

PROPOSED SECOND DRAFT

DRAFT SECURITIES REGULATIONS 1981

PART OO, CONTRIBUTORY MORTGAGES

1. Commencement - This Part of these regulations shall come into force on the

2. Interpretation - (1) In this Part of these regulations, and in the Schedules referred to in this Part, unless the context otherwise requires, -

"Auditor" means a qualified auditor within the meaning of the Act:

"Broker" means a contributory mortgage broker as that term is defined in the Act and includes such a person whether or not he is, or holds himself out as, an agent or a trustee for all or any of the contributors to, or the mortgagors under, a contributory mortgage, but does not include a nominee company.

"Capital value" of land has the same meaning as in the Valuation of Land Act 1951:

"Contribution" means money paid for the purpose of obtaining, or that is used to obtain, an interest in a contributory mortgage; and includes a broker's own money if so used:

"Contributor" means a person, other than a broker, who makes a contribution, or who holds an interest in a

contributory mortgage (whether the interest was obtained by advancing part of the original sum secured by the mortgage, or by purchase of, or substitution for, the interest of an original or subsequent holder of the interest or otherwise):

"Contributory mortgage" has the same meaning as in the Act:

"Development mortgage" means a contributory mortgage secured by a charge over -

- (a) Land that is being, or is intended to be, subdivided or improved; or
- (b) Land on which buildings or other improvements are being, or are intended to be, constructed, altered or developed -

if, and only if, the total amount of the principal sum secured, or to be secured, by the mortgage and of all mortgages ranking prior to or equally therewith is greater than two-thirds of the value of the land (being the capital value as at the date of the valuation determined by a registered valuer) at the time the mortgage is entered into, provided that, if it is intended that buildings or other improvements on the land be removed, demolished, or destroyed, the capital value of the land shall be an amount equal to the capital value thereof after the removal, demolition, or

destruction less the cost (as estimated by a registered valuer) of removing, demolishing or destroying the buildings or other improvements:

"Finance rate" has the same meaning as in the Credit Contracts Act 1981.

"Government valuation" in relation to any land means a valuation of the land recorded on a district valuation roll or a supplementary roll, as the case may be, in accordance with the Valuation of Land Act 1951:

"Improvements" has the same meaning as in the Valuation of Land Act 1951.

"Interest in a contributory mortgage" means an interest in, or right to receive, the whole or part of any moneys secured by a contributory mortgage:

"Land value" has the same meaning as in the Valuation of Land Act 1951.

"Mortgagor" in relation to a contributory mortgage means -

- (a) The proprietor (as that term is used in the Land Transfer Act 1952) of any estate or interest in land which is charged with the mortgage; and
- (b) Any person to whom, or for whose benefit, money is paid in consideration for the

mortgage given by the proprietor (as that term is used in the Land Transfer Act 1952) of the estate or interest in land which is charged with the mortgage, and whose obligation to repay is secured by that mortgage.

"Nominee company" has the meaning assigned to it in regulation 8 of these regulations:

"Nominee mortgage" means a contributory mortgage held in the name of a nominee company as mortgagee:

"Principal sum" in relation to a mortgage means the amount of credit (as that term is defined in the Credit Contracts Act 1981) secured by the mortgage.

"Registered valuer" has the same meaning as in the Valuers Act 1948:

"Registrar" means the District Registrar of Companies, Wellington:

"Trading bank" has the same meaning as in the Reserve Bank of New Zealand Act 1964:

"Trust account" means a trust account established and maintained in accordance with regulation 3(4) of these regulations.

(2) For the purposes of this Part of the regulations and of the Schedules referred to in this Part, 2 persons are

associated persons, and a person is associated with another person, if -

- (a) The persons are immediate relatives; or
- (b) The persons are related bodies corporate; or
- (c) At least one of the persons is a body corporate that is managed or controlled by the other person or by any immediate relative or related body corporate of the other person (or by any one or more of them acting together); or
- (d) At least one of the persons is a body corporate, and the aggregate amount of its equity capital held by the other person, or any immediate relative or related body corporate of the other person, is not less than one fifth of the total equity capital of the body corporate.

(3) Unless the context otherwise requires, terms and expressions used in this Part of these regulations that are defined in the Act or in Part 00 of these regulations, but are not otherwise defined in this Part of these regulations, shall have the same meanings as in the Act or in Part 00 of these regulations, as the case may be.

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Registration of Brokers

3. Brokers to be registered - No person shall act as a broker unless - (1) That person has been registered as a broker with the Registrar and that registration has not been revoked; and

(2) An auditor has consented to act as auditor for the broker and has not ceased to so act; and

(3) A nominee company has been incorporated under the provisions of the Companies Act 1955 to act as such in respect of that person's activities as a broker and that nominee company has not ceased to so act; and

(4) A trust account has been established at a trading bank in the name of the person's nominee company and continues to be so maintained.

4. Application for Registration - Subject to regulation 6 of these regulations, the Registrar shall forthwith register as a broker, every person who delivers to him an application for registration that is dated, signed by the person (or where the person is a body corporate or other body, signed by every director thereof), that contains all of the information specified in Part I of the Third Schedule to these regulations, and that has attached thereto all of the documents and certificates required to be attached thereto by Part II of the Third Schedule to these regulations.

5. Continuing obligations of brokers (1) Every broker shall deliver an annual report to the Registrar which annual report shall be dated, and signed by the broker (or where the broker is a body corporate or other body, signed by every director thereof), and shall contain all of the information specified in Part III of the Third Schedule to these regulations, and shall have attached thereto all the documents and certificates required to be attached thereto by Part IV of the Third Schedule to these regulations.

(2) The annual report to be delivered pursuant to subclause (1) of this regulation shall be delivered to the Registrar -

(a) In the case of a broker who is a natural person, not later than the 31st day of May in each year; and

(b) In the case of a broker which is not a natural person, within 3 months after the end of the broker's financial year:

Provided that a broker need not deliver an annual report in the calendar year in which he is first registered as a broker.

(3) Where there is any change in the information specified in Part I or Part III of the Third Schedule to these regulations, the broker shall notify the Registrar of that change within 14 days after the same occurs.

(4) The notification required by subclause (3) of this regulation shall be in writing and shall be dated and signed by the broker.

(5) Subject to regulation 6 of these regulations, each annual report required to be delivered under subclause (1) of this regulation, and each notification required to be made by subclause (3) of this regulation, shall be registered by the Registrar.

