

The First Mortgage Freehold Security Co. of New Zealand, Ltd., was one of two companies allowed to remain in receivership when the other companies were directed to be wound up. The affairs of this company were investigated by the Public Trustee and two reports were made to debenture-holders at different times, setting out the position of the company and supplying particulars of the assets, and requesting debenture-holders to give directions as to the future of the company. As a substantial majority favoured liquidation, the Attorney-General directed that further legislation should be submitted to Parliament for the purpose of putting this company into liquidation. The necessary legislation will be promoted during the present session of Parliament.

The other company in which the Public Trustee continued to act as receiver was Wynwood Investments, Ltd. An application was recently made to the Court by the debenture-holder of the company, and an order was made directing that it be wound up. The Official Assignee, Auckland, is the provisional liquidator. The assets have been handed over to him, and the Public Trustee's duties in respect of this company have now ceased.

No small amount of work in connection with the winding-up of the companies still remains to be done, and it is obvious that considerable time will elapse before the companies are finally wound up. The Public Trustee is, however, making every endeavour to expedite the completion of the liquidation of the various companies.

INVESTMENTS FROM THE COMMON FUND.

13. *Lending Operations.*—During the earlier part of the period under review very little lending business was transacted, intending applicants no doubt holding off until details of the new relief legislation were available. Since the passing of the legislation applications have come in more freely, including a considerable number from existing mortgagors for further advances to enable them to readjust subsequent encumbrances or for improvement of the securities. A new method of lending on a redemption-table basis has been instituted, under which the rate of interest is fixed for the first five years of the term, with provision for a review of the rate at the end of this period and at five-yearly intervals thereafter; the mortgagor having the right to repay the loan at the end of any five-yearly period if the rate fixed for the succeeding period is not acceptable.

Except where applications for adjustment are pending under the new legislation, the rights and remedies of mortgagees are now unrestricted; and this has resulted in applications being received for renewal of a large number of mortgages which were running on overdue under the protection afforded by the repealed Mortgagors and Tenants Relief legislation.

14. *Margin of Security.*—The Public Trustee's powers of lending upon the security of freehold land have been brought into line with those of private trustees by section 20 of the Finance Act (No. 2), 1936. Previously the Public Trustee was not authorized to grant loans exceeding three-fifths of the value of the proffered security, but under the section mentioned he is now empowered to lend an amount not exceeding two-thirds of the value of the security. The practice of valuing farm properties on a productive basis has resulted in a substantial reduction of values; and in most cases the amount which the Public Trustee is now authorized to lend on a property is not more than could have been lawfully advanced some years ago when loans were restricted to three-fifths of the amount of the valuation. The statutory margin for loans on Crown and Native leaseholds has been altered in the same manner.

15. *Loans on Government and Local Body Debentures.*—Though by section 34 of the Public Trust Office Act, 1908, the Public Trustee is authorized to purchase bonds and debentures issued by the Government and certain local bodies, there has hitherto been no authority for granting loans on the security of such bonds or debentures to persons who desired to obtain financial assistance without realizing their investments. Under section 19 of the Finance Act (No. 2), 1936, the Public Trustee is now authorized to grant loans on this class of security, up to nine-tenths of the nominal value thereof.

16. *Collection of Interest.*—The improved economic conditions, and the enhanced prices received for wool and stock in particular, have enabled the great majority of mortgagors to meet current interest without difficulty, and in many cases to liquidate arrears which have accumulated over previous years. A number of mortgagors who