

1886.
NEW ZEALAND.

LAND-MORTGAGE BANKS IN THE SWISS CANTONS

(CORRESPONDENCE RELATING TO THE WORKING OF).

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

JAMES MACANDREW, Esq., M.H.R., to the PREMIER.

SIR,—

Macandrew Bay, 26th October, 1885.

In the hope that Government may be disposed next year to initiate legislation towards advances on land being made on some such lines as those recommended in the report of the I.-6, 1885 Advances on Land Committee of the House of Representatives, of which I was Chairman, might I suggest the advisability of your obtaining information as to the organization and working of land-mortgage banks in the Swiss cantons.

The London *Spectator* of the 22nd August has an article on this subject, from which it appears that north of the Alps, and even in Italian Switzerland, a peasant can raise money at 4 per cent.

The question is one of such vital importance to the future welfare of New Zealand that I cannot refrain from addressing you on the subject.

I have, &c,

The Hon. the Premier of New Zealand, Wellington.

J. MACANDREW.

No. 2.

The PREMIER to J. MACANDREW, Esq., M.H.R.

SIR,—

Premier's Office, Wellington, 2nd November, 1885.

I have the honour to acknowledge the receipt of your letter of the 26th ultimo, suggesting the advisability of information being obtained as to the organization and working of land-mortgage banks in the Swiss cantons. I will first endeavour to find out whether the desired information is already in the colony, and, if not, I will request the Agent-General, by first mail, to procure it.

I have, &c.,

James Macandrew, Esq., M.H.R., Macandrew Bay, Dunedin.

ROBERT STOUT.

No. 3.

The PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 6th November, 1885.

I have the honour to forward copy of a letter I have received from James Macandrew, Esq., M.H.R., on the subject of advances on land, to which your attention has already been drawn by the Hon. the Colonial Treasurer. You will observe that Mr. Macandrew suggests the advisability of information being obtained as to the organization and working of land-mortgage banks in the Swiss cantons; and I shall be much obliged if you will endeavour to obtain and forward it.

I forward copy of the report of the Committee of the House which had the subject under I.-6, 1886. consideration last session, as also copy of a Mortgage Debenture Act that was passed, which will show you what we have done in the direction.

I have, &c.,

Sir F. Dillon Bell, K.C.M.G., Agent-General.

ROBERT STOUT.

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No. 4.

The AGENT-GENERAL to the PREMIER.

7, Westminster Chambers, London, S.W., 24th December, 1885.

No. 3.

SIR,— I beg to acknowledge receipt of your letter of the 6th November last on the working of land-mortgage banks in the Swiss cantons; and I am taking steps to obtain, if possible, the information which Mr. Macandrew wishes.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

No. 5.

The AGENT-GENERAL to the PREMIER.

7, Westminster Chambers, London, S.W., 14th January, 1886.

No. 4.

SIR,— Continuing my letter of the 24th ultimo, No. 1,586, I have to state that the Foreign Office have been good enough to get together a large amount of information respecting land-mortgage banks in Switzerland, which will go to you, with an explanatory letter, by the San Francisco mail.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

No. 6.

The AGENT-GENERAL to the PREMIER.

7, Westminster Chambers, London, S.W., 26th January, 1886.

No. 5.

SIR,— I had hoped, as mentioned in my letter of the 14th instant, No. 39, to send you by this mail an explanatory letter to accompany the papers relating to land-mortgage banks in Switzerland which I had received from the Foreign Office. It has, however, been impossible for me to do so, as nearly all my time has been taken up with work connected with the approaching conversion; and, as I am unwilling to delay sending the papers any longer, I must ask you to let me transmit them as they are without remark.

I also enclose copy of a letter I wrote, conveying your thanks to the Foreign Office for the prompt manner in which the information you desired had been collected.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1.

Mr. R. G. HERBERT to the AGENT-GENERAL for NEW ZEALAND.

SIR,—

Downing Street, 13th January, 1886.

In reply to your letter of the 24th of December, I am directed by the Secretary of State for the Colonies to transmit to you a copy of a letter from the Foreign Office, enclosing papers relating to land-mortgage banks in Switzerland.

The Agent-General for New Zealand.

I have, &c.,

ROBERT G. W. HERBERT.

Enclosure 2.

The FOREIGN OFFICE to the COLONIAL OFFICE.

SIR,—

Foreign Office, 9th January, 1886.

I am directed by the Marquis of Salisbury to transmit to you, to be laid before Secretary Colonel Stanley, despatches from Her Majesty's Acting Chargé d'Affaires at Berne, enclosing copies of documents relating to land-mortgage banks in Switzerland, for communication to the Agent-General of New Zealand, in accordance with the request contained in your letter of the 30th ultimo.

The Under-Secretary of State, Colonial Office.

I have, &c.,

ROBERT BOURKE.

Enclosure 3.

Mr. C. C. THORNTON to the Marquis of SALISBURY.

MY LORD,—

Berne, 5th January, 1886.

With reference to your Lordship's Despatch No. 1 (Commercial) of the 2nd instant, upon the subject of land-mortgage banks in Switzerland, I have the honour to transmit to your Lordship, by book-post this day, the following printed documents relating to the "Caisse Hypothécaire" at Berne: (1) Report of the bank for the year 1884 (that for 1885 will not be published before some months from the present time); (2) "Loi sur la Caisse Hypothécaire" of the 2nd April, 1875 (two copies); (3) decree upon the same subject, of the 16th September, 1875; (4) the foregoing laws, with additional regulations, collected in one volume.

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

to be devoted. The Communal Council completes the description of the property by a certificate declaring: (1.) That the borrower enjoys civil rights. If such is not the case the certificate shall name his natural or legal guardian. If the borrower has no legal domicile in the commune in which the mortgaged property is situated, or if he be not a citizen thereof, he shall produce on this point the certificate of the Communal Council of the commune in which he was born or in which he was domiciled; (2.) That the property to be mortgaged is correctly described. If it is not so, or if the Communal Council knows of other charges, it shall rectify or complete the description of the property. It shall also, should such be the case, indicate if, and to what extent, it is to be anticipated that the mortgaged property is exposed to deterioration or to loss of value through natural accident. (3.) That the mortgaged properties are not burdened with any other charge than the rights arising from the wife's dowry, or maternal claims upon it. Particulars on this point which are inexact or incomplete shall be rectified or completed. Where the provisions of the French law respecting mortgages are applicable the Municipal Council shall, in addition, mention if there are any claims or legal mortgages incumbering the property which is to be given in guarantee (articles 2,103, 2,121, 2,135 of the French Civil Code). (4.) That the borrower is regarded in the commune as being the proprietor of the property to be mortgaged. (5.) That the estimation of the Land Office is correctly given, and that since the last valuation for the land-tax no circumstance has arisen which has caused any damage of importance to the property to be mortgaged (article 19). If the latter should be the case it shall state at the same time the estimated present value of the property. (6.) That the certificate of the Municipal Council has been accurately copied into the register which is to be kept for this purpose in each commune.

Article 7. The commune is responsible to the Land-mortgage Bank for the consequences of any fraud or negligence of which the Municipal Council may render itself guilty in the observance of article 6.

Article 8. If the property to be mortgaged is situated in several communal arrondissements the borrower must procure the certificate from each Municipal Council for the portion of the property which is situated in each commune, in accordance with the provision of article 6, sections 2, 4, 5, and 6.

