



CHAPTER 3

An Act establishing Provincial Farm Credit

[Assented to, the 12th of November, 1936]

HIS MAJESTY, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows :

1. This act may be cited as *Quebec Farm Credit Act* Short title.

2. In this act, unless inconsistent with the context, the following words have the meaning hereinafter given to them:

a. "Farmer" means any owner of a farm or enterprise belonging to or connected with agriculture, which he operates himself or through servants, and from which he derives the whole or an appreciable part of his income;

b. "Loan" ("*emprunt*") means a loan obtained under the authority of this act; "Loan" ("*emprunt*");

c. "Borrower" means a farmer or another person who has applied for or obtained a loan under the authority of this act; "Borrower";

d. "Farm" means any immoveable operated or to be operated within a reasonable delay, in view of one or more enterprises belonging to or connected with agriculture;

e. "Bureau" means the Farm Credit Bureau instituted by this act; "Bureau";

f. "Loan" ("*prêt*") means a loan made under this act. "Loan" ("*prêt*").

FARM CREDIT BUREAU

- Establish-
ing of
Quebec
Farm Credit
Bureau.
Rights and
powers of
Bureau.
- 3.** A Bureau is hereby established called the *Quebec Farm Credit Bureau* consisting of three members (*régisseurs*) who shall remain in their functions for ten consecutive years but who may be discharged for cause. Such Bureau shall have the rights and powers belonging generally to corporations and shall be subject to the obligations resulting therefrom, except where inconsistent with this act.
- Appoint-
ments
thereto.
- 4.** The Lieutenant-Governor in Council shall appoint the members (*régisseurs*), designate one of them as chairman and shall fix their salary.
- Corporate
seat.
- 5.** The Bureau shall have its corporate seat in the city of Quebec and may have offices in any other place in the Province as it may deem necessary.
- Sittings.
Quorum.
- 6.** The Bureau shall hold its sittings at its corporate seat or at any other place chosen by it. Two members shall form a quorum.
- Vacancy.
- 7.** No vacancy in the Bureau shall have the effect of dissolving it.

POWERS OF THE BUREAU

- Powers of
the Bureau.
- 8.** The Bureau may:
- a. Borrow, by issue of bonds or otherwise, up to ten million dollars;
 - b. Acquire and possess the moveable and immoveable property it may need for the carrying out of this act, and the immoveables hypothecated to it whenever the protection of a loan (*prêt*) so requires;
 - c. Administer, sell, hypothecate, lease such property or otherwise dispose of same by onerous title;
 - d. Grant to any established farmer loans (*prêts*), secured by a first hypothec on farms, up to sixty-five per cent of the value of the farm or farms, as established by the Bureau, without prejudice to the case provided for by section 20; such loans (*prêts*) in no case to exceed six thousand dollars for each borrower;
 - e. Grant first settlement loans (*prêts*) to any person acquiring for cultivation purposes one or more farms forming a single enterprise; such loans (*prêts*) not to

exceed seventy-five per cent of the value, as established by the Bureau, of such farm or farms and in no case to exceed six thousand dollars for each borrower;

f. Define, by regulation, the enterprises which may be considered as belonging to or connected with agriculture;

g. Fix, by regulation, the general basis of appraisal of farms and enterprises belonging to or connected with agriculture;

h. Fix, by regulation, the proportion of the cost of appraisal of the immoveables, offered as security, payable by the Bureau and by the borrowers, respectively;

i. Fix, by regulation, for the loans (*prêts*) effected, the proportion payable by the Bureau and by the borrowers, respectively, of the costs relating to the search for and the obtaining and registering of titles, and to the radiation of privileges and hypothecs;

j. In each case, indicate the purposes for which the sums loaned shall serve;

k. Determine, before granting the loan (*prêt*), the conditions of settlement of the borrower's debts in the cases contemplated by section 15 of this act;

l. Value the farms tendered as hypothecary security and fix accordingly the amount of each loan (*prêt*);

m. Employ assessors, inspectors, collectors, legists (*hommes de loi*), clerks and all other officials required by it, determine their functions and fix their remuneration; the whole subject to the approval of the Lieutenant-Governor in Council.

9. Every regulation of the Bureau must, in order to be valid, receive the approval of the Lieutenant-Governor in Council. Approval of regulations.

