

C H A P. 46

An Act to amend article 5559 of the Revised Statutes, 1909.

[Assented to 19th February, 1914]

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

1. Article 5559 of the Revised Statutes, 1909, is amended R. S. 5559 by striking out the words: "exclusive of the mayor", ^{am.} in the first and second lines thereof.

C H A P. 47

An Act to assist in the construction of dwelling-houses in cities, towns and villages.

[Assented to 19th February, 1914]

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

1. In this act, unless the context require a different interpretation, ^{Interpretative section.}

a. The word "company" means a company incorporated by charter of this Legislature, or by letters patent of this province, for the objects indicated in section 2;

b. The words "assisted company" mean a company as defined by paragraph *a* of this section, whose loan has been guaranteed by a municipality under the provisions of this act;

c. The words "council" or "municipality" mean a city, town or village municipality situated in this province, and the body which, according to the laws in force in such municipality, has the right to make enactments or to administer for and in the name of the municipality.

When in any municipality there is a Board of Commissioners with administrative or executive powers, the council may avail themselves of all or any of the provisions of this act only with the consent, given in advance, of such Board;

d. The word "obligations" includes all bonds, debentures, inscribed stock or other securities;

e. The word "books" includes all documents in the possession of the assisted company.

What companies may avail themselves of this act.

2. A company incorporated with the object of acquiring lands in or near the boundaries of a municipality in the province, and to build on such land dwelling-houses of reasonable dimensions, supplied with proper improvements, and intended to be let at a moderate price, may avail itself of the provisions of this act, by conforming to the conditions imposed thereby.

Council may guarantee loans.

3. The council of any municipality may, to the extent and in the manner hereinafter declared, guarantee as to principal and interest, loans sought to be made by a company, provided that it be shown:

Proviso.

a. That additional dwelling-houses are required to properly house the people who live or work within its boundaries;

b. That the object of the company is in good faith to furnish comfortable dwellings, and not to make a profit greater than that allowed by this act;

c. That the company, without making loans other than those of which a guarantee is sought, will be in a position to carry out the programme described in section 2, and in paragraph *b* of this section.

By-law to be approved by electors who are proprietors.

4. The by-law or the resolution respecting the guarantee of any loan shall, before having any force or effect, be approved by the majority in number and in value of such municipal electors, who are proprietors, as may vote on such by-law or resolution.

Plans must first be approved.

5. Such by-law or resolution shall not be submitted for the approval of such municipal electors until the complete plans and the lands of the assisted company have first been approved by the municipal council, and by the Board of Health of the Province of Quebec.

Must be submitted within six months after being passed.

6. Such by-law or resolution shall be submitted to such electors for approval within six months after having been passed by the council; otherwise it shall become null and of no effect.

Exception for Quebec and Montreal.

Nevertheless, in the cities of Quebec and Montreal it shall be sufficient if such by-law or resolution be approved by the vote of two-thirds of the members of the council, and, if there be one, by the Board of Commissioners, without requiring direct approval by the municipal electors who are property-owners.

7. The proceedings of the meeting of municipal electors ^{Proceedings} and the vote on the question of approval of the by-law or ^{re approval.} resolution, shall be those, *mutatis mutandis*, prescribed by the charter of the municipality, by the general law applying thereto, or by both, for the approval of by-laws by municipal electors who are proprietors.

8. The guarantee authorized by this act may be given ^{Municipal-} by a municipality only in case the rights of such municip- ^{ity to be pro-} ality are protected by one or more deeds of hypothec or ^{ected by} deeds of trust by way of first mortgage upon the whole or ^{hypothec or} part of the lands in question, with the houses and improve- ^{trust deed.} ments built and made or to be built and made thereon.

Such deeds of hypothec or trust, once registered, shall constitute a valid guarantee in favour of the municipality notwithstanding any general law to the contrary.

9. The manner of making the loan, the nature of the ^{Matters to} document which evidences it, the form and the terms of ^{be decided} the deeds of hypothec or of trust, the manner of repay- ^{by the muni-} ment of the loan, the choice of trustee or trustees, if any ^{cipality.} there be, the form and manner of the guarantee, the time for the issue of securities, and the disposition of the moneys to be raised thereon by the assisted company which shall issue the same, the privileges which may be granted to tenants purchasing shares in the company, the manner of re-imbursing them for such shares, if they move away, and all other details necessary for the putting in operation of this act, shall be according to the decision of the municipality.

