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

BHUMIBOL ADULYADEJ, REX.

Given on 9th January B.E. 2496 (1953);

Being the 8th Year of the Present Reign.

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

Whereas it is expedient to have a Government Housing Bank in order to render financial assistance to the public for the acquisition of residences appropriate for their station in life;

Be it, therefore, enacted by the King, by and with the advice and consent of the Assembly of the People's Representatives, as follows :

Section 1. This Act is called the "Government Housing Bank Act, B.E. 2496"

Section 2[1]. This Act shall come into force on the day following the date of its publication in the Government Gazette.

Section 3. In this Act:

"Minister" means the Minister having charge and control of the execution of this Act;

"Bank" means the Government Housing Bank;

"land"[2] means land used as a place of residence or in connection with the residence;

"building"[3] means a constructed building used as a place of residence or in connection with, or for the purpose of, a residence;

"Board of Directors of the Bank" means the Board of Directors of the Government Housing Bank;

"Manager" means the Manager of the Government Housing Bank.

Section 4. The Minister of Finance shall have charge and control of the execution of this Act and shall have the power to issue Ministerial Regulations for the execution of this Act.

Such Ministerial Regulations shall come into force upon their publication in the Government Gazette.

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[1] Published in the Government Gazette, Vol.70, Part 6, Page 139, dated 20th January B.E. 2496 (1953)

[2] As amended by the Announcement of the National Executive Council No.317, dated 13th December B.E.2515 (1972)

[3] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

Chapter 1

Establishment, Capital and Reserves

Section 5.[4] There shall be established a bank called the "Government Housing Bank" or briefly called "GH Bank". And this Bank shall be a juristic person.

The Bank's objective is to help people acquire land or buildings for dwellings, which includes supporting elders' beneficial use of land or buildings for their living[5]

Section 6. The capital of the Bank shall be determined in an amount of not exceeding five hundred million Baht, comprising:

(a) twenty million Baht to be contributed by the State as an initial capital;

(b) additional contributions to be given by the State from time to time as may be deemed appropriate;

(c) money given as joint investment by such other persons as may be prescribed by the Royal Decree.

The capital as mentioned above might be increased periodically and legislated by Royal Decree[6]

Section 7. The money given as joint investment by other persons under section 6(c) shall be guaranteed by the government for the repayment of principal together with interest, at the rate of not less than five per cent and not more than seven per cent per annum as to be determined by the Board of Directors of the Bank.

Section 8. An ordinary contingency reserve shall be set up by the Bank. Such reserves shall be accumulated from the annual net profit in an amount of not less than twenty per cent of the net profit after deduction of bad and doubtful debts, depreciation and expenses customarily set aside by bankers.

Whenever the ordinary reserve is as much as one hundred per cent or in excess of the paid – up capital, the amount to be accumulated annually may be reduced by the Board of Directors of the Bank.

Section 9. The ordinary reserves may be expended only by the resolution of the Board of Directors of the Bank with the approval of the Minister.

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[4] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[5] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[6] As amended by Government Housing Bank Act (No.2) B.E. 2535 (1992)

Section 10.[7] The remaining net profits, after having been deducted under section 8, shall be accumulated for use in the activities of the Bank.

Section 11.[8] The Bank shall establish its principal office in Bangkok and may establish its branch offices or agencies anywhere in the Kingdom.

Chapter 2
Supervision, Control and Management

Section 12. The Minister shall have the powers and duties to exercise general supervision of the activities of the Bank.

Section 13.[9] There shall be a Board of Directors of the Bank, consisting of a Chairman, a representative of the Ministry of Finance, a representative of the Ministry of Social Development and Human Security, and not less than four but not more than seven other Directors. The Manager shall be a Director ex – officio.

The Chairman and Directors shall be appointed by the Council of Ministers.

Section 14[10] A person with the following qualifications shall be prohibited from being the Chairman or Director, namely:

(1) having any direct or indirect interest in any contract made with, or in the activities done for, the Bank, except in the case where he is merely a shareholder for the purpose of bona fide investment in a limited company having interest therein ;

(2) being or the Bank's officer

(3) being or having been a bankrupt

Section 15.[11] The Chairman and Directors who were appointed by the Council of Ministers shall be in office for a term of three years.