Article 9. The borrower shall transmit the description of the property, accompanied by the certificate of the Municipal Council, to the Registrar of Mortgages, who shall attach to this document a certificate indicating exactly: (1.) The title of the borrower to the property, and the date of the confirmation of this title. The Registrar of Mortgages shall carefully compare the description of the property, and the certificate of the Municipal Council as to the name of the borrower and the description of the property, as well as to the amount of insurance against fire and the cost of purchase, with the title to the properties and the registers of mortgage, and shall indicate in his certificate the differences between them. If these differences are such as to throw any doubt on the identity of the borrower, or on the property mortgaged, the Registrar of Mortgages shall at once apply to the Municipal Council concerned for the necessary explanations. In the districts of Porentruy, Délémont, Franches-Montagnes, Lanfon, an extract from the Land Office register, in which the borrower is inscribed as owner of the property which is to be mortgaged, shall take the place of the deed of purchase. (2.) The incumbrances not yet cleared off, or the rights of third parties incumbering the property to be mortgaged, as well as the names of the creditors or of the claimants, the nature and date of the title, and the amount of the incumbrance or the nature of the claim. In the districts where the French law of mortgages is in force the Registrar of Mortgages shall mention the privileges or the legal mortgages incumbering the property to be given in guarantee (articles 2,103, 2,121, and 2,135 of the Civil Code). The Registrar of Mortgages is responsible for any fraud or negligence on his part in complying with the above provisions.

Article 10. Thereupon the borrower forwards the documents, through the Registrar of Mortgages, to the Management of the Land-mortgage Bank, who submit them, accompanied by their report, to the directors.

Article 11. The mortgage deeds relating to the loans granted by the bank shall be sent, in conformity with the regulations at the time in force for the establishment of new mortgages rights, by the Registrar of Mortgages to the Management of the bank.

Article 12. The loan is paid to the borrower through the Registrar of Mortgages. This official at once copies the deed of mortgage in the public registers, and sees to the freeing of the mortgaged property from all rights of mortgage or claims which previously incumbered it, as well as to the fulfilment of all the other conditions which the Land-mortgage Bank attaches to the loan; after which he sends the title, accompanied by the necessary certificates, to the Land-mortgage Bank. The Registrar is responsible to the bank for all consequences arising from the delay in the registration of the mortgage-bond, as well as for the complete settlement of every claim in connection with his right of mortgage, and in general for every deviation from the conditions under which the loan has been intrusted to him. Execution of the mortgager does not hinder the registration of the deed.

Article 13. The bonds of the Land-mortgage Bank are not subject to the decennial re-inscription required by the article 2,154 of the French Civil Code, and the mortgage continues to exist in the order it occupies. This provision also applies to deeds already in existence in favour of the Land-mortgage Bank for which the order of priority is not yet extinguished.

Article 14. Preferential mortgage-claims can be assigned to the Land-mortgage Bank when they afford the securities required by this law, and if the debtor undertakes to repay the capital and pay the interest in the manner the law requires. The debtor has the right, on giving the term of notice stipulated in the deed, to demand from the creditor the surrender of the claim to the Land-mortgage Bank. For a surrender of this kind the debtor has only to forward a request to the Land-mortgage Bank, describing accurately the deed of claim which is to be surrendered, as well as the name of the creditor, the date of the mortgages given as security, the amount of the latter, together with the valuation in the rating roll of each separate object. The Municipal Council shall attach to this request a certificate testifying to the accuracy of the estimate given by the Land Office. The correctness of the sum for which the buildings are insured against fire shall be certified to by the Secretary of the Préfecture.

Article 15. The rate of interest of the Land-mortgage Bank shall be at least $\frac{1}{4}$ per cent. above the maximum interest granted on deposits in the bank.

Article 16. The Land-mortgage Bank, on granting every new loan, collects a sum for meeting the cost of inquiries respecting the required loan.

Article 17. The loans made by the Land-mortgage Bank are repaid and the interest paid, on the redemption principle, by means of annual payments to the amount of at least 6 per cent. of the original capital. From this the interest of the capital, which is still to be paid, is deducted according to the rate of interest on the bank at the time the payment is made; the remainder is employed in reducing the capital. It is nevertheless open to the debtor to pay at any time one or several per cent. more, or even to repay the entire capital. Five per cent. interest shall be exacted on any payments which have not been made within fourteen days of the date on which they have become due.

Article 18. The Land-mortgage Bank can exact the repayment of the entire capital only in the following cases: (1) When the borrower does not pay one or more instalments become due within three months from the date when he has been notified of the first step in the proceedings being taken for this object; (2) when the mortgage has been transferred without his consent; (3) when the Land-mortgage Bank has reason to believe that the mortgage has so diminished in value as not to afford the securities required by article 3, and the mortgager has not, within three months after being called upon to do so, increased the security of the loan to the prescribed amount, or when the existence of the security is not confirmed by a declaration of the Municipal Council given at his cost; (4) when the property mortgaged, wholly or in part, comes into judicial liquidation. In the cases indicated in sections 1, 2, and 4, the repayment must be made after three months' notice given by the Land-mortgage Bank. In the case of section 3, the period of three months fixed for increasing the security shall likewise count as notice to repay.

Article 19. The municipal commune is responsible to the Land-mortgage Bank for the loans which the bank has granted to the amount of the valuation of the Land Registrar of the mortgaged property situated in the communal arrondissement; unless, in terms of article 6, section 5, paragraph 2, the Municipal Council has assigned a less value to the property mortgaged. In this case the responsibility of communes extends only to this latter estimated sum.

Article 20. If the yield of a mortgage legally liquidated, or of a portion of it, does not reach the amount of the valuation of the Land Registrar at which it was estimated at the time of execution—that is, the value named by the Municipal Council—and the Land-mortgage Bank suffer loss in consequence, it may require from the commune the payment in full of the debt on surrendering the deeds and the amount invested. In cases of this kind, and before the mortgaged property is definitely resigned, the commune shall, by legal communication, be given the opportunity of preserving its interest by a final bid. The Land-mortgage Bank may, moreover, on simply offering the sum invested, demand the entire payment of its mortgage when the mortgaged property has not, wholly or in part, been able to be sold by auction, and it is awarded to the bank in payment. In no case, however, is the commune to pay the Land-mortgage Bank more than one year's payment in arrears and the payments become due since the commencement of the proceedings, in addition to the balance of the capital and the cost of the proceedings. The commune has its remedy against the members of the Municipal Council if there has been fraud or negligence on their part.

Article 21. The right given by the preceding articles is not applicable to the municipal commune if the loss experienced by the Land-mortgage Bank is due to an accidental diminution of the value of the property, or to a general lowering in the price of land. Neither can this right be exercised against the commune if it or the Communal Council has informed the Land-mortgage Bank of the diminution in the value of the mortgage, and has placed at its disposition the necessary means of proof, and if thereupon the Bank has not within one month given the debtor the summons provided for in article 18, section 3, as well as the final notice of repayment, and does not further proceed at the expiry of three months.

Special provisions for the six districts of Oberland.

Article 22. The sum which the Land-mortgage Bank is, in conformity with article 85, section 4, of the Constitution, to apply before all in favour of the six districts of Oberhasle, Interlaken, Frutigen, Bas-Timmenthal, Haut-Timmenthal, and Gessenay is fixed at 7,246,400f. The repayments of capital effected each year are placed at the disposal of these districts for new investments.

Article 23. The borrower must apply the funds he receives in the liquidation of the debts upon his property incurred before the 1st January, 1870.

Article 24. The mode of paying interest and of repaying loans made in accordance with articles 22 and 23 is that determined by article 85, section 4, of the Constitution of 1846, according to which the annual payment of 5 per cent. by the debtor shall be applied to paying the interest of 3½ per cent. on the capital, and the balance to the reduction of the capital. Interest at 5 per cent. shall be charged on amounts not paid within fourteen days from the time they fall due.

Article 25. Moreover, all the provisions of articles 3 to 12 inclusive, and of articles 18 to 21 inclusive, are applicable to the investment of funds made on account of the 7,246,400f. specially set apart for the Oberland districts.

Article 26. The period of thirty years for which the provision of article 84, section 4, of the Constitution is guaranteed to the Oberland districts, expires on the 31st December, 1879. From this date all the debtors who have obtained loans in terms of the provisions of article 22 are, as regards interest and the reduction of the balance of the outstanding capital, placed under the legal provisions which shall be in force at that time, or which shall be afterwards enacted regarding the Land-mortgage Bank in general.

II. Employment of extraordinary fund.

Article 27. The investments and advances referred to in article 2, section 2, are only made exceptionally and temporarily, when there is not sufficient employment for available funds in terms of article 2, section 1. Detailed provisions on this point shall be made by regulation.

