

Conveyancing Amendment (Mortgages) Bill 2001

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to amend the *Conveyancing Act 1919* to impose a duty on mortgagees and chargees:

- (a) when exercising a power of sale in respect of mortgaged or charged property, to take all reasonable care to ensure that the property is sold for not less than its market value (if the property has a market value) or for the best price reasonably obtainable (if the property does not have a market value), and
- (b) when in possession of mortgaged or charged property, to take all reasonable care to ensure that the value of the property is not diminished.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day 3 months after the date of assent, unless commenced sooner by proclamation.

Clause 3 is a formal provision giving effect to the amendment to the *Conveyancing Act 1919* set out in Schedule 1.

Schedule 1 inserts proposed section 111A (Certain duties of mortgagees and chargees) into the *Conveyancing Act 1919* to give effect to the object of the Bill outlined above.