

NATIONAL ASSEMBLY

FIRST SESSION

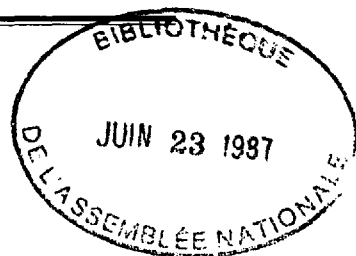
THIRTY-THIRD LEGISLATURE

Bill 46

An Act respecting farm financing

Introduction

Introduced by
Mr Michel Pagé
Minister of Agriculture, Fisheries and Food



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EXPLANATORY NOTES

This bill is a recasting of the present legislative framework of the farm financing system in Québec.

The bill, which is designed to simplify the system and rationalize its operation, proposes

(1) to entrust savings and credit unions, chartered banks and other institutions or persons designated by government order, with the role of lenders under the system, while permitting the Office du crédit agricole du Québec to play a supplementary role, where necessary, by granting short, medium or long term loans, special loans and lines of credit;

(2) to add provisions regarding the Office, which in particular increase the number of members from five to seven and allow the Government to set up a revisory committee to examine decisions of the Office;

(3) to give the status and advantages of a loan to the balance of the purchase price of a farming business sold by a farm operator to a person who is eligible for a loan;

(4) to require that applicants obtain a certificate or authorization of the Office before they are granted a loan or line of credit, thereby enabling the Office to use an overall approach in examining their financing needs;

(5) to make it possible to obtain a general loan including one part usable for long term financing, another for medium term financing and another for short term financing, for a total amount as high as \$800 000, depending on the security required;

(6) to extend the maximum term of a line of credit to five years, provided it is revised periodically, and the maximum authorized amount to \$200 000, except for feeder cattle raisers or grain producers, where the maximum remains at \$500 000;

(7) to grant borrowers a contribution to interest payment where and so far as prescribed by regulation, and on the terms and conditions prescribed thereby;

(8) to authorize the Minister of Agriculture, Fisheries and Food to grant a capital subsidy of \$15 000 or an interest subsidy applicable for five years to the interest on the first \$50 000 of a long term loan, for the purposes of establishment of a farm, according to the election of the applicant who meets the conditions of eligibility for one of these subsidies.

The bill provides amendments to article 1979a of the Civil Code to allow the use of farm pledge to secure the balance of the price of a sale made by a producer within the meaning of the Farm Products Marketing Act.

Moreover, the bill repeals the Aquaculture Credit Act and replaces the other farm financing laws administered by the Office.

ACT AMENDED BY THIS ACT

— Civil Code of Lower Canada

ACTS REPLACED BY THIS ACT

- (1) Act to promote farm improvement (R.S.Q., chapter A-18)
- (2) Farm Credit Act (R.S.Q., chapter C-75)
- (3) Act to promote long term farm credit by private institutions (R.S.Q., chapter C-75.1)
- (4) Act to promote credit to farm producers (R.S.Q., chapter C-77)
- (5) Act to promote special credit to agricultural producers during critical periods (R.S.Q., chapter C-79)
- (6) Act to promote the establishment of young farmers (R.S.Q., chapter E-12.1)

(7) Act to promote the development of agricultural operations
(R.S.Q., chapter M-36)

(8) Farm Loan Act (R.S.Q., chapter P-20)

ACT REPEALED BY THIS ACT

Aquaculture Credit Act (R.S.Q., chapter C-77.1)

Bill 46

An Act respecting farm financing

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

CHAPTER I

PRELIMINARY PROVISIONS

1. The object of this bill is to further the development of agriculture, by making farm financing more readily accessible to family businesses and, in particular, by providing specific measures, including loans and subsidies, to promote the establishment of young farmers so as to ensure the operation of farming businesses in the future.

2. In this Act, unless the context indicates otherwise,

“farming” means the growing of crops or the raising of livestock, or any other form of growing or raising determined by regulation and, secondarily, any activity directly related to such growing or raising which, in the opinion of the Office du crédit agricole du Québec, may reasonably be carried on on a farm;

“farming business” means a farm and any other resources required for or useful to its operation;

“group operation” means any agricultural operations corporation, agricultural operations cooperative, agricultural operations partnership, joint operators or other group defined by regulation which fulfills the special requirements prescribed thereby.

3. For the purposes of this Act, a natural person whose principal occupation is farming, the owner or lessee of a farming business and, in the case of undivided co-ownership of a farming business, the natural persons concerned taken as a group, provided that among them there are one or more persons whose principal occupation is farming and who hold at least 60 % of the rights of ownership in the business, are considered farmers.

4. For the purposes of this Act, the following persons are considered aspiring farmers:

(1) any natural person not yet 40 years of age, being the owner or lessee of a farming business which does not allow him to make farming his principal occupation but which, according to an operating plan accepted by the Office which he undertakes to follow, should allow him to do so within the time prescribed by regulation;

(2) any natural person not yet 40 years of age, being the undivided co-owner of a farming business which does not allow him to make farming his principal occupation but which, according to an operating plan accepted by the Office, should allow him to do so within the time prescribed by regulation, provided that he holds at least 60 % of the rights of ownership in the business and that only one natural person holds the remainder of those rights;

(3) two natural persons neither of whom is yet 40 years of age, being the sole undivided co-owners or co-lessees of a farming business which does not allow them to make farming their principal occupation but which, according to an operating plan accepted by the Office which they undertake to follow, should allow them to do so within the time prescribed by regulation.

5. The following may act as a lender for the purposes of this Act, to the extent provided in Chapter II:

(1) any of the following institutions:

(a) a savings and credit union governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4);

(b) a bank governed by the Bank Act (S.C., 1980-81, chapter 40) or by the Quebec Savings Banks Act (R.S.C., 1970, chapter B-4);

(2) any person to whom all or part of the balance of the purchase price of a farming business or of shares, common shares, capital stock or interests, as the case may be, in a group operation is owing; the sale must be made by a person whose principal occupation is or formerly was the operation of that farming business or of the farming business

owned or leased by that group operation, to a farmer, aspiring farmer or group operation. The same applies where the seller grants a loan to a farmer, aspiring farmer or group operation making the purchase, in an amount corresponding to the balance or the part of the balance of the price of the sale.

6. Any other person designated by the Government may also act as a lender for the purposes of this Act, according to the terms and conditions and in the cases determined by the Government.

CHAPTER II

FARM FINANCING

DIVISION I

CREDIT OPERATIONS

§ 1.—*Loans*

7. Any lender contemplated in section 5 and any person designated by the Government in accordance with section 6 may act as a lender, in accordance with this subdivision.

8. Before obtaining a loan, the applicant, except where the Office decides otherwise shall obtain a certificate from the Office, the tenor and conditions of which are determined by regulation.

No lender may grant a loan except in accordance with the certificate issued by the Office to the applicant, where such is the case, and unless the titles relating to the property offered as security for repayment of the loan have been verified and accepted by the Office or its mandatory.

9. The loan is evidenced by a deed of loan or a deed of sale, as the case may be, signed before the expiry of the time indicated by the Office in the certificate or of any additional time granted by the Office.

10. The certificate is inalienable.

11. The original or a certified copy of the certificate shall be kept by the lender.

12. The Office may amend or cancel any certificate if, before all the parties have signed the deed of loan authorized by the certificate or, as the case may be, the deed of sale, one of the conditions of eligibility

is not fulfilled or an important change occurs in the financial situation of the applicant or in the state of the security offered.

Notwithstanding the foregoing, the amendment or cancellation does not have effect in respect of the lender unless he is notified in writing thereof before the execution of the deed of loan or of the deed of sale.