III. Reception of funds at interest.

Article 28. The Land-mortgage Bank receives as deposits, according to its requirements, funds on which it pays interest. No deposit shall be less than 200f. The Land-mortgage Bank undertakes the payment of the public taxes upon the deposits it receives. Detailed provisions on this point are reserved for regulation.

Article 29. The Land-mortgage Bank is authorized to receive temporarily as deposits, in proportion to its requirements, funds to the amount of 200,000f.

Article 30. The deposit in the Land-mortgage Bank and in the Servants' Bank of capital belonging to minors or wards is declared to have the guarantee required by article 268 of the Civil Code of Berne.

Article 31. The State funds in general, and the capital of the establishment in particular, are guarantees of all engagements contracted by the Land-mortgage Bank in virtue of this law.

C. Administration of the Land-mortgage Bank.

Article 32. The Land-mortgage Bank is placed under the supreme control of the Directory of Finance and of the Executive Council. Its administration is intrusted to an Administrative Council, composed of fifteen members, selected by the Government. The Executive Council name, from among the members of the Administrative Council, the President and Vice-President. The latter body chooses its Secretary. A Board of five members, chosen from the Council of Administration, has charge of the further management of affairs.

Article 33. The duties, powers, and, in general, the management of the business by the administrative bodies indicated in article 32, shall be determined by the decrees, ordinances, and regulations to be promulgated in execution of this law.

Article 34. The officials of the Land-mortgage Bank are: (a) a manager, (b) a cashier, and (c) a book-keeper. Clerks may be added as soon as the amount of business requires it.

Article 35. The manager who is chosen by the Great Council upon the recommendation of the Council of Administration, is the responsible director of the bank. He is, as such, placed under the supervision of the Directory. The cashier and the book-keeper, as well as their clerks, are nominated by the Council of Administration.

D. General Provisions.

Article 36. The head office of the Land-mortgage Bank is at Berne. All payments that it receives or makes must be made at the bank free of cost.

Article 37. The Management of the Land-mortgage Bank is not obliged to give the reasons for its refusals.

Article 38. A decree which shall be promulgated by the Great Council shall contain detailed provisions necessary for this law. It shall determine in particular—(1) The prescriptions as to the formalities to be observed on the payment of loans, as well as the guarantees to be then required; (2) detailed regulations on the organization, the duties, and the powers of the administrative body, the duration of their functions, their salaries, and the securities they have to furnish.

Article 39. This law shall come into force on its acceptance by the people. It annuls all laws and ordinances which are contrary to it—in particular: (1.) The law of the 12th November, 1846. Nevertheless, the responsibility of the communes enacted in that law for the mortgage valuations regarding loans granted before the present law comes into force shall continue in

effect until these loans have been entirely repaid. (2.) The law of the 23rd January, 1856. (3.) The decree of the 9th March, 1867.

In the name of the Great Council.

Berne, 2nd April, 1875.

ZYRO, President.

M. DE STÜRLER, Chancellor.

DECREE RELATING TO THE EXECUTION OF THE LAW ON THE LAND-MORTGAGE BANK. — (16th September, 1875.)

THE Great Council of the Canton of Berne, in execution of article 38 of the law of the 18th July, 1875, on the Land-mortgage Bank, on the motion of the Executive Council, decrees:—

A. Officials of the Administration of the Land-mortgage Bank.

I. Administrative Council.

Article 1. The duration of the functions of the Administrative Council, composed of fifteen members, is fixed at six years. Every two years five members retire. The order of such retiring is, for the first time, determined by lot. The retiring members are eligible for re-election. At least five members of the Administrative Council must reside at Berne.

Article 2. Relations in ascending and descending line, as well as brothers and brothers-in-law, cannot at the same time form part of the Administrative Council.

Article 3. The ordinary meeting of the Administrative Council shall take place once a year at the summons of its President, and, besides, meetings shall be held as often as occasion requires on the order of the Directory. Extraordinary meetings shall also be held whenever five members wish it. The presence of at least eight members is necessary to make its decisions valid. The absolute majority of the members present is decisive. The President has the right of voting like the other members. The side on which the President has voted shall be considered in the majority.

Article 4. The Administrative Council decides, on the advice and recommendation of the Directory to be nominated by it (article 32 of the law on the Land-mortgage Bank)—(1) Upon all the regulations regarding the organization and the conduct of business; (2) upon the main principles to be applied to matters concerning the loans to be granted by the Land-mortgage Bank; (3) upon the rate of interest of the General Land-mortgage Bank, and upon the charges to be collected upon loans to be granted (articles 15 and 16 of the law on the Land-mortgage Bank); (4) upon the detailed conditions respecting the receipt of deposits bearing interest; (5) upon the more precise conditions upon which the extraordinary investment of funds may take place; (6) on the nomination of assistants, the selection of whom is also its duty. The Administrative Council examines, moreover, the accounts and reports of the working of the establishments. The Administrative Council has also the right to adjourn, upon the advice of the Directory [refer to the Directory for its opinion], questions relating to the establishment.

II. Directory.

Article 5. The Directory, consisting of five members, meet as often as occasion requires. The presence of at least three members is necessary to give validity to its decisions. Its decisions are decided by the majority of votes when the law does not expressly require unanimity (article 3 of the law of the Land-mortgage Bank). The President has the right of voting like the other members. When the votes are equal, the side on which the President has voted shall be considered to be in the majority.

Article 6. The Directory, while guiding itself by the laws, decrees, and ordinances, has the care of the conduct of business as regards details. In particular, its duties are—(1) To decide on all applications to the Land-mortgage Bank for loans, or upon the funds intrusted to its administrators; (2) to decide on the withdrawal of mortgages and other equivalent matters; (3) to decide as to the extraordinary employment of funds, within the limits to be determined by regulation (article 27 of the law on the Land-mortgage Bank); (4) to decide as to the legal proceedings to be taken; (5) to supervise the officials' management in general, and to examine periodically the accounts, the cash, and the securities in particular. The Directory advises the Administrative Council respecting the appointment of the manager, the cashier, the accountant, as well as of the assistants that may be required. It decrees, moreover, upon the advice of the manager, as to the appointment of the necessary administrative staff, and fixes its rate of pay.

Article 7. The members of the Administrative Council and of the Directory receive, in addition to travelling expenses, a daily allowance which is fixed by the Executive Council. The Administrative Council may allow suitable compensation for special work done by its members.

III. Officials.

Article 8. The Land-mortgage Bank officials receive the following salaries:—(a) The manager, from 5,000f. to 6,000f.; (b) the cashier, from 4,000f. to 4,500f.; (c) the accountant, from 3,500f. to 4,000f. The detailed arrangement of these salaries shall be made by the Administrative Council. The amount of security to be found by the above-named officials is as follows: For the manager, 25,000f.; for the cashier, 25,000f., for the accountant, 10,000f. The term of their engagement is four years.

Article 9. The manager, as the responsible administrator of the establishment, manages the

offices, advises the Directory respecting the *personnel* and the remuneration of the necessary employés, and the signatures required in the business. He attends the meetings of the Directory and of the Administrative Council, and gives his advice, excepting when matters affecting him personally are under discussion. He submits to the Directory the matters with which it has to deal, and makes recommendation as regard those which the Directory refers to him for that purpose. He sees, moreover, to the execution of the instructions and decisions of the Directory. He must, at least once a month, inspect the cash, and every three months the books, and acquaint the Directory in writing with the result of such inspections.

Article 10. The duties of the other officials and employés are determined by regulation. This regulation further determines—(1) The amount of security to be furnished by the employés, as well as by the occasional assistants; (2) the substitution of officials.

Article 11. Every official and employé of the Land-mortgage Bank is responsible for his acts and omissions, as well as for the consequences which may result from them.

B. Procedure in the Payment of Loans.

Article 12. The loans granted by the Land-mortgage Bank, and by the banks the management of which is intrusted to it, are placed by the administration of the first at the disposal of the Registrar of Lands of the district in which the property mortgaged is situated, or to the Land-mortgage Bank itself, or to the Collector's office of the district concerned; notice of which is at once given to the borrower or to his attorney. The loans which reach the District Collector's office, to effectuate the payment, are deposited at the canton Treasury; and the Management of the Land-mortgage Bank shall give notice of this deposit both to the Treasury officers of the canton and to the Registrar of Mortgages concerned.