EMPLOYMENT AND SECURITY OF LOANS (*Emprunts*)

10. The proceeds from the loans (*emprunts*) contracted by the Bureau must serve to make the loans (*prêts*) authorized by this act and to acquire such immoveables as have to be acquired for protection of the loans (*prêts*). How loans (emprunts) to be utilized.

11. The loans (*emprunts*) contracted by the Bureau must be previously approved by the Lieutenant-Governor in Council. Approval of loans (emprunts).

Guarantee. **12.** Such loans (*emprunts*) shall be guaranteed by the Government of this Province.

Payment out of con. rev. fund. **13.** The sums which the Government may be called upon to pay under such guarantee shall be paid by the Provincial Treasurer, out of the consolidated revenue fund.

Loans (*emprunts*) authorized. The Lieutenant-Governor in Council may, for the purpose of reimbursing to the consolidated revenue fund the whole or part of the sums drawn therefrom under this section, authorize the Provincial Treasurer to contract one or more loans (*emprunts*), in the manner, at the rate of interest, in the form and for the amount which the Lieutenant-Governor in Council may determine.

Investments in bonds issued by Bureau. **14.** Notwithstanding any general law or special act to the contrary, municipal and school corporations and corporations of parish trustees may invest their sinking-funds in acquiring bonds issued by the Bureau.

Idem. Such bonds shall be securities in which may be made the investments referred to in article 9810 of the Civil Code; in section 154 of the Quebec Insurance Act (Revised Statutes, 1925, chapter 243), and in section 8 of the Trust Companies' Act (Revised Statutes, 1925, chapter 248).

COMPROMISES

Amount which may be loaned to borrower in certain case. **15.** When the debts and obligations of the borrower exceed sixty-five per cent of the value of his farm or farms, as established by the Bureau, the latter may lend him up to seventy-five per cent of such value, provided that the creditors of such borrower accept the amount of the loan (*prêt*) in full settlement of his debts and obligations and give him a discharge.

Proviso.

LOANS (*Prêts*)

Security by first mortgage. **16.** Except in the case contemplated by section 20, every loan (*prêt*) must be secured by first mortgage on the borrower's farm or farms, in favour of the Bureau, and

Interest. a. shall bear interest at the rate of two and one-half per cent per annum, payable semi-annually;

b. shall, at the borrower's choice, be repayable either in thirty years by way of the payment by amortization of one and one-half per cent per annum during such period and by the payment of the balance at the expiration thereof, or in thirty-nine and one-half years by means of amortization payments at the same rate. Repayment of principal.

17. Any instalment of principal or interest unpaid at maturity shall itself, *pleno jure* and without a putting in default, bear interest at the rate of five per cent per annum, to be reckoned from the date of maturity. Interest on unpaid instalments.

18. The borrower or his representatives may repay the loan (*prêt*) beforehand, wholly or in part. Prior repayment.

19. The Bureau may fix the accessory or secondary conditions to which loans (*prêts*) shall be subject, as to the borrower's titles, deeds of obligation, the protection of the hypothecary security and other similar matters. Fixing of secondary conditions of loans (*prêts*).

20. Besides the loans (*prêts*) repayable by amortization as contemplated by section 16, the Bureau may grant to the borrower, when it deems it expedient, an additional loan (*prêt*) on a shorter term, secured by a hypothec of second rank in its favour. The Bureau must then fix all the conditions of the loan (*prêt*) in the deed of obligation, but the total of both loans (*prêts*) must in no case exceed the sum of six thousand dollars nor seventy-five per cent of the value, established by the Bureau, of the farm or farms hypothecated as security. Granting of additional loans (*prêts*). Security. Amount restricted.

21. The authorization of the Bureau must be obtained in order to validate the voluntary transfer of an immoveable guaranteeing a loan (*prêt*). Authorization for voluntary transfer.

22. Every act of the Bureau shall be presumed *prima facie* to be *intra vires* of its powers. Acts *intra vires*.

23. If a borrower obtains a loan (*prêt*) as a result of false declarations or false pretences, or if he uses the proceeds or a portion of the proceeds of such loan for purposes other than those for which the said loan was granted to him by the Bureau, the latter may, by mere notice sent to the borrower, by a registered letter to his last address known to the Bureau, declare the borrower deprived of the benefit of the period granted, Cancellation, etc., of loan (*prêt*) in certain case.

cancel the said loan, claim repayment thereof with interest and, failing such repayment, exercise any recourse provided by law.

