

## APPENDIX III.

## DENMARK.

LAW OF 20TH JUNE, 1850.

A Law concerning the Creation of Credit Associations and Loan Banks for the Owners of Property.

1. We, Frederick VII. &c., do make known: The Parliament has approved, and We with our consent have sanctioned, the following law:—

(i.) The Ministry of the Interior is authorized to grant to credit associations of owners of property in Denmark the privileges described in clauses 2 and 3 hereafter, provided that the by-laws accepted by such associations are in accordance with the provisions stated in clause 4 hereafter.

2. The privileges which can be granted to such credit associations are as follows:—

(i.) That the bonds issued by the directors of the association may be issued on unstamped paper, and may be issued by name or to bearer; and, further, such documents may be transferred without the use of stamped paper.

(ii.) The directors may with legal effect agree with the members or debtors of the association that the latter do in the mortgage-deed given by them to the association grant the directors the right that if they do not fulfil their contractual obligations the directors may in execution make distraint upon the property given in pledge and its appurtenances, and may thereafter cause the same to be sold in public auction, and in case of necessity may take it over as property of the association without previous arbitration recourse to Court or judgment, in which case the distraint made by the directors of the association or the auction subsequently ordered shall not be stayed or called in question in any appeal to higher authority, such auction being held in accordance with the notifications of 22nd April, 1817, and 11th September, 1833, whereby the member or debtor concerned is empowered to institute a suit for restitution in order to obtain full compensation from the association.

(iii.) That there be granted to the directors of such associations, in payment for the despatch of valuables or money by the public post, the same reductions which are granted to the National Bank in respect of despatch of money between its head office and its branch in Aarhus.

(iv.) That the association may take up loans at a higher rate of interest than 4 per cent., and similarly may stipulate with its members or debtors for higher rates than 4 per cent.

3. The administrators of property of minors and public foundations are permitted to invest their funds in bonds issued by the credit associations.

4. In order that a credit association may expect to secure the sanction of its by-laws and be enabled to enjoy the benefits of the privileges above stated, it is required:—

(i.) That members have joined such an association up to a value of at least two million crowns, the properties of such members lying within such a circle that the directors can exercise the necessary control over the trustworthiness of the valuers and a suitable supervision over the properties pledged:

(ii.) That a mortgage upon any property be only accepted up to such sum that the total encumbrances thereupon do not in any case exceed three-fifths of the value of the pledged property as fixed in valuation according to such rules as may yield no less security for correct valuation than the provisions contained in the notification of 7th June, 1827, which rules must also be stated in detail in the by-laws:

(iii.) That there may at no time be in circulation as against the association a larger total of bonds than the total of the mortgages of members in its possession.

(iv.) That all members admitted to such an association shall be jointly (solidarily) liable for the bonds issued by the association up to the full value of their property as assessed, if they have taken a loan up to three-fifths of such value and in the same proportion to the total of the loan if it represents a lesser portion of the value assessed:

(v.) That the bonds issued by the association, whether by name or to bearer, shall bear interest, and may not be for a less sum than a hundred crowns:

(vi.) That it be provided in the by-laws that the members of the association are, in addition to the agreed interest, responsible to pay a suitable fixed percentage per annum of their loan towards its amortization:

(vii.) That it be provided in the by-laws that the directors are bound annually to publish a full statement of accounts for the association, and in each quarter to send to the Ministry of the Interior an extract of accounts:

(viii.) That no change be approved in the by-laws without the sanction of the Ministry of the Interior.

5. When the Ministry of the Interior has sanctioned the by-laws of such a credit association, a public notice shall be given thereof; if, on the other hand, the desired sanction cannot be given, the Minister will inform the persons concerned of the reasons.

6. (Concerning loan banks).

7. If a credit association should desire any different or greater privilege than the present law empowers the Ministry of the Interior to grant, such privilege must be obtained by a special law.

LAW OF 21ST NOVEMBER, 1851.

A Law concerning Amendments in the Law of 20th June, 1850, &c.

We, Frederick VII. &c.

The provisions in clause 4 (i) of the law of 20th June, 1850, are so far altered that the Ministry of the Interior is empowered to sanction the by-laws of a credit association although the members may have joined the association up to a total value of one million crowns.