The Chairman and Directors shall be in office upon the expiration of their term may be reappointed.

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[7] As amended by the Announcement of the National Executive Council No.317, dated 13the December B.E.2515 (1972)

[8] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[9] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[10] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[11] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

If the Chairman or Directors terms of office expire and no replacements have been appointed, the former Chairman or Directors shall remain in office until the new Chairman or Directors are officially appointed, but for not more than ninety days.[12]

Section 16. The Chairman and Directors vacate their office before the expiration of their term as provided in Section 15 upon:

(1) Death;

(2) Resignation;

(3) Being dismissed by the Council of Ministers;

(4) Being prohibited under section 14

The Council of Ministers shall appoint replacements within ninety days in case of vacancies before terms of office expire except when remaining terms of Chairman or Directors are less than ninety days, such replacements are not mandatory. The person appointed to fill such vacancies shall remain in office only for the term of the replaced position[13]

If the Council of Ministers appoint more Directors when existing Directors are in office, the additional Directors shall remain in office as long as the existing Directors' remaining terms[14]

During any Chairman or Directors vacancy, the Board of Directors of the Bank is deemed to be comprised of the remaining Directors[15]

Section 16/1.[16] The Bank's Board of Directors meetings has a quorum of at least half of all Directors. If the post of Chairman is vacant, Chairman is absent, or cannot perform duties, one Director shall be voted as Deputy Chairman of the meeting.

Meeting decisions shall be made through majority vote. One Director shall have one vote. In the event of a tie, the Chairman of the meeting shall cast an additional vote as the deciding vote.

Section 17.[17] The Board of Directors of the Bank shall have the powers and duties to supervise, control and conduct the activities of the Bank, which shall include the powers and duties;

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[12] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[13] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[14] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[15] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[16] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[17] As amended by the Announcement of the National Executive Council No.317, dated 13th December B.E.2515 (1972)

(1) To carry out the activities under section 27;

(2) To lay down the regulations for the meeting and conduct the activities of the Board of Directors of the Bank and the Executive Committee;

(3) To lay down the regulations on the performance of work of the officials of the Bank;

(4) To lay down the regulations on the conduct of work of the Bank;

(5) To appoint and dismiss the officials of the Bank and to determine the rates of salaries of the Bank's Manager and officials as well as to demand guarantees from Bank officials in order that they may perform their duties in good faith.

The determination of the rates of salaries of the Manager shall be made with the approval of the Minister.[18]

Section 18.[19] In performing their duties, the Board of Directors of the Bank shall comply with the policy to be laid by the Minister.

Section 19. The Board of Directors of the Bank shall, in so far as the third party is concerned, be the representative of the Bank, but the Board of Directors of the Bank may entrust the Executive Committee on the Manager to represent it.

Section 20. The Board of Directors of the Bank shall make an annual report and submit it to the Minister. Such report shall include the balance sheet, profit and loss account up to the end of the year, and shall state the outcome of business of the Bank in the previous year.

Section 21.[20] The Board of Directors of the Bank shall have the power to appoint an Executive Committee consisting of the Manager and not less than two but not more than four members.[21]

The Board of Directors of the Bank shall elect one member of the Executive Committee, Chairman of the Executive Committee.

A person elected to the Executive Committee shall be in office for a term of one year and may be re – elected, but the term in office shall expire upon retiring from the position as a Bank Director.

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[18] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[19] As amended by the Announcement of the National Executive Council No.317, dated 13th December B.E.2515 (1972)

[20] As amended by the Announcement of the National Executive Council No.317, dated 13th December B.E.2515 (1972)

[21] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

Section 22. The Executive Committee shall have the powers and duties to perform any act within the scope of the powers and duties of the Board of Directors of the Bank, but such performance shall be in accordance with a general rule or specific order as prescribed by the Board of Directors of the Bank.