13. To be eligible for a loan the applicant must

(1) prove to the Office that he is a farmer, an aspiring farmer or a group operation or will become so upon obtaining the loan applied for;

(2) meet the criteria of need for the loan prescribed by regulation;

(3) prove to the satisfaction of the Office

(a) that he is the owner or lessee of a farming business that is an economic farming business or can become so through the loan applied for, or will become the owner or lessee of such a business upon obtaining the loan applied for or, in the case of an aspiring farmer, that the business contemplated may become economic within the time provided for in his operating plan;

(b) that the business referred to in paragraph *a* will have sufficient financial autonomy, considering the financing that may be granted to him following the application, the nature of the production in which he is engaged, his obligations and the related terms of repayment;

(c) that he has the capacity to repay the loan applied for;

(4) where he holds under an emphyteutic lease or occupies under an ordinary lease the farm or part of the farm in respect of which the loan is applied for, prove that the lease complies with the standards prescribed by regulation.

The occupant of a farm under a location ticket is considered to be a lessee for the purposes of this section and the location ticket is deemed to comply with the standards prescribed for an ordinary lease.

Except in the case of a farming business existing before (*insert here the date of coming into force of this section*) and in the other cases prescribed by regulation, the business contemplated in subparagraph 3 of the first paragraph must be situated in an agricultural zone established in accordance with Division IV of the Act to preserve agricultural land (R.S.Q., chapter P-41.1) or in a reserved area within the meaning of the said Act.

Where the business referred to in subparagraph 3 is not entirely situated in Québec, the part situated in Québec shall be sufficiently large, in the opinion of the Office, to be considered a farming business that is or may become an economic farming business through the financing applied for.

For the purposes of this section, a farming business which, taking into account all of its resources, is capable of producing income which enables the operator to cover the operating costs, including interest on loans and depreciation is considered an economic farming business. In the case of an individual, the farming business must be capable of supporting the operator and his family adequately; in the case of a group operation, the farming business must make it possible to pay to each natural person belonging thereto whose principal occupation is the operation of the farming business, a salary that allows him to support himself and his family adequately. A farming business shall not cease to be considered economic by the sole fact that it must call upon the resources of another farming business, provided that it has the minimum resources deemed adequate by the Office and that it meets the conditions prescribed by regulation.

14. Any farmer or aspiring farmer applying for a certificate shall, in addition, meet the following conditions:

- (1) be of full age;
- (2) be domiciled in Québec and be a Canadian citizen or a permanent resident within the meaning of the Immigration Act, 1976 (S.C., 1976-77, chapter 52);
- (3) meet the standards fixed by regulation as regards his farming experience or his professional training;
- (4) prove to the Office that, on the basis of his experience, credit, knowledge, capacity to manage resources, management ability, capacity to plan his farming business realistically and prudently, and his conduct as regards his financial commitments and use of credit, his chances of success in operating his farming business, considering the nature and the scale thereof, are realistic.

The aspiring farmer shall in addition meet the other conditions prescribed by regulation.

15. Where the applicant is a group operation, it shall also prove to the Office

(1) that any natural person whose principal occupation is the operation of the farming business in respect of which the loan is applied for meets the requirements of section 14;

(2) in the case of an agricultural operations corporation, an agricultural operations partnership or an agricultural operations cooperative, that such corporation, partnership or cooperative is resident in Québec within the meaning of the regulations.

16. Every borrower shall, for the term of the loan, meet the conditions that made him eligible for the loan.

17. The sole fact that a person is deprived of civil capacity does not make him ineligible for a loan.

18. A lender may grant a loan to an applicant who, taking account of the purposes for which it is applied for and the applicant's foreseeable needs, may include an amount which is a long-term loan, an amount which is a medium-term loan and an amount which is a short-term loan.

19. In no case may the aggregate amount of a loan exceed the lesser of the following amounts:

(1) \$800 000 and

(2) an amount equal to 85% of the value established by the Office of all the property offered as security, considered as a whole and subject to section 21, belonging to the borrower and forming part of his farming business.

Subject to the first paragraph, in no case may the portion of the balance of a price of sale that may be considered a loan exceed 85% of the value established by the Office of the property of the farming business that is the subject of the sale and offered as security.

The balance owing by a borrower on a loan already granted or authorized by the Office is considered part of the aggregate amount of a loan, except the balance owing on a line of credit or special loan authorized by the Office before (*insert here the date of coming into force of this section*) or granted or authorized by the Office after that date. On the other hand, no account is taken of the debts incurred by him to purchase property disposed of by the Office or devolved to him by succession subsequently to the last loan granted to him or for which he received authorization.

20. The repayment of any loan must be secured by hypothec, pledge of agricultural property, transfer under the Bank Act or transfer under the Act respecting bills of lading, receipts and transfers of property in stock (R.S.Q., chapter C-53) granted by the borrower.

The security shall rank first, or immediately after any security held by the Office or by a lender in respect of a loan granted or authorized by the Office before (*insert here the date of coming into force of this section*) or granted or authorized by the Office after that date.

Notwithstanding the foregoing, where the real right in a farm or part of a farm which must be hypothecated to secure a loan is based on an emphyteutic lease, the hypothec granted to the lender may rank after the hypothec securing the payment of the annual rent provided for in the lease.

Among the terms and conditions of the loan set forth in the certificate, the Office may provide that the security on the loan be the subject of a trust deed.

21. A loan may, in addition, be secured by a hypothec on all or part of the farm of a third person. In such a case, to determine the limit of the value of the security, the Office shall take into account the farm or that part of the farm and the other property offered as security for the loan by the borrower.

22. Every loan is repayable on the amortization basis and the terms and conditions prescribed by regulation, taking into account, where applicable, the normal life of the property constituting a purpose for which the loan is granted, within a period of not over thirty years from the date of the deed of loan in the case of a long-term loan, not over fifteen years from the date of its disbursement in the case of a medium-term loan, and not over five years from the date of its disbursement in the case of a short-term loan.

23. A long-term loan may be granted for any of the following purposes:

- (1) the purchase of a farming business constituting a complete unit;
- (2) the purchase of a farm or part of a farm;
- (3) the construction or improvement of farm buildings, the clearing of land, drainage or any other permanent improvement made to increase the productivity of a farming business;

(4) the redemption by an agricultural operations corporation of shares of its capital stock and the purchase of any holdings, undivided rights or common shares, as the case may be, from any person who withdraws from a group operation, where the applicant proves to the Office that the redemption or acquisition can ensure the continuation of the operation of his farming business or improve its efficiency;

(5) the consolidation of debts incurred for any of the purposes described in paragraphs 1 to 4;

(6) any other purpose which, in the opinion of the Office, may render the operation of the borrower's farming business more efficient or ensure its continuation.

24. A medium-term loan may be granted for any of the following purposes:

(1) the purchase of breeding stock;

(2) the purchase of agricultural tools or machinery, farm equipment or vehicles appropriate for the farming operations of the borrower and mainly used for such purpose;

(3) the purchase of a production quota contemplated in the Farm Products Marketing Act (R.S.Q., chapter M-35) except a quota concerning a forest product considered a farm product within the meaning of the said Act;

(4) the consolidation of debts incurred for any of the purposes described in paragraphs 1 to 3;

(5) any other purpose which, in the opinion of the Office, may render the operation of the borrower's farming business more efficient or ensure its continuation.

25. A short-term loan may be granted for any of the following purposes:

(1) the purchase of breeding stock;

(2) the purchase of agricultural tools or machinery, farm equipment or vehicles appropriate for the farming operations of the borrower and mainly used for such purpose;

(3) any other purpose which, in the opinion of the Office, may render the operation of the borrower's farming business more efficient or ensure its continuation.

26. Any of the purposes for which a loan is granted may be defined or listed in a regulation.

27. Where the term for the repayment of a loan exceeds five years, the lender may, at the expiry of every five-year period included in the term, counting from the date of the deed of loan, demand repayment of the balance then due on the loan, provided ninety days' notice is given to the borrower and to the Office.

The notice shall be sent by registered or certified letter to their last known address and the time starts to run from the date of its mailing.

28. The Office may

(1) require the borrower to submit a program of financial operations acceptable to the Office;

(2) determine the obligations the borrower must contract with respect to the program;

(3) fix the loan supervision fees.

§ 2.—Lines of credit

29. A lender contemplated in paragraph 1 of section 5 and any other person designated by the Government in accordance with section 6 may grant a line of credit for the purposes of this subdivision.

