

Government Housing Bank Act (No.3), B.E. 2549 (2006)

Translation

Bhumibhol Adulyadej, Rex

Given on the 9th of January, B.E. 2549

Being the 61st Year of the Present Reign

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to revise the law on the Government Housing Bank;

Be it, therefore, enacted by the King, by and with the advice and consent of the National Legislative Assembly, acting as National Assembly, acting as follows:

Section 1

This Act shall be called "the Government Housing Bank Act (No.3), B.E. 2006".

Section 2

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

Section 3

The definition of "building" under Section 3 of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the National Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follows:

"building" means structure used for residential or related purposes or for the benefit of housing, including equipment and items for the benefit of housing as specified by the Board of Directors of the Bank in the Government Gazette"

Section 4

The provisions of Section 5 of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the Nation Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follows:

"Section 5

There shall be established a bank called the "Government Housing Bank," or "Thor Or Sor," and this Bank shall be a juristic person.

The Bank has the objective of supporting the people in acquiring a building and/or land for the benefit of housing. "

Section 5

The provisions of Section 11 of the Government Housing Bank Act, B.E. 2496 shall be repealed and replaced as follow:

"Section 11

The Bank shall have its head office in Bangkok and may establish branch offices or agents anywhere in the Kingdom."

Section 6

The provision of paragraph 1, Section 13, of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the National Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follow:

"Section 13

There shall be a Board of Directors of the Bank consisting of the Chairman, the Governor of the National Housing Authority, a representative of the Ministry of Finance, and not less than four but not more than seven other Directors. The Manager shall be a Director ex officio of the Board of Directors of the Bank."

Section 7

The provisions of Section 14 and Section 15 of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the National Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follow:

“Section 14

A person under the following prohibitions shall not become Chairman, Director or Manager:

- (1) being a person having interest in a contract with the Bank or in a 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 involved in such undertakings;
- (2) being an official of the Bank;
- (3) being or having been bankrupt.

Section 15

The Chairman and other Directors appointed by the Council of Ministers shall hold office for a term of three years.

The Chairman and other Directors may be re-appointed upon the expiration of their term.”

Section 8

The provisions of Paragraph 1, Section 21, of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the National Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follows:

“Section 21

The Board of Directors of the Bank has the power to appoint an Executive Committee consisting of the Manager and at least two but not more than four other members.”

Section 9

The provisions of Section 23 of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the National Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follows:

“Section 23

The Manager shall have the duty to conduct the business of the Bank as assigned by the Board of Directors or the Executive Committee. He shall have the authority over all officials and employees of the Bank.

In case where the Manager is assigned to represent the Bank under Section 19, the Manager may authorize any person to act on his behalf in accordance with the regulations of the Bank.”

Section 10

The provisions of Section 24 of the Government Housing Bank Act, B.E. 2496 shall be repealed and replaced as follow:

“Section 24

The Manager vacates office upon:

- (1) death;
- (2) resignation;

- (3) removal by the Council of Ministers on grounds of neglect of duty or misconduct or quasi-incompetence;
- (4) being prohibited under Section 14.

Section 11

The provisions of Section 27 of the Government Housing Bank Act, B.E. 2496, as amended by the Announcement of the Nation Executive Council No. 317 of 13 December B.E. 2515, shall be repealed and replaced as follows:

“Section 27

Within the scope of the objective stipulated under Section 5 , the Bank has the power to conduct business as follows:

