

LAWS OF THE GILBERT ISLANDS  
REVISED EDITION 1977

CHAPTER 59

NATIONAL LOANS BOARD

ARRANGEMENT OF SECTIONS

Section

PART I

PRELIMINARY

1. Short title
2. Interpretation

PART II

ESTABLISHMENT OF THE BOARD

3. Establishment of Board
4. Term of office
5. Temporary appointments
6. Board to be a body corporate
7. Officers of the Board
8. Power to make regulations
9. Member having interest in matter before the Board to disclose it and not to vote thereon

PART III

FINANCIAL

10. Funds and resources of the Board
11. Power to buy or sell
12. Power to accept debentures and mortgages
13. Investments
14. Exemption from income tax

PART IV

POWER OF THE BOARD TO MAKE LOANS

15. Loans
16. Other forms of expenditure
17. Interest on loans granted

PART V

REPAYMENT OF LOANS

18. Loans to be repaid in accordance with terms of grant
19. Period of loan
20. Suspension of payment of principal and interest
21. Payment of loan before due

## Section

## PART VI

## EXAMINATION AS TO APPLICATION OF LOANS

22. Examination as to application of moneys lent
23. Order of Board upon examination
24. Misapplication of loan secured by mortgage or otherwise
25. Enforcement of securities

## PART VII

## ACCOUNTS

26. Accounts and audit fee
27. Bad debts
28. Report

## PART VIII

## LEGAL

29. Recovery of debts due to the Board
30. Minutes and proceedings
31. Penalty for misapplication of loan
32. False statements

4 of 1959  
8 of 1968  
8 of 1971  
3 of 1973  
13 of 1973  
(Cap. 66 of  
1973)  
21 of 1974

**An Ordinance to provide facilities for the provision of agricultural and industrial credit and to establish a Board for such purposes**

*Commencement: 7th September 1959*

## PART I

## PRELIMINARY

Short title

1. This Ordinance may be cited as the National Loans Board Ordinance.

Interpretation

2. In this Ordinance unless the context otherwise requires—  
“the Board” means the National Loans Board established under section 3;  
“lands” include all buildings, factories and machinery erected and standing thereon and all livestock, crops and trees used and worked in connection with such lands.

## PART II

## ESTABLISHMENT OF THE BOARD

3. (1) For the purpose of this Ordinance there shall be established a Board to be called the National Loans Board.

Establishment of Board

(2) The Board shall consist of a Chairman, a Deputy Chairman and not more than 5 other members all of whom shall be appointed by the Minister.

4. The Chairman and other members of the Board shall hold office subject to the pleasure of the Minister.

Term of office

5. When a member of the Board is temporarily incapacitated from performing his functions as such by reason of his temporary absence from the Gilbert Islands or for any other cause, the Minister may appoint a person temporarily to be a member during such period of incapacity and during such period such person shall be deemed to be a member of the Board for all purposes to the exclusion of the member so temporarily incapacitated.

Temporary appointments

6. The Board shall be a body corporate and shall have perpetual succession and a common seal and may in its corporate name sue and be sued.

Board to be a body corporate

7. (1) The Minister may appoint a secretary and such other officers as he may consider necessary, and on such terms as to remuneration as he may determine.

Officers of the Board

(2) All administrative expenses incurred by the Board shall be paid out of the funds of the Board.

(3) The Board shall as soon as may be after the 30th day of September in any year prepare estimates of all administrative expenses and submit them for the approval of the Minister.

8. The Minister may make regulations—

Power to make regulations

- (a) to regulate the proceedings of the Board and the manner of transaction of its business, declaring how many members shall be a quorum and the method of voting;
- (b) to regulate the appointment of a chairman at any meeting and for the purpose of this Ordinance in the temporary absence or incapacity of the Chairman appointed under section 3;
- (c) for the custody and use of the common seal and the manner in which documents, cheques and instruments of any

description shall be signed or executed on behalf of the Board;

- (d) generally for the exercise of its powers and duties under the provisions of this Ordinance.

9. Any member of the Board who has any financial or other personal interest in any matter before it shall disclose such to the Board and shall take no part in the discussion on any such matter nor vote thereon.

### PART III

#### FINANCIAL

10. The funds and resources of the Board shall consist of—

- (a) such sums as may be allocated to the Board on the authority

“Stock <sup>of the Minister</sup> 10A. (1) The Board may create and issue any stock required for the purpose of exercising their powers f under section 13, and may also, with the approval of p the Minister of Finance, create and issue stock which is to be allotted as consideration for the acquisition of , other undertakings or of shares or stock in other e undertakings.

