

Government Housing Bank Act B.E. 2496 (1953)

Translation

Bhumibhol Adulyadej, Rex

This 9th day of January, BE 2496

Being the 8th Year of the Present Reign

By Royal Command of HM King Bhumibhol Adulyadej, it is hereby proclaimed that;

Whereas it is deemed appropriate that the Government Housing Bank should be established to assist the people to have housing suitable to their well being;

HM, the King is thus graciously pleased that an Act be promulgated by and with the advice and consent of the Parliament as follows:

Section 1

This Act shall be called the "Government Housing Bank Act, BE 2496 (1953)".

Section 2

This Act shall come into force from the day following the date of its publication in the Government Gazette.

Section 3

In this Act:

"Minister" means the Ministry in charge and control of the execution of this Act

"Bank" means the Government Housing Bank

"Land" means land used for housing or housing related purposes

"Building" means construction used for residential housing or related to residential housing or for the benefit of housing

"Board" means GHB's Board of Directors.

"Manager" means GHB's manager.

Section 4

The Minister of Finance shall be in charge and control of the execution of this Act and shall be empowered to issue ministerial regulations to carry out the duties under this Act. Such Ministerial Regulations shall come into force upon their publication in the Government Gazette.

Chapter 1**Establishment, Capital and Reserves****Section 5**

A Bank shall be established and called the "Government Housing Bank" to promote the use of funds to invest in building and/or land development in accordance with this Act's provisions and the Bank shall be a juristic person.

Section 6

The capital of the Bank shall not be more than five hundred million Baht. The capital shall be as follows:

- (1) The government will contribute twenty million Baht as initial capital
- (2) The government will from time-to-time contribute additional capital as deemed appropriate
- (3) Co-investment from other persons as shall be prescribed by Royal Decree

** Capital of the Bank may be increased from time to time as necessary by Royal Decree

Section 7

Co-investment from other persons under Section 6 (C) -the principal and interest shall be guaranteed by the government at no less than 5% but not more than 7% per annum as the Bank's Board may prescribe.

Section 8

The Bank shall establish a General Reserve for possible losses. Such reserves shall be funded from each years net profits (not to exceed 20%), after provisions for bad and doubtful debts, depreciation and such expenses as usually provided for by bankers. Whenever the ordinary reserves amount to 100% of the capital outstanding or more, the annual appropriations may be reduced by the Board of Directors.

Section 9

The ordinary reserve may be used only after a Board of Directors resolution with consent of the Minister.

Section 10

Any remaining net profits after deducting the appropriations provided for in Section 8 shall be accumulated for the Bank's business.

Section 11

The Bank shall establish its principal offices in Bangkok and may establish branch offices or agencies anywhere else in the Kingdom.

Chapter 2

Supervision Control and Management

Section 12

The authority and duty to supervise the Bank's operations shall be vested with the Minister.

Section 13

The Board of Directors shall include a Chairman and not less than four but no more than seven other directors. Among the directors, one shall be one from the National Housing Authority and one from the Ministry of Finance.

The Bank's manager shall be a Director. The Chairman, directors and manager must be of Thai nationality and shall be appointed by the Cabinet.

Section 14

Persons of the following characteristics are prohibited from being Chairman or a director:

- (1) Any person have interest in an agreement with the Bank or in any business conducted with the Bank either directly or indirectly except in the case of a shareholder who invests in good faith in a limited company of such interest.
- (2) An employee of the Bank
- (3) Be or used-to-be a bankrupt person

Section 15

The Chairman and any director shall be in the position for a two year term. The Chairman and directors who retire may be appointed for another term.

Section 16

The Chairman and directors shall be removed from their positions before the expiry date of their term as provided in Section 15 under the following conditions:

- (1) Death
- (2) Resignation
- (3) Removal by the Cabinet
- (4) Person prohibited by Section 14

In cases where a Chairman or any directors are removed from their positions before the end of their terms, their replacements shall serve no longer than the terms of those they replace.

