

I have also the honour to enclose herewith an extract from a private letter which I have received from an official in the bank.

As the Berne Caisse Hypothécaire is, as I am assured, the only one of its kind in Switzerland which enjoys a State guarantee, and is therefore presumably the most important, I think it best to transmit the enclosed information without delay, as being possibly sufficient for the purposes of the New Zealand Government. At the same time, however, I have taken steps to obtain details respecting the organization and working of some private banks of the same description, which, I am told, exist in other parts of Switzerland; and when these further particulars are obtained I will lose no time in forwarding them also to the Foreign Office for communication to Sir Francis Bell.

The Marquis of Salisbury, K.G., &c.

I have, &c.,

C. CONWAY THORNTON.

Enclosure 4.

LAW ON THE LAND-MORTGAGE BANK.

THE Great Council of the Canton of Berne, desiring that the Land-mortgage Bank established in virtue of article 85, section 4, of the Constitution Cantonale of the 31st July, 1846, should be in harmony with the present state and requirements of the times, upon the proposition of the Executive Council, and of the Special Commission nominated by the Great Council, decrees:—

A. Capital and Operations of the Land-mortgage Bank.

Article 1. The original capital of the Land-mortgage Bank consists of State deposits, which shall never be reduced below the sum of 7,000,000f. The original capital shall be increased: (1) By the repayment of moneys forming part of the State revenue; (2) by the receipt of moneys belonging to the fund of the domain in so far as these moneys shall not be necessary for the fulfilment of other obligations legally contracted.

Article 2. The operations of the Land-mortgage Bank comprise—(1) Loans on mortgage on land; (2) advances made upon debentures secured on mortgages on real estate and the purchase of sound Swiss securities (article 27); (3) the receipt on deposit of funds at interest. The Great Council reserves to itself the right of intrusting other business to the establishment. The Land-mortgage Bank is besides charged—(1) With the administration of the State revenues and of the domain's fund; (2) with the administration of the so-called Servants' Bank; (3) with the administration of all the special funds belonging to the State or which are placed under its administration; (4) with the control and guardianship of the securities given by public functionaries; (5) with the control and supervision of the whole of the investments of the financial administration, as well as with the control and guardianship of liabilities contracted in connection with intestate or unadministered estates.

B. Special Business Operations within the Department of the Land-mortgage Bank.

I. Loans on mortgage of freehold security.

Article 3. The Land-mortgage Bank lends only on mortgage upon real property situated in the canton. It provides funds, as a general rule, only to the amount of two-thirds of the value of these properties assessed by the Land Office, and free from previous mortgage. Exceptionally, and when the circumstances are particularly favourable, the management, when all its members are unanimous, and the administration proposes it, has the right to grant loans up to three-quarters of the value calculated upon the valuation of the Land Office. The bank must, above all, pay attention to the small land proprietors, whose loans are small, as well as to the debtors who apply the loans granted them to the extinction of their debts. The maximum of the loans is fixed at 50,000f.

Article 4. The Land-mortgage Bank grants loans—(1) On surrender of mortgage deeds; (2) on surrender of claims in virtue of which a privilege or a right of mortgage has already been acquired by the transferrer in accordance with the provisions of the Civil Code.

Article 5. Any one who, in order to obtain a loan from the bank, wishes to contract a mortgage, must give an exact description of the property to be mortgaged, comprising—(1) The Christian and surname, occupation, birthplace, and residence of the borrower; (2) the mode of acquisition and the description of the property that he wishes to pledge, comprising its local name, its extent, its boundaries, the nature of its cultivation, and the amount of all kinds of debts with which the property is burdened; (3) the sum for which the buildings are insured against fire; (4) the cost of purchase, when it is possible to give it; (5) the assessed value of each object which is to be mortgaged; (6) the claims of wives and mothers incumbering the object mortgaged; (7) in the districts where the provisions of the French legislation respecting mortgage are in force, the borrower must indicate what are the claims or legal mortgages which incumber the property he wishes to pledge (articles 2,103, 2,121, and 2,135 of the French Civil Code). In the communes (parishes) having a Land and Survey Office, the section, the number, and the area according to the Survey Office shall also be indicated.

Article 6. The borrower forwards to the Communal Council of the arrondissement in which the property to be mortgaged is situated the description of this property, as well as a request addressed to the Land-mortgage Bank. The request should precede the description, or be included therein, stating the amount to be borrowed, together with the purpose to which it is