(2) Stock issued by the Board and the interest s thereon shall be charged on the undertaking and all property and revenues of the Board. r

(3) Nothing in subsections (1) and (2) shall be con- v strued to limit or to have limited the borrowing pow- r ers of the Board either generally or with reference to f the foregoing power to create stock. s

(Added, 15 of 78, s. 2)

under the provisions of this Ordinance.

12. The Board may accept debentures and enter into mortgages by way of security for moneys owing to the Board.

13. Moneys standing to the credit of the Board may from time to time be invested in securities approved either generally or specifically by the Minister and the Board may from time to time with the like approval sell any or all of such securities.

Member  
having  
interest in  
matter before  
the Board to  
disclose it  
and not  
to vote  
thereon

Funds and  
resources of  
the Board

Power to  
accept  
debentures  
and  
mortgages

Investments

14. The income of the Board shall be exempt from income tax under the Income Tax Ordinance.

Exemption  
from income  
tax  
Cap. 43

#### PART IV

##### POWER OF THE BOARD TO MAKE LOANS

15. (1) The Board may, out of the funds and resources of the Board, make loans for any of the following purposes—

Loans

- (a) the development, maintenance and improvement of lands;
- (b) the promotion and development of crafts and industries;
- (c) the promotion of individual home ownership;
- (d) such other purposes as may from time to time be approved by the Minister:

Provided that any funds which are made available to the Board for use for any particular purpose or subject to conditions shall only be loaned for such purpose or subject to such conditions.

(2) The Board shall not lend to any person any sum or sums which will result in the aggregate of all sums loaned to such person by the Board, including all earlier loans not repaid at the date of any further loan, exceeding \$6,000, without the prior consent of the Minister.

16. In addition to the provisions of section 15 the Board may, with the approval of the Minister, from its funds and resources—

Other forms  
of  
expenditure

- (a) make payments of any expenses lawfully incurred by the Board including survey, legal and other fees and costs;
- (b) make payment of any other expense, cost or expenditure properly incurred or accepted by the Board in pursuance of its purposes under the provisions of this Ordinance.

17. In the granting of loans under the provisions of this Ordinance the Board may charge such rate of interest as it may think fit in any particular case or may grant any particular loan either wholly or partly free of interest.

Interest on  
loans  
granted

#### PART V

##### REPAYMENT OF LOANS

18. Subject to the provisions of this Part every loan shall be repaid to the Board in accordance with the terms and conditions under which such loan was granted and the moneys so paid shall be taken into the accounts of the Board.

Loans to be  
repaid in  
accordance  
with terms  
of grant

Period of  
loan

**19.** A loan may be made repayable over such period as the Board may think fit:

Provided that where the time for repayment exceeds 15 years the approval of the Minister shall be first had and obtained to the making of the loan.

Suspension  
of payment  
of principal  
and interest

**20.** The Board may postpone for any time, not exceeding one half of the period for repayment of a loan, the payment of any sum due for principal and interest or for either principal or interest to the Board, upon such terms and conditions for the carrying out of the purposes of such loan and for the ultimate repayment of such principal or payment of such interest as the Board may think necessary.

Payment of  
loan before  
due

**21.** The Board may at any time accept payment of the whole or any part of the principal and interest of a loan before the time when such repayment or payment is due upon such terms and conditions as the Board may think fit.

## PART VI

### EXAMINATION AS TO APPLICATION OF LOANS

Examination  
as to  
application  
of moneys  
lent

**22.** (1) Where the Board has made a loan under the provisions of this Ordinance the Board may from time to time make or cause to be made such examination as may be necessary to ensure that the loan is being applied to the purposes for which it was made.

(2) The Board may appoint any of its officers or any other persons authorised in writing by the Board to make such examination and the person, body or authority in receipt of the loan shall produce to such officer or person all the relevant books, documents and other matters and things necessary for the purposes of the examination.

(3) Any officer of the Board appointed under this section or other person authorised in writing by the Board under this section may, at all reasonable times, enter upon any lands or premises in respect of which a loan has been made under this Ordinance and examine the same.

Order of  
Board upon  
examination

**23.** Where upon any examination made under section 22 it appears to the Board that any sum being the whole or any part of the loan has not been applied for the purpose for which the loan was made the Board may order that, within the time mentioned in

the order, any such sum be applied to such purpose or that such sum be repaid to the Board within the time mentioned in the order and any sum so ordered to be repaid to the Board shall become a debt due to the Board.

