

several classes of tenure mentioned in the foregoing paragraph 3, and must, of course, be of the necessary value; and, if the property is leasehold, all the covenants and conditions of the lease, including the payment of rent, must have been regularly complied with.

8. All applications must be accompanied by a valuation fee according to the following scale:—

ADVANCES TO SETTLERS SCALE OF VALUATION FEES.

On an application for a loan—						£	s.	d.
Not exceeding £100	..	..	..	..	..	0	15	0
Exceeding £100 but not exceeding £250	..	..	..	..	..	1	11	6
Exceeding £250 but not exceeding £500	..	..	..	..	..	2	2	0
Exceeding £500 but not exceeding £3,500	..	..	..	..	..	2	12	6

ADVANCES TO WORKERS.

9. Workers desirous of erecting or acquiring dwellings as homes for themselves and their families may obtain advances on first mortgage of lands and improvements held under any of the classes of tenure enumerated in clause 3 of this paper free from all encumbrances, liens, and interests.

10. A worker is defined as a person of either sex engaged (whether as an employee or on his or her own account) in manual or clerical work who is not in receipt of an annual income exceeding £300, increased by £25 in respect of each child or other person dependent on him, and is not the owner of any land other than that offered as security.

11. Not more than £1,250 may be granted to any one borrower; and an advance shall not be made exceeding 95 per cent. of the total value of the security in the case of freehold land, or 95 per cent. of the value of the lessee's interest in the case of leasehold land, or where the loan is to provide for the erection of a dwellinghouse 95 per cent. of the cost of the dwellinghouse inclusive of the cost of the land and improvements. No advance shall be made to any applicants who do not take up their permanent residence on the property. A valuation fee of 12s. 6d. must accompany each application. Married applicants must make the declaration on application form jointly with wife or husband, as the case may require.

12. Where an advance is required for the purpose of erecting a dwelling, the application form must be accompanied by evidence in the form of sale-note, receipt, agreement, or otherwise as to the purchase price of the section and tender accepted or contract entered into for the erection of the dwelling. The amount of the loan granted by the Board may be advanced in progress-payments as the erection of the building proceeds. An inspection and report must be made by an officer of the Valuation Department prior to any progress-payment being made on account of the loan, and for each such inspection a fee of 10s. 6d. shall be paid by the applicant. The Department requires that not less than three inspections be made, and that the fencing be completed before all the loan is paid over. Every applicant after lodging an application for a loan should await the decision of the Board before proceeding with the erection of the building.

13. Loans are granted only on the instalment system for periods not exceeding thirty-six and a half years, and may be repaid or readjusted as explained in Clause 19 in this paper. Interest is charged at the rate of 5 per cent., reducible to $4\frac{1}{2}$ per cent. provided payment is made not later than fourteen days after due date and no arrears or other payment under the mortgage remain outstanding.

14. Mortgages under the Land Transfer Act, 1915, shall, if the applicant's title is free from encumbrance, be prepared and completed free of charge to mortgagors, with the exception of the repayment of cash disbursements, which shall be deducted from the advance. Except as above provided, the scale of costs and fees with respect to advances to settlers applies to advances to workers.

GENERAL.

15. The Department requires that not less than three inspections be made, and, in the case of other than farm properties, that the fencing be completed before all the loan is paid over.

SPECIAL NOTE.—To ensure moneys being available when required, applications for advances and for progress-payments after loans are granted should be made as early as possible.

A copy of the plan and specifications for a proposed building must be provided for the Department's use, and such shall become and remain the property of the Department.

16. It should be noted that on the twenty years' term on a loan of £500 the weekly payment amounts to only 14s. 4d., or less than $7\frac{1}{2}$ per cent. per annum, including repayment of principal. On the thirty years' term it amounts to about 11s. 6d. per week, or less than 6 per cent., including repayment of principal. On the $36\frac{1}{2}$ years' term it amounts to about 10s. 7d. per week, or $5\frac{1}{2}$ per cent., including repayment of principal.

17. Mortgages are repayable by half-yearly payments of principal and interest combined. They may also be wholly repaid at any time. Interest is charged at the rate of 5 per cent., reducible to $4\frac{1}{2}$ per cent., save on advances authorized for the purpose of repaying mortgages, in which case the rate is 6 per cent., reducible to $5\frac{1}{2}$ per cent., provided that in each case payment is made not later than fourteen days after due date and no arrears in respect of instalments or other payments under the mortgage remain outstanding.

18. The following tables show, taking a loan of £100 as an instance, how much of each instalment is applied to repaying the principal, and how much is in payment of interest. They show also the amount of rebate in respect of each instalment and the balance of principal remaining due after payment of the respective instalments until the loan is entirely repaid.

(Tables not reproduced.)