10. If by reason of the guarantee authorized by this ^{Manner in} act, any municipality shall become liable for certain sums ^{which muni-} of money, it may provide for the payment of the same ^{cipality shall} out of the general funds of the municipality not otherwise ^{obtain} disposed of, or by a special issue of debentures payable ^{money.} within a term not exceeding forty years from the date of issue thereof. Such special loan shall not be subject to the approval of the municipal electors or of the Lieutenant Governor, alone or in council, notwithstanding the provisions of any public or private act to the contrary.

11. The total amount of loan which may be guaranteed ^{Guarantee} by a municipality, under this act, shall not exceed eighty- ^{not to exceed} five per cent of an amount to be fixed in the deed of hypothec ^{85% of} or of trust as representing the value of the lands and ^{value.} houses and other improvements to be built and made thereon.

Terms of
deeds of hy-
pothec or
trust.

12. The said deed or deeds of hypothec or of trust may make any provision deemed suitable by the municipality and the assisted company, as regards either the manner of applying the funds of such company, the purchase of additional lands, the construction of houses and their accessories, or generally any other provisions in accordance with section 9 of this act, which may be deemed useful to insure the proper putting into operation of this act.

Municipal-
ity may
appoint di-
rector.

13. The council of any municipality which shall avail itself of this act, may, from time to time, by resolution, appoint some person to represent such municipality on the directorate of the company; and the director so appointed, until such time as his appointment be revoked by such council, shall have the same powers as any other director.

Need not
possess usual
qualifica-
tions.

It shall not be necessary for the director so appointed by the council to possess the qualifications usually required of a director, and his appointment shall be valid whatever may be the number of directors fixed by the charter or the by-laws of such assisted company.

Books of
company
open to ins-
pection.

14. The books of the assisted company shall, every day, during ordinary office hours, be open to inspection by any person appointed by the council of the municipality in question to examine such books in order to ascertain whether the provisions of this act have been obeyed.

Dividend not
to exceed 6%.

15. No dividend upon the capital stock of the assisted company or other distribution of profits among the shareholders shall be declared or made in excess of six per cent per annum upon the amounts paid in.

Deficit may
be made up
in subse-
quent years.

If the dividend or profits paid or distributed in any one year do not amount to six per cent, the assisted company may make up the difference, with interest, so soon as the net profits of such company allow, in any subsequent year or years.

How profits
to be utilized.

16. The net profits realized by such assisted company in any one year after deducting such sums as it must set aside to meet its debts and obligations, must be utilized, first for the payment of the dividends permitted by this act, and then for the creation of a reserve fund of a reasonable amount to provide for unforeseen expenses. Any amount remaining must then be applied, as soon as possible, to the acquisition of new lands, the construction of new buildings, and all sorts of improvements within the powers of the company, or to the redemption of shares in the capital stock of the company in the manner hereinafter set forth.

17. The assisted company may, with the approval of the council of the municipality which has guaranteed its loan, expressed by way of resolution, pass a by-law authorizing the redemption, either wholly or in part, of the outstanding shares of its capital stock, on such terms and conditions as it may deem reasonable.

Stock may be redeemed.

For the purposes of such redemption the assisted company may make use of all the funds at its disposal in the treasury, even including that which represents the amount paid in as the price of such shares.

No assisted company so redeeming the outstanding shares of its capital stock, may pay for the same any premium exceeding ten per cent of the actual amount paid in for such shares.

Price not to be more than 10% greater than amount paid in.

18. The assisted company shall be obliged to redeem the outstanding shares of its capital stock as provided in section 17, when, after the expiration of five years following the date at which the first guarantee was given, a positive demand to that effect is made, in the form of a resolution of the council of the municipality which has guaranteed its loan.

Redemption obligatory in certain cases.

Any difficulty between the assisted company and the municipality respecting such redemption shall be submitted to the decision of a single arbitrator to be chosen by the parties.

Arbitration.

If the parties cannot agree on an arbitrator, each party shall name a special arbitrator, and the two thus chosen shall choose a third.

If the two arbitrators cannot agree on a third arbitrator, the latter shall be appointed at the request of the parties by the judge in chambers of the Superior Court of the district.

The decision of the arbitrator or of a majority of the arbitrators, as the case may be, shall be final.