6. Registrar's powers - (1) The Registrar may refuse to register an application delivered to him pursuant to regulation 4 of these regulations, an annual report delivered to him pursuant to subclause (1) of regulation 5, or a notification delivered to him pursuant to subclause (3) of regulation 5 of these regulations, if:-

- (a) It does not comply with these regulations; or
- (b) It contains any matter that is not clearly legible; or
- (c) The prescribed fee is not paid.

(2) Where the Commission makes an order under subsection 44B(2)(a) or 44B(2)(b) of the Act, the Registrar shall, upon receiving a copy of that order under the seal of the Commission, promptly suspend or revoke (as the case may be) the registration of the broker named in the order for such period of time as is specified in the order or in any subsequent order of the Commission.

(3) The Registrar may, after giving a broker 14 days prior written notice of his intention to do so, suspend the registration of any broker who fails to comply with the provisions of subclause (2) or (3) of regulation 5 of these regulations until the broker complies with those subclauses.

7. Register to be Open - The register shall be open to inspection by members of the public at all times during normal business hours.

8. Nominee companies - (1) In these regulations, the term "nominee company", in relation to a broker, means a company (as defined in section 2(1) of the Companies Act 1955) -

- (a) That has a memorandum of association in the form set out in Part I of the Second Schedule to these regulations; and
- (b) That has articles of association in the form set out in Part II of the Second Schedule to these regulations; and
- (c) That has a name that has a recognisable connection with the broker and ends with the words "Nominee Company Limited"; and
- (d) All the shares in which are held by or on behalf of the broker.

(2) No broker shall hold, or be beneficially entitled to, shares in more than one nominee company.

9. Trust accounts - (1) A broker shall not permit his nominee company's trust account -

- (a) To be overdrawn; or
- (b) To be used for any purposes other than those of receiving, holding, and disbursing contributions and payments of principal and interest and other monies received on behalf of contributors.

(2) A broker shall not permit the account of any person within the broker's nominee company's trust account to be overdrawn.

Restrictions on Distributing Contributions

10. Restrictions on Distribution of Contributions from Trust Accounts - (1) A broker shall not permit a contributor's contributions to be paid out of his nominee company's trust account to, or credited to the account of, any person other than the contributor unless:-

- (a) The contributor has received from the broker a written statement, signed by the broker, which contains the following information and other matters with respect to the contributory mortgage in respect of which his contributions are, or are to be, paid or credited:-

- (i) If the mortgage is, or is to be, a mortgage other than a development mortgage, the information and other matters specified in Part I of the First Schedule to these regulations:
and
 - (ii) If the mortgage is, or is to be, a development mortgage, the information and other matters specified in Part II of the First Schedule to these regulations; or
 - (iii) In either case, has attached thereto a valuation report with respect to the land charged as security for the mortgage that contains the information and other matters specified in Part III of the First Schedule to these regulations: and
- (b) The contributions are paid or credited in accordance with a written authority from the contributor to the broker that authorises the broker to invest contributions in a particular contributory mortgage and that:-
- (i) Identifies the land charged, or to be charged, with the mortgage; and

(ii) States the principal sum, the term, the interest rate, and the priority of the mortgage; and

(iii) Provides that any contributions which are not paid to or on behalf of the mortgagor under the mortgage identified in the authority within 60 days after the same are received by the broker or his nominee company, will be repaid to the contributor forthwith upon demand; and

(iv) Is properly completed and signed by the contributor: and

(c) If the contributions are intended to be invested by the broker pursuant to the proviso to subclause (1) of regulation 16 of these regulations, the authority provides for such investments.

(2) An authority which identifies the particular mortgage to which the authority relates by reference to a document which has previously been given or sent to the contributor by or on behalf of the broker, shall be deemed to satisfy the requirements of paragraphs (i) and (ii) of subclause 1(b) of this regulation, to the extent that the document to which reference is made contains the information

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Particular list for Trusts and Estates

required to be stated in the authority by those subparagraphs.

11. Valuation Reports - (1) Every valuation report required for the purposes of these regulations shall be prepared and signed by an independent registered valuer and shall contain the information and other matters specified in Part III of the First Schedule to these regulations.

(2) A registered valuer shall be deemed not to be independent with respect to any valuation report prepared by him of land which is, or is to be, charged as security for a contributory mortgage if:-

(a) The registered valuer and any broker who offers interests in that mortgage to the public for subscription are associated persons; or

(b) The registered valuer and any person who is, or is to be, a mortgagor under that mortgage are associated persons; or

(c) The registered valuer, or any person employed by the registered valuer is, or at any time within 1 year of the preparation of the valuation report has been, an employee or partner of:-

(i) Any broker who offers interests in that mortgage to the public for

subscription; or

(ii) Any person who is, or is to be, a mortgagor under that mortgage; or

(d) Any payment to the registered valuer in connection with his preparation of that valuation report is conditional, either in whole or in part, upon the subscription of interests in the mortgage.

12. Restriction on distribution of money to mortgagor or

vendors of mortgage interest - (1) A broker shall not permit contributions to be paid to, or applied on behalf of, a mortgagor under, or a vendor of an interest in, a contributory mortgage in respect of which he acts as a broker if:-

(a) At the time of the payment the broker knows or ought to know that the statement received by any contributor to that mortgage pursuant to regulation 10 of these regulations is false or misleading in a material particular (whether or not the statement became so misleading as a result of a change of circumstances occurring after the date that the statement was given to the contributor) or is inconsistent with the mortgage; or

- (b) After that payment the principal sum secured by the mortgage would exceed the amount specified in the authority or the mortgage as the principal sum of the mortgage; or
- (c) The date when the final balance of the principal sum is due and payable under the mortgage is later than any date specified in the authority given by any contributor to that mortgage as the date for repayment of contributions to any contributor; or
- (d) At the time of the payment, the total amount of the contributions paid to, or applied on behalf of, the mortgagor under the mortgage is less than the principal sum of the mortgage:

Provided that this paragraph shall not apply if -

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- (i) The mortgage is a development mortgage; and
- (ii) The authority held by the broker from each of the contributors to the mortgage, authorises the broker to pay the principal sum to the mortgagor by instalments; and
- (iii) At the time of the payment the broker holds in his trust account or in

investments made pursuant to the proviso to subclause (1) of regulation 16 of these regulations, on behalf of the contributors to that mortgage, a sum equal to the amount of the principal sum of the mortgage less the amount of any instalments which have previously been paid or applied.