Article 13. The payment of loans—that is to say, the employment of them, according to regulation, by the Registrar of Mortgages—is made by orders on the banks in which the loan is deposited. The issue of the orders is made according to the directions contained in the regulations regarding the State accounts.

Article 14. The Registrar of Mortgages keeps a register of the orders, in which he opens an account for each debtor, placing the sum deposited to the credit, and the orders upon it to the debit. The Registrar of Mortgages, at the end of each month, transmits to the canton Treasury an extract from his register of orders, containing a list of the assignments issued during the month. This extract, after being examined and approved, is returned to the Registrar of Mortgages.

Article 15. The Registrar of Mortgages must proceed with diligence to the employment of the loan in terms of article 12 of the law of the Land-mortgage Bank.

Article 16. If within three months of the funds having been provided (article 12, above) the Land-mortgage Bank is not in possession of the mortgage-deed, free of all anterior rights, or if other conditions have not been fulfilled during this delay, it has the right of exacting the immediate repayment of the loan.

Article 17. The receiver of the loan must pay the Secretary of the Préfecture a fee of 10 centimes, and the District Collector a fee of 15 centimes, per 1,000f. on the sum lent; but in neither case shall the fee be less than 1f. nor more than 5f. The fee paid must be indorsed on the deed.

C. State Supervision.

Article 18. The regulations to be promulgated by the Administrative Council in execution of the law adopted by the people on the 18th July, 1875, and of the present enactment, shall be submitted to the Executive Council for its sanction.

Article 19. The annual accounts, accompanied by the recommendations of the Administrative Council, shall be communicated to the Executive Council. After this body has audited the accounts, they shall be published, together with the report of the business transactions.

Article 20. The Executive Council has at all times the right of demanding a report on the state of the administration, and of ordering inquiries to be made into it.

Article 21. This decree, which comes at once into force, shall be inserted in the *Bulletin of Laws and Decrees*. This decree repeals—(1) the ordinance of 4th September, 1872; (2) the regulation of 11th December, 1846. Nevertheless, as regards the provisions of the latter, which have been reserved for the new rule of administration which is to be promulgated, this repeal shall have effect only after the promulgation of the said rule.

In the name of the Great Council.

C. KARRER, President.

M. DE STÜRLER, Chancellor.

Berne, 16th September, 1875.

REGULATION FOR THE OPERATIONS OF THE LAND-MORTGAGE BANK.—(3rd December, 1875.)

THE Administrative Council of the Land-mortgage Bank, in execution of article 4, section 1, of the executive decree of the 16th September, 1875, respecting the law on the Land-mortgage Bank, resolves:—

I. Loans upon Landed Securities.

Article 1. Loans on landed securities are granted only on the strict observance of the requirements of the law on the Land-mortgage Bank and of the executive decree relating

thereto. When loans on buildings are concerned, account must be taken, not only of the cadastral valuation (article 3 of the law), but also of the amount of the insurance against fire. In cases where the security consists only of buildings, the loan shall not, as a general rule, exceed half of the sum assured, and in no case more than two-thirds, even though the cadastral valuation would be higher. Buildings insured in the cantonal office can alone be taken as security.

Article 2. If the property to be mortgaged is exposed in part to deterioration or to a diminution in value through natural accidents, the Municipal Council shall state in its certificate (article 6, section 2, of the law) the area and value of the portion so exposed.

Article 3. Within fourteen days on which the loan has been granted, the borrower shall inform the Land-mortgage Bank whether or not he accepts the conditions laid down. In case of acceptance, the date from which interest is payable shall be fixed, at the latest, on the last day of this respite, unless the managers decide otherwise, in a particular case, by reason of exceptional circumstances duly set forth.

Article 4. If a demand is made for the surrender to the said bank of a claim on mortgage (article 14 of the law), the Municipal Council shall give, in addition, a certificate in terms of article 6, sections 1, 2, 4, 5, and 6, of the law.

Article 5. Requests for partial withdrawal shall be addressed, on stamped paper, to the Management of the Land-mortgage Bank. The property for which the withdrawal is requested shall be exactly described, and the area, as well as the cadastral valuation, shall be stated. The Municipal Council shall confirm these particulars, and give its consent to the withdrawal. This consent implies the continuance of the responsibility of the commune for the worth of the cadastral valuation of the securities which remain.

II. *Extraordinary Employment of Funds.*

Article 6. The extraordinary employment of funds (article 27 of the law) must only take place when these funds cannot be invested on mortgage securities. In general, it is the Administrative Council which determines the conditions and settles the details. Nevertheless, in cases where it is in the interest of the establishment to take immediate action, the Directory is authorized, while conforming to the requirements contained in the articles following, to make extraordinary investments to the extent of 500,000f. Decisions of this nature must be at once brought to the knowledge of the members of the Administrative Council.

Article 7. As regards advances on debentures secured on mortgage, it is resolved as follows: (a) The debentures must be secured on property situated in the canton; (b) the advances must not exceed the two-thirds of the amount of the cadastral valuation of the property which guarantees the debentures as a first mortgage, nor more than five-sixths of the amount of the debentures; (c) if the land is burdened with moneys lent on first mortgage, the advances shall at most amount to a sum which, added to these moneys, would not exceed one-half of the cadastral valuation; moreover, particular care shall be taken to ascertain that the interest on the first mortgage is regularly paid; (d) as a general rule, the interest on investments of this kind shall be at a higher rate than for loans on landed property.

Article 8. In the purchase of Swiss securities preference shall be given to those which afford the best security.

III. *Receipt of Moneys on Interest.*

Article 9. The Land-mortgage Bank receives on deposit, and according to its requirements, moneys on which it gives interest—(a) upon deposit certificates for fixed terms, in which the date of repayment shall be fixed, so that the Land-mortgage Bank shall be protected against a simultaneous press of demands for repayment; (b) upon deposit certificates repayable at any time upon three months' notice. A lower rate of interest shall nevertheless be paid for these deposits than those indicated in paragraph (a).

Article 10. A register shall be kept of the deposit-certificates given. More detailed arrangement is left on this point to the Directory. These certificates of deposit shall be signed by the manager, the accountant, and the cashier, or, if they be unable, by their substitutes (articles 3 and 8 of the regulations of management); and, according to the depositor's wish, made out in his name or that of the bearer.

Article 11. Deposit-certificates may be transferred by the creditors. Nevertheless, as regards documents which are payable to order, the Land-mortgage Bank is responsible for this transfer only when it is so stated in the document itself, and notice thereof has been given to the bank.

Article 12. Interest to the creditors is reckoned from the date of the deposit.

Article 13. The interest due can be drawn at the Land-mortgage Bank, at the Canton Bank, and at the District Receiver's office of the canton, on surrendering the coupons.

Article 14. The repayment of the capital takes place at the Land-mortgage Bank upon a declaration made in due time, and upon the surrender of the receipted certificate of deposit and unpaid coupons.

Article 15. The conditions upon which the establishment receives moneys on deposit shall from time to time be published in the most suitable manner.

Article 16. In cases where there would be need of funds in the establishment (article 29 of

the law), the Directory is authorized to borrow to the extent of 200,000f. The repayment of these loans shall nevertheless take place as soon as the bank has a sufficient balance in hand.

Article 17. This regulation shall come into force immediately upon receiving the sanction of the Executive Council.

In the name of the Administrative Council of the Land-mortgage Bank.

L. KURZ, Councillor of State, President.

SCHÖERER, Notary, Secretary.

Berne, 15th November, 1875.

REGULATION FOR THE ADMINISTRATION OF THE LAND-MORTGAGE BANK OF THE CANTON OF BERNE.—(3rd December, 1875.)

