring the lessee to make compensation in money for the breach. This clause provides that the lessor must also serve a copy of that notice on every mortgagee of the lease whose name and address are known to the lessor, in order that the mortgagee may, if he so wishes, take steps to protect his security by remedying the breach.

*Hon. Mr Mason*

## PROPERTY LAW AMENDMENT

### ANALYSIS

Title	
1. Short Title	3. Lessor exercising right of re-entry or forfeiture to give notice to mortgagee of lease
2. Security for further advances	

### A BILL INTITULED

#### An Act to amend the Property Law Act 1952

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

1. **Short Title**—This Act may be cited as the Property Law Amendment Act 1959, and shall be read together with and deemed part of the Property Law Act 1952 (hereinafter referred to as the principal Act).

10 2. **Security for further advances**—The principal Act is hereby amended by inserting, after section eighty, the following section:

15 “80A. A mortgagee shall have a right to make further advances to rank in priority to subsequent mortgages (whether or not the mortgagee has actual or constructive notice of the subsequent mortgages at the time of making any such advance), where the advances form part of the principal sum specified in the mortgage.”

**3. Lessor exercising right of re-entry or forfeiture to give notice to mortgagee of lease**—Section one hundred and eighteen of the principal Act is hereby amended by inserting, after subsection one, the following subsection:

“(1A) Where the lease in respect of which such a notice 5  
has been served on the lessee has been mortgaged and the  
lessor has actual notice of the name and address of the  
mortgagee, he shall forthwith after serving the notice on the  
lessee serve a copy of the notice on the mortgagee. Failure to  
comply with the provisions of this subsection shall not of itself 10  
prevent the exercise by the lessor of any right of re-entry or  
forfeiture under any proviso or stipulation in the lease.”