(2) A broker shall not permit contributions to be paid to, or applied on behalf of, a mortgagor under, or a vendor of an interest in, a contributory mortgage in respect of which he acts as a broker unless:-

- (a) The mortgage, in a form that is registrable under the Land Transfer Act 1952, has been received by the broker or a solicitor acting on his behalf; and
- (b) All buildings and improvements situated upon the property which is charged with the mortgage, are insured to the full insurable value thereof, against loss or damage by fire and other extraneous perils by an insurance office in New Zealand approved by the broker, which policy names the broker's nominee company or all of the contributors to the mortgage, as the case may be, as loss payees thereunder; and

(c) The mortgage provides that interest on the unpaid balance of the principal sum of the mortgage shall be paid at least quarterly.

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(3) For the purposes of this regulation, contributions of a contributor which are credited to the account of a mortgagor under an existing contributory mortgage for the purpose of repaying, whether directly or indirectly, the contributions of another contributor, shall be deemed to be contributions which are paid to a vendor of an interest in a contributory mortgage.

Management Provisions

13. Contributory mortgages to be in name of contributor or nominee company only - Every broker shall ensure that every contributory mortgage in respect of which he acts as broker shall state as the mortgagee or mortgagees thereunder either:

(a) The names of all of the contributors; or

(b) The name of the broker's nominee company:

14. Registration and custody of contributory mortgages -

(1) Every broker shall ensure, in respect of every contributory mortgage for which he acts as broker, that -

(a) The mortgage is registered under the Land Transfer Act 1952 as soon as possible; and

(b) The mortgage and (where the mortgage is a first mortgage) the certificate of title to the land charged and any collateral securities, and any policies of insurance, are at all times safely held on behalf of the contributors.

General obligation to register

(2) If any contributory mortgage in respect of which a broker acts has not been registered under the Land Transfer Act 1952 within ⁶⁰~~30~~ days after the principal sum secured thereby has been paid to, or applied on behalf of, the mortgagor, the broker shall promptly send written notification of that fact to all of the contributors to that mortgage.

15. Broker to comply with Credit Contracts Act 1981 -

Every broker who acts in respect of a contributory mortgage shall ensure that the provisions of the Credit Contracts Act 1981 that apply to financiers and creditors (as those terms are used in that Act) are at all times complied with in respect of that mortgage.

16. Mortgage contributions and repayments to be held in trust account pending investment or distribution to

contributors - (1) Every broker shall ensure that all money paid to him or to his nominee company by any person for the purpose of obtaining an interest in a contributory mortgage is forthwith paid into his nominee company's trust

account, and held there in trust for the person until it is paid to, or paid or applied in accordance with, the written instructions of the mortgagor, or the vendor of the interest (as the case may be) or repaid to the person:

Provided that money so paid for the purpose of obtaining an interest in a contributory mortgage may, pending its advance to or on behalf of the mortgagor, be invested by the broker in trust for the contributor in any investment specified in subsection (1) of section 4 of the Trustee Act 1956 as an investment in which a trustee may invest trust funds in his hands if, and only if, -

- (a) The authority signed by the contributor authorises the broker to so invest the money; and
- (b) The broker does not undertake or guarantee to the contributor that the money so invested will earn a specified rate of interest; and
- (c) The investment is taken either in the name of the contributor or in the name of the broker's nominee company as trustee for the contributor.

(2) Every broker shall ensure that any contribution held in his nominee company's trust account, or invested on behalf of a contributor pursuant to the proviso to subclause (1) of this regulation, for more than 30 days is repaid to

the contributor forthwith after receipt by the broker of a request for repayment from the contributor.

(3) Every broker shall ensure that -

(a) Every payment of interest, repayment of principal, and other money received by him or his nominee company from a mortgagor under a mortgage in respect of which he acts as broker; and

(b) All money received by him or his nominee company as consideration for a transfer of any interest in a contributory mortgage in respect of which he acts as broker, -

is immediately paid into his nominee company's trust account, and is held there in trust for the person entitled thereto.

(4) All money held in a nominee company's trust account in accordance with subclause (3) of this regulation shall be paid to the contributors entitled thereto forthwith after being paid into the trust account:

Provided that, where a contributor for whom money so held has given an authority to the broker to use the money as a contribution to another contributory mortgage, the money need not be repaid to the contributor if a notice to the effect that the money is being held in trust pending

re-investment is sent to the contributor forthwith after the money is paid into the trust account.

(5) Notwithstanding subclauses (1) to (4) of this regulation, where an authority signed by a contributor authorises a broker to make payments to himself or another person out of money held in his nominee company's trust account on behalf of the contributor, and the authority specifies the amount or rate of the payments, the broker may make the payments from the trust account in accordance with the terms of the authority. .

(6) For the purposes of this regulation, contributions of a contributor which are credited to the account of a mortgagor under an existing contributory mortgage for the purpose of repaying, whether directly or indirectly, the contributions of another contributor, shall be deemed to be contributions which are paid to a vendor of an interest in a contributory mortgage.

17. Duty of broker to ensure continuing management of contributory mortgages - Subject to the provisions of section 44B of the Act, every person who acts as a broker in respect of a contributory mortgage shall continue to act as broker in respect of the mortgage until -

(a) If the mortgage is not a nominee mortgage -

(i) All of the contributors having an interest in the mortgage have agreed in

writing that the broker is not responsible for collecting any monies payable to them under the mortgage; and

- (ii) The signed, stamped, and registered, mortgage instrument has been delivered to a person, approved in writing by all of the contributors, for holding in safe custody on their behalf; or

(b) If the mortgage is a nominee mortgage -

- (i) Another person who is registered under these regulations as a broker has agreed to act as broker in respect of the management of the mortgage; and
- (ii) All of the contributors having an interest in the mortgage have agreed in writing to the appointment of that person to act as broker in respect of the mortgage; and
- (iii) The broker has delivered to the person so appointed everything in his possession or control, or the possession or control of his nominee company, relating to the mortgage including, without limitation of the foregoing:-

- (A) The mortgage; and
- (B) A memorandum of transfer
(registrable under the Land
Transfer Act 1952) transferring
the interest of the broker's
nominee company to that person or
his nominee company; and
- (C) All policies of insurance relating
to the mortgage, properly
endorsed; and
- (D) All monies (if any) held in the
broker's nominee company's trust
account on behalf of the
contributors to the mortgage; or

(c) All money payable to the contributors under
the mortgage has been paid to them.