THE Administrative Council of the Land-mortgage Bank, in execution of article 4, section 1, of the executive decree of the 16th September, 1875, respecting the law on the Land-mortgage Bank, resolves:—

I. *Officials.*

(a.) *Manager.*

Article 1. The manager of the Land-mortgage Bank, whose more important duties are determined in article 9 of the decree of the 16th September, 1875, exercises particular surveillance (a) upon the punctual payment of instalments falling due, and of other claims of the establishment; (b) upon the incoming [proper reception] and employment of the funds; (c) upon the exact and punctual repayment of the mortgage obligations, as well as on the registering and keeping of the latter; (d) upon the judicial liquidations and non-liability to debts which concern creditors to the Land-mortgage Bank; (e) upon the execution of all measures and proceedings necessary for the maintenance and security of the rights of the establishment. He must watch over the interest of the establishment in every direction, assign to each employé his special work, and see that the officials and employés under his orders fulfil their duties faithfully, and that the books and the accounts are kept according to the instructions. He must keep under his own care securities payable to bearer.

(b.) *Accountant.*

Article 2. The accountant is charged (a) with the control and supervision of the bank, and principally with the issue of the bonds; (b) of the whole of the accounts, which must be kept by double entry; (c) with the settlement in proper time of the annual balance. He must see that the books are kept clearly, correctly, and diligently.

Article 3. The accountant takes the place of the manager in case of the latter's sickness or absence, and undertakes the conduct of business instead of the manager upon his orders. In case he himself is prevented, the accountant's place is taken by his assistant. The accountant and his assistant are bound on their personal responsibility to at once inform the manager of any errors which may be found in the book-keeping and the cash. The assistant provides a security of 7,000 francs.

(c.) *Cashier.*

Article 4. The cashier receives all the payments which are made to the establishment, gives legal receipts in its name, attends at the manager's order to all the payments to be made, and enters immediately and punctually in the cash-book all the cash transactions.

Article 5. The working cash of the bank is under his exclusive care, and he is personally responsible for it. He is forbidden, under any pretext whatever, to make use of the funds intrusted to him, or to employ them in any manner whatever.

Article 6. On the last working-day of each month he balances the monthly accounts of his cash, enters in a special book a memorandum of the working cash, and has the whole verified and signed by the manager.

Article 7. The cashier's assistant has the keeping of the cash-journal and of the petty cash for office expenses, which can be supplied by the cashier to the amount of 10,000f. He is also to assist the cashier in all his business, as occasion may require. He has the same duties as those imposed by article 3, paragraph 3, on the accountant and his assistant.

Article 8. In case of sickness or absence the cashier is replaced by his assistant. Every time the latter takes possession of the cash an account and exact verification of the working cash must be made in the presence of the manager or his substitute. The assistant gives security of 10,000f.

II. *Employés.*

Article 9. All the employés of the bank must conform to the orders of the Management, attend assiduously to the work which is given them, and discharge punctually the duties imposed on them by the manager.

Article 10. The Directory decides in the case of each employé whether he is to give security, and fixes the amount of it. The securities are from 2,000f. to 5,000f. The Directory, after hearing the recommendation and report of the manager, determines as to the admission and discharge of the employés, and fixes their salaries.

III. General Provisions.

Article 11. The general account which is to be rendered comprises the period between the 1st January and the 31st December.

Article 12. The officials and employés of the Land-mortgage Bank are forbidden to accept from persons interested any remuneration whatever for their official services.

Article 13. The offices of the Land-mortgage Bank are open to the public, excepting on Sundays and holidays, in the morning from 8 till 12, in the afternoon from 2 till 6. Nevertheless, the cashier's office closes at 4 o'clock, and on the last working-day of the month at noon.

Article 14. The present regulation shall come into force immediately it has received the sanction of the Executive Council.

In the name of the Administrative Council of the Land-mortgage Bank.

L. KURZ, Councillor of State, President.

SCHERER, Notary, Secretary.

SECRET

Berne, 15th November, 1875.

The Executive Council of the Canton of Berne sanctions the two regulations for the Land-mortgage Bank which precede, and orders their insertion in the *Bulletin of Laws and Decrees*.

In the name of the Executive Council.

HARTMANN, Vice-President.

DR. TRÜCHSEL, Secretary of State.

Berne, 3rd December, 1875.

Enclosure 5.

EXTRACT from a Letter from an Official in the Berne Land-mortgage Bank.

Caisse Hypothécaire.

WE grant loans on mortgage—on land for about two-thirds of the estimated ground-tax value; on houses, for about half of the fire insurance amount on buildings. The borrowers have to pay $4\frac{1}{4}$ per cent. interest, at present, per annum on the amount of the loan, besides $\frac{3}{4}$ per cent. off the loan every year—in all, 5 per cent. per annum. When applying for a loan, a description of the object of mortgage by a notary has to be handed in, which is then thoroughly examined, if ratified by the "Greffier du Tribunal" of the respective locality. When everything is found in order, then the loan is granted by our directors, who meet once a week to discuss business on hand. Ours is, I believe, the only mortgage bank in Switzerland with State guarantee, the others being all private concerns. We cannot lose anything, as the commune wherein the object of mortgage is situated has to take over the debt should any borrower become unable to continue his annual payment. To obtain cash to pay the loans, besides the subsidy from the Cantonal Government, we issue bonds for deposits, at present at the rate of $3\frac{3}{4}$ per cent. for six months certain, and savings-banks books at $3\frac{1}{2}$ per cent., the former with yearly coupons. For the last few years we have always had too much money flowing in.

Berne, 4th January, 1886.

Enclosure 6.

Mr. C. C. THORNTON to the Marquis of SALISBURY.

MY LORD,—

Berne, 7th January, 1886.

In continuation of my immediately-preceding despatch of this series, of the 5th instant, I have the honour to transmit to your Lordship, by book-post this day, printed copies of the laws and regulations, as well as of the latest obtainable annual reports, of the land-mortgage banks existing at Geneva, Fribourg, Baleville, Liestal in Bale-Campagne, and at Lengburg. It appears from these documents that, in regard to most of them, the respective Cantonal Governments exercise a supreme control, and possess a certain share in the undertaking. I trust that the information now supplied may prove sufficient for the requirements of the Government of New Zealand.

I have, &c.,

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

C. CONWAY THORNTON.

Enclosure 7.

STATUTES OF THE MORTGAGE BANK OF BASLE.—(April, 1863.)

I. Name, Aim, and Capital of the Bank.

1. THERE is formed, with the approval of the authorities of the Canton of Basle, under the title "Mortgage Bank of Basle," a joint-stock company having its office and tribunal in the Town of Basle.

2. The aim of the company is to advance money on good mortgage security, to borrow the requisite moneys for that purpose, and thereby to promote credit.

The capital of the company is fixed at 5,000,000f., consisting of 5,000 shares of the value of 1,000f. each; of which, as first issue, will be distributed 2,500 shares, of the value of

2,500,000f. The issue of the remaining shares takes place on the Board of Directors deciding that the purposes of the company require it.

4. Of the first issue of 2,500 shares the promoters will take 1,000 shares at par; the remainder will be issued for public subscription similarly at par. At each further issue the Board of Directors has the right to take up one-fourth of the shares issued. For the shares which the Board of Directors have not taken up the holders of the first-issued shares have the preference in proportion to their share-property.

5. The first payment on the first issue of 2,500 shares is to be made on application, with 20 per cent. or 200f. per share. Further calls will be arranged by the Board of Directors according to requirement, at intervals of at least three months. The calls shall not exceed 20 per cent. at a time, and shall be notified by public advertisement at least one month previous.

6. The shares will be issued to the shareholder, and are indivisible. Every shareholder answers only for the amount of his shares, and is interested in the property of the company in proportion to the amount of his shares. The possession of a share-warrant infers in itself the acknowledgment of the statutes.

7. Certificates of allotment will be drawn out for the amount of the first payment, and further payments will be certified on the same. Holders of such certificates of allotment who neglect within the appointed time to pay one of the notified calls will, after the expiration of four weeks, be publicly called upon to fulfil within a further four weeks the payment, together with a customary fine of 20f. If this demand is also disregarded, the said certificates of allotment shall be declared invalid, and replaced by new, the proceeds of which, after deduction of the rate due, of the usual fine, and other expenses, fall to the shareholder making default.

