

26. *Instalment Table Mortgages*.—I have referred above to the relief which the Public Trustee has been able to afford to mortgagors whose loans are on an amortization basis, by temporarily suspending payment of the portion of the instalments which represents repayment on account of principal. For some years past it has been the policy of the Office to induce mortgagors, when their loans fell due, to renew their mortgages on this basis. When such a mortgage has been current for a number of years, the principal sum has been substantially reduced without inconvenience to the mortgagor. It is evident that this system of lending is advantageous both to the Public Trustee as lender and to the borrower; for the Public Trustee has the advantage of a continuous increase in the margin of security shown by the valuation on which the loan was granted, while the borrower is gradually reducing his indebtedness, and if a change occurs in his circumstances it is always open to him to approach the Public Trustee with a proposal that the mortgage should temporarily or permanently revert to a flat term.

27. *Mortgagors Relief Act, 1931, and its Amendments*.—Reference has already been made to the general policy adopted by the Court of granting relief against action by the Public Trustee as mortgagee on condition only that the mortgagee of the stock should undertake to share equitably the surplus income derived from the security, after payment of working and living expenses.

The amending Act passed in the second session of Parliament during the year 1931, besides conferring on the Court power to postpone the date for payment of principal or interest for two years, to reduce the rate of interest, and to remit the whole or any portion of any arrears of interest, if the mortgage was secured over a farm property, contained provision for the establishment of Mortgagors' Liabilities Adjustment Commissions for the purpose of encouraging voluntary settlements between mortgagees and mortgagors. The Commissions were not established till towards the close of the year under review, and, though in a number of instances the Court referred to Commissions applications in which the Public Trustee was concerned, finality had not been reached before the year closed.

The Mortgagors and Tenants Relief Act, 1932, extended the provision for relief of mortgagors by enabling them to apply for relief in cases where the mortgagee had not taken any steps to exercise his powers under the mortgage, by making the existing provisions for reduction of the rate of interest and the remission of arrears under mortgages of farm lands applicable to all classes of mortgages, by giving the Court power to postpone the term of table mortgages and all payments thereunder for any period not exceeding two years, and by authorizing the Court to postpone the right of the mortgagee to take action against a mortgagor (including a former mortgagor), if thought proper. The Act also provided for all applications for relief in respect of mortgages of land to be referred to Adjustment Commissions, unless the parties agree to have the application forthwith disposed of by the Court.

Although in a number of applications for relief mortgagors asked for a reduction of the rate of interest, or a remission of interest already owing, in no case did the Court grant this form of relief during the year under review, though since the close of the year the power to do so has been exercised in a certain number of cases. The majority of such applications have been referred by the Courts to the Adjustment Commissions.

28. *Hawke's Bay Earthquake Act, 1931*.—It is gratifying to report that in only one case has it been necessary to grant relief under the Act in respect of a mortgage to the Public Trustee securing moneys of the Common Fund. At the hearing of the application proposals were put forward on behalf of the Public Trustee under which, after provision had been made for living and working expenses and for repair of fences damaged by the earthquake, the revenue from the property up to June, 1933, was to be equitably divided between the mortgagee of the stock and the Public Trustee as mortgagee of the land. At the conclusion of the proceedings the Chief Justice (the Right Hon. Sir Michael Myers, P.C., K.C.M.G.) expressed the appreciation of the Court for the trouble which the Public Trustee had taken to help the Court, and of his sincere desire to meet the position in a fair and reasonable way. In his application to the Court the mortgagor asked for remission of