24. (1) If any loan made under this Ordinance or any part thereof has been misapplied the Board may—

Mis-application of loan secured by mortgage or otherwise

(a) where such loan has been secured by mortgage, by notice in writing addressed to the mortgagor, recall the said loan or any part thereof and may require the loan or that part to be repaid on the date specified in the notice, and any security given for the purpose of the loan may be realised accordingly;

(b) where such loan has been secured otherwise than by way of mortgage, by notice in writing addressed to the borrower, request the loan or that part to be repaid on the date specified in the notice, and any security given for the purpose of the loan may be realised accordingly.

(2) The provisions of subsection (1) shall be in addition to any other proceedings which may be taken.

25. When any property mortgaged as security for a loan under this Ordinance is sold for the purpose of the enforcement of the security the Board may buy such property and may either manage or hold such property or sell or otherwise dispose of it as the Board may think fit.

Enforcement of securities

## PART VII

### ACCOUNTS

26. (1) The Board shall keep accounts of all its transactions.

Accounts and audit fee

(2) Any audit fee payable under section 44 of the Public Finance (Control and Audit) Ordinance shall be paid from the funds of the Board.

Cap. 79

27. The Board may, with the approval of the Minister, write off bad debts.

Bad debts

28. (1) The financial year of the Board shall be the 12 months ending on the 31st day of December in any year.

Report

(2) The Board shall immediately after the 31st day of December in any year submit to the Minister a report containing an account of its transactions throughout the year.

## PART VIII

## LEGAL

Recovery of  
debts due to  
the Board

**29.** (1) The Board shall conform to any directions given by the Minister for the taking of any action or bringing of any proceedings to effect recovery of any sum due and payable to the Board in respect of any loan made under the provisions of this Ordinance.

1939 c. 21

(2) The provisions of the Limitation Act 1939 shall not apply to any proceedings for the recovery of any loan repayable to the Board, or any part thereof, and a debt payable to the Board shall be entitled to the same priority in any proceedings in bankruptcy or insolvency as a debt in respect of tax payable to the Crown.

Minutes and  
proceedings

**30.** (1) No act done or proceeding taken under this Ordinance shall be questioned on the ground—

- (a) of the existence of any vacancy on, or any defect in the constitution of the Board; or
- (b) of any omission, defect or irregularity not affecting the merits of the case.

(2) Any minute made touching a meeting of the Board shall, if duly signed by the Chairman of the Board or authenticated by the secretary, be receivable in evidence in all legal proceedings without further proof, and every meeting of the Board in respect of which minutes have been so made shall be deemed to have been duly convened and held and all members thereof to have been duly qualified to act.

Penalty for  
mis-  
application  
of loan

**31.** Any person who knowingly applies any loan or part thereof made to him under the provisions of this Ordinance to any purpose other than that authorised by the Board shall be liable to a fine of \$200 and to imprisonment for 6 months.

False  
statements

**32.** Any applicant for a loan who wilfully fails to disclose any material information within his knowledge, or who wilfully makes any statement which he knows to be false or does not believe to be true shall be liable to a fine of \$200 and to imprisonment for 6 months.



## SUBSIDIARY LEGISLATION

## Regulations under section 8

## NATIONAL LOANS BOARD REGULATIONS

G.N. 214/59

1. These Regulations may be cited as the National Loans Board Regulations.
2. The Board shall meet for the purpose of transacting its business at such times, not being less than 4 times a year, as the Chairman may determine.
3. The Chairman shall appoint such member of the Board as he may think fit to be his deputy in his absence.
4. 3 members shall form a quorum at a meeting of the Board.
5. In the event of there being an equality of voting the person presiding at the meeting shall have a casting vote in addition to a deliberative vote.
6. Minute of the proceedings of the Board, which shall not be published, shall be kept by the secretary.
7. The common seal of the Board shall be in the keeping of the Chairman or the secretary. The seal shall be affixed in pursuance of a resolution of the Board in the presence of any member of the Board and the secretary who shall sign every instrument to which the seal of the Board is so affixed in their presence.
8. Cheques, documents, and instruments binding the Board, shall be signed or executed on behalf of the Board by any 2 members to be designated by the Chairman. For this purpose the secretary shall be deemed to be a member.
9. Cheques or drafts in favour of the Board may be endorsed by the secretary or any 1 member.
10. The Board may employ agents in countries other than the Gilbert Islands to assist in carrying out its business.
11. The Board may appoint any person not a member of the Board to be an adviser. An adviser may attend meetings of the Board but shall not vote.
12. The service of any document on the secretary of the Board shall be deemed to be service on the Board.