30. Before obtaining a line of credit, the applicant, except where the Office has decided otherwise, shall obtain from the Office a certificate the tenor and conditions of which are determined by regulation. The conditions may regard, in particular, the proportion of the expenses related to the borrower's farming business to be assumed by the borrower on his own and without the assistance of any loan or line of credit.

31. The rules respecting certificates, deeds of loans and the conditions to be fulfilled by an applicant or a lender set forth in sections 8 to 17 apply, adapted as required, to a line of credit.

32. In no case may the total amount of a line of credit exceed

(1) \$500 000, if the applicant is engaged principally in the production of feeder cattle or cereals or in the production of both feeder cattle and cereals;

(2) \$200 000, if the applicant is engaged principally in one or several other kinds of production.

Notwithstanding the foregoing, the total amount owing in principal by a borrower on any line of credit or on any short-term loan authorized by the Office before (*insert here the date of coming into force of this section*), or on any line of credit authorized by the Office after that date may exceed \$500 000 or \$200 000, as the case may be, where the excess is the result of debts devolved to him by succession subsequently to the last line of credit granted to him that has not been repaid in full and become inoperative.

For the purposes of the first paragraph, the amount of a line of credit is deemed owing by the borrower even if it exceeds the amount of the balance actually owed by him on any advance of money made pursuant to that line of credit.

33. A line of credit is granted for a term of not over five years.

During the term of the line of credit, the borrower's financial situation may be reviewed by the Office or the lender, in the manner prescribed by regulation and at the intervals established by the Office and indicated in the certificate.

34. Without prejudice to the lender's right to terminate a line of credit under a term forfeiture clause stipulated in the line of credit agreement, the lender shall terminate it where, following a periodical review, the Office requires him to do so by informing him

(1) that the borrower does not have a sufficient inventory of farm materials or products related to the farming business he operates or anything in their place as current assets to guarantee the outstanding balance on the line of credit, or

(2) that the survival of the business is otherwise in doubt.

35. No borrower shall use an advance of money obtained through a line of credit except for the following purposes:

(1) to defray current operating expenses relating to the production of crops, and the raising of livestock;

(2) to purchase livestock intended exclusively to produce meat or eggs;

(3) to defray, in the cases, on the conditions or within the limits prescribed by regulation, the expenses relating to wages or living expenses;

(4) to defray any other expenses related to his farming business and prescribed by regulation, within the limits prescribed therein;

(5) to repay, in the cases and on the conditions prescribed by regulation, the balance owing in principal on a line of credit granted or authorized under this division or under a short-term loan or a line of credit already authorized by the Office before (*insert here the date of coming into force of this section*).

36. A borrower who has obtained a line of credit and has not yet completely repaid it shall not obtain another line of credit except from the same lender.

37. Any advance of money made through a line of credit shall be supported by vouchers and repaid within a period compatible with the farm production cycle in which the borrower is principally engaged; the vouchers shall be kept in accordance with the conditions and for the time prescribed by regulation.

38. The repayment of any advance made under a line of credit must be secured by the current and future produce of the borrower's farming business and any other security required by the Office.

§ 3.—*Special loans*

39. A lender contemplated in paragraph 1 of section 5 and any other person designated by the Government in accordance with section 6 may grant a special loan for the purposes of this subdivision.

40. The Government may, in respect of any production and any region it designates and for such time as it indicates, recognize one of the following periods as a critical period:

(1) the period concomitant with or consecutive to a natural disaster which creates an emergency situation for a certain number of farmers, aspiring farmers or group operations;

(2) the period during which an unforeseen and uncontrollable collapse in the selling prices of a designated production seriously affects a large number of farmers, aspiring farmers or group operations;

(3) the period during which the cessation of a designated production or a significant reduction in such production due to causes out of the control of farmers, aspiring farmers or group operations seriously affects some of them.

41. A lender may grant a special loan during a critical period and any additional period fixed by regulation, to any farmer, aspiring farmer or group operation meeting the criteria of need prescribed by regulation.

Where prior authorization of the Office is prescribed by regulation, every applicant must, before contracting a loan, obtain, from the Office, a certificate the tenor and conditions of which are determined by regulation.

42. The rules respecting certificates, deeds of loan and the conditions to be met by an applicant or a lender set forth in sections 9 to 17 apply, adapted as required, for the purposes of a special loan; the Office shall in applying those provisions take account of the special situation requiring a special loan.

43. A special loan shall not exceed the maximum amount prescribed by regulation or exceed the maximum period for reimbursement prescribed thereby. The regulations shall also determine the use of the proceeds of such a loan and the security to be furnished by the borrower to repay such a loan.

44. The Office shall enunciate the following in the certificate:

(1) the maximum amount and the maximum term of the loan which a borrower may contract within the limits prescribed by regulation;

(2) the use of the proceeds of the loan;

(3) the security to be furnished by the borrower to the lender.

45. A special loan is granted to enable the borrower to meet expenses considered essential to pursue the activities inherent in his operation or to make up the difference between the sale prices for produce of a designated production and their production cost.

In the case of the cessation of or reduction in any production within the meaning of section 40, a special loan is granted to enable the borrower to meet the expenses inherent in the carrying out of a program of conversion of agricultural operations in accordance with the regulations as well as his essential living expenses, within the limits prescribed by regulation and for such time as the new production he undertakes does not enable him to provide for them.

46. No application for a special loan will be accepted unless it reaches the lender before the expiry of the critical period. The Office must receive an application for a certificate within the same time.

Every loan must be contracted within the time prescribed by regulation.

47. The borrower shall repay a special loan within the time and according to the terms and conditions agreed between him and the lender, according to the rules established by regulation.

The borrower is not bound to repay any amount on the capital of the loan in the cases and during the period determined by regulation.

48. The assumption of a special loan by a third person annuls the lender's right to the insurance referred to in the first paragraph of section 4 of the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1) unless it is made in the cases and on the conditions prescribed by regulation.

§ 4.—*Accessory provisions*

49. No rate of interest on a loan, a line of credit or a special loan may exceed the maximum rate calculated in accordance with the regulations by reference to the prime rate within the meaning of the regulations. It may vary depending on whether it is a loan, a line of credit or a special loan; it is subsequently adjusted at the intervals and according to the criteria prescribed by regulation.

Where varying rates of interest apply to several loans or special loans held by one and the same borrower, the Office may fix a weighted rate in accordance with the rules prescribed by regulation.

50. Any interest unpaid on maturity is capitalized and yields, of right and without formal notice, interest at the same rate as the loan, line of credit or special loan, from the date of maturity of the interest.

51. The Office shall fix the special accessory or secondary conditions to which each loan, line of credit or special loan is subject; the conditions pertain to the borrower's titles, the deeds of loan, the line of credit agreements, the requirement of a third person as a surety, or for additional real security, the follow-up of a loan, a line of credit or a special loan, other measures of protection of the claim or the security of the lender and other similar matters.

52. Where a borrower declares himself unable to meet his obligations on maturity, the lender may agree with him on new conditions for the repayment of the loan, line of credit or special loan, as the case may be, provided that he obtains prior authorization therefor from the Office and that the period granted does not prolong the term thereof beyond the maximum term applicable to them.

53. The borrower or his assigns may repay in advance all or part of any loan, line of credit or special loan.

54. A borrower may avail himself of the provisions of subparagraph 2 of the first paragraph of article 1155 of the Civil Code provided the subrogation takes effect in favour of a lender contemplated in paragraph 1 of section 5, or designated by the Government in accordance with section 6 and the subrogated party notifies the Office in writing within thirty days of the date of subrogation.

55. Any representative or employee designated by a lender that is an institution referred to in paragraph 1 of section 5, by the lender designated under section 6 or by the Office may, at any reasonable time, or at any time where required by the circumstances to protect a debt resulting from a loan or property securing repayment thereof or to ensure continued operation of the borrower's business, inspect the property securing the loan, enter or pass on any immovable, inspect and appraise such immovable, any livestock and any other movable property.

The representative or employee may, in addition, conduct any investigation he considers necessary for the purposes of this Act.

On request, the representative or employee shall identify himself and show a certificate, issued by the lender or, as the case may be, by the Office, attesting his quality.

