

NATIONAL ASSEMBLY

FOURTH SESSION

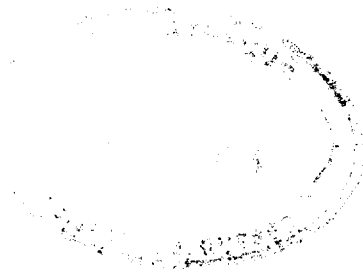
THIRTY-SECOND LEGISLATURE

Bill 74

Aquaculture Credit Act

Introduction

Introduced by
Mr Jean Garon
Minister of Agriculture, Fisheries and Food



Québec Official Publisher
1984

EXPLANATORY NOTES

The object of this bill is to establish an aquaculture credit plan to promote the commercial production and breeding of fish, crustaceans, shellfish and their eggs and the commercial cultivation or harvest of aquatic plants by enabling holders of the permit issued by the Minister of Agriculture, Fisheries and Food and contemplated in the bill respecting commercial fisheries and aquaculture (1983, Bill 48) to obtain various forms of credit accompanied, in certain cases, of a grant applicable to the payment of interest.

The new credit program, which will be funded mainly by private lenders authorized to grant loans, is in many respects similar to the various farm credit plans existing under the Farm Credit Act, the Act to promote long term farm credit by private institutions, the Act to promote farm improvement, the Act to promote credit to farm producers, except that they are grouped under a single plan to provide for a global approach in the case of each borrower.

The authorized lenders who will grant the loans for aquicultural operations under the provisions of the bill will be responsible for the ordinary administration of the loans. The Office du crédit agricole du Québec will be responsible for the administration of the Act and will provide the required expertise for recommending or refusing a loan or for taking certain measures during its term. Where there are no authorized lenders or if an authorized lender refuses to grant a loan to an applicant who holds a certificate issued by the Office, the Office itself will be authorized to grant the loan.

The bill provides that, whenever a debtor is in default, the lender may choose to entrust the Office with collecting unpaid instalments on his behalf and, if necessary, realize the movable and immovable guarantees securing the loan.

The bill authorizes the Government to make regulations, in particular, to determine the purposes for which loans may be granted, fix the maximum amount of the loans and determine classes of loans for which a contribution to the payment of interest is paid by the Office, and to determine the amount and the terms and conditions of payment of that contribution.

In addition, the bill authorizes the Minister of Agriculture, Fisheries and Food, on the recommendation of the Office, to make a grant applicable

to the interest on a loan granted for the purposes of an aquicultural establishment. This additionnal grant is provided in order that all interest on any part of a loan not in excess of \$50 000 be assumed, during five years, by the Gouvernement du Québec.

The bill amends the Civil Code to enable the persons who engage in aquaculture to pledge their animal production and the products from their aquicultural operations as well as their aquicultural machinery and equipment and any other machinery and equipment as security for a loan.

Finally, the bill amends the Act respecting farm-loan insurance and forestry-loan insurance to allow the repayment of losses arising from loans to persons engaged in aquicultural operations to be assumed by the Fonds d'assurance-prêts agricoles et forestiers.

ACTS AMENDED BY THIS BILL

- the Civil Code of Lower Canada
- the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1)

Bill 74

Aquaculture Credit Act

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

DIVISION I

DEFINITIONS

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

“aquaculture” means

(1) the commercial production or breeding of fish, amphibians, echinoderms, crustaceans or shellfish or their eggs, sexual products or larvae for consumption or stocking purposes; or

(2) the commercial cultivation or harvesting of aquatic plants;

“borrowing” means a loan obtained in accordance with this Act, including a line of credit;

“borrower” means

(1) a natural person to whom a loan is granted or who assumes its repayment;

(2) a partnership, a legal person or a group operation as defined by regulation to which a loan is granted or which assumes its reimbursement;

“establishment” means the act of a natural person, of a partnership, of a legal person or of a group operation as defined by regulation of taking up aquaculture in an economic aquicultural plant as his or its principal occupation or activity;

“aquicultural plant” means a fish-breeding plant or an establishment in which aquatic plants are cultivated or harvested commercially;

“economic aquicultural plant” means an aquicultural plant which, taking into account all of its resources, is capable of producing a revenue enabling its operator to pay the operating costs thereof, including maintenance and depreciation, to fulfill his obligations and to support his family adequately;