REALIZING UPON SECURITY

Realizing upon security.

24. Whenever the Bureau is entitled to realize upon its hypothecary security, it may proceed as hereinafter stipulated.

Requiring payment.

25. The Bureau shall require, by registered letter, the payment of the debt within a delay of thirty days from the mailing of such letter; the latter shall be addressed to the borrower or his representatives, at his or their last address known to the Bureau.

Petition if amount not paid.

26. If the borrower fail to make payment of the amount claimed within the delay specified in the notice, the Bureau shall present a petition to a judge of the Superior Court, sitting in the district wherein the hypothecated immovable is situated, for an order enjoining the sale of such immovable.

Service, etc., of petition.

Such petition shall be served by a bailiff or by the secretary-treasurer of the municipality wherein the hypothecated immovable is situated, and must be accompanied by a notice of the place, date and hour when it will be presented. The delay as to such notice shall be that of ordinary actions.

Interruption of prescription.

27. Such petition, from the time of its filing in the office of the court, shall constitute an interruption of prescription.

Proceedings upon petition.

28. Proceedings upon such petition shall be summary and the judge may, at his discretion, authorize the debtor to reply in writing. The judgment upon such petition shall be final and without appeal.

Issuing of writ *de terris*.

29. If the proof establishes that the petition is well founded, the judge shall order the issue of a writ *de terris* against the hypothecated immovable.

Execution, etc., of writ.

Such writ shall contain a description, in accordance with Article 2168 of the Civil Code, of the hypothecated immovable and shall be executed by the sheriff, and the sum owing to the Bureau shall be levied, with costs.

30. Subject to the provisions of section 31, all subsequent execution proceedings shall be had according to the provisions of the Code of Civil Procedure respecting execution upon immoveables. Subsequent execution proceedings.

31. Notwithstanding any general or special provision to the contrary, the sheriff shall seize, at his office, the hypothecated immoveable, without proceeding to the discussion of moveables or to the interpellation of the debtor in accordance with Article 705 of the Code of Civil Procedure. Seizure by sheriff.

A duplicate of the minutes of seizure shall be transmitted by the sheriff to the debtor, by registered letter to his last address known to the Bureau. Transmission of duplicate of minutes.

The publication and posting, provided for by paragraph 2 of Article 717 of the Code of Civil Procedure, shall be done by a bailiff residing in the place wherein the seized immoveable is situated or, failing such a bailiff, by a literate person residing at such place. Publication and posting.

GENERAL PROVISIONS

32. The hypothec acquired by the Bureau shall rank ahead of the privileges of the Crown in the rights of the Province. Ranking of Bureau's hypothec.

33. Notwithstanding any general law or special act to the contrary, the validity of the hypothec securing a loan (*prêt*) shall not be affected by the failure to obtain or to register the certificate of the collector of succession duties or of the collector of Provincial Revenue. Validity of hypothec.

34. The Lieutenant-Governor in Council may enact: Powers of Lt.-G. in C.
a. That no duty shall be payable to the Crown on the registration of deeds evidencing a loan (*prêt*), or on the searches made in registration offices, and on the certificates issued by the registrars, for the benefit of a farmer who has obtained a loan (*prêt*);

b. That the publications of notice in the *Quebec Official Gazette*, advertising the sale of an immoveable guaranteeing a loan made by the Board, shall be gratuitous;

c. That the duties and commissions payable to the Crown on the sale of an immoveable guaranteeing a loan (*prêt*) shall not be collected.

Advances to Bureau. **35.** The Lieutenant-Governor in Council may, when the Bureau applies therefor, authorize the Provincial Treasurer to advance to it, out of the consolidated revenue fund, the sums required for the payment of its expenses.

Auditing of books, etc. The books and accounts of the Bureau shall be audited by the Provincial Auditor or by an auditor appointed for such purpose by the Lieutenant-Governor in Council, and the remuneration of such auditor shall be paid out of the consolidated revenue fund.

Submitting of reports, etc. **36.** The Bureau shall submit to the Minister of Agriculture, on the 31st of December of each year, starting from the 31st of December, 1937, a detailed report of the loans (*emprunts*) which it has contracted and the loans (*prêts*) which it has granted, and furnish the Minister with any other information which he may require.

Coming into force. **37.** This act shall come into force on the day of its sanction.