56. In case of default of maintenance or in case of deterioration of property securing a loan, line of credit or special loan, the lender may, at the borrower's expense, do any work and repairs required and take any steps he considers necessary to ensure its maintenance in good condition and the continued operation of the borrower's farming business.

Where the lender omits to exercise the powers conferred on him under the first paragraph or does not exercise them to the satisfaction of the Office, the latter is authorized to exercise them itself on behalf of the lender and at the expense of the borrower, as if it were acting as the mandatary of the lender; it must in such a case notify the lender as soon as possible.

57. The authorization of the Office, unless it decides otherwise, must be obtained in order

(1) to validate the voluntary transfer of property securing a loan, line of credit or special loan;

(2) to grant, with or without consideration, release of security for a loan, line of credit or special loan;

(3) to discharge a surety securing a loan, line of credit or special loan, with or without consideration.

Where the Office grants authorization for the purposes of subparagraph 1, it may require the acquirer to assume liability in his own name for payment of the loan and the obligations contracted by the original borrower and to undertake to fulfil the obligations prescribed by the Office.

Notwithstanding subparagraph 2 of the first paragraph, where agricultural tools or machinery or farm implements are used to secure a loan, line of credit or special loan, the lender may, without the authorization of the Office, in the cases and on the conditions prescribed by regulation, grant release.

58. The authorization of the Office must also be obtained in order to validate

(1) the lease of property securing a loan;

(2) any issue, allotment, transfer or redemption or repayment of shares of an agricultural operations corporation that is a borrower;

(3) any amendment to the contract constituting an agricultural operations partnership that is a borrower;

(4) any issue, allotment, transfer or repayment of common shares of an agricultural operations cooperative that is a borrower;

(5) in the case of joint operators that are borrowers, any change in their interests in their farming business or any change in their joint operation agreement.

59. A borrower who collects a sum of money on or pursuant to the transfer, expropriation or lease of property securing his loan, line of credit or special loan, must apply the said sum to the repayment in full or in part of his loan, unless the Office decides otherwise. He must do likewise in any other case prescribed by regulation.

60. Subject to any restriction provided in any Act that is applicable to the lender, the latter may, after obtaining authorization from the Office, assign or transfer to any person as security for a loan, all or part of the debts arising from loans, or sell to any person all or part of the said debts, provided that the person to whom the assignment, transfer or sale is made gives the lender the mandate of administering the loans and that, to that end, the lender and the Office may continue to exercise, in respect of such loans, all the powers conferred on them by this Act.

Where the sale or assignment of a debt arising from a loan is made by a lender in favour of another lender, the acquirer may, notwithstanding the first paragraph and with the written consent of the borrower and the Office, exercise in respect of the loan all the powers conferred on the original creditor under this Act, including the power to administer the loan.

61. The Office may request from the borrower any information or document it deems necessary to ensure the protection of the security for a loan, line of credit or special loan or to ascertain whether a borrower is fulfilling the obligations he has contracted under the deed of loan, line of credit or special loan, and the borrower is bound to comply with the request.

62. Until the expiry of the period prescribed by regulation for an aspiring farmer to make farming his principal occupation, the aspiring farmer may be eligible for any other loan, line of credit or special loan if he satisfies the Office that, taking account of his operating plan, his farming business should enable him to make farming his principal occupation not later than the date of expiry of that period.

63. Pursuant to an agreement contemplated in section 113, the Office may authorize the granting of a loan, line of credit or special loan in favour of an Indian within the meaning of the Indian Act (R.S.C., 1970, chapter I-16), or of a band member within the meaning of the said Act, on a reserve in Québec within the meaning of the said Act or of a group composed of those persons, despite the fact that he or it is neither the owner nor lessee of the farm without requiring the security contemplated in sections 19, 20, 21, 38 and 43, provided

(1) in the case of an Indian or band member, that he holds a Certificate of Possession issued or transferred under the said Act or provided, in the case of a group, that the group or one or several of its members having the operation of the farming business as its or their principal occupation hold or holds a Certificate of Possession for the business;

(2) that he meets the other conditions required under this Act and the regulations to be a farmer, aspiring farmer or group operation.

64. The Government may order

(1) that no duty shall be payable to the Crown on the registration of deeds evidencing a loan, a line of credit or a special loan or on the searches made in registry offices, and on the certificates or extracts from the index of immovables or the register of farm and forest pledges issued by the registrars, for the purposes of a loan, line of credit or special loan;

(2) that the publication of notices in the *Gazette officielle du Québec* advertising the sale of an immovable securing a loan, line of credit or special loan shall be free of charge;

(3) that the duties and commissions payable to the Crown on the sale of property securing a loan, line of credit or special loan shall not be collected.

65. Every person applying for a loan, line of credit or special loan shall, at the request of the Office, provide it with documents proving he is eligible therefor and the documents enabling it to verify the accuracy of the data furnished in the application, and allow the Office to inspect or appraise property offered as security, to examine the titles of ownership thereof, to review the examination report concerning the real security and to verify the charges against the movable security.

66. The lender who grants a loan, line of credit or special loan has the right to the insurance contemplated in the first paragraph of section 4 of the Act respecting farm-loan insurance and forestry-loan insurance.

67. For the purposes of sections 68 to 76, “lender” means a lender contemplated in paragraph 1 of section 5 or a lender designated by the Government in accordance with section 6.

68. The Office, acting in its own name or as the mandatary of a lender, or any lender is entitled in accordance with sections 69 to 76 and subject to any other remedy to realize on the security of a loan, line of credit or special loan or to recover from a debtor one or several instalments owing or any other debt, in case of his failure to pay.

69. The Office or the lender shall require, by registered or certified letter, the payment of the debt within thirty days from the mailing of the letter; it shall be addressed to the debtor or his representatives, at his or their last address known to the Office.

70. Failing payment of the amount claimed within the time specified in the notice, the Office or the lender shall present a motion to the Superior Court sitting in the district where the debtor's property is situated, for an order enjoining the seizure of the property in execution.

Such motion, supported by the affidavit of a representative of the Office or the lender, shall be served by a bailiff and must be accompanied with a notice of the place, date and time it will be presented.

If the Office or the lender establishes to the satisfaction of the judge that it had no knowledge of the death of a borrower, the collective summons contemplated in article 87 of the Code of Civil Procedure (R.S.Q., chapter C-25) may be made within five years of such death.

71. The motion, from the time of its filing in the office of the court, constitutes an interruption of prescription.

72. The motion may be heard by the prothonotary if the debtor is in default to appear at the time, date and place fixed in the notice which accompanies the motion.

73. Proceedings upon the motion are summary and the court may, at its discretion, authorize the debtor to reply in writing.

74. The judgment on the motion is final and without appeal.

75. If the proof establishes that the motion is well founded, the court shall order the issue of a writ of seizure in execution against the debtor's property.

76. When executing any writ of seizure of immovables where the Office, acting in its own name or as the mandatary of a lender, or a lender is the seizing party, the sheriff shall seize, at his office, the hypothecated immovable, without proceeding to the discussion of movables.

A duplicate of the minutes of seizure shall be transmitted by the sheriff to the respondent against whom the writ of seizure of immovables has been issued, by registered or certified letter to his last address known to the Office.

77. Subject to sections 69 to 76, all subsequent execution proceedings shall be had according to the Code of Civil Procedure.

DIVISION II

CONTRIBUTION TO THE PAYMENT OF INTEREST
AND REDUCTION OF THE INTEREST RATE

78. The Office shall contribute to the payment of the interest on a loan or a special loan obtained from a lender in the cases, to the extent, for the term and according to the terms and conditions and dates of payment prescribed by regulation.

Similarly, the Office may reduce the interest rate on loans or special loans it has granted.

In the case of a loan obtained or assumed for the purposes of an establishment, the contribution to the payment of interest or the reduction of the interest rate shall be granted to

(1) a natural person who, on the date prescribed by regulation, is 18 years of age or over and is not yet 40 years of age;

(2) a group operation having one or several natural persons among its shareholders, partners or members, as the case may be, who, in order to render it eligible for the contribution or reduction must fulfill the conditions prescribed by regulation and, on the date fixed by regulation, be 18 years of age or over but not yet 40 years of age.

