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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-THIRD LEGISLATURE

Bill 49

## **An Act to amend the Act respecting farm-loan insurance and forestry-loan insurance**

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### **Introduction**

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

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**Québec Official Publisher  
1987**

#### EXPLANATORY NOTES

*This bill proposes amendments to the Act respecting farm-loan insurance and forestry-loan insurance, consisting mainly in*

*(1) granting borrowing powers to the Fonds d'assurance-prêts agricoles et forestiers;*

*(2) converting the endowment of ten million dollars established in favour of the Fonds into an advance in the same amount by the Minister of Finance;*

*(3) providing for an insurance charge, payable periodically at the dates fixed by regulation, in respect of any loan granted or assumed upon an application for a loan or for the assumption of a loan filed with the Office du crédit agricole du Québec, and*

*(4) authorizing the Minister of Finance to provide for the payment of all the obligations of the Fonds until 1 April 1992, out of the consolidated revenue fund, so as to enable the Fonds to become entirely self-supporting by means of its accrued income at that time and the insurance charges which it subsequently collects.*

## Bill 49

### An Act to amend the Act respecting farm-loan insurance and forestry-loan insurance

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**1.** Section 1 of the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1) is amended by replacing paragraphs *b* and *c* by the following paragraphs:

“(b) “**Office**” means the Office du crédit agricole du Québec;

“(c) “**farm loan**” means a loan, line of credit or special loan granted under the Farm Financing Act (1987, chapter (*insert here the chapter number of the said Act in the annual volume of the statutes for 1987*)), a loan granted after 1 August 1978 under an Act replaced thereby (Act to promote farm improvement (R.S.Q., chapter A-18), Farm Credit Act (R.S.Q., chapter C-75), Act to promote long term farm credit by private institutions (R.S.Q., chapter C-75.1), Act to promote credit to farm producers (R.S.Q., chapter C-77), Act to promote special credit to agricultural producers during critical periods (R.S.Q., chapter C-79)), or a loan or special loan assumed after (*insert here the date of coming into force of this section*);”.

**2.** Section 5 of the said Act is amended by adding the following paragraph:

“An insurance charge computed in accordance with the rates fixed by regulation is payable to the Fonds on the terms and conditions, at the payment intervals and in the cases prescribed by regulation in respect of

(1) any forest loan granted under the Act to promote forest credit by private institutions or assumed following a written application for a loan received by the Office from (*insert here the date of coming into force of section 2 of Bill 49 of 1987*);

(2) any farm loan.”

**3.** Section 6 of the said Act is amended by replacing the second paragraph by the following paragraph:

“The amounts paid into the Fonds under sections 5, 19, 23.2, 23.3 and 23.4 and the revenues they produce form part of the assets of the Fonds.”

**4.** Section 7 of the said Act is replaced by the following section:

“**7.** The Fonds is administered by a board of directors composed of all the members of the Office. Each member of the board remains so throughout his term as a member of the Office.”

**5.** The said Act is amended by inserting, after section 17, the following section:

“**17.1** Where a lender proves to the Office that it may not be possible for over a year to realize on the security for a loan in respect of which losses or expenses have been or may be incurred, he may, before filing a claim under section 17, file a provisional claim with the Office for repayment by the Fonds of those losses and expenses.

The Fonds must pay the claim so far as the Office recommends after examining it and assessing its merits.

The payment is made subject to the lender's right to file a final claim for the full amount of unpaid losses and expenses and subject to the right of the Fonds to require the lender to remit any overpayment by the Fonds, as soon as the actual amount of such losses and expenses is determined, with interest on the overpayment at the rate fixed in the deed or document evidencing the loan and adjustable as provided therein, where such is the case.

The amount paid to a lender in accordance with the third paragraph shall be allocated by the lender in the manner indicated by the Office.

Notwithstanding any legislative provision inconsistent herewith and subject to section 19, where the Fonds makes a payment pursuant to the first paragraph, the Office is subrogated by operation of law to the

rights of the lender to whom the payment is made, up to the amount thereof.”

**6.** Section 18 of the said Act is amended by inserting the word and figure “or 17.1” after the figure “17” in the third line of the first paragraph.