Section 17

The Board has the authority to supervise, control and administrate the Bank's business. This authority shall include:

- (1) Conducting business in accordance with Section 27.
- (2) Prescribing regulations regarding meetings and the Board and Executive Board's business conduct
- (3) Prescribing Bank employee regulations and code of conduct
- (4) Prescribing regulations - Bank's business
- (5) Appointing and discharging the Bank's employees and determining the salaries of the Bank's Manager and its employees as well as demanding security from the employees so that they perform their duties honestly.

The regulations in (3) and (4) and salary rates for the Manager and the employees must receive the Ministry's consent.

Section 18

In performing its duties, the Board shall follow the Minister's policies.

Section 19

The Board shall be the Bank's representative in business dealings with outside parties. Nevertheless, the Board may assign such duties to the Executive Board or the Manager.

Section 20

The Board shall submit a report to the Minister once a year in which the Balance Sheet, the Profit and Loss Statement are presented.

Section 21

The Board is authorized to appoint a Committee of Executive Directors comprising the Manager and at least two but not more than four directors, including one from the National Housing Authority. The Board shall elect one Executive Director as Chairman of the Executive Board, whose term is one year and he may be re-elected. In all cases the Executive Board chairman's term ends if he or she leaves the Bank's Board of Directors.

Section 22

The Executive Board shall have the authority to perform any duty within the capacity of the Bank's Board of Directors but comply with the Board prescribed general rules or specific orders.

Section 23

The Manager shall have authority as assigned by Board and Executive Board and will determine his remuneration.

Section 24

The Manager shall be relieved of his position when he:

- (1) Dies
- (2) Resigns
- (3) Removed by the Cabinet
- (4) Is a person prohibited under Section 14 (1) and (3)

Section 25

The Chairman, Directors and Executive Directors shall be remunerated as prescribed by the Cabinet.

Section 26

The Chairman, Directors and Executive Directors, the Manager and the Bank's employees may be rewarded according the regulations prescribed by the Cabinet.

Chapter 3 **Business of the Bank**

Section 27

To perform in accordance with this Act's provisions, the Bank shall conduct business to promote and facilitate the use of funds to invest in building and / or land development.

- (1) To lend money for the following purposes:
 - a) Borrowers will use funds to buy land or buildings for their own use
 - b) Borrowers may use funds to build, repair or expand their own buildings
 - c) Borrowers may mortgage their own homes
 - d) Borrowers may use funds to pay off liens
 - e) Using funds to invest in housing business
- (2) To accept, pledge or lien assets as collateral against loans
- (3) To accept deposits payable on demand or at the end of a specified term.
- (4) To conduct any relevant business as prescribed by the Royal Decree. In such a case, the business shall be conducted in accordance with provisions and conditions as determined by Ministerial Regulations.

Section 28

After receiving Cabinet Consent, the Bank may issue and sell bonds or debentures or borrow funds in other ways to strengthen its operations.

The bonds, debentures and borrowed funds shall be guaranteed for principal and interest payments by the government.

Section 29

In lending to any person, the Bank has the right to demand that insurance be maintained on the pledged or mortgaged assets accepted by the Bank as collateral. In cases where the assets have depreciated by more than 20 per cent, the Bank has the right to demand additional collateral within a reasonable period of time.

Chapter 4

Bank Protection

Section 31

The Bank has the right to demand payment in full on any outstanding loan in the following cases:

- (1) When the Board becomes aware that the loan application contained material false statements
- (2) The borrowers are not complying with the loan's terms and conditions
- (3) The Borrower diminishes the collateral's value
- (4) It becomes clear to the Board that the Borrower is insolvent

Section 32

During the construction, expansion or renovation of a building with funds borrowed from the Bank, the Board has the authority to instruct Bank employees to periodically inspect the work to ensure compliance with the loan agreement.