79. No contribution to the payment of interest nor reduction of the interest rate is applicable to the interest yielded on any instalment of principal or interest not paid at maturity.

80. The right of the holder of a loan or special loan to receive an amount owing as a contribution to the payment of the interest or reduction of interest on accrued interest is not transferable, except in the cases and on the conditions prescribed by regulation.

DIVISION III

SUBSIDIES FOR THE ESTABLISHMENT OF YOUNG FARMERS

81. The Minister of Agriculture, Fisheries and Food, upon the recommendation of the Office, may, as the applicant may elect, grant

(1) a capital subsidy not in excess of \$15 000 in the case of an individual or of \$60 000 in the case of a group operation;

(2) a subsidy for the entire interest on the first \$50 000 of a loan, for a maximum period of five years.

82. The capital subsidy or interest subsidy shall be granted to a farmer, aspiring farmer or group operation, as the case may be, who or which applies therefor in writing and files, according to regulation, a subsidy utilization plan in the case of a capital subsidy or an establishment plan in the case of an interest subsidy.

The amount of the subsidy shall be fixed and paid in the manner and on the conditions prescribed by regulation, which may vary according to the category of persons to whom the subsidy is granted and according as it is a capital subsidy or an interest subsidy.

83. To be eligible or to render a group operation eligible for any of the subsidies provided for in this division, a natural person, in addition to fulfilling any other conditions prescribed in this division and by regulation, which may vary according to the category of persons, must

(1) be 18 years of age or over but not yet 40 years of age;

(2) carry out his establishment, as a farmer, within the time and according to the terms and conditions prescribed by regulation.

84. Section 63, adapted as required, applies to the granting of a subsidy under this division to an Indian, within the meaning of the Indian Act, a member of a band, within the meaning of the said Act, or a group composed of such persons on a reserve in Québec, within the meaning of the said Act.

85. The Minister may, upon the recommendation of the Office, so long as the total number of persons who rendered a group operation or undivided owners considered a farmer eligible for a capital subsidy remains less than four and until they number four in respect of the operation or undivided owners, increase the subsidy by an amount not in excess of \$15 000 in the cases, on the conditions and according to the terms and conditions prescribed by regulation.

86. Where the loan to which an interest subsidy may be applied is obtained or assumed by a group operation or by undivided owners considered a farmer, the interest subsidy applies to the amount corresponding to that contemplated in paragraph 2 of section 81, multiplied by the percentage computed in accordance with the rules prescribed by regulation.

87. Except in the case of a farming business existing before (*insert here the date of coming into force of this section*) and in the other cases prescribed by regulation, a farming business in respect of which a capital subsidy or interest subsidy is granted must be situated in an agricultural

zone established in accordance with Division IV of the Act to preserve agricultural land or in a reserved area within the meaning of that Act.

88. The interest subsidy also applies to a loan granted under the Farm Credit Act (R.S.C., 1970, chapter F-2) where the loan meets the requirements for obtaining a loan under this Act.

89. The recipient of a capital subsidy or interest subsidy shall not cease to be entitled thereto and shall not be considered to have ceased to comply with the requirements of this division for entitlement thereto for the sole reason that he operates a farming business other than that operated at the time the subsidy was given to him if he proves to the satisfaction of the Office that the other business fulfils those requirements.

90. No interest subsidy is applicable in respect of any instalment in principal or interest not paid at maturity.

91. No person may obtain a subsidy under this division more than once.

Where a subsidy is paid in whole or in part, each person who, at the time it was granted, met the conditions prescribed for rendering a group operation or undivided owners considered a farmer eligible for the subsidy, is deemed to have caused such operation or undivided owners to be the recipient of a part of the subsidy under this division and cannot from that time personally be eligible for a subsidy under this division nor render a group operation or undivided owners considered a farmer eligible for such a subsidy even if such persons were over four in number.

92. Where a person to whom a capital subsidy or interest subsidy was granted or who rendered a group operation or undivided owners, as the case may be, eligible therefor dies before it is disbursed in full, the Office may pay the balance of the subsidy to a person, to a group operation, to the persons who remain undivided owners or to the person who became the sole owner of the farming business in respect of which the subsidy was granted, if, in the opinion of the Office, they are capable of adequately pursuing the operation of the farming business.

93. All amounts paid as subsidies under this division are inalienable and unseizable.

94. The Minister may, in writing, delegate the powers provided in sections 81 and 85 to any person he designates.

CHAPTER III

OFFICE DU CRÉDIT AGRICOLE

DIVISION I

ORGANIZATION

95. The Office du crédit agricole du Québec established by the Farm Credit Act (R.S.Q., chapter C-75) is continued. It is responsible for the administration of this Act and has the functions provided therein.

96. The Office is a corporation.

97. The Office is a mandatary of the Government.

The property of the Office forms part of the public domain but the performance of its obligations may be levied against the property.

The Office binds none but itself when it acts in its own name.

98. The Office shall have its corporate seat in the territory of the Communauté urbaine de Québec at the place determined by the Government. Notice of the location or of any change of location of the corporate seat shall be published in the *Gazette officielle du Québec*.

The Office shall notify the registrar of each registration division of the publication of the notice. The notice shall have the same effect for each of the immovables hypothecated in favour of the Office as if it had been given pursuant to article 2161*b* of the Civil Code, but the registrar is not required to comply with the prescriptions of article 2161*c* of the Civil Code following such a notice.

99. The Office shall be composed of not more than seven members, including a chairman and a vice-chairman, appointed by the Government. If the chairman is prevented from acting, the vice-chairman shall perform his duties.

The chairman, the vice-chairman and three other members of the Office shall hold office on a full-time basis.

100. The chairman and the other members shall be appointed for such term as may be fixed by the Government.

At the expiry of their terms, the members remain in office until they are reappointed or replaced.

101. Any vacancy occurring during a term of office shall be filled by appointment as in section 99.

102. The chairman shall preside over the sittings of the Office, see to its operation and perform all the other duties assigned to him by regulation of the Office.

103. The Government shall fix, as the case may be, the salary, allowances, indemnities and other conditions of employment of the chairman, the vice-chairman and the other members of the Office holding office on a full-time basis.

Members of the Office who do not hold office on a full-time basis shall receive no remuneration, except in such cases, on such conditions and to such extent as the Government may prescribe. They are entitled, however, to reimbursement for expenses incurred in the performance of their duties, on the conditions and to the extent prescribed by the Government.

104. The chairman shall not, under pain of forfeiture of office, have any direct or indirect interest in an enterprise putting his personal interest in conflict with that of the Office. However, forfeiture is not incurred if such an interest devolves to him by succession or gift, provided that he renounces or disposes of it with dispatch.

Any other member of the Office having an interest in such an enterprise shall, under pain of forfeiture of office, disclose his interest in writing to the chairman and abstain from taking part in any deliberations or decision concerning the enterprise.

105. Two members form a quorum of the Office. In case of a tie-vote, the chairman or, if he is prevented from acting, the vice-chairman has a casting vote.

106. A decision of the Office signed by all the members has the same force as if made at a regular sitting.

107. The secretary and the other members of the staff of the Office shall be appointed and remunerated in accordance with the Public Service Act (R.S.Q., chapter F-3.1.1).

108. Neither the Office, any of its members, the secretary, nor any other member of the staff of the Office may be prosecuted by reason of any official act performed in good faith in the exercise of their functions.

109. Except on a question of jurisdiction, no extraordinary recourse provided in articles 834 to 850 of the Code of Civil Procedure may be exercised nor any injunction granted against the Office or against any of its members acting in its or his official capacity.

Two judges of the Court of Appeal may, upon motion, summarily annul any writ, order or injunction issued or granted contrary to the first paragraph.