18. Restriction on transfer of nominee mortgages -

(1) A broker shall not permit a nominee mortgage in respect
of which he acts as broker to be mortgaged or transferred to
another person unless:-

- (a) All of the contributors to that mortgage have
received written notice of the proposed
mortgage or transfer (including the name of

the proposed mortgagee or transferee and the consideration to be paid therefor); and

- (b) After receiving such notice, all of the contributors to that mortgage have consented in writing to the mortgage or transfer.

(2) A broker shall not permit a contributor's interest in a nominee mortgage in respect of which he acts as broker to be mortgaged or transferred to another person unless:-

- (a) The contributor entitled to that interest has received written notice of the proposed mortgage or transfer (including the name of the proposed mortgagee or transferee and the consideration to be paid therefor); and

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- (b) After receiving such notice, the contributor entitled thereto has consented in writing to the mortgage or transfer.

19. Restrictions on creation of prior charges and discharges of nominee mortgages - A broker shall not permit -

- (1) A mortgagor under a nominee mortgage in respect of which the broker acts to give over the mortgaged land any other mortgage or charge that ranks prior to or equally with the nominee mortgage, except with the prior written consent of all contributors; or

(2) A nominee mortgage in respect of which he acts as broker to be discharged (whether wholly or partially) before payment to or on behalf of the contributors thereto of all money due under the mortgage, except with the prior written consent of all contributors:

Provided that this subclause shall not apply to partial releases of a nominee mortgage secured by a charge on development property if -

- (a) The statement given to the contributors for the purposes of regulation 10 of these regulations states that such partial releases may be given, and describes the conditions on which they may be given; and
- (b) All of those conditions have been fulfilled.

20. Default by mortgagor - (1) Subject to subclause (2) of this regulation, every broker shall ensure that, where there is -

- (a) A default for at least 30 days in repayment of the principal sum or the payment of any interest due under a contributory mortgage in respect of which he acts as broker; or
- (b) Any other material default by the mortgagor under the mortgage which is not remedied within 30 days of its occurrence -

becoming known to the broker

the powers of the mortgagee under the mortgage that arise on such default are promptly exercised, unless the default is remedied or a majority in number and value of contributors present in person or by proxy at a meeting of contributors decide that those powers shall not be exercised.

(2) The provisions of subclause (1) of this regulation shall not apply so long as all of the payments due to contributors under the mortgage are promptly paid by the broker or any guarantor or indemnifier under the mortgage and the default does not materially impair the value of the land which is charged with the mortgage.

(3) A broker shall not charge the contributors to a contributory mortgage in respect of which he acts as a broker, any sum in connection with the exercise by the broker, on behalf of the contributors, of the powers of the mortgagee under the mortgage except for costs and reasonable legal fees actually incurred by the broker.

(4) Where the mortgage is a nominee mortgage, the broker shall advise all of the contributors to that mortgage of any charges which are registered in respect of the land which is charged with the mortgage which have, or may have, priority over, or rank equally with, that mortgage, within 7 days after the broker learns of their registration.

21. Broker to furnish names of contributors - Where the contributors to a contributory mortgage have not been paid

any sums of principal or interest within 7 days after the same are due, the broker who acts in respect of that mortgage shall, forthwith after he receives a written request to do so from any contributor to that mortgage, send a written statement of the names and last known addresses of all of the contributors to that mortgage to the contributor.

22. Meetings of contributors - (1) A broker who acts in respect of a contributory mortgage may at any time, and shall if requested by his auditor or by contributors holding not less than one third in nominal value of the mortgage, summon a meeting of all contributors to the mortgage.

(2) A person who acts as auditor to a broker may at any time, and shall if requested by contributors holding not less than one-third in nominal value of the principal sum of the mortgage, summon a meeting of all contributors to a contributory mortgage in respect of which the broker acts. Any auditor who summons a meeting pursuant to this subclause shall be deemed to be acting only as the agent of the contributors in summoning that meeting.

(3) Every meeting of contributors to a contributory mortgage shall be summoned by sending by post a notice, specifying the time and place of the meeting, to every contributor at his last known address not later than 14 days before the date of the proposed meeting. The meeting shall be held under the chairmanship of the person appointed as chairman by the contributors present at the meeting.

23. Limitations on authorities - No authority, or other agreement or contract between a broker and a contributor shall contain any provision authorising the broker to do any act or thing in contravention of these regulations and any such provision shall be void and of no effect.

Accounting Records and Audits

24. Brokers to keep proper accounting records -

(1) Every broker shall at all times keep a register, in a form approved by his auditor, of all contributory mortgages in respect of which he acts as a broker, in which shall be entered a clear record of the following particulars in respect of each mortgage -

- (a) A description of the mortgage sufficient to identify it;
- (b) The principal sum secured by the mortgage;
- (c) The dates when interest is payable in respect of the mortgage;
- (d) The date or dates when the principal sum or any portion thereof is repayable;
- (e) The names and addresses of all of the contributors to the mortgage;
- (f) The amount of each contributor's contributions to the mortgage; and

(g) Such other particulars as the auditor may consider necessary.

(2) Every broker shall at all times keep trust account books of account, in a form approved by his auditor, in respect of the broker's nominee company trust account, which books of account shall contain a record of all transactions effected through the broker's nominee company's trust account sufficient to identify each contributor on whose behalf such transaction was effected.

(3) Every broker shall at all times keep, in a form approved by his auditor, such other accounting records that -

- (a) Correctly record and explain the transactions of the broker and the broker's nominee company in each contributory mortgage in respect of which he acts as a broker; and
- (b) Will at any time enable the position of each mortgage and each contributor in each mortgage, to be ascertained; and
- (c) Will at any time enable the auditor to determine whether the broker is complying with the Act and these regulations.

25. Auditors - (1) Subject to subclauses (2), (3) and (5) of this regulation, every person who has consented to act as

auditor for a broker shall conduct an audit of the accounting and other records relating to the broker's nominee company and the contributory mortgages in respect of which the broker acts, sufficient to satisfy the auditor as to whether -

- (a) The broker is complying with the Act and these regulations;
- (b) The broker is keeping proper accounting records in accordance with regulation 23 of these regulations; and
- (c) Money is being received and disbursed in accordance with the terms of the authorities given by the contributors.