II. *Line of Business of the Bank.*

8. The bank grants mortgage-loans, not only in those cantons of Switzerland which by their legislation relative to mortgages offer satisfactory guarantees, but also in the neighbouring parts of Germany and France, and, in fact, not only at suitable yearly interest, but also, in preference, when the debtor binds himself to the payment of small yearly annuities, by means of which he can free himself entirely from the debt after a certain number of years. In the Canton of Basle the bank will only grant loans in agreement with the mortgage-bank there.

9. The business regulations in course of publication contain the decisions relative to the fixing of the rates of interest, the provisions to be discharged, and the redemption-payments.

10. The mortgaged immovables must be worth at least one and a half times the sum advanced, and yield a proportional profit. The true value of the mortgage shall depend on a valuation whereof the business regulations determine the particulars. Second mortgages are, as a rule, entirely excluded: exceptions to this principle may only be allowed with the approval of all the members of the Board of Management. The bank is further authorized to buy immovables, and to grant advances on deposit of sound liens.

11. The bank procures the necessary moneys by the issue of bonds bearing interest; the sum total of which, however, shall not exceed fifteen times the amount of the paid-up share-capital.

12. A proportion of the capital may be invested in good and marketable bonds, such as railway or State bonds, or in trade bills, which, however, must bear the indorsement of at least two well-known and solvent firms, either for the purpose of better security of existing liabilities, or to better satisfy the real requirements of the concern, when the influx of outstandings should be rather irregular. The bank is prohibited to transact any business whatever without having full securities of the concerned in hand.

III. *Balance of Accounts, Distribution of Profits, and the Reserve Fund.*

13. The bank account will be closed for settlement annually on the 31st December—for the first time on the 31st December, 1864; and thereat a balance will be drawn according to mercantile principles, and published.

14. After establishment of true balance, and deduction for salaries, bad debts, furniture, and building accounts, &c., the bank will have to divide amongst shareholders a dividend of 4 per cent. on the nominal amount of each share. After payment of interest, 20 per cent. is to be appropriated out of net profits to the formation of a reserve fund, which is to be continued until it has reached the amount of the paid-up share-capital; 15 per cent. will be distributed as share in profits amongst the members of the Board of Management, whereof the President shall receive two parts and the members each one part; $7\frac{1}{2}$ per cent. falls to the director of the establishment, $7\frac{1}{2}$ per cent. to the other officials; and 50 per cent. will be distributed equally amongst the shareholders.

15. The reserve fund forms a constituent part of the working capital of the bank, and is especially intended to strengthen the guarantee which the establishment offers to its creditors. If at a yearly settlement there is not a sum sufficient to pay the interest of 4 per cent. on the shares, it will become necessary to borrow from the reserve fund. Under no circumstances may the reserve fund be disposed of except for this purpose.

IV. *Organization of Management.*

1. *General Meeting.*

16. The shareholders will be called together by the Board of Directors to a regular general meeting annually, to take place within the first three months of the year—and for the first time within the first three months of the year 1865. Extraordinary general meetings are to take place as often as the Board of Directors may consider it necessary, or if thirty shareholders, at least, who together represent at least the fourth part of the allotted shares, demand it in writing, with a declaration of the reasons.

17. Any shareholder is entitled to take part in a general meeting who represents at least three shares. On divisions, which ensue by a decision of the President, three shares give the right to one vote, ten shares give the right to two votes, every ten shares more up to a hundred give a further vote, after this every hundred shares more give a further vote. No shareholder can give up more than twenty votes. To render a decision capable of being arrived at, the presence of twenty shareholders, representing at least five hundred shares, is requisite. In case of insufficient attendance of shareholders at a general meeting after first intimation of such taking place, a second intimation has to be issued, in which resolutions may be passed on such business as previously enumerated, independent of the number of shares represented in such meeting; and resolutions passed shall be considered as carried by absolute majority. In order to attend a general meeting an entrance-card is requisite, which will be given out three days before the day of meeting on deposit of warrants at the office of the company. This entrance-card is available only for the person whose name it bears.

18. The business of the general meeting is as follows: (1.) Audit of the business report and of the yearly account. For the examination of the yearly account the general meeting elects annually two auditors, who examine at the end of the year the account to be closed, and lay before the next regular general meeting a report about it. The two auditors first appointed will be appointed by the Board of Directors. (2.) Election of the members of the Board of Directors by ballot. (3.) Resolutions relative to motions concerning an alteration of the statutes or the winding-up of the company. (4.) Resolutions on any other motions of the Board of Directors or of a single shareholder. However, in the latter case a decision can only be arrived at after previous deliberation of the Board of Directors between the general meetings.

19. The invitation to a general meeting must be published at least four weeks before the day of the general meeting, specifying matters of business, motions, &c., to be discussed by the general meeting, such specification to be enumerated in the invitation to attend. The President of the Board of Directors presides at a general meeting, or, in case of unavoidable absence, his representative. On the motion of the latter, two tellers will be chosen out of the number of shareholders; the secretary will be appointed by the Board of Directors.

2. *Board of Directors.*

20. A Board of Directors, consisting of fifteen members, who are chosen by the general meeting, exercises supreme control over the establishment, and decides all cases which have not been expressly reserved for the general meeting.

21. The Board of Directors elects from among themselves for three years the President and the Vice-President, who, after the expiration of their term of office, are again eligible. On occasions when both the President and the Vice-President are simultaneously absent an extraordinary substitute will be appointed.

22. Up to the regular general meeting of the year 1867 the promoters' committee form the Board of Directors, and are considered as such until the appointed number mentioned in section 20 have been completed. At the general meeting of the year 1867 it is intended that a partial renewal of the Board of Directors shall take place, after which date seven or eight shall retire every three years. The first eight retiring members will be determined by lot. Thus each will enter on a term of office lasting six years. The retiring members are immediately eligible again.

23. The Board of Directors appoints from among themselves for the space of one year two censors, who examine at least once monthly, without previous notice, the business management, undertake an audit of accounts, and at least once quarterly compare the inventory of debts with the balance of cash in hand. They draw up minutes of their transactions, which are to be laid before the Board of Directors at their next sitting.

24. The functions of the Board of Directors are gratuitous. When from home they receive lodging and travelling expenses. Every member must, during his term of office, deposit ten shares at the office of the bank. The censors receive a daily pay of 20*f*.

25. The Board of Directors assembles in regular manner on the invitation of the President at the beginning of each quarter, in order to receive a report and summary of business of the expired quarter from the Board of Management, and in an extraordinary manner as often as the President or two members of the Board of Directors may deem it necessary.

26. The elections of the director, of the cashier, and of the book-keeper of the bank, as well as the determination of the salaries of these officials, belong to the Board of Directors; likewise the compilation and alteration of regulations concerning the details of the management of the establishment, contained in a tablet of business rules of the bank. To render a decision of the Board of Direction capable the attendance of seven members, including that of the President, is requisite.

3. Board of Management.

27. One member of the five members of which the Board of Management consists executes the special management of the business, and decides, after previous examination, the advisability of each individual demand for a loan.

28. The Board of Management consists of the President and Vice-President and three members of the Board of Directors, and is elected from amongst the latter after the renewal of the Board of Directors by the ordinary general meeting at the end of the term of office of the preceding Board.

29. The members of the Board of Management must all have their residence in Basle. They draw for their labour the share in the profits specified in section 14, and assemble once weekly, and, if necessary, oftener, for the conduct of business, under the chairmanship of the President or his representative. To render a decision of the Board of Management capable the presence of three members is requisite. The further duties of the Board of Management are fixed by the business regulations of the bank.

4. Officials.

30. A director, appointed by the Board of Directors attends the sittings of the officials and those of the Board of Management in order to give advice, draws up the minutes at these sittings, executes the decisions of the Board of Directors and those of the Board of Management, conducts the business correspondence, prepares the investigation of applications for advances to be submitted to the Board of Management, by ordering valuations, inquiries, &c., to be made. He has further to examine carefully any acknowledgments of debts, and supervise generally the duty of all other officials.