DIVISION II

FUNCTIONS AND POWERS

110. For the carrying out of this Act the Office has, among others, the following functions:

(1) to receive and examine applications for certificates with a view to obtaining a loan, line of credit or special loan and applications for subsidies;

(2) to appraise, in accordance with the general bases fixed by regulation, the property offered as security for any loan, line of credit or special loan;

(3) to indicate, in each case, the conditions and purposes of the loan, line of credit or special loan and to fix or extend, in each case, the time within which a loan may be contracted after the date of issue of the certificate;

(4) to examine the titles of ownership in the property serving as security for a loan, line of credit or special loan, to revise any report of the examination of the titles respecting the immovable security and to verify the charges against the movable security;

(5) to issue certificates authorizing loans, lines of credit and special loans, taking into account the performance of the market, having regard to the economic climate or the nature of the farm production the applicants are engaged in or intend to engage in and, to change or cancel such certificates;

(6) to determine, in cases where a person has several important occupations or activities, including farming, which occupation or activity constitutes his principal occupation or his principal activity for the purposes of this Act.

111. The Office also has any other function assigned to it by any Act, and shall take up the direction and execution entrusted to it by

order of the Government of any plan, program or project for the purposes determined by the Government and exercise the powers conferred on it for that purpose by the Government.

112. The Office may, more particularly, exercise the following powers:

(1) to act as the mandatary of a lender, to claim from any debtor in default and, where such is the case, from any surety of the debtor, the sums owing to such lender or that have become payable on a loan, line of credit or special loan, to make or bring, for such purpose, a motion, action or other proceeding or, in such capacity, to set up a defence against any motion, action or proceeding, and to acquire any property securing a loan and administer, sell or lease such property or otherwise dispose of it by onerous title;

(2) to acquire any property related to its activities concerning loans, lines of credit or special loans and to administer, sell or lease the property or otherwise dispose of it by onerous title;

(3) to act as a lender where a lender refuses to grant a loan, line of credit or special loan or proves to the Office that it cannot grant it in whole or in part or cannot act upon a certificate authorizing it and, for that purpose, to exercise the rights and powers conferred on the lender under this Act;

(4) to authorize, for the period and according to the terms and conditions it determines, any lender contemplated in paragraph 1 of section 5 and in section 6 to grant any loan, line of credit or special loan, without prior examination of the application by the Office and without issue of a certificate by it;

(5) to establish rules applicable to the administration and disposition by a lender or by the Office as the mandatary of a lender of property which, having served to secure a loan, a line of credit or a special loan was acquired by the lender or the Office pursuant to a giving in payment clause or at an auction sale or sheriff's sale;

(6) to recognize as forming part of a farm any immovable which, in its opinion, is related to the operation of a farming business;

(7) to conduct any investigation it considers necessary for the prevention or detection of offences against this Act or any other Act under its administration and of non-compliance with any plan, program or project the direction or execution of which is entrusted to it. For these purposes, every member of the Office and every investigator it designates has the powers and attributions conferred on a commissioner

by the Act respecting public inquiry commissions (R.S.Q., chapter C-37), except the power to order imprisonment.

113. The Office may, according to law, enter into an agreement with any government, any department thereof or any body relating to any matter connected with its activities.

114. The Office may make any regulation or by-law relating to the exercise of its functions and powers or to its internal management.

115. The Office, in writing and to the extent it indicates, may delegate the exercise of its functions or powers under this Act to the chairman, any other member of the Office, any member of its staff or any other person it may designate.

116. Any member of the staff of the Office may, at any reasonable time, or at any time where circumstances so require to protect a claim or the property securing a loan or to ensure that a borrower's operation is continuing, for the purposes of this Act, of any other Act under the administration of the Office or of the Act respecting farm-loan insurance and forestry-loan insurance or for the purposes of any plan, program or project the direction or execution of which may be entrusted to it, enter or pass on any immovable and inspect and appraise such immovable, any livestock and any other movable property.

The member shall, on request, identify himself and produce a certificate of his quality issued by the Office.

DIVISION III

REVISORY COMMITTEE

117. The Government may establish a revisory committee for one or another of the following purposes:

(1) to examine the file of an applicant, at his written request, following a decision by the Office to refuse an application respecting a loan, a line of credit, a special loan, the assumption of a loan, or a subsidy;

(2) to examine the file of any interested person, at his request, following a decision by the Office to realize on the security held in respect of his loan, line of credit or special loan or to authorize a lender to do so.

118. The revisory committee shall consist of not more than six members, appointed by the Government for the term and according to the terms and conditions fixed by the Government.

119. The members of the revisory committee must have practical competence in farming or special knowledge in the field of farm financing.

120. The revisory committee shall exercise its functions in accordance with the guidelines and policies of the Office.

121. The members of the committee shall receive no remuneration except in the cases, on the conditions and to the extent prescribed by the Government. The members are entitled, however, to reimbursement for expenses incurred in the performance of their duties, on the conditions and to the extent prescribed by the Government.

122. After examining the file submitted to it, the revisory committee shall make such recommendations to the Office as it sees fit.

The Office is not bound by the recommendations.

DIVISION IV

DOCUMENTS, ACCOUNTS AND REPORTS

123. No deed, document or writing binds the Office unless it is signed by the chairman, another member, the secretary or any member of its staff but, in this last case, only to the extent determined by regulation of the Office.

The Office may, by regulation and on such conditions as it may fix, allow the signature to be affixed by means of a stamp or to be replaced by an engraved, lithographed or printed facsimile, countersigned by a person authorized by the chairman of the Office.

124. Any document or copy of a document emanating from the Office or forming part of its records, signed or certified by a person contemplated in section 123, is authentic.

125. The fiscal year of the Office ends on 31 March each year.

126. The books and accounts of the Office shall be audited by the Auditor General each year and whenever the Government so requires.

127. The Office shall, within three months of the end of its fiscal year, submit its financial statements and the report for the preceding fiscal year to the Minister; these documents must contain all the information required by the Minister.

The Minister shall table the report and financial statements in the National Assembly within thirty days of receiving them if it is in session or, if it is not sitting, within thirty days of the opening of the next session or of resumption.

DIVISION V

FINANCIAL PROVISIONS

128. The Office may, with the prior authorization of the Government, borrow sums of money by way of notes, bonds or other securities for the amounts, at the rates of interest and on any other conditions fixed by the Government.

129. The Office may secure execution of the obligations arising from its borrowings under section 128 by the transfer of all or a part of the debts arising from loans, lines of credit or special loans which it has granted.

The Office may, with the written consent of the lender, substitute for any debt so transferred any other debt arising from a loan, line of credit or special loan.

130. Notwithstanding any general law or special Act inconsistent herewith, a municipal or school corporation may invest the sinking funds related to its borrowings in the purchase of bonds issued by the Office. The Minister of Finance may do likewise when acting as the manager of such funds.

131. The bonds of the Office are securities in which investments referred to in article 981^o of the Civil Code, in sections 243 to 274 of the Act respecting insurance (R.S.Q., chapter A-32), and in section 8 of the Trust Companies Act (R.S.Q., chapter C-41) may be made.

132. The Government may, on the conditions it determines,

(1) guarantee payment of any sum borrowed by the Office and the performance of any obligation of the Office;

(2) authorize the Minister of Finance to advance to the Office any amount deemed necessary for the exercise of its functions and powers, at the rate of interest, for the period of time and on any other conditions determined by the Government.

The sums that the Government may be called upon to pay pursuant to the guarantees or to advance to the Office are taken out of the consolidated revenue fund.

133. The sums collected by the Office as interest on its loans, lines of credit or special loans, shall be allocated, first, to the payment of the interest payable on sums it has borrowed and, secondly, to the payment of the interest on the advances made by the Minister of Finance.

The sums collected by the Office as repayment of its loans, lines of credit or special loans shall be allocated as follows and in the following order of priority:

- (1) the repayment on the due date of the principal of its borrowings;
- (2) the establishment, as the case may be, of a sinking fund or other reserves related to its borrowings;
- (3) the repayment on the due date of advances made by the Minister of Finance, or, if there is no determined due date, as often as determined by the Minister of Finance.

134. The Office may invest the funds at its disposal under this Act, until they are used, by depositing them in a bank or an institution registered with the Régie de l'assurance-dépôts du Québec, or in securities issued or guaranteed by the Government of Canada or the government of a province of Canada.

