

There is a further point connected with new loan business which appears to cause some doubts in the minds of borrowers. Section 37 of the Act provides that the mortgagor under a mortgage given to the Corporation shall not give any further mortgage or other charge over the land secured to the Corporation except with the written authority of the Board. There seems to be an idea that it is the settled policy of the Board of Management to raise difficulties or refuse its consent to any subsequent mortgage or charge, and I should like to take this opportunity of saying quite definitely that this is not so. The Board considers each case on its merits, and will not object if it appears that the property provides sufficient margin of security for the proposed second mortgage, and that the terms and interest-rate are reasonable and within the capacity of the borrower to meet, having regard to the instalments due on the first mortgage, rates, insurance, and maintenance.

For the twelve months under review the Board has had a steady flow of new loan applications to deal with in respect of both rural and urban land, and in view of the continued demand and the abnormal pressure of work in other directions, preference has been given to the smaller loans for housing or farm purposes.

Apart from any other consideration the Board feels that this policy is in accord with the best principles. It is, however, not desired to discourage the larger applications, which will be considered on their merits, having regard to existing commitments and other factors, and, without putting applicants to any expense, the Board will indicate in general terms whether it is prepared to proceed to report and valuation.

8. *Loans for Industries.*—Section 29 of the Act empowers the Corporation, with the approval of the Minister of Finance, to make loans for the development or establishment of industries in New Zealand. Applications under this section are investigated in the first instance by the Bureau of Industry, and although several applications have been received during the year no loans were granted up to the 31st March, 1937.

9. *Reserve Fund Investments.*—A reference to the balance-sheet will show that local authorities' securities to the value of £3,230,079 were held as an investment of the General Reserve Fund, which stood at the end of the year at £3,254,300. Accretions to the General Reserve Fund during the year amounted to the substantial sum of £297,827, while capital repayments in respect of securities held totalled £111,580. These figures are given to show that the Fund is now assuming large proportions, and through this agency the Corporation is able to assist local authorities to an appreciable extent in the matter of new loan flotations. For the year under review investments in local authority securities by the Corporation totalled £293,000, while loans in course of settlement as at the 31st March, 1937, totalled £101,700. It may be claimed, therefore, that in providing finance to the extent of £394,700 at current interest-rates during the period of twelve months the Corporation in no small measure has been of assistance to many local authorities at a time when there has been an apparent reluctance on the part of investors to take up these securities. The Board will, within the limits of its General Reserve Fund, continue to assist local authorities with their loan requirements.

10. *Establishment of Branch Offices.*—The State Advances Office had established branch offices at Auckland, Wellington, and Christchurch, but until recently these offices were responsible chiefly for the supervision of residential securities in the metropolitan areas and for the collection of rents and instalments from mortgagors in arrears. The Board realized that the scope of these offices would require to be extended, and further branch offices opened in order to provide for more speedy handling of new loan applications and the efficient administration of the discharged soldiers' settlement mortgages transferred from the Lands Department, more especially as affecting current-account mortgages secured over stock and chattels. The projected transfer of rural intermediate securities from the Public Trust Office was also a factor.