“fish-breeding plant” means an establishment in which the commercial production or breeding of fish, amphibians, echinoderms, crustaceans or shellfish or their eggs, sexual products or larvae is carried on for consumption or stocking purposes;

“loan” means a loan granted in accordance with this Act, including a line of credit;

“lender” means any person determined by regulation as being authorized to grant a loan;

“permit holder” means a person to whom a permit is issued by the Minister of Agriculture, Fisheries and Food under the Act respecting commercial fisheries and aquaculture and amending other legislation (1984, chapter *insert here the chapter number of the said Act*), to operate a fish-breeding plant or to cultivate or harvest aquatic plants commercially.

DIVISION II

CONDITIONS OF ELIGIBILITY

2. Every applicant must, before contracting a borrowing, obtain, from the Office du crédit agricole du Québec, a certificate the tenor and conditions of which are determined by this Act and by regulation.

3. The following may be applicants:

(1) a natural person who engages or intends to engage in aquaculture;

(2) a partnership, legal person or group operation as defined by regulation which engages or intends to engage in aquaculture.

4. Every applicant, to obtain a certificate, is required to

(1) prove to the Office that he has the financial and moral capacity to repay the loan applied for;

(2) be 18 years of age or over;

(3) be resident in Québec within the meaning of the regulations;

(4) satisfy the conditions set out by regulation as to the scale and nature of the activity he or it intends to carry on in aquaculture;

(5) prove, if he or it is the lessee of the premises where he or it engages or intends to engage in aquaculture under an emphyteutic or ordinary lease, that the emphyteutic or ordinary lease conforms to the standards prescribed by regulation;

(6) be a permit holder.

The occupant of an immovable under a location ticket is considered a lessee for the purposes of this Act and the location ticket is deemed to conform to the standards prescribed by regulation for an ordinary lease.

DIVISION III

LOANS

5. A lender may grant to an applicant one or several loans of each class of loans determined by regulation for the purposes provided by regulation for each of the classes.

6. In no case may the total amount of any or several loans of the same class which may be granted to an applicant or the total amount of all the loans of all the classes which may be granted to him exceed the maximums provided by regulation. The regulations may also establish different maximums according as the loans are granted to a partnership, a legal person or a group operation defined by regulation, or to a natural person.

Notwithstanding the foregoing, where immovable or movable property is offered as security for the repayment of a loan, in no case may the amount of the loan exceed the amount corresponding to the percentage, fixed by regulation, of the value of the property beyond which no loan may be granted.

To establish the maximum amount of one or several loans of the same class that may be granted to an applicant, account shall be taken of

(1) the balance in principal owed by him on any loan of that class he has obtained or of which he has assumed payment by succession or otherwise; and, as the case may be

(2) his relative share in the balance in principal owing on any loan of that class he has obtained jointly with any other borrower or of which he has assumed payment in the same manner.

The third paragraph applies, *mutatis mutandis*, to establish the total maximum amount of all the loans of all the classes which may be granted to an applicant.

7. In no case may the total amount owed under this Act by a borrower in respect of one or several loans of the same class or in respect of all the loans of all the classes exceed, in principal, the maximum amounts contemplated in section 6, except if the excess amount results from debts devolved to him by succession or contracted by him on acquiring property disposed of by the Office under this Act.

8. No loan may be granted except in accordance with the certificate issued to the applicant by the Office and unless the title deeds relating to the property offered as security for repayment of the loan have been verified and accepted by the Office or its mandataries.

9. In no case may the term for repayment of a loan exceed the maximum term fixed by regulation for each class of loans contemplated in section 6.

Subject to the first paragraph, every loan is repayable within the term prescribed in the certificate and according to the terms and conditions determined by regulation for each class of loans.

Where the loan is granted otherwise than in the form of a line of credit, it is repayable according to the amortization basis fixed by regulation for each class of loans.

For the purposes of sections 6 and 7, the amount of a line of credit, for as long as it is in effect, is presumed to be owed by the borrower even if it exceeds the balance owing on any advance of money made under the line of credit.

10. 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.