Section 22/1.[22] There shall be one Manager of the Bank.

The Manager shall be appointed by the Board of Directors of the Bank with the approval of the Minister.

Section 23.[23] The Manager shall have the powers and duties as may be entrusted by the Bank's Board of Directors, Executive Committee and has the power to command all Bank staff and employees.

In dealing with third parties, the Manager shall be the representative of the Bank under section 19. For this purpose, the Manager may delegate his power to any official of the Bank to act on his behalf subject to the regulations of the Bank.

Section 24.[24] The Manager shall vacate his office upon:

(1) Death;

(2) Resignation;

(3) [25] Being dismissed by the Bank's Board of Directors with the approval of the Minister due to faulty performance, misconduct or deficiency in ability;

(4) Being prohibited under section 14

Section 25. The Chairman, Directors and the Executive Committee shall receive remuneration as prescribed by the Council of Ministers.

Section 26 The Chairman, Directors, the Executive Committee, Manager and Bank officials, may receive bonuses in accordance with the rules laid down by the Council of Ministers.

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[22] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[23] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[24] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[25] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

Chapter 3

Bank's business

Section 27.[26] Within the scope of the Bank's objectives under section 5, the Bank has the following authority:

(1) [27]To grant loans for the following purposes:

(A) To enable borrowers to purchase land or buildings as their own;

(B) To enable borrowers to construct, enlarge or renovate their own buildings;

(C) To enable borrowers to redeem mortgage involving their own land or buildings;

(D) To enable borrowers to redeem their own land or buildings sold with rights of redemption

(E) To enable borrowers to purchase, rent, construct, enlarge or renovate buildings on leasehold land according to Bank Board of Director's regulations.

(F) To enable borrowers to invest in housing business;

(G) To enable elderly borrowers to beneficially use their own land or buildings for living;

(H) For other purposes, according to the Bank's objectives

(2) To accept pledge or mortgage property loan guarantees

(3) To accept deposits which shall be repaid upon demand or expiration of a prescribed period

(3/1)[28]Issue and sell bonds, financial instruments, or other borrowings

(3/2)[29]Issue and sell savings lotteries according to terms and conditions specified in the Ministerial Regulation

(3/3)[30]Establish companies or operate businesses with other persons, relating to the Bank's housing loan business, according to the terms and conditions specified in the Ministerial Regulations

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[26] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[27] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[28] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[29] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[30] As amended by Government Housing Bank Act (No.4) B.E. 2562 (2019)

(4) To establish or affiliate with other juristic persons to found Asset Management Companies legally

(5) Hold ownership, own possession, construct, purchase, supply, sell, rent, hire-purchase, borrow, lend, pledge, mortgage, exchange, transfer or conduct any activities with properties including receive donated properties

(6) To establish, be an agent, for the Bank's purposes

(7) To conduct the Bank's operation as defined in Royal Decree and follow Ministerial Regulations' terms and conditions.

(8) To conduct other activities related to Bank objectives.

Section 27/1.[31] The Bank is not permitted to purchase or own real estates except;

(1) When it is a place for business operations or for the Bank Manager, staff and employee use as necessary.

(2) The Bank acquired this real estate from debt repayment, loan guarantees or purchased real estate from mortgage foreclosure sales by court order.

If real estate become the Bank's property No (2), the Bank must sell property within five years from the date the real estate becomes the Bank's property except when the Minister extends the ownership period or permits it be used for Bank business or Bank managers, staff, or employee use, as necessary.

To sell above real estate (No. 2), the Bank must follow auction procedures or by any means as approved by the Bank's Board of Directors.

Section 28. (Repealed)[32]

Section 29. In granting loans to any person, the Bank has the right to require the borrower to have or to continue having the property which has been pledged or mortgaged with the Bank insured so as to secure such loan to the satisfaction of the Bank.

If the guaranteed asset has depreciated by more than 20 per cent, the Bank has the right to request the borrower to provide more security within a reasonable period of time.