The income from such investments and any surplus of the working fund established under section 139 shall be paid into the consolidated revenue fund within 90 days of the end of each fiscal year of the Office.

135. The Office, with the prior authorization of the Government, and at the price and on the conditions determined by the Government, may sell all or part of its debts arising from loans, lines of credit or special loans which it has granted.

The Office may, with the written consent of the purchaser given at the time of the sale or subsequently, substitute for any debt thus sold any other debt arising from a loan, line of credit or special loan which it has granted.

136. The Office is not bound by articles 1571 to 1571*c*, 1572 or 2127 of the Civil Code with regard to the transfer of a debt contemplated in section 129 or the sale of a debt contemplated in section 135.

The Government shall, however, fix the conditions respecting the method of service of the transfer or sale.

137. The proceeds from the borrowings or sales made by the Office under section 128, 132 or 135, as the case may be, must be used to

make the loans the Office is authorized to grant, or to repay any sums already borrowed.

138. The Minister of Finance may at the request of the Office pay to it, out of the consolidated revenue fund, the sums required to make up, during each fiscal year of the Office,

(1) the difference between the amount of interest payable by the Office on sums borrowed and the amount paid as interest by borrowers from or debtors of the Office;

(2) any loss in principal and interest sustained by the Office on loans granted or authorized by it before 1 August 1978 and of which repayment is not insured under the Act respecting farm-loan insurance and forestry-loan insurance;

(3) any expenses charged to the working fund of the Office which it was not possible to recover by realizing on the security and of which repayment is not insured under the Act respecting farm-loan insurance and forestry-loan insurance.

139. The Government may establish a working fund for the Office out of the consolidated revenue fund, not exceeding an amount determined by the Government, for the outlays necessary for the protection of loans, lines of credit or special loans and more particularly, but without restricting the generality of the foregoing, for payment of insurance premiums, taxes and assessments, the exercise of redemption rights, and the acquisition, conservation, administration, restoration and resale of the property securing the loans, lines of credit or special loans. As soon as they are recovered, the sums so paid out must be returned to the working fund.

140. Notwithstanding the provisions relating to capital subsidies, the Office cannot recommend that the Minister grant any capital subsidy where, during a fiscal year, the aggregate of the amount of outlays in respect of undertakings already made, including those made in previous fiscal years, and of the amount of undertakings made during that fiscal year exceeds twice the amount of the appropriations voted by the Legislature.

For the purposes of the first paragraph, the word “undertakings” refers to undertakings made under this Act in respect of capital subsidies or those made under the Act to promote the development of agricultural operations (R.S.Q., chapter M-36).

CHAPTER IV

REGULATIONS

141. The Government may, by regulation,

(1) define the expressions “principal occupation”, “principal activity”, “raising of crops”, “raising of livestock”, “agricultural operations corporation”, “agricultural operations partnership”, “agricultural operations cooperative”, “joint operators”, “designated production”, “natural disaster” and “establishment”;

(2) define the expression “resident in Québec” for the purposes of section 15 and the expressions “breeding stock”, “livestock intended exclusively to produce meat or eggs”, “unforeseen and uncontrollable collapse in the selling prices of a production” and “cessation or significant reduction in a production”;

(3) designate a form of crop growing or livestock raising as agriculture, define any group of persons that may be considered a group operation and prescribe the special requirements which must be fulfilled by the group;

(4) prescribe the requirements which must be fulfilled by a farming business that must call upon the resources of another farming business in order not to cease being considered economic;

(5) fix the maximum time that a farming business should allow a person considered an aspiring farmer to make farming his principal occupation and prescribe any other requirements which must be fulfilled by the person to be eligible for a loan;

(6) determine the content and conditions of a certificate authorizing a loan, a line of credit or a special loan;

(7) fix the general bases of appraisal of property to secure a loan, which may vary according to the nature of the property;

(8) prescribe the criteria of need for a loan or line of credit for anyone who applies therefor;

(9) prescribe the requirements which must be met by any person with respect to his farming experience or vocational training;

(10) determine, among the property which may be the object of a pledge or transfer, that whose value may be taken into account to establish the maximum amount of a loan, line of credit or special loan;

(11) determine the standards with which the ordinary lease and the emphyteutic lease of a farm contemplated in subparagraph 4 of the first paragraph of section 13 must comply;

(12) determine the cases where a business may be situated outside an agricultural region established or an area reserved in accordance with the Act to preserve agricultural land;

(13) fix the amortization bases and the terms and conditions relating to the repayment of a loan, which may vary depending on whether it is a long-term, medium-term or short-term loan;

(14) specify and list the purposes for which a loan may be obtained;

(15) fix the terms and conditions relating to the review of the borrower's financial situation during the term of his line of credit;

(16) establish in what cases, on what conditions and within what limits the repayment of expenses relating to wages or living expenses out of a line of credit may be authorized by the Office;

(17) prescribe the expenses referred to in paragraph 4 of section 35 and establish within what limits the repayment thereof out of a line of credit may be authorized by the Office;

(18) prescribe in what cases and on what conditions the Office may authorize the repayment of a balance owing on a loan contemplated in paragraph 5 of section 35 out of a line of credit;

(19) determine the time limits and the terms and conditions relating to the keeping of vouchers;

(20) fix the maximum amount and term, the terms of repayment and any other conditions that apply to special loans and the additional term, following the critical period, during which a special loan may be granted;

(21) determine in which cases the authorization of the Office is required, the nature of the security for a special loan, the date before which it must be granted and that before which the loan must be contracted for, the term and the terms and conditions of disbursement and the conditions on which the payment of the balance of a special loan may be assumed by a third person;

(22) fix the period and the cases in which a borrower is not bound to pay any amount on the principal of a special loan, prescribe the payment by the Government of part of the interest on a special loan

and determine the extent and term of such a contribution and the terms and conditions relating thereto;

(23) prescribe the standards that apply to the program of conversion of operations contemplated in section 45 and the limits as to living expenses for which a special loan may be granted;

(24) prescribe the conditions relating to the assumption of a special loan contemplated in section 48;

(25) fix, with reference to the preferential rate within the meaning of the regulations, the maximum interest rate on a loan, a line of credit or a special loan and the periods and criteria for the readjustment of the interest rate, and determine the rules for fixing a weighted interest rate;

(26) prescribe, for the purposes of the third paragraph of section 57, in what cases and on what conditions a lender may grant total or partial release of movable security or agree to any alteration thereof;

(27) prescribe all cases, other than the case contemplated in section 59, where a sum received by the borrower must be allocated to the total or partial repayment of the loan;

(28) prescribe the cases, the extent, the term, the terms and conditions and the date of payment of the contribution to the payment of interest;

(29) prescribe the cases, the extent, the term and the conditions relating to the reduction of the interest rate, determine the dates on which and the terms according to which it applies and determine, for the purposes of the third paragraph of section 78, the date on which a natural person contemplated in the said section must be at least 18 years of age but not yet 40 years of age and the requirements which must be met by such a person;

(30) prescribe the cases where the right contemplated in section 80 may be transferred, and on what conditions;

(31) prescribe the conditions of eligibility for a capital subsidy or interest subsidy and the standards, which may vary according to the category of persons, with which the recipient of a subsidy must comply;

(32) prescribe the standards with which the establishment plan or utilization plan filed by the applicant for a subsidy must comply and the manner, terms and conditions of fixing or paying the amount of the subsidy; such manner and conditions may vary, according to the

category of persons to whom the subsidy is granted and according as it is a capital subsidy or an interest subsidy;

(33) fix the proportion of the costs of appraisal of property offered as security and of the administrative charges relating to a loan, a line of credit or a special loan to be paid by the Office and the borrower, respectively;

(34) prescribe any other necessary or useful measure for the carrying out and proper operation of this Act.