- (1) grant loans for the following purposes:
 - a. for the purchase of land and/or buildings for borrowers’ own use;
 - b. for the construction, extension and/or renovation of borrowers’ own buildings;
 - c. for the redemption of mortgage of borrowers’ own land and/or buildings;
 - d. for the redemption of sale with right of redemption of borrowers’ own land and/or buildings;
 - e. for the purchase, rent, construction, extension or renovation of buildings on the land to which borrowers have the lease right in accordance with the conditions determined by the Board of Directors of the Bank;
 - f. for borrowers’ use in investing in the housing business;
 - g. for other undertakings in accordance with the objectives of the Bank;
- (2) accept pledge or mortgage of property as collateral against loans;
- (3) accept deposits payable on demand or at the end of a specified term;
- (4) establish on its own or jointly with other juristic persons an asset management company in accordance with the law on asset management companies;
- (5) hold ownership, or be entitled to own, or have real rights, construct, purchase, procure, sell, dispose of, hire, rent, buy or sell by hire-purchase, borrow, lend, accept pledge, accept mortgage, exchange, transfer, accept transfer, or undertake other activities with regard to the property, including accepting property donated to the Bank;
- (6) appoint or act as agent, commission agent and broker in business in accordance with the objective of the Bank
- (7) conduct businesses appropriate to bank as stipulated in the Royal Decree and in accordance with the terms and conditions prescribed in the Ministerial Regulations;
- (8) undertake other related activities necessary to achieve the objectives of the Bank.”

Section 12

Section 27/1 shall be added to the Government Housing Act, B.E. 2496 as follows:

“Section 27/1

The Bank shall not purchase or possess immovable property except

- (1) for use as places of business, or for the Manager, officials, or employees of the Bank;
- (2) that which is acquired by the performance of obligations, or by the guarantee of the principal amount of loans, or by the purchase of immovable property mortgaged to the Bank from sale by public auction ordered by the Court.

All immovable properties which become properties of the Bank as a result of action taken under (2) above shall be disposed of within five years after such immovable properties had become the properties of the Bank or within a longer period as permitted by the Minister, unless the Minister permits them to be used as places of business, or by the Manager, officials or employees of the Bank.

The disposal of the immovable properties under paragraph two shall be by public auction or by any other means as the Board of Directors of the Bank deems appropriate."

Section 13

The provisions of Section 28 of the Government Housing Act, B.E. 2496 shall be repealed and replaced as follows:

"Section 28

Upon approval by the Council of Ministers, the Bank may issue and sell bonds, debentures, other instruments in writing, or borrow money by other means to increase its operating capacity.

In case where requests are made by the Bank to the Minister of Finance, on behalf of the Government and with approval of the Council of the Ministers, to guarantee payment of the principal amount and interest earned on the afore-mentioned bonds, debentures, instruments or loans, the Ministry of Finance has the power to grant such guarantee in accordance with the law on public debt management."

Section 14

The Royal Decrees and Ministerial Regulations enacted and issued by virtue of the Government Housing Bank Act, B.E. 2496 shall remain in force until such time as the Royal Decree and Ministerial Regulation is issued in accordance with the Government Housing Bank Act B.E. 2496 as amended by this Act enters into force.

Section 15

The Chairman, other Directors, and the Manager holding office on the day this Act comes into force shall remain in office until the appointment of the Chairman, Directors, and the Manager in accordance with the provisions of this Act is effected.

Section 16

The Minister of Finance shall have charge and control of the execution of this Act.

Countersigned by

Police Lieutenant Thaksin Shinawatra

Prime Minister

Remarks: The reason for enacting this Act is because the Government Housing Bank Act B.E. 2496, which stipulates the objective of the Bank as merely promoting the use of funds for investment in acquisition of building and/or land, does not allow the Bank to meet the need of the people for loans on equipment and other items for the benefit of housing. The

objective and power of the bank should therefore be revised to enable the Bank to extend loans for the benefit of housing in a comprehensive manner. Moreover, in order to be consistent with the expanded scope of services to be provided by the Bank, the composition of the Board of Directors and Executive Committee, and terms of office of the Chairman and other Directors appointed by the Cabinet should be revised, as well as the qualification, power, duty and the vacating of office of the Manager. The power to conduct business and the acquisition of capital by the Bank should also be revised. Provisions have been added on guarantee of the Bank's debt by the Ministry of Finance at the same level as other special financial institutions with a view to limiting the Bank's borrowing and keeping the obligation by the Government at an appropriate level.

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