

At the time of the last report the First Mortgage Freehold Security Co. of New Zealand, Ltd, was still in receivership. The necessary legislation was passed in November last putting the company into liquidation and appointing the Public Trustee liquidator. There has been a considerable amount of work involved in completing the proofs of debt and in arranging payment of the first dividend. There is still realty in Putaruru to be sold, and after realization has been effected a final distribution to debenture-holders will be made.

The Public Trustee of New Zealand acted as agent for the Public Trustee of New South Wales in dealing with the assets in New Zealand of McInnes and Co., Ltd., an Australian company of which the Public Trustee, Sydney, is the liquidator. The New Zealand assets of that company have now all been realized and the proceeds remitted to Sydney, so that the Public Trustee's duties in connection with this company have now ceased.

Some of the other companies still have assets to be realized and the proceeds distributed, but the position in regard to them is satisfactory and the work of completing the liquidation of these companies is well advanced. In regard to five of the companies all the assets have been realized, the proceeds distributed, and orders of the Court have been obtained releasing the Public Trustee as liquidator and finally dissolving the companies. In the case of a sixth company the final dividend is now being paid, and the necessary steps are being taken to have the company dissolved.

INVESTMENTS FROM THE COMMON FUND.

14. *Lending Operations.*—During the period under review there has been no evidence of an extensive demand for loan-moneys, but a fair flow of applications has been maintained and the number has shown an increase in later months. The applications received have been for various purposes, including the acquisition of properties in town and country, the erection of new buildings, and the rearrangement of existing mortgages. A special feature has been the increasing extent to which loans have been sought for the erection of blocks of flats in the principal towns and cities, affording evidence of a definite trend towards the provision of residential accommodation of this type in the main centres of population. Applications from mortgagors for increases in the amounts of their existing loans for the purpose of effecting improvements to farm properties and the erection of modern buildings thereon, as well as for renovations and repairs to city properties have been reasonably numerous.

The increasing popularity of modes of construction involving the use of plaster on metal or other suitable base, no doubt on account of the high cost of construction in wood or concrete, is of interest. Subject to suitable stipulations in each particular case, the Public Trustee has granted a number of loans on this class of security.

The applications received have been of a good class, and in comparatively few cases has the Public Trustee been unable to meet the requirements of the applicant.

Most of the loans granted have been on a flat basis for five years, but if so desired loans have been granted for a long term on a reducing basis, with a provision for a review at five-yearly intervals of the rate of interest charged. In certain cases where the circumstances have made such a provision desirable a loan has been granted for a five-year or other suitable short term, but with a stipulation that half-yearly payments in reduction of the principal sum are to be made during the currency of the loan.

The Public Trustee has as a general rule continued the policy of entrusting the preparation of the relative mortgage documents to the solicitors who introduced the loan applications, though he reserves the right to have the documents prepared by his own legal staff if he so desires. Where application for a loan is made direct to the Public Trustee the documents required have been prepared by the legal staff of the Office.