31. The director is appointed for a term of six years, the cashier and the book-keeper for a term of three years. All three can, in the interval, be immediately dismissed without a statement of the motives by a resolution of two-thirds of the Board of Directors, upon which they, except in the case of a gross dereliction of duty, are to be paid as compensation a full half-year's salary.

32. Further appointments take place according to the requirements of the Board of Management, under the imposition of all similar conditions. The method of distributing the share in profits falling to those officials other than the director is fixed by the business regulations.

33. The director, the cashier, and the book-keeper of the bank have each to find such a security as the Board of Management may deem acceptable, and which must be worth at least three times the amount of the salary fixed.

5. General Resolutions.

34. The director or his representative writes the signature of the bank. Contracts must be furnished with the signatures of the President and of the director, or their representatives. The bank's bonds are signed by the director and the cashier, the shares by two members of the Board of Directors.

35. The names of the President, of the Vice-President, and of the director, as well as those of their representatives, are to be entered in the record-book of the bank, and be notified through the newspaper of the canton.

36. The Board of Directors and the Board of Management accept no other responsibility as against shareholders and third persons than a strict observance of the statutes in force.

V. *Beginning, Duration, and Dissolution of the Bank.*

37. The bank will begin business after the first issue of shares has been completely taken up and the first payment has been rendered. The duration of the bank is for an indefinite period.

38. A dissolution of the bank can only be decided upon by two-thirds of the votes in a general meeting. If, at an annual settlement, the loss is found to amount to one-fourth or more of the share-capital, the Board of Directors must place officially before the general meeting the question whether they resolve upon a dissolution of the bank.

VI. *Redemption Procedure, Publishing, and Legal Proceedings.*

39. If dividend-coupons of shares or interest-coupons of bonds are not presented for payment within five years from the day of payment, they shall be declared invalid, and shall fall to the reserve fund of the bank. Likewise the proceeds of certificates of allotment which have been sold shall fall into the reserve fund in cases where they are not claimed within five years by the shareholder concerned.

40. The amortization (redemption) of any shares mislaid or otherwise lost, bonds, dividend warrants, &c., is regulated according to the laws in force in the City of Basle.

41. All announcements emanating from the Board of Directors will be published in at least three of the Swiss newspapers, one of which must appear at Basle. The announcements are then considered to have been duly notified, and are legally binding.

42. All legal proceedings of a civil nature resulting between the company, the Board of Directors, the Board of Management, and the officials, which concern the affairs of the company, are to be decided by an award by arbitration. For this purpose each of the litigants chooses two

arbitrators, and these latter elect an umpire. If the said arbitrators cannot agree about the choice of an umpire the President of the Law Court at Basle shall appoint one. Should one of the parties, after a lapse of four weeks, not have duly notified to the other party their choice of arbitrators the President of the Law Court at Basle can, at the demand of the opposite party, make this choice.

STATUTES (ARTICLES OF ASSOCIATION) OF THE MORTGAGE BANK OF BASLE.—(March, 1885.)

A. *Name, Office, Aim, and Capital of the Company.*

1. THERE was founded in the year 1863 a joint-stock company under the title "Mortgage Bank of Basle," having its office and jurisdiction (tribunal) in the Town of Basle.

2. The principal aim of the company is—firstly, to grant loans against mortgage security; secondly, to act as agents between investors of money and applicants for loans, by offering the mortgage security received for loans for investment to the public in smaller or larger amounts as the case may be. Special attention shall be paid to obtain securities of a character which enables prompt and satisfactory realization.

3. The capital of the company amounts to 2,500,000f., divided into 2,500 shares of 1,000f. each. The capital can, by a decision of the general meeting, be raised to 5,000,000f.

4. The issue of new shares has to be at the nominal value of such, and in no case below; and if shares are issued above the nominal value, the surplus goes towards the reserve fund of the association. Holders of previously-issued shares have the right to take up part of the newly-issued or additional shares at the rate of issue, in proportion to the amount of shares they previously held.

5. The shares are indivisible, and are payable to bearer (holder), and they can be deposited with the association against a receipt naming the person who handed them over.

6. Every shareholder answers only for the amount of his shares, and is interested in the property of the company in proportion to the amount of his shares. Possession of a share in this undertaking involves submission to and acknowledgment of the company's statutes (articles of association).

B. *Character or Special Line of Business of the Bank.*

7. The bank interests itself chiefly in lending money on mortgage, both in those cantons of Switzerland which offer sufficient guarantees by their legislation relating to mortgages and in the neighbouring parts of the Continent, especially if the debtor binds himself to repay the advance received by yearly instalments.

8. The securities (of immovables) offered can only be accepted if their value amounts to 50 per cent. above the advance granted, and if the income from such securities is in proportion to their value. The value of securities offered is fixed by the association's officers appointed for such purpose, who have to consider the amount of insurance by which such security is covered, municipal taxes, its market value, and most especially its saleableness. Moreover, information will be collected from competent persons able to judge from personal examination, and advice asked of impartial experts, in order to obtain as safe a judgment as possible.

9. The bank may also purchase property* at auction, and grant advances or loans against deposit of liens or warrants and documents of other kinds; but such advances must be for a short time only. A part of the capital may be employed for the purchase of easily-saleable railway, State, Municipal Corporation, and bank bonds, and trade bills, if it is to turn to advantage moneys which for the moment cannot be laid out on mortgage, or for the formation of a reserve for times when the gold-supply is reduced.

10. The bank is at liberty to transact any kind of business admitted into the scope of operations for their own account and on behalf of others who may accept the bank's services.

11. The bank accepts payments,† against which they issue bonds bearing current interest, and pass-books. In exceptional cases they also open running accounts, or they may issue letters of exchange on themselves. The sum total of money-payments accepted must, however, never exceed fifteen times the amount of the paid-up capital.

C. *Organization of the Company.*

1. The General Meeting.

12. The regular general meetings of the shareholders take place once yearly within the first four months of the year. Extraordinary general meetings are to be called whenever the Board of Directors or the auditors consider it necessary, or if it is demanded in writing, with a statement of the motives by one or several shareholders who together hold at least the tenth part

* *Gantrödel* is not a German word: it must be a Swiss word. Perhaps it is derived from the German words *gant*, auction; and *trödel*, second-hand goods. "Property sold at auction" is the best and only conceivable translation. No German in Dunedin has ever seen or heard of the word.—TRANS.

† By "payments accepted" I understand that money received for investment is meant, and that the company is limited to receive such sums up to an amount equal to fifteen times the amount of the actually paid-up capital of the association.—TRANS.

of the shares. The circular calling a general meeting has to be issued at least a fortnight before the date fixed for such, and a copy of such circular has to be inserted in the newspapers specified for such purpose, and the topics to be discussed must be distinctly enumerated in the circular.

13. Every shareholder is entitled to take part in the general meeting. On divisions, one to five shares give the right to one vote, six to ten shares give the right to two votes. Every five shares more give a right to one more vote; but no shareholder is allowed to unite in his own person more than the fifth part of the votes represented in a general meeting.

14. The general meeting is capable of passing resolutions if the shareholders present represent at least a fifth of the shares issued. If this should not be the case a second general meeting is called, in which resolutions can be passed about the topics for discussion previously publicly advertised, independent of the amount of shares represented in such second general meeting.

15. The President of the Board of Directors, or his representative, presides at the general meetings, and should an equal division occur he has the casting-vote. A secretary appointed by the Board of Directors draws up the minutes. The minutes are signed by the President or his representative, the secretary, and by both the tellers, who are chosen from amongst the shareholders before the beginning of business.

16. The business of the general meeting is as follows: (1.) Acceptance of the report on business matters, and of the yearly balance-sheets, and resolution what percentage the dividend is to be fixed at. (2.) Election of two auditors and a representative* of such, who need not necessarily be shareholders of the association. (3.) Election of the members of the Board of Directors by ballot. (4.) Resolutions about an alteration of the statutes (articles of association), dissolution (winding-up) of the company, or other proposals of the Board of Directors. Proposals of shareholders can only be decided after having been previously discussed by the Board of Directors.

