

New Zealand.



ANALYSIS.

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| <p>Title.</p> <ol style="list-style-type: none"> 1. Short Title and commencement. 2. Interpretation. 3. Registration of rural credit associations under Incorporated Societies Act, 1908. 4. Objects of rural credit associations. 5. Special provisions as to rules of associations under this Act. | <ol style="list-style-type: none"> 6. Members of association to be jointly and severally liable, without limitation of amount, for all liabilities of association. 7. Loans to members. 8. Limit of amount of advances to members. 9. Expenses of administration. 10. Regulations. |
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1922, No. 55.

AN ACT to make Provision by Means of the Establishment of Title.
 Rural Credit Associations for affording Financial Assistance to
 Farmers and other Rural Workers. [31st October, 1922.]

BE IT ENACTED by the General Assembly of New Zealand
 in Parliament assembled, and by the authority of the same, as
 follows :—

1. This Act may be cited as the Rural Credit Associations Act, Short Title and
 1922, and shall come into force on the first day of January, nineteen commencement.
 hundred and twenty-three.

2. In this Act, unless the context otherwise requires,— Interpretation.

“ Association ” means a rural credit association under this Act :

“ Registrar ” means the Registrar of Incorporated Societies
 under the Incorporated Societies Act, 1908.

3. (1.) Any society or association of not less than ten persons, Registration of
 but qualified in other respects to be registered under the Incorporated rural credit
 Societies Act, 1908, may, subject to the provisions of this Act, be associations under
 incorporated under that Act, and registered under the style of “ The Incorporated
 [Name of district or other distinctive words] Rural Credit Association Societies Act, 1908.
 (Incorporated).”

(2.) Save as otherwise expressly provided in this Act, all the
 provisions of the Incorporated Societies Act, 1908 (including the pro-
 visions of the Incorporated Societies Amendment Act, 1920, for the
 incorporation of local branches or groups of branches of registered
 societies), shall apply with respect to associations registered pursuant
 to this Act.

(3.) The members of an association registered pursuant to this Act shall not be deemed to be associated for pecuniary gain merely by reason of the fact that the society carries on any business authorized by its rules and this Act.

Objects of rural credit associations.

4. No association shall be registered under this Act unless its rules provide for the following matters, that is to say:—

- (a.) The receipt of deposits, whether from members of the association or other persons, for fixed terms or at call, either with or without notice :
- (b.) The payment of interest on such deposits, at such rates as may from time to time be fixed in accordance with the rules of the association :
- (c.) The authority to borrow such additional moneys as may be required by the association for the conduct of its operations :
- (d.) The lending of money (either in cash or by the issue of bonds charged on the assets of the association and payable to bearer or to order) to members of the association for approved purposes, for such period or periods and at such rates of interest as may be fixed pursuant to the rules :
- (e.) The purposes for which moneys may be advanced by an association to any of its members (being approved purposes within the meaning of section seven hereof) :
- (f.) The carrying to a reserve fund of all profits arising from the operations of the association :
- (g.) The annual or more frequent audit of the accounts of the association :
- (h.) The appointment of a management committee of the association and of a manager, who shall be the chairman of the management committee.

Special provisions as to rules of associations under this Act.

5. Notwithstanding anything to the contrary in the Incorporated Societies Act, 1908, the Registrar shall, before registering any association under this Act, submit the rules of the association to the Minister of Finance, and shall not register the association unless and until the Minister is satisfied—

- (a.) That the objects of the association as set out in its rules are appropriate to an association to be registered under this Act :
- (b.) That the provisions of the rules as to the modes in which persons cease to be members of the association are not such as to prejudice the security of any creditor of the association :
- (c.) Generally, that the association is one that ought to be registered under this Act.

Members of association to be jointly and severally liable, without limitation of amount, for all liabilities of association.

6. (1.) The members of an association shall be jointly and severally liable for the full amount of all the liabilities of the association in respect of—

- (a.) All loans, together with the interest and other charges thereon, raised by the association pursuant to its rules and this Act :
- (b.) All deposits, with interest thereon at the agreed rate, accepted by the association from its members or other persons :
- (c.) All other liabilities lawfully incurred by the association or by its management committee on behalf of the association.

(2.) The amount of all loans raised by an association pursuant to its rules and this Act (including the liability of the association under

all outstanding bonds issued by the association to its members), and of all moneys accepted by an association from its members as deposits, together with all interest and other charges in respect of such loans and deposits, shall be an equitable charge on all the assets of the members of the association, save so far as any such assets of any member are by law excluded from the assets available for the payment of his debts or liabilities.

(3.) Every such charge shall be apportionable among the several loans or deposits from which it arises, and every such loan or deposit shall have priority according to the date when the association received or became entitled to receive the same. In the case of two or more sums being received or receivable on the same day the charges arising therefrom shall rank equally with each other.

(4.) Subject to the provisions of the last preceding subsection, every such charge shall, save as may be otherwise expressly provided by this or any other Act, have priority over all mortgages, charges, or encumbrances, whether legal or equitable, created after the incorporation of the association.

(5.) For the purpose of enforcing any charge created by this section the Supreme Court or a Judge thereof may, on summons, make such order as he or it thinks fit, either for the sale of any property subject to the charge or for the appointment of a receiver, or otherwise; and any order for sale shall be carried into effect by the Sheriff in the same manner as in the case of a writ of sale, with any modifications that may be necessary or may be provided by rules of Court in that behalf.

7. (1.) No advance shall be made by any association to any of its members save for one or more of the purposes following (in this Act referred to as approved purposes), namely:—

- (a.) The clearing, fencing, draining, and general improvement of land in the occupation of a member:
- (b.) The erection of buildings on any such land:
- (c.) The purchase of implements, stock, seeds, plants, trees, and other things required in respect of the occupation and use of any land:
- (d.) The purchase of tools of trade:
- (e.) The payment of any mortgage, debt, or other liability of the member:
- (f.) Any other purpose that may be declared by the Governor-General in Council to be an approved purpose within the meaning and for the purposes of this Act.

(2.) Any advance made by an association in cash to any of its members, with interest thereon at the agreed rate, shall be deemed to be a debt due by the member to the association on a date to be agreed on in that behalf, and shall be recoverable by the association accordingly in any Court of competent jurisdiction.

(3.) In addition to the personal security afforded by the last preceding subsection, the association may require from any member to whom an advance as aforesaid is made such other security by way of mortgage of real or personal property or otherwise as it thinks fit.

8. (1.) No advance shall be made by any association to any of its members pursuant to this Act so as to exceed, with all other advances

Loans to members

Limit of amount of advances to members.

theretofore made to him and then outstanding, the sum of five hundred pounds.

(2.) No advance shall be made by an association to any of its officers or to any member of the management committee, save with the consent of not less than two-thirds of the members of the association present at a general meeting of the association.

Expenses of
administration.

9. (1.) There may be paid by an association to not more than one of its members such sum as may be determined by the management committee in respect of the services of that member as secretary or treasurer of the association, or as both secretary and treasurer thereof.

(2.) There may also be paid to the chairman of the management committee an annual or other allowance to be approved at a general meeting of the association, and a refund of his travelling-expenses actually and reasonably incurred in connection with the business of the association.

Regulations.

10. The Governor-General may from time to time make all such regulations as he may deem necessary for the purpose of carrying into effect the provisions of this Act.