The failure of the assisted company to submit to the decision of the arbitrator or arbitrators, as the case may be, shall be a ground for a request for the dissolution of such company, or for the annulment of the letters patent which incorporated the same.

Failure to submit to arbitrator's award may entail dissolution.

19. The proceedings in dissolution or in annulment of letters patent shall be governed, *mutatis mutandis*, by articles 978 and following, or 1007 and following, as the case may be, of the Code of Civil Procedure.

Procedure to be followed.

The curator appointed to the property of the company, according to the ordinary rules applicable to dissolved corporations, shall pay, out of the assets, the debts of the company, and shall provide for the redemption of the

Disposal of assets by curator.

shares, under the direction of the judge, and shall transfer the balance of the assets to the board of trustees hereinafter established.

Board of trustees may be established to hold re-deemed shares. ²⁰

20. The assisted company may, with the approval of the council of the municipality which has guaranteed its loan, expressed by way of resolution, establish, by notarial deed *en minute* and with the view of promoting the objects of this act, a board of trustees, whose functions shall be to hold, on the terms and conditions set forth in the deed creating such trust, the shares, whether the same be re-deemed, or given to the company or to the board.

What trust deed must contain. ²¹

21. The deed creating such trust must indicate the powers conferred on the board of trustees, provide for the appointment of successors to the first trustees, and reserve to the assisted company, subject to the approval of the municipal council, the right of modifying the terms and conditions on which such board of trustees has been established.

Employment of revenue. ²²

The revenue of all property held in trust shall be employed only in the manner set forth in the deed creating the trust.

Establishment of board of trustees obligatory in certain cases. ²³

22. The assisted company shall be obliged to proceed to the establishment of the board of trustees above mentioned when, after the expiration of five years following the date at which the first guarantee was given, a positive demand to that effect is made, in the form of a resolution of the council of the municipality which has guaranteed its loan.

Arbitration. ²⁴

Any difficulty which may arise respecting the terms and conditions to be contained in the deed creating the board of trustees shall be submitted to the decision of an arbitrator or arbitrators, as provided in section 18.

Board of trustees constitute a corporation. ²⁵

23. The board of trustees, when all the shares of such assisted company have been transferred to it, shall constitute a corporation with perpetual succession, and may have a common seal which it may alter at its pleasure. It shall also possess, in the name given to it by the deed creating the trust, and under the restrictions and conditions therein set out, all the powers ordinarily possessed by corporations under the laws in force, including the capacity to acquire by purchase or donation, with the object of promoting the ends for which it was established.

No power to alienate or hypothecate immoveables. ²⁶

However, the board may not alienate nor hypothecate any immoveables that it may hold, unless it is so authorized by the deed creating the trust.

24. The board of trustees, when constituted a corporation, shall submit to the Lieutenant Governor in Council, Return to be made to Lt.-Gov. in Council. when required by the Provincial Secretary, a list of its members, a detailed statement of the immoveable property it holds in trust, and a summary of its total revenue.

25. The council of any municipality with has guaranteed the loan of an assisted company shall be entitled to the recourse given by articles 992 and following of the Code of Civil Procedure, to compel the company, its directors and officers, or the board of trustees, when it is constituted a corporation, and its officers, to put in operation any one of the provisions of this act, or of the directions issued thereunder. Council may compel company or board of trustees to comply with this act, by mandamus.

26. In case of the liquidation of the assisted company, the municipality may appoint the board of trustees, but, Trustees to be appointed by municipality in case of liquidation. to be valid, such appointment must be approved by the Lieutenant-Governor in Council.

27. The council of the municipality which has guaranteed the loan may, by by-law which need not be submitted to the electors for approval, appropriate, out of the general funds of the municipality not specially devoted to other purposes, such amount as it may deem necessary to redeem the shares of the assisted company. Municipality may appropriate money to redeem shares.

28. Such shares, whether redeemed by the assisted company or given to it by a shareholder, shall not be deemed to be cancelled. They shall be held by the board of trustees for the purposes set forth in the deed creating the trust. Redeemed shares not deemed to be cancelled.

29. No shares of the capital stock of the assisted company shall be issued for any other consideration than for cash paid into the treasury of said company, and payments made by shareholders, or amounts received as gifts, shall not be used for expenditures other than those connected with the carrying out of the main purposes of the company, as set forth in section 2. Shares to be issued for cash only.

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