Section 30. (Repealed)[33]

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[31] As amended by Government Housing Bank Act (No.3) B.E. 2549 (2006)

[32] As repealed by Government Housing Bank Act (No.4) B.E. 2562 (2019)

[33] As repealed by the Announcement of the National Executive CouncilNo.317, dated 13th December B.E.2515 (1972)

Chapter 4

Bank's protection

Section 31. After having granted loans to any person, the Bank may give notice requiring them to make full repayment of the outstanding loans in the following cases:

(a) when it appears to the Board of Directors of the Bank that there is incorrect content in the loan application

(b) when the borrower has failed to comply with the Bank's loan agreement

(c) when the borrower has diminished the security's value (given to the Bank) or

(d) when it appears to the Board of Directors of the Bank that the borrower is insolvent

Section 32. Constructing, enlarging and renovating buildings from loans granted by the Bank, the Bank's Board of Directors have the authority to instruct the Bank's officials to inspect the construction process at any time in order to ascertain whether that the borrower has duly performed his obligation.

Chapter 5

Accounting, Audit and Investigation

Section 33. The Board of Directors of the Bank shall set up and maintain a correct accounting system with classifications for major works, conduct regular internal audits and have accounts for:

(a) receipts and payments

(b) assets and liabilities

which show the actual transactions in accordance with appropriate categories of works together with documents showing the source of above transactions.

Section 34.[34] The Audit Council shall audit the accounts of the Bank in each year.

Section 35. The auditor shall have the authority to examine all the Bank's account books and documents at reasonable times, and for this purpose shall also have the power to interrogate the Chairman, Directors, members of the Executive Committee, Manager or officials of the Bank.

Section 36. (repealed)[35]

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[34] As amended by the Announcement of the National Executive Council No.317, dated 13th December B.E.2515 (1972)

Section 37. (repealed)[36]

Section 38. The Bank shall, within one hundred and twenty days from the date ending the Bank's accounting year, publish its annual report including its balance sheet, working accounts, and profit and loss accounts, up to the end of the accounting year, together with a report of the auditor appointed by the Board of Directors of the Bank under section 34.

Section 38 bis.[37] The Bank shall provide a welfare fund or other aid for the welfare of Bank personnel and their families according to the regulations laid down by the Board of Directors of the Bank.

Chapter 6
Miscellaneous

Section 39. In so far as the relationship between the Bank, its Directors and third parties is concerned, the provisions of the Civil and Commercial Code on Agency shall apply mutatis mutandis.

However, Directors have no responsibility for any expenses or losses incurred due to:

(a) an act of any other Directors, the Bank's officers or employees or

(b) the insufficiency or defect in the value, the right over the property or acquired or accepted security in the Bank's name

(c) the insolvency, bankruptcy or violation of the Bank's debtor; unless such expense or loss has been incurred by his own willfulness or negligence.

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[35] As repealed by the Announcement of the National Executive CouncilNo.317, dated 13th December B.E.2515 (1972)

[36] As repealed by the Announcement of the National Executive CouncilNo.317, dated 13th December B.E.2515 (1972)

[37] As amended by the Announcement of the National Executive CouncilNo.317, dated 13th December B.E.2515 (1972)

Chapter 7

Penalties

Section 40. Whoever willfully gives a false statement or allows any person to give what he knows to be a false statement, and such statement has been shown in any document filed with the Bank to be understood or proposed security for a loan granted by the Bank, shall be liable to imprisonment for terms not exceeding three years or fines not exceeding ten thousand Baht or both.

Section 41. Whoever, without consent of the Bank in writing , uses the name of the Bank in any prospectus or notice, shall be liable to imprisonment not exceeding six months or to fines not exceeding two thousand Baht or both.

Section 42. The Chairman, Directors, or Manager who do anything for their own benefit or for the benefit of another person except in the course of performing their duties, divulge or make use of any information given to the Bank or any Director of the Bank by any person seeking financial assistance, shall be liable to imprisonment not exceeding six months or to fines not exceeding two thousand Baht or both.