(2) Subject to subclauses (3) and (5) of this regulation, an auditor shall examine the accounting and other records relating to the broker's nominee company and the contributory mortgages in respect of which the broker acts on at least 4 occasions in every year as follows -

- (a) At least one examination shall be made during each quarter of the broker's financial year; and
- (b) The fourth examination shall complete the audit for the year, and shall be completed not later than 30 days after the close of the broker's financial year.

(3) An auditor need not audit any records relating to a contributory mortgage if-

- (a) The mortgage has been registered under the Land Transfer Act 1952; and
- (b) The mortgage states as the mortgagees thereunder the names of the contributors to the mortgage; and
- (c) Each of the contributors has instructed the broker in writing that all monies payable to the contributors under the mortgage are to be paid directly to the contributors.

(4) Forthwith after the completion of each examination of the accounting and other records of the broker and the broker's nominee company, the auditor shall -

- (a) Send to the broker a report of the results of the examination or the completed audit, as the case may be; and
- (b) If the report discloses any breach of the Act or of these regulations or of the terms of the contributors' authorities, send a copy of the report to the Registrar.

(5) A person who has consented to act as auditor for a broker shall be released from his obligations under this regulation if, and only if, -

- (a) He has sent to the Registrar written notice stating that he has ceased to act; or
- (b) Subsequent to his consenting to act, another auditor has consented to act for the broker and the consent has been given to the Registrar.

General Provisions

26. Offences - Every person who contravenes, or fails to comply with, any provision of these regulations commits an offence, and is liable on summary conviction to a fine not exceeding \$5,000.

27. Notices for the Purposes of the Act - For the purposes of section 57A(2)(c) of the Act, the persons to whom notice is required to be given are the broker's auditor or, if there is no such auditor, then to all of the contributors to the contributory mortgages in respect of which the breach has occurred.

Reg. 10(1)(a)(i)

FIRST SCHEDULE

INFORMATION TO BE GIVEN TO CONTRIBUTOR

PART I

MORTGAGES OTHER THAN DEVELOPMENT MORTGAGES

1. The name and address of the broker.
2. The name, address and occupation of each mortgagor under the mortgage.
3. The address, legal description, and proposed use of the land which is, or is to be, charged by the mortgage.
4. A description of the mortgagor's estate in the land which is, or is to be, charged by the mortgage.
5. If the mortgagor's estate is leasehold, the description of the estate in the land shall include a summary of the material terms of the lease including -
 - (a) The name and address of the lessor; and
 - (b) The term of the lease; and
 - (c) The amount of rent payable under the lease, and the terms of any provision for a review

of the rent.

6. The principal sum secured, or intended to be secured, by the mortgage.

7. If the land which is, or is to be, charged by the mortgage is charged as security for any mortgages or other encumbrances which rank, or are to rank, ahead of, or equally with, the mortgage in point of security, a description of each such mortgage or encumbrance including:-

(a) A statement of the ranking, in point of security, of each such mortgage or encumbrance with respect to the mortgage; and

(b) The principal secured by each such mortgage or encumbrance; and

(c) A statement whether any of such mortgages or encumbrances provide for future advances that will rank ahead of or equally with the mortgage.

8. The rate of interest that is, or is to be, payable under the mortgage.

9. The finance rate calculated in accordance with the Credit Contracts Act 1981 in respect of the credit provided

Encumbrances for security

*NY 4/2/81
Rate of interest
→ what to be in point of time*

under the mortgage, and if the finance rate is different from the rate of interest, the explanation for the difference.

10. A copy of a valuation report as to the value of the land prepared by an independent registered valuer as at a date not earlier than 4 months before the date on which the statement is given to the contributor (which complies with Regulation 11 of these regulations)

11. A statement by the broker to the effect that the contributor will be furnished, free of charge, upon request:-

(a) A copy of a statement signed by each mortgagor under the mortgage who is a natural person setting forth the person's assets and liabilities and his annual income as at a date not earlier than 3 months before the date on which the statement is furnished to the contributor; and

(b) A copy of the latest annual accounts of each mortgagor under the mortgage who is not a natural person which shall:-

(i) Include a balance sheet and a profit and loss account; and

(ii) Be as at a date not earlier than ¹⁵ 16 months before the date on which the accounts are furnished to the contributor; and

(iii) Be signed by a person authorised to sign on behalf of the mortgagor; and

(iv) If the ^c accounts are audited, have a copy of the auditor's report attached thereto.

12. The name and address of each person who is, or is to be, a guarantor or indemnifier (if any) of the obligations of the mortgagor under the mortgage and a description of the material terms of the guarantee or indemnity as the case may be.

13. If any person who is, or is to be, a guarantor or indemnifier of the obligations of the mortgagor under the mortgage is not a natural person, a statement to the effect that the latest annual audited accounts of each guarantor or indemnifier along with a copy of the auditor's report, will be furnished to the contributor, free of charge, upon request, which accounts shall be as at a date not earlier than 15 months before the date on which such accounts are furnished.

14. (1) A statement whether the mortgage is, or is to be, a nominee mortgage.

(2) The terms and dates of the payments of interest and principal to the contributor.

(3) A description of the manner in which, and the person by whom, payments due from the mortgagor will be collected and distributed to the contributor and, if any amounts are to be deducted from such payments before distribution to the contributor, a separate statement to that effect specifying the amounts to be so deducted.

(4) Whether the mortgage is, or is to be, taken in the names of all of the contributors or in that of the broker's nominee company; and, if in the name of the broker's nominee company, its name and the address of its registered office.

15. A description and quantification of any sums paid or to be paid to the broker in connection with the mortgage, including the name of the person who has paid, or is to pay, that sum.

16. A statement to the effect that a copy of the mortgage will be sent to the contributors or their authorised representatives upon request and without charge.

17. If the broker or any person who is, or is to be, a guarantor or indemnifier of the obligations of the mortgagor

under the mortgage is associated with the mortgagor or has any interest in the land charged by the mortgage, a separate statement to that effect describing the nature of the association or interest.

18. A statement by the broker to the effect that to the best of his knowledge and belief the information in the statement is correct and not misleading and that there are no material matters relating to the mortgage that are not set out therein.

19. If any information given to the contributor by or on behalf of the broker includes a statement by an expert, other than a registered valuer, a separate statement, signed by the expert, to the effect that the expert has given his consent to his statement being given to the contributor, and a statement of the expert's qualifications.