Chapter 5

Bookkeeping, Audit and Examinations

Section 33

The Board shall establish and implement a proper bookkeeping and accounting system that will be subject to regular audits. These accounts shall include records of:

- (1) Receipts and Payments
- (2) Assets and Liabilities

All entries shall indicate the actual work conducted and classified according to the type of work with notes explaining the background of such entries.

Section 34

Every year the Auditor General shall audit the Bank's accounts.

Section 35

The Auditor General has the authority to examine all of the Bank's accounts and supporting documents at any appropriate time. During such audits, the auditor shall have the authority to question or investigate the Chairman, Directors, Executive Directors, Manager of the Bank's employees.

Section 38

Within 120 days after the year end, the Bank must post for publication the Bank's fiscal year balance sheet, profit and loss statement along with the Auditor General's report.

Section 38 (b)

The Bank shall establish a welfare and support fund for employees and their families according to Board prescribed rules.

Chapter 6

General Provisions

Section 39

Regarding the relationships of the Bank's Directors and External Persons, the Civil and Commercial Code provisions regarding representative Mutatis, Mutandis shall apply. However, the Directors shall not be responsible for expenses or damages incurred to the Bank arising from:

- (1) An act of from seized collateral, or
- (2) Insolvency, other Directors or employees of the Bank, or
- (3) Collateral deficiencies bankruptcy or wrongful acts by the Bank's debtors

except in the case where the damages were caused by the director or employees own willful act or gross negligence.

Chapter 7 Penalties

Section 40

Any person intentionally giving false statements or allows anyone to give statements known to oneself to be false and such statements appear on documents delivered to the Bank as collateral or leading the Bank to believe that they are collateral shall be found guilty of a criminal offense and punished with imprisonment of not more than three years or a fine of not more than 10,000 Baht or both.

Section 41

Any person using the Bank's name in a prospectus or gives any statement without the Bank's written consent shall be found guilty of a criminal offense and punished with imprisonment of not more than six months or a fine of not more than 2,000 Baht, or both.

Section 42

If the Chairman, a Director or Manager disclose or use for their own benefit any information about a person requesting bank support, except in the case of performing their duties, shall be guilty of a criminal offense and shall be punished with imprisonment of not more than six months or a fine of not more than 2,000 Baht, or both.

Section 43

The Chairman, Directors, Manager, employees of the Bank, auditors or examiners -if anyone discloses or allows to be given to persons not legally entitled to any statements about the Bank's business or allows that person to examine or see the Bank's books or documents connected with Bank related business, shall be guilty of a criminal offense and shall be punished with imprisonment of not more than six months or a fine of not more than 2,000 Baht, or both.

Countersigned by

Field Marshal P Pibulsongkram

Prime Minister

Note

- Definition of "Land and Building" in Section 3 was amended by the Revolutionary Party Announcement No 317 and came into force 12 February, BE 2516.
- The provisions of Section 5 were amended by the Revolutionary Party Announcement No 317 and came into force 12 February, 2516. Section 6 (2) was amended by the GHB Act (No. 2) BE 2535 that came into force 9 April BE 2535.
- The provisions of Section 10, 13 and 14 were amended by Revolutionary Party Announcement No 17 that came into effect 12 February BE 2516.
- The provisions of Section 15 and 17 were amended by Revolutionary Party Announcement No 17 that came into effect 12 February BE 2516.
- The provisions of Section 18, 22 and 23 were amended by Revolutionary Party Announcement No 17 that came into effect 12 February BE 2516. In dealing with outside parties, the Manager as the Bank's representative may authorize any Bank employee to act as its attorney. Such authorization must comply with the Bank's Articles of Association.
- The provisions of Section 27 were amended by Revolutionary Party Announcement No 17 that came into effect 12 February BE 2516.
- The provisions of Section 30 were canceled by Revolutionary Party Announcement No 17 that came into effect 12 February BE 2516.
- The provisions of Section 34 were amended by Revolutionary Party Announcement No 17 that came into effect 12 February BE 2516.

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