Section 43. The Chairman, Directors, Manager, official Bank employees, account auditors, Bank examiners who reveal or allow to be revealed to any person who has no right to be informed about information related to the Bank's business or allow such persons to examine account books or documents which are in possession of the Bank or relating to the Bank's business, shall be liable for imprisonment (not exceeding six months) or to fines not exceeding two thousand Baht or both.

Countersigned by :

Field Marshal P. Pibulsonggram

Prime Minister

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Announcement of the National Executive Council No.317, dated 13th December B.E.2515[38]

No. 16 This announcement of the National Executive Council is effective sixty days after publication in the Government Gazette:

Government Housing Bank Act (No.2) B.E.2535[39]

Remarks: Reason for this amendment to the Act is because Government Housing Bank Act B.E. 2496 establishes capital at not more than Bt500 million, limiting amounts available to assist people purchasing their own homes. With the issuance of additional loans annually, the Bank's capital ratio decreases forcing the Bank to increase capital annually. Therefore, this Royal Decree amends the Act to permit the Bank to increase capital as necessary to expand the Bank's business. The Bank can then expand housing loan services while maintaining normal capital adequacy ratios. This will provide management more flexibility. Therefore, this Act should be amended.

Government Housing Bank Act (No.3) B.E.2549[40]

Section 14. All Royal Decrees and Ministerial Regulations enacted by Government Housing Bank B.E. 2496 continue in force until new Royal Decrees and Ministerial Regulations that follow are enacted.

Section 15. The Chairman, Directors and Managers who occupy such positions under this Act, remain in their positions until the new Chairman, Directors and Managers are appointed under Government Housing Bank Act B.E.2496 which is amended by this Act.

Section 16. Minister of Finance is still in position as this Act.

Remark : Reason for this Act is because Government Housing Bank Act B.E. 2496 stated that the purpose of the Government Housing Bank's establishment is to support investment in buildings /and/or land provided only. Government Housing Bank cannot provide housing loans to purchase home appliances or facilities.

This Act permits the Bank to increase its housing loan services.

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[38] Published in the Government Gazette, Vol.89, Part 190, Special Issue Page 72, dated 13th December B.E. 2515 (1972)

[39] Published in the Government Gazette, Vo1.109, Part 42, Page 84, dated 8th April B.E. 2535 (1992)

[40] Published in the Government Gazette, Vol.123, Part 4 n, Page 1, dated 17th January B.E. 2549 (2006)

To meet the demand for these increased services, the Bank should develop and improve the structure of its Board of Directors and Executives. It should also determine the Chairman and Board of Directors tenures in line with the Bank's scope of services expansion. The Bank should also improve Manager's qualifications, authority, and their tenures.

This Act provides the Bank authority to adjust and develop its business and access new capital sources.

The Act allows the Ministry of Finance to provide access to increasing levels of government guaranteed housing financing similar to other Specialized Financial Institutions.

Therefore, this Act should be amended.

Government Housing Bank Act (No.4) B.E.2562[41]

Section 2. This Act is effective on the next day of publication in the Royal Thai Government Gazette.

Section 15. Chairman and Directors appointed by the Council of Ministers as the Government Housing Bank's Board of Directors according to the Government Housing Act B.E.2496, who are in their post prior to this Act enforcement, shall perform duties as Chairman and Directors appointed by the Council of Ministers in compliance with the Government Housing Bank Act B.E.2496 which is amended by this Act until their term expiration.

Section 16. Minister of Finance shall be in charge of this Act.

Remarks: Reason for this Act is to amend as appropriate the Government Housing Bank's objective, which is a state-owned financial institution, to include supporting elders' beneficial use of land or buildings for their living; and amend additional provisions on the Government Housing Bank's Board of Directors composition and Board meeting quorums, termination of Chairman of Directors appointed by the Council of Ministers, and the Government Housing Bank's authority to perform tasks for flexibility and efficiency in management. Therefore, this Act should be amended

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[41] Published in the Government Gazette, Vol.136, Part 50 n, Page 64, dated 16th April B.E. 2562 (2019)