PART II

DEVELOPMENT MORTGAGES

1. The name and address of the broker.
2. The name, address and occupation of each mortgagor under the mortgage.
3. The address, and legal description, of the land which is, or is to be, charged by the mortgage.
4. A description of the mortgagor's estate in the land which is, or is to be, charged by the mortgage.
5. If the mortgagor's estate is leasehold, the description of the estate in the land shall include a summary of the material terms of the lease including -
 - (a) The name and address of the lessor;
 - (b) The term of the lease; and
 - (c) The amount of rent payable under the lease, and the terms of any provision for a review of the rent.

6. The present use of the land; and a brief description of the development, or proposed development, of the land.

7. If the land which is, or is to be, charged by the mortgage is charged as security for any mortgages or other encumbrances which rank, or are to rank, ahead of, or equally with, the mortgage in point of security, a description of each such mortgage or encumbrance including:-

(a) A statement of the ranking, in point of security, of each such mortgage or encumbrance with respect to the mortgage; and

(b) The principal secured by each such mortgage or encumbrance; and

(c) A statement whether any of such mortgages or encumbrances provide for future advances that will rank ahead of or equally with the mortgage.

8. The rate of interest that is, or is to be, payable under the mortgage.

9. The finance rate calculated in accordance with the Credit Contracts Act 1981 in respect of the credit provided under the mortgage, and if the finance rate is different from the rate of interest, the explanation for the difference.

10. A copy of a valuation report as to the value of the land prepared by an independent registered valuer as at a date not earlier than 4 months before the date on which the statement is given to the contributor, which contains, in addition to the information required by Regulation 11 of these regulations, the registered valuer's opinion as to the reasonably expected capital value of the land after completion of the development.

11. A statement, signed by each mortgagor, stating -

(a) The expected cost of the development and a description of the basis on which such costs have been calculated; and

(b) The source of funds to be used to repay all money borrowed in respect of the land including that to be secured by the mortgage.

12. A brief description of the business of the mortgagor.

13. The latest audited annual accounts of each mortgagor, which shall be as at a date not earlier than 6 months before the date on which the statement is given to the contributor, and shall include a balance sheet, an income and expense statement, and a copy of the auditor's report.

14. A statement, signed by each mortgagor, as to whether since the date of the audited accounts required by clause 12 of this Part of this Schedule there have arisen any circumstances that materially affect the trading or profitability of the mortgagor, the value of the land, the ability of the mortgagor to pay his liabilities due within the next 12 months, or the ability of the mortgagor to complete the development of the land.

15. The name and address of each person who is, or is to be, a guarantor or indemnifier (if any) of the obligations of the mortgagor under the mortgage and a description of the material terms of the guarantee or indemnity as the case may be.

16. The latest audited annual accounts of each person who is, or is to be, a guarantor or indemnifier (if any) of the obligations of the mortgagor under the mortgage, that is not a natural person, together with a copy of the auditor's report, specifying the date as at which the accounts were audited (which shall not be earlier than 15 months before the date on which the statement is given to the contributor).

17. The terms and dates of the payments of interest and principal to the contributor.

18. (1) If the mortgage is, or is to be, a nominee mortgage, a statement as to whether the broker will be authorised under the terms of the mortgage to give partial releases of the mortgage and, if so, a description of the conditions on which such partial releases may be given.

(2) All other terms of the mortgage (other than those implied by law).

19. If the mortgage provides that the principal sum is to be paid to the mortgagor in instalments -

(a) A statement to that effect; and

(b) A description of the manner in which the instalment payments will be made including a description of the conditions to be fulfilled, if any, prior to the making of such payments.

20. (1) A description of the manner in which, and the person by whom, payments due from the mortgagor will be collected and distributed to the contributor and, if any amounts are to be deducted from such payments before distribution to the contributor, a separate statement to that effect specifying the amounts to be so deducted.

(2) Whether the mortgage is, or is to be, taken in the names of all of the contributors or in that of the

broker's nominee company; and, if in the name of the broker's nominee company, its name and the address of its registered office.

21. A description and quantification of any sums paid or to be paid to the broker in connection with the mortgage, including the name of the person who has paid, or is to pay, the sum, and a statement of the amount of the finance rate payable by the mortgagor in respect of the mortgage.

22. A statement to the effect that a copy of the mortgage will be sent to the contributors or their authorised representatives upon request and without charge.

23. If the broker or any person who is, or is to be, a guarantor or indemnifier of the obligations of the mortgagor under the mortgage, is associated with the mortgagor, or has any interest in the land charged by the mortgage, a separate statement to that effect describing the nature of the association or interest.

24. A statement by the broker to the effect that to the best of his knowledge and belief the information in the statement is correct and not misleading and there are no material matters relating to the mortgage that are not set out therein.

25. If any information given to the contributor by or on behalf of the broker includes a statement by an expert other than a registered valuer, a separate statement, signed by the expert, to the effect that the expert has given his consent to his statement being given to the contributor, and a statement of the expert's qualifications.

Regs.10(1)(a)(iii) and 11

PART III

VALUER'S REPORT

1. The name and address of the registered valuer and a brief description of his qualifications.
2. The situation, description, and area of the land.
3. The land value and the capital value of the land as shown on the most recent government valuation of the land and the date of that valuation.
4. The present use of the land and, if known to the valuer, the proposed use of the land.
5. The nature and value of any improvements situate on the land.
6. The opinion of the valuer as to the capital value of the land.
7. The opinion of the valuer as to the land value of the land.
8. The basis upon which the valuation was made and any assumptions used in making the valuation.
9. If the land is, or to the knowledge of the valuer is proposed to be, used for the purpose of producing

income, a statement by the valuer as to the amount of income that the land can be reasonably expected to produce on an annual basis under conditions prevailing at the time that the report is made.

10. A statement by the valuer that:

- (a) The valuation has been prepared for use by intending lenders and takes account of matters which would affect the price for which the property could be realised on sale; and
- (b) The valuer consents to the distribution of the report to contributors and that, as of the date of the report, he has not withdrawn his consent.

11. The date as at which the report was prepared.

SECOND SCHEDULE

PART I

FORM OF MEMORANDUM OF ASSOCIATION OF NOMINEE COMPANY

The Companies Act 1955
Private Company limited by shares

MEMORANDUM OF ASSOCIATION

OF

..... NOMINEE COMPANY LIMITED

1. THE name of the Company is Nominee Company Limited.
2. THE Company is a Private Company.
3. THE objects for which the Company is established are:
 - (a) To act as a nominee company holding mortgages charges debentures instruments by way of security and securities of all kinds (whether contributory or otherwise) or any interest therein upon a bare trust for the legal or beneficial owner or owners thereof and as such nominee to lend moneys.