CHAPTER V

REMEDIES

142. The borrower is forfeited of the benefit of the term and the lender or the Office, in its own name or as a mandatary of the lender, may cancel the loan, line of credit or special loan, claim repayment thereof in capital, with interest, costs and incidents and, failing repayment, exercise any recourse provided by law where the borrower

(1) obtained the loan, line of credit or special loan as the result of false declarations;

(2) leases property offered as security for a loan, line of credit or special loan without the authorization of the Office;

(3) disposes in whatever manner, without the authorization required under section 57, of all or part of the property offered as security for the loan, line of credit or special loan;

(4) causes or allows abnormal deterioration or diminution of the value of the property offered as security;

(5) ceases to meet the requirements to be eligible for a loan, special loan or line of credit;

(6) uses all or part of the proceeds of the loan, special loan or line of credit for purposes other than those for which it was granted;

(7) uses all or part of the amount of any contribution to the payment of interest paid to him in respect of the loan or special loan for other purposes than making a payment on the loan or special loan, unless the Office decides otherwise; or

(8) defaults on any obligation contracted in the deed evidencing the loan, special loan or line of credit.

The lender or the Office, as the case may be, shall notify the borrower of its elected course of action by mere notice sent to him by registered or certified mail at his last known address.

143. The Office may cancel a certificate or a loan not requiring the prior issue of a certificate where the applicant made a false declaration to obtain it. The applicant shall in such a case repay to the Office or to the lender the expenses incurred in consequence of the issue of the certificate or the granting of the loan.

The cancellation of the certificate by the Office has effect in respect of the lender only if the lender is notified in writing before the execution of the deed of loan or deed of sale.

If the applicant contracts the loan, he shall moreover lose the benefit of the term.

144. The Office may discontinue the contribution to the payment of interest or the reduction of the interest rate where the borrower

(1) has been granted the contribution or reduction as a result of false declarations;

(2) uses all or part of the loan, without the consent of the Office, for purposes other than those for which the loan was obtained;

(3) ceases to fulfill the conditions of eligibility provided in subparagraph 1 of the first paragraph of section 13 and subparagraph 2 of the first paragraph of section 14.

From the date on which a borrower remedies his failure to meet the conditions of eligibility contemplated in subparagraph 3 of the first paragraph, he shall become again entitled to the contribution or reduction.

If the borrower does not remedy his failure, he shall remit to the Office every amount he received while the failure persisted.

In the cases described in subparagraphs 1 and 2 of the first paragraph, the borrower not only forfeits his right to the contribution or reduction but also is required to remit to the Office any amount so received, with interest at the annual rate of interest of the loan or special loan specified in the related deed of loan.

145. Every person who, within ten years from the obtaining of a subsidy under sections 81 and 85 uses or allows to be used for purposes other than farming, without the authorization of the Office, the farming

business or the farm in respect of which the subsidy was granted, shall immediately reimburse to the Office every amount received in respect of that subsidy.

146. Every person who obtains a capital subsidy or interest subsidy to which he is not entitled or who uses the proceeds of a subsidy for purposes other than those for which it was made shall forfeit such subsidy by operation of law and shall remit the sums received to the Office. In no case may the person thereafter obtain a capital subsidy or interest subsidy.

147. Where to the knowledge of the Office, a person to whom a capital subsidy or interest subsidy was granted ceases to be a farmer or an aspiring farmer or to make farming his principal occupation or activity, as the case may be, or ceases to comply with the requirements for entitlement to the instalments of the subsidy or where that default is attributable to one or more persons who rendered the recipient eligible for the subsidy, his right to receive the instalments of the subsidy which are not yet paid shall be suspended for three years or less.

Where the default is not attributable to all the persons who rendered the recipient eligible for the subsidy, the suspension of the right shall apply only to that part of the subsidy for which he was rendered eligible by the person or persons having ceased to comply with the requirements.

148. The Minister may, on the recommendation of the Office, revoke, totally or partially, the right of a person to whom a capital subsidy or interest subsidy was granted to receive the instalments of the subsidy that are not yet paid where

(1) the person ceases to comply with the requirements for entitlement to the subsidy;

(2) the loan in respect of which the interest subsidy was granted is not concluded or the deed of loan or the deed by which the loan is assumed is revoked or cancelled before any instalment of the subsidy has been made.

Where the revocation is total and occurs before any instalment of the subsidy has been made, the subsidy is deemed never to have been granted. In the case of a partial subsidy before any instalment of the subsidy has been made, the person who rendered the recipient eligible for the part of the subsidy subject to revocation is deemed never to have rendered the recipient eligible.

The Minister may, in writing, delegate his powers under this section to any person he designates.

149. Every applicant or person who knowingly makes a false declaration to obtain or allow another person to obtain a certificate, loan, line of credit or special loan or who knowingly obtains a certificate, loan, line of credit or special loan by making a false declaration is liable, in addition to costs, to a fine of \$50 to \$1 000.

150. No person may hinder an inspector or an investigator in the performance of his duties, deceive him through concealment or by making a false declaration, refuse to furnish him with information or documents he has a right to require or examine, or hide or destroy a document or thing that may be useful to an inspection or investigation.

Every person who contravenes the first paragraph is liable, in addition to costs, to a fine of \$50 to \$1 000.

151. Penal proceedings under this Act shall be brought in accordance with the Summary Convictions Act (R.S.Q., chapter P-15).

CHAPTER VI

MISCELLANEOUS AND TRANSITIONAL PROVISIONS

[[**152.** The sums required for the administration of this Act are taken for the fiscal year 1987-88 out of the consolidated revenue fund to the extent determined by the Government.]]

153. This Act replaces

- (1) the Act to promote farm improvement (R.S.Q., chapter A-18);
- (2) the Farm Credit Act (R.S.Q., chapter C-75);
- (3) the Act to promote long term farm credit by private institutions (R.S.Q., chapter C-75-1);
- (4) the Act to promote credit to farm producers (R.S.Q., chapter C-77);
- (5) the Act to promote special credit to agricultural producers during critical periods (R.S.Q., chapter C-79);
- (6) the Act to promote the establishment of young farmers (R.S.Q., chapter E-12.1);

(7) the Act to promote the development of agricultural operations (R.S.Q., chapter M-36);

(8) the Farm Loan Act (R.S.Q., chapter P-20).

154. The Aquaculture Credit Act (R.S.Q., chapter C-77.1) is repealed.

155. Article 1979a of the Civil Code, enacted by section 1 of chapter 69 of the statutes of 1940, replaced by section 1 of chapter 7 of the statutes of 1959-60 and by section 1 of chapter 95 of the statutes of 1960-61, amended by section 1 of chapter 75 of the statutes of 1969, replaced by section 1 of chapter 69 of the statutes of 1972 and by section 2 of chapter 79 of the statutes of 1974 and amended by section 59 of chapter 21 of the statutes of 1984, is replaced by the following article:

“1979a. A person who derives revenue from agricultural or forest operations may pledge, while retaining possession thereof, his livestock and the produce of his operations, present and future, and his farm or forest machinery and equipment.

Such pledge can only guarantee one loan or a line of credit advanced to such person or to a third person who also derives revenue from agricultural or forest operations or from the raising of livestock.

Notwithstanding the second paragraph, the pledge described in the first paragraph may guarantee the balance of the selling price where the sale is made to a person who derives revenue from agricultural operations and the seller is a producer within the meaning of the Farm Products Marketing Act (R.S.Q., chapter M-35).

The person or the third person contemplated in the second paragraph then has, towards the creditor, the obligations of a borrower of the effects pledged, but is not entitled to the cost of preservation or care.”

156. Any loan, line of credit, special loan or subsidy granted under any of the Acts replaced by this Act continues to be governed by the replaced Acts.

Any loan, line of credit, special loan or subsidy for which a written application is received by the Office or the lender before (*insert here the date of coming into force of this section*) is granted under the replaced Acts.

157. The regulations made under Acts replaced by this Act remain in force.

158. The members (*régisseurs*) of the Office du crédit agricole du Québec in office on (*insert here the date of coming into force of this section*) continue to be members of the Office until the expiry of the term fixed in their order of appointment or, failing that, in the Act under which they were appointed.

159. The Minister of Agriculture, Fisheries and Food is responsible for the administration of this Act.

160. The provisions of this Act will come into force on the date or dates fixed by the Government.

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