

15. *Long-term Instalment Loans.*—Prior to the passing of the Mortgagors and Lessees Rehabilitation Act, 1936, the rate of interest generally payable on long-term loans, after effecting the reductions provided for under the National Expenditure Adjustment Act, 1932, was 5 per cent., but as a result of the hearing of applications for the adjustment of mortgages under the Rehabilitation Act a reduction in the rate of interest and a rearrangement of the terms of the mortgage were secured by certain mortgagors. Repayment of the loans was often spread over a long period of years, and the system of reviewing the rate of interest at five-yearly intervals was adopted wherever possible.

Loans on a long-term basis have always been popular with certain classes of borrowers, and the provision of a rate of interest which is adjustable from time to time has removed one of the objections which had been raised in recent years to the long-term system. The advantages of the new system have been recognized by the Adjustment Commissions, and in cases where the adjustment of long-term mortgages has been under consideration and the rate of interest has been varied such a provision has frequently been embodied in the orders of the Commissions.

16. *Collection of Interest.*—While current interest has been reasonably well met there has been little improvement in the position of the arrears outstanding.

Mortgagors whose interest is in arrear and who have filed applications under the Mortgagors and Lessees Rehabilitation Act are seldom paying more than current interest; and in some cases difficulty is being experienced in collecting even this, notwithstanding the direction of the Adjustment Commissions and the Court of Review that such interest should be paid if the funds are available. Even in the case of those mortgagors who have not availed themselves of the relief legislation there is reason to believe that considerable portions of the surplus revenue for the past year have been utilized to effect improvements to farms and buildings which had been neglected during the years of depression, and that no substantial reduction of the arrears of interest is being effected.

17. *Advances on Bonds and Debentures.*—By the Finance Act (No. 2), 1936, the Public Trustee was authorized to make advances by way of mortgage of Government, local-body, and other authorized securities up to nine-tenths of the nominal value of the security. So far the loans granted on this class of security have been few.

18. *Applications under the Mortgagors and Lessees Rehabilitation Act, 1936.*—The applications by mortgagors of the Public Trustee for adjustment of their liabilities are being disposed of steadily, but a substantial number still remains to be determined. An analysis of the applications finally disposed of up to the present reveals that more than half have been settled by amicable arrangement. In such cases either the applications have been withdrawn or the terms of the voluntary adjustment agreed upon have been embodied in an order of the Court which has been filed by mutual consent.

The percentage would have been higher but for the existence of numerous cases where the Public Trustee has been able to make satisfactory arrangements with the mortgagor in so far as the first mortgage is concerned, but, on account of the difficulty experienced in negotiations with subsequent mortgagees or for other reasons, it has been necessary for the mortgagor to proceed with the hearing of the application for adjustment before the Adjustment Commission.

In the earlier stages of the administration of the Act it became the duty of the Public Trustee to appeal from the decisions of the Adjustment Commissions in certain cases, but as the general principles governing the administration have been elucidated and defined it has become more generally possible to enter into voluntary arrangements with mortgagors. This practice has not only complied with the spirit of the legislation, but has also reduced considerably the volume of work which normally would have required consideration by the Adjustment Commissions.

Appeals against the decisions of the Adjustment Commissions have been made only after due consideration in each case. It must be borne in mind that