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PERMANENT BUILDING SOCIETIES ACT 1967 - REGULATION

(Relating to revolving credit facilities)

NEW SOUTH WALES



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HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Permanent Building Societies Act 1967, has been pleased to make the Regulation set forth hereunder.

G. B. PEACOCKE

Minister for Business and Consumer Affairs.

The Permanent Building Societies Regulations 1967 are amended:

- (a) by omitting from Regulation 39A (4) the words "A society may make a loan exceeding the amount authorised by clause (3) if -" and by inserting instead the words "Despite clause (3), a society may make a loan so that the total amount that will be secured by the mortgage will exceed the maximum amount authorised by that clause if:";
- (b) by omitting from Regulation 39A (5) (b) and (c) the words "the loan exceeds the amount of the maximum loan the society would be authorised to make pursuant to clause (3)" wherever occurring and by inserting instead the words "the total amount that will be secured by the mortgage if the loan is made will exceed the maximum amount authorised by clause (3)";
- (c) by inserting in Regulation 39B (2) (a) before the words "is to be taken" the words "has been taken or";
- (d) by omitting Regulation 39B (2) (b) and by inserting instead the following paragraph:

- (b) the society has obtained an indemnity or guarantee given by the Housing Loans Insurance Corporation, or an insurance company, referred to in Regulation 39A (5)
- (b) securing the repayment to the society of:
 - (i) the total amount that will be secured by the mortgage if the loan is made; or
 - (ii) the amount by which the aggregate of the total amount secured under all prior mortgages and the total amount that will be secured by the mortgage if the loan is made exceeds the total amount that would be secured by the mortgage if the maximum loan authorised by paragraph (a) were made,
whichever is the lesser.
- (e) by omitting from Regulation 40 (b) the words "the loan is for one of the following purposes:" and by inserting instead the words "the loan is or was originally approved as being for one of the following purposes:";
- (f) by inserting after Regulation 40 the following Regulation:

Revolving credit facilities

40A (1) Nothing in Regulations 39A-40 prevents a society from making loans on the basis of the approval of a maximum loan balance and the advancement of amounts from time to time up to that approved balance, so long as each such advance is made in compliance with the requirements of Regulations 39A-40 as if it were a separate loan.

(2) If any prior mortgage referred to in Regulation 39B or 40 involves the making of such a loan, the amount owing under the mortgage is, for the purposes of a calculation under Regulation 39B or 40, to be taken to be the total amount authorised to be advanced under the mortgage, even if less than that total amount is actually outstanding when the calculation is made.

(3) Advances may be made under such a loan on the basis of an original approval for a particular purpose even after that purpose has been attained.

EXPLANATORY NOTE

The object of this Regulation is to amend the Permanent Building Societies Regulations 1967 to allow permanent building societies to loan money under "revolving credit" arrangements whereby a society approves a loan up to a certain limit and then advances funds from time to time up to that limit. Such loans will still have to comply with the current provisions as to the required level of security and valuations.
