

## ABSTRACT

Thesis Title : Legal Measures in Business Operation of the  
Government Housing Bank : A Case Study of the  
Development of the Secondary Mortgage Marketing  
System.

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The Government Housing Bank's business operation is different from commercial banks in general, since its policy emphasizes offering low-interest loans to low-income and middle-income people. However, the economic condition regarding housing has recently changed and the bank has some limitation in terms of capital fund, which hinders its offering of housing loans to a certain extent. According to the government's monetary system development plan, the Government Housing Bank is obliged to adjust its role and expand the scope of the secondary mortgage market in order to have one more channel for mobilizing funds to the secondary mortgage system. Also, the bank is urged to issue securities for the secondary mortgage market. Such a government's policy is considered challenging to the bank. According to the 1953 Government Housing Bank Act , amended by the 317<sup>th</sup> declaration of the Revolution Group , dated December 13, 1972 , Article 27 ; the 1975 Ordinance regarding the operation of the Government Housing Bank,

Article 3 ; and related official rules and regulations , the bank is designed to deal with housing loans and savings mobilization only. Therefore , the secondary mortgage business is something different from the bank's principal businesses.

This thesis is aimed at analyzing the legal measures on the role of the Government Housing Bank in operating the secondary mortgage business and to see whether they will encounter any problems and what the problems are. In addition , it focuses on finding out how much the resent legal measures facilitates or are suitable for the secondary mortgage business operation and whether it is essential to improve the measures or to pass more legislations so that the expansion of the scope of the bank's operation can accommodate the secondary mortgage marketing system development.

It has been found that the Government Housing Bank has played an important role in establishing the Secondary Mortgage Department (SMD) and has high potential to run the business as it can act as both a buyer and seller of mortgaged property in the secondary mortgage market. At present , however , the 1953 Act , the 1972 Ordinance and the First Ministerial Regulation in 1975 do not stipulate that the Government Housing Bank can deal with the buying and the selling of mortgaged property , render such service and converse the property into securities , which is the business in the secondary mortgage market. Accordingly , the legal measures currently enforced neither facilitate nor are suitable. It is essential that the Government Bank have the 1953 Act amended or the 1975 Ordinance reviewed in order that it can extend its business to include the buying and selling of mortgaged property , the rendering of related services and the conversion of property into securities . This will enable the bank to carry out the secondary mortgage marketing development.