

The South Punyelroo Progress Association Inc  
Mortgage Process

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## **MORTGAGES**

To Register a Mortgage over a lease.

### **Background**

The South Punyelroo Progress Association Inc (SPPA) owns the land (i.e. is the registered proprietor) upon which the shack sites are situated.

The SPPA is an association under the Associations Incorporation Act 1985.

Only members of the SPPA are the owners of the individual shack sites.

Ownership of the individual sites is by way of lease. The SPPA is the Lessor and the individual owners of the shack sites are the Lessees.

The leases have a term of 5 years and are not renewable (lease term cannot be extended).

At the expiration of each 5 year term new leases are signed for each site.

Clause 3.15 of the lease stipulates that Leases cannot be mortgaged without the consent of SPPA.

There are very good reasons for obtaining the consent of the SPPA and you should seek the advice of your solicitor if you believe otherwise.

This means that any bank wishing to register a mortgage over a site must obtain the written consent of the SPPA.

### **PROCEDURE FOR OBTAINING CONSENT TO MORTGAGE A LEASE**

The following procedure must be adhered to in the event that a site owner wishes to register a mortgage over their site. If the owner of a site or a purchaser wishes to use the lease as security for a loan then the owner or purchaser (but in reality the Mortgagee) must :-

Apply for the Consent of the SPPA to register a mortgage over the lease.

To apply you must forward a copy of the mortgage and a consent form for SPPA to sign and a cheque for the fees (approximately \$400.00 but you must confirm this with the association) payable to "The South Punyelroo Progress Association" PLEASE CHECK THIS FEE AS IT MAY HAVE CHANGED.

The fee is charged by the association to cover costs and legal fees and a cheque for this amount should accompany the application.

Once SPPA receive the documents SPPA forward them to their solicitor for perusal (the solicitor usually takes about 10 days to look at the documents) then assuming the documents are in order;

SPPA will sign and seal any consent form and this is done at the SPPA meetings which are held on the **1<sup>st</sup> Thursday of each month. It is wise to ensure that any application for approval is lodged with the association 14 days prior to the next meeting to ensure that the consent is signed at that meeting (meetings are held on the first Thursday of each month except January).**