**7.** Section 19 of the said Act is amended

(1) by inserting the word “17.1” after the figure “17” in the third line of the first paragraph;

(2) by inserting the words and figure “or the fifth paragraph of section 17.1” after the figure “17” in the sixth line of the second paragraph.

**8.** Sections 20 to 23 of the said Act are repealed.

**9.** The said Act is amended by inserting, after section 23, the following sections:

**“23.1** For the purposes of this Act, the Fonds may, with the prior authorization of the Government, borrow sums of money by notes, bonds or other securities in such amounts, at such rates of interest and on such other conditions as may be fixed by the Government.

**“23.2** The endowment of ten million dollars established in favour of the Fonds by section 20 of chapter 49 of the statutes of 1978 shall be converted by the Minister of Finance into an advance of an equivalent amount in principal, at the rates of interest for the term and on the other terms and conditions fixed by the Government.

**“23.3** The Government may, on such conditions as it may determine,

(a) guarantee payment in principal and interest of any sums borrowed by the Fonds for the purposes prescribed in this Act and the execution of any obligation of the Fonds;

(b) authorize the Minister of Finance to advance to the Fonds any amount deemed necessary for the carrying out of this Act, at such rate of interest, for such period of time and on such conditions as are determined by the Government.

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

**“23.4** Until 1 April 1992, the sums necessary for the payment of the obligations of the Fonds pursuant to section 4 shall be paid out of the net income from the sum of ten million dollars contemplated in section 23.2 and, where such income is insufficient, the Minister of Finance, at the request of the Fonds, may pay to it, out of the consolidated revenue fund, the sums required to make up the payment of those obligations.

**“23.5** Subject to the second paragraph, the sums forming part of the capital of the Fonds, the income therefrom and the sums paid into the Fonds under sections 5 and 19 shall be deposited with the Caisse de dépôt et placement du Québec.

From 1 April 1992, the sums collected by the Fonds under sections 5 and 19 and the income from such sums and from the capital of the Fonds shall be allocated as follows and in the following order of priority:

- (a) to the payment of obligations of the Fonds under section 4;
- (b) to the payment of interest on sums borrowed by the Fonds under section 23.1;
- (c) to the repayment when due of the principal of the sums borrowed under section 23.1;
- (d) to the payment of interest owing on advances made by the Minister of Finance under sections 23.2 and 23.3;
- (e) to the repayment when due of advances made by the Minister of Finance under sections 23.2 and 23.3, or, if there is no fixed due date, at the intervals fixed by the Minister of Finance.

Where the sums and income mentioned in the second paragraph are insufficient for full discharge of the payments thereunder, these shall be made, in the same order, out of the capital of the Fonds.

**“23.6** Subject to section 23.5, the sums collected by the Fonds from 1 April 1992 under sections 5 and 19 for which it foresees no need on a short term basis for the payments under section 23.5 shall be deposited without delay with the Caisse de dépôt et placement du Québec.”

**10.** Section 24 of the said Act is amended

(1) by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) establishing the cases in which an insurance charge is payable in connection with a loan and determining the rate, terms and conditions and payment intervals;”;

(2) by inserting the word and figure “or 17.1” after the figure “17” in the fifth line of subparagraph *b* of the first paragraph.

**11.** The said Act is amended by inserting, after section 25, the following section:

**“25.1** Notwithstanding any legislative provision inconsistent herewith, a lender contemplated in paragraph 1 of section 5 and any other person designated by the Government under section 6 of the Act respecting farm financing who is subrogated to the rights of another lender in accordance with article 1155 of the Civil Code in respect of a loan granted under that Act is entitled to the insurance described in the first paragraph of section 4, but the powers of the Office under the third paragraph of that section, where the original lender fails to observe the provisions of the Act by virtue of which the loan was granted, or the regulations thereunder, are not hereby restricted.

The first paragraph, adapted as required, also applies in the case of an assignment, sale or transfer contemplated in section 60 of the Act respecting farm financing or section 52 of the Act to promote forest credit by private institutions, made in accordance with such section 60 or 52, as the case may be.”

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