- (b) On behalf of the beneficial owner or owners to exercise and enforce all and any powers remedies or benefits conferred by or attaching to or resulting from or incidental to or consequent upon the holding of any such security or interest therein.
- (c) On behalf of the beneficial owner or owners to buy in at the sale by the Company as mortgagee of any land subject to any such mortgage or interest therein and to resell such land or any part or parts thereof by public auction private contract or otherwise and pending such resale to exercise all or any of the rights and powers of an owner of land and pay and discharge the rates and other outgoings in respect thereof and generally manage the same.
- (d) On behalf of the beneficial owner or owners to execute and give all such variations discharges transfers instruments acknowledgements and other documents and perform all such acts and things as may be required in respect of any security or interest therein held by the Company.
- (e) To act as a nominee company holding such investments as are specified in subsection (1) of section 4 of the Trustee Act 1956 as investments in which a trustee may invest trust funds in his

hands upon a bare trust for the legal or beneficial owner or owners thereof.

(f) To establish and maintain a trust account at a trading bank (as that term is defined in the Reserve Bank of New Zealand Act 1954) and to act as a nominee company making deposits and withdrawals of monies therein upon a bare trust for the legal or beneficial owner or owners thereof.

AND IT IS HEREBY DECLARED that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph be separate and independent objects and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company.

4. THE objects and powers set forth in the Second Schedule to the Companies Act 1955 are hereby expressly excluded.
5. THE liability of the members is limited.
6. THE share capital of the Company is dollars (\$) divided into shares of one dollar (\$1) each.

WE, the several persons whose names, addresses and descriptions are subscribed hereto, are desirous of

being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

DATED this day of 19 .

Name in full		Number of Shares	
Description	Signature	taken by each	Witness
and address		subscriber	

SECOND SCHEDULE

PART II

FORM OF ARTICLES OF ASSOCIATION OF NOMINEE COMPANY

Preliminary

1. The regulations contained in Table A in the Third Schedule to the Companies Act 1955 and hereinafter called Table A are hereby adopted by the company with and subject to the exclusions, conditions and modifications hereinafter mentioned.

Interpretation

2. In these Articles, "Commission" means the Securities Commission established by section 9 of the Securities Act 1978.

Share Capital and Variation of Rights

3. Regulations 2 to 5 (both inclusive) of Table A are hereby excluded. The holders of the shares in the capital of the company shall be the persons acting as brokers (as that term is defined in Regulation 2(1) of the Securities Regulations 1982, Part 00, Contributory Mortgages) and persons acting on their behalf:

PROVIDED ALWAYS that the Commission shall be entitled to execute in the name of any shareholder or of the personal representative of any shareholder, a share transfer in favour of any person, firm or corporation and to procure the same to be registered in the books of the company.

Transfer of Shares

4. Regulation 24 of Table A is hereby excluded. The directors may, in their absolute and uncontrolled discretion, refuse to register any transfer of shares other than a transfer pursuant to the proviso to Article 3 hereof and shall not be bound to give any reason therefor.

Directors

5. Regulation 75 of Table A is hereby modified by inserting the following proviso at the end thereof:

"PROVIDED ALWAYS, that the Commission shall be entitled by notice in writing or by telegram or cable to the company from time to time and at any time, to appoint any person as a director or to remove any director or directors from office and to appoint any person as a director in his or their place. Any appointment or removal as aforesaid may be comprised in one or more notices in writing, telegram or cable. Each notice shall be effective as from the time of receipt thereof at the registered office of the company."

6. Regulation 76 of Table A is hereby excluded. No director shall be entitled to remuneration or to the payment of any expenses incurred by him provided that any director

appointed pursuant to the proviso set forth in Article 5 hereof shall be entitled to such remuneration and the payment of such travelling, hotel and other expenses properly incurred by him in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company as may be approved by the Commission.

7. Regulation 77 of Table A is hereby modified by inserting the following proviso at the end thereof:

"PROVIDED ALWAYS, that no director appointed by the Commission pursuant to the proviso set forth in Article 5 hereof, shall be subject to any shareholding qualification."

8. Clauses (2) and (4) of Regulation 84 of Table A are hereby excluded.

9. A director may vote in respect of any contract or arrangement in which he is interested and if he does so his vote shall be counted and he shall be counted in the quorum present at the meeting.

10. A director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other director is appointed to hold any office or place of profit under the company, or whereat the terms of such appointment are arranged and he may vote on any such appointment or arrangement.

11. Regulation 88 of Table A is hereby modified by deleting subsection (f) thereof and by inserting the following new subsection (f):

"(f) Is removed by the Commission pursuant to Article 5 hereof."

12. Regulations 89 to 97 inclusive of Table A are hereby excluded.

Proceedings of Directors

13. Regulation 100 is hereby modified by inserting the following proviso at the end thereof:

"PROVIDED ALWAYS, that if the Commission appoints any person or persons as a director or directors in place of all of the directors of the company pursuant to Article 5 hereof, such director or directors shall constitute a quorum for the transaction of the business of the directors."

14. Regulation 106 of Table A is hereby modified by inserting the following at the end thereof:

"Notwithstanding the foregoing provisions of this Article, a resolution authorising the execution of discharges, partial discharges and variations of mortgages and other securities and memoranda of priority of mortgages shall be valid and effectual if signed by not less than two directors where the number of directors is two or more and by the sole director where there is only one director."

Secretary

15. Regulations 110 and 111 of Table A shall apply to the company but shall be subject to the provisions of Article 16 hereof.

16. The Commission shall be entitled by notice in writing or by telegram or cable to the company from time to time and at any time to appoint a secretary or to remove the secretary from office and appoint any person in his place.

Any appointment or removal as aforesaid may be comprised in one or more notices in writing, telegrams or cables. Each such notice shall be effective as from the time of receipt thereof at the registered office of the company.

The provisions of Article 15 shall be suspended during such period or periods as a secretary appointed pursuant to the provisions of this Article 16 shall hold office.

The Seal

17. Regulation 113 of Table A is hereby excluded. The seal shall be held by the secretary of the company and shall only be used by the authority of a resolution of the directors and every instrument to which the seal is affixed shall be signed by two directors or by one director and the secretary.

Accounts

18. Regulation 123 of Table A is hereby modified by adding at the end thereof, "and Regulation 25 of the Securities Regulations 1982, Part 00, Contributory Mortgages."