2. The Board of Directors.

17. One of the twelve members of which the Board of Directors consists undertakes the chief management of the bank, and decides in all cases except those which are expressly reserved for the general meeting or transferred to the Board of Management for decision. The following authority belongs especially to the Board: (1.) Election of the Board of Management and of the censors. (2.) Appointment or dismissal of officials, and fixture of the conditions of such appointments.† (3.) Calling a general meeting, determining the order of business, and dealing with the proposals to be brought before a general meeting. (4.) Acceptance of the quarterly reports drawn up by the Board of Management. (5.) Fixing the percentage of interest on payments received against bonds and pass-books. (6.) Drawing up a proposal for the division of profits.

18. The term of office of the Board of Directors is six years. Every three years half the members of the Board retire. The retiring members are again immediately eligible. On the election for substitutes the new members enter in respect of their term of office in the place of the retiring members.‡

19. The Board of Directors appoint a President and a Vice-President after the new elections held by the general meeting.

20. The Board of Directors assemble in regular manner once quarterly, in an extraordinary manner as often as the President or two members may deem it necessary. To render a decision capable of being arrived at, the presence of seven members is necessary.

21. The members of the Board of Directors receive a fee of 20f. for every Board meeting, not only when they attend the meetings of the Board of Directors, but also when they attend those of the Board of Management. The attendance of some of the members of the Board of Directors is required on occasions either to fill up or strengthen the members of the Board of Management. When from home they receive, besides, lodging and travelling expenses.

22. Each member of the Board of Directors must leave on deposit with the association five shares during his term of office.

23. The Board of Directors elect from their members two censors, each for the term of one year, who have to look into the management of the business at least once each month without previous notice, to revise the cash on hand, bills on hand not discounted, and also to compare the inventory-list of securities on hand with the actual bonds at least twice a year. The censors draw up a report of their work, which is laid before the Board of Directors. Each censor receives a fee of 40f. for the monthly report.

3. The Board of Management.

24. A Board of Management, consisting of the President, Vice-President, and two further members of the Board of Directors, execute the chief management of affairs, except those matters which are especially reserved for the general meeting or for the Board of Directors. The Board of Management decide all demands for loans made on the bank, the conditions of the

* I am not certain if my translation of *suppleant* is correct, but the word is not to be found in any dictionary.

—TRANS.

† Evidently concerning salaries, terms of office, &c.—TRANS.

‡ Evidently means that the newly-elected members will have a full six years to serve before retiring.

security demanded, the purchase and sale of deeds—in fact, all kinds of investments. The Board of Management execute the decisions of the Board of Directors, and report quarterly to the Board of Directors on their doings. The Board of Management exercise direct control over the officials.

25. The Board of Management assemble as often as business requires, and as a rule arrive at decisions by vote, the President having the casting-vote, and sometimes two votes. The presence of three members is necessary to render a decision valid. The Board of Management is authorized, in cases where its own members are unavoidably absent, and in any case in which they may judge it advisable, to fill up or add to their numbers from the members of the Board of Directors. An addition of two members, taken from the Board of Directors, is compulsory in cases where loans of 200,000f. and over are demanded, and such loans can only be granted with the approval of five members of the enlarged Board. The members of the Board of Management receive as payment for their labours the share in profits specified in section 31.

4. Board of Control.

26. The auditors mentioned as being chosen by the general meeting in section 16 form the Board of Control. They are appointed for a term of two years, after the termination of which they are again eligible. The auditors—their representative only acts in cases where one of the two auditors is unavoidably absent—are to audit the yearly account and balance, and to see that it tallies with the books. Moreover, they are to undertake a searching examination of the deeds and securities as far as they may judge it advisable. The auditors are empowered by the Management of the bank to demand all information which may appear to them necessary, as well as the exhibition of all books, vouchers, &c., and settle the amount of the cash on hand. The auditors are to deliver up a written report on the yearly account at the proper time, in order that the same may be exhibited for the inspection of shareholders at latest eight days before the general meeting. The remuneration of the auditors is fixed by the general meeting.

5. The Officials.

27. A chief manager, chosen by the Board of Directors, is present at the sittings of the officials and those of the Board of Management, with a view to giving advice, and draws up reports thereon. He superintends the execution of the decisions of the Board of Directors and those of the Board of Management, and supervises generally the duties of all other officials. In cases of unavoidable absence or otherwise of the chief manager, the second manager occupies the position.

28. The chief manager signs the legal signature of the bank jointly with the second manager, or, in the case of the unavoidable absence or otherwise of one of the two managers, jointly with one of the other officials appointed for that purpose by the Board of Directors. The bonds issued by the bank are to be signed by one of the managers and by the cashier.

29. The Board of Directors have to specify in the contract of appointment the length of the appointment, dismissal, caution-money to be deposited, and the portion of the share in profits accruing to the officials, as mentioned in section 31.

D. Accounts and Reserve Fund.

30. The bank account will be closed for balance annually on the 31st December.

31. After deduction of all expenses, bad debts, and losses, the reserve fund first receives 10 per cent. of the surplus remaining; 90 per cent. of the balance will be distributed amongst the shareholders; the remaining 10 per cent., being regarded as share in profits, to be divided as follows: 6 per cent. to be divided amongst the Board of Management, the President receiving two shares; 4 per cent. is at the disposal of the Board of Directors, the officials in the first case receiving shares according to the terms of their contracts of appointments.

32. The reserve fund forms a constituent part of the working capital of the bank, and is especially intended to strengthen the guarantee which the establishment offers to its creditors. Losses are to be met also out of the reserve fund which cannot be met out of the year's profits; in which case the amounts are to be repaid to the reserve fund out of the profits of the following years. The endowment of the reserve fund with 10 per cent. of the profits, as mentioned in section 31, continues until such time as it has reached an amount equal to one-fifth of the paid-up share-capital. The amount payable on coupons not presented for payment within the specified time falls into the reserve fund.

E. Duration and Dissolution (Winding-up) of the Bank.

33. The duration of the bank is fixed for an indefinite period.

34. The dissolution (winding-up) of the bank can only be decided upon by two-thirds of the votes represented in a general meeting. If at a yearly balance of accounts there are shown losses which reach a quarter of the paid-up capital the Board of Directors must submit to the general meeting the question of the dissolution of the bank.

F. Publishing and Redemption Procedure.

35. All announcements are to be published in the following Swiss newspapers, and are then considered duly and legally announced: *Allgemeine Schweizer-Zeitung*, *Basler Nachrichten*, *Schweizer Greuzpost*, *Schweizerische Handelszeitung*, and *Schweizerischer Volksfreund*. Altera-

tions decided upon by the Board of Directors are in all cases to be announced in the above-mentioned newspapers.

36. The non-presentation of legitimate claims within the proper time is dealt with in accordance with the Swiss law relating to such. In like manner the redemption of shares, bonds, &c., which have been lost.

37. All legal proceedings between the company, the Board of Directors, the Board of Management, and the officials, are decided in the regular law-courts in Basle.

G. *Miscellaneous.*

38. The foregoing new statutes come into force as soon as they have been approved by the general meeting. The resolutions contained in section D (subsections 30, 31, and 32) in reference to the accounts and reserve fund have a retrospective force from the 1st January, 1885.

Enclosure 8.

The AGENT-GENERAL to the UNDER-SECRETARY of STATE for the COLONIES.

SIR,— 7, Westminster Chambers, London, S.W., 20th January, 1886.

Enclosure
No. 1 to No. 6.

I have to acknowledge the receipt of your letter of the 13th instant, transmitting copy of a letter from the Foreign Office enclosing papers relating to the land-mortgage banks in Switzerland; and I beg that Colonel Stanley may be pleased to express to the Marquis of Salisbury the best thanks of the New Zealand Government for the very kind and prompt attention which has been given to their request for the information in question.

I have, &c.,

The Under-Secretary of State for the Colonies.

F. D. BELL.

[*Approximate Cost of Paper.*—Preparation, not given; printing (1,350 copies), £13 12s. 8d.]

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1886.