19. The directors shall ensure that all moneys paid by any person for the purpose of obtaining an interest in a contributory mortgage and that all moneys payable in respect of any security or interest therein held by the company are paid directly to the company's trust account and are disbursed from the company's trust account in accordance with the provisions of Part 00 of the Securities Regulations 1982.

Winding up

20. The Commission shall have the power by notice in writing or by telegram or cable to the company, to require the company to be wound up voluntarily and to nominate the person to be appointed liquidator. The shareholders will, within seven days after receipt by the company of the said notice, pass the necessary resolutions for winding up and for the appointment of the liquidator nominated by such designated council member and thenceforth pass all such resolutions, give such notices and do all such other things as may be necessary to have the company wound up. All costs and expenses incurred in a winding up pursuant to the provisions of this Article shall be payable by the directors of the company at the time of the passing of the resolution for winding up and shall not be a charge on the company. If within the said period of seven days the said resolutions are not passed or the nominated liquidator is not appointed, the Commission shall be entitled to sign in the name of any

shareholder or of the personal representative of a deceased shareholder, such resolutions, notices, appointments and other documents as are in the opinion of the Commission necessary to have the company duly wound up.

DATED this day of 19

Name in full

Description and address

Signature

Witness

THIRD SCHEDULE

PART I

Information to be contained in
Application for Registration
of a Person as a Broker

1. The full name and address of the person, and where the person is not a natural person, the full name and address of its registered office and the full name and address of every director thereof.
2. The full name and address of the person's nominee company and the address of its registered office.
3. The full name and address of every person who is an officer, director or shareholder of the person's nominee company.
4. The name and address of the trading bank where the person's nominee company's trust account is located.
5. The name and address of the person's auditor.

PART II

Documents and Certificates to be attached to Application
of a Person as a Broker

1. A true and correct copy of the Memorandum of Association of the person's nominee company.
2. A true and correct copy of the Articles of Association of the person's nominee company.
3. (1) If the person is a natural person, the latest audited financial statements of the person's business, which shall:-
 - (a) Be as at a date not earlier than 6 months before the date that the application is delivered to the Registrar; and
 - (b) Include a statement of assets and liabilities and an income and expense statement; and
 - (c) Include as a note thereto, a description and quantification of any losses incurred by contributors arising from any contributory

mortgage in respect of which the person acted as broker during the accounting period for which the financial statements have been made up; and

(d) Be signed by the person.

(2) If the person is not a natural person, the latest audited annual accounts of the person, which shall:-

(a) Be as at a date not earlier than 6 months before the date that the application is delivered to the Registrar; and

(b) Include a balance sheet and an income and expense statement; and

(c) Include as a note thereto, a description and quantification of any losses incurred by contributors arising from any contributory mortgage in respect of which the person acted as broker during the accounting period for which the accounts have been made up; and

(d) Be signed by every director of the person.

(3) For the purposes of paragraph (b) of subclause (1) and paragraph (c) of subclause (2) of this clause, the term "any losses incurred by

contributors arising from any contributory mortgage" includes:-

- (a) Any contribution, or any part thereof, which has been paid to a mortgagor under a contributory mortgage and which has not been repaid to the contributor within 6 months of the due date, and
- (b) Any sums due by way of interest to a contributor which have not been paid to the contributor within 6 months of the due date.

- 4. A copy of the auditor's report.
- 5. A Consent to Act, signed by the auditor named in clause 5 of Part I to this Schedule, which consent shall be in the form set out in Part V of this Schedule and which shall be signed not earlier than 14 days before the date the application is delivered to the Registrar.

PART III

Information to be contained in Annual Report of the Broker

1. The full name and address of the broker, and where the broker is not a natural person, the full name and address of its registered office and the full name and address of every director thereof.
2. The full name and address of the broker's nominee company and the address of its registered office.
3. The full name and address of every person who is an officer, director or shareholder of the broker's nominee company.
4. The name and address of the trading bank where the broker's nominee company's trust account is located.
5. The name and address of the broker's auditor.

PART IV

Documents and Certificates to be attached to
Annual Report of a Broker

1. (1) If the broker is a natural person, the audited financial statements of the broker's business for the financial year last ended, which shall:-
 - (a) Include a statement of assets and liabilities and an income and expense statement; and
 - (b) Include as a note thereto, a description and quantification of any losses incurred by contributors arising from any contributory mortgage in respect of which the person acted as a broker during the accounting period for which the financial statements have been made up; and
 - (c) Be signed by the person.
- (2) If the broker is not a natural person, the audited annual accounts of the broker for the financial year last ended, which shall:-
 - (a) Include a balance sheet and an income and expense statement; and

(b) Include as a note thereto, a description and quantification of any losses incurred by contributors arising from any contributory mortgage in respect of which the person acted as a broker during the accounting period for which the accounts have been made up;

(c) Be signed by all of the directors of the broker.

(3) For the purposes of subparagraph (b) of subclause (1) and subparagraph (b) of subclause (2) of this clause, the term "any losses incurred by contributors arising from any contributory mortgage" includes:-

(a) Any contribution, or any part thereof, which has been paid to a mortgagor under a contributory mortgage and which has not been repaid to the contributor within 6 months of the due date, and

(b) Any sums due by way of interest to a contributor which have not been paid to the contributor within 6 months of the due date.

2. A copy of the auditor's report which shall contain a statement by the auditor as to whether -

- (a) The auditor has completed the audit for the broker's most recent financial year pursuant to Regulation 25 of the Securities Regulations 1982, Part 00, Contributory Mortgages; and
- (b) During that period, the broker has complied with the Act and the Securities Regulations 1982, Part 00, Contributory Mortgages; and
- (c) During that period, the broker has kept proper accounting records in accordance with regulation 24 of the Securities Regulations 1982, Part 00, Contributory Mortgages; and
- (d) During that period, money has been received and disbursed by the broker and the broker's nominee company in accordance with the terms of the authorities given by contributors.

PART V

Consent of Auditor

Pursuant to regulation 3 of Part 00 of the Securities Regulations 1981, (Full name of auditor) of (Full address of auditor)

- (a) Hereby consents to act as auditor for (Full name of broker) of (Full address of broker); and
- (b) Confirms that he/she will continue to so act until he/she is released from his obligations as auditor in accordance with regulation 25 of the regulations.

Dated this day of , 19 .

Signature of auditor