Service of the notice contemplated in the first paragraph must be made by mail in accordance with article 140 of the Code of Civil Procedure (R.S.Q., chapter C-25).

11. The maximum annual rate of interest on a loan is fixed by regulation and is subsequently adjusted on the dates and according to the norms established by regulation.

12. Any payment in principal or interest unpaid at maturity shall bear, of right and without formal notice, interest at the annual rate

established in accordance with section 11 and stipulated in the deed of loan, from the date of maturity of the payment.

13. The borrower or his assigns may repay all or part of the loan in advance.

Any payment made on maturity or in advance, in accordance with the document evidencing the loan, must be allocated in the manner prescribed in the regulations.

14. To secure the repayment of a loan, the borrower shall furnish to the lender the securities determined by regulation which may be real or movable or in the form of a security deposit or in any other form, according to the maximum term of repayment of the loan, its maximum allowable amount and the purposes for which it is granted.

The regulations may also fix the amount of any part of one or several loans beyond which the securities contemplated in the first paragraph must be furnished.

15. The Office may, in addition to the securities contemplated in section 14, require, to secure the repayment of a loan, any collateral security or any other security deposit as it may determine and that it mentions in the certificate.

16. In addition to the securities provided for the loan, the certificate may require, in the cases determined by regulation, a transfer in favour of the lender of the borrower's life insurance policy benefits to secure the repayment of the loan in the event of the borrower's death.

17. The Office may fix the special accessory or secondary conditions to which each loan is subject; the conditions may pertain, in particular, to the borrower's titles, the deeds of loan, the protection of the securities and other similar matters.

The certificate must state the conditions so fixed.

18. Where a borrower declares himself unable to meet his obligations at maturity, the lender may agree with him on new conditions for the repayment of the loan, provided that he obtains prior authorization therefor from the Office and that the delay granted does not prolong the term of the loan beyond each maximum term contemplated in section 9 for each class of loans determined by regulation.

19. The lender or the Office, as the case may be, as a mandatory of the lender, may declare the borrower forfeited of the benefit of the term granted, cancel the loan, claim repayment thereof with interest

and, failing such repayment, exercise any recourse provided by law if the borrower

(1) obtained a loan as the result of false declarations or false pretences;

(2) as a permit holder, does not comply with the conditions of the permit;

(3) disposes in any manner, without the authorization required under section 38, of all or part of the property offered as security;

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

(5) ceases to meet the requirements to qualify for a loan;

(6) uses the proceeds or part of the proceeds of the loan for purposes other than those for which the loan was granted; or

(7) has failed to fulfil any of the obligations contracted under the deed of loan.

The lender or the Office, as the case may be, shall notify the borrower of his or its elected course of action by mere notice served on the borrower in accordance with article 140 of the Code of Civil Procedure.

20. A borrower must, throughout the term of the loan, meet the conditions of eligibility set down for an applicant in Division II.

DIVISION IV

POWERS OF THE OFFICE

21. In addition to the powers conferred on it by this Act, the Office may

(1) receive and examine any application for a certificate in view of obtaining a loan;

(2) appraise, in accordance with the general bases fixed by regulation, the property offered as security for a loan applied for and establish the maximum amount of the loan;

(3) indicate, in each case, the conditions of the loan and the part of the sum lent to be used for one or other of the purposes contemplated in section 5, and fix or prolong, in each case, the period during which a borrowing may be contracted from the date of issue of a certificate;

(4) examine the titles of ownership of the property offered as security for the loan, revise any examination report concerning the real securities and verify the charges encumbering the movable securities;

(5) 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 the lender or that have become payable on a loan, to make or bring, for that purpose, any demand, action or other proceeding or, in such capacity, to act in defence against any demand, action or other proceeding and to acquire any property offered as security for a loan, and administer, sell or lease such property or otherwise dispose of it by onerous title;

(6) acquire any immovable hypothecated to secure a loan, either at a sheriff's sale or directly from the lender following his acquisition of it at a sheriff's sale or pursuant to a giving in payment clause, and administer, sell or lease that immovable or otherwise dispose of it by onerous title;

(7) act as lender where no person has been designated as lender under subparagraph 2 of the first paragraph of section 44 or if a lender refuses to grant all or part of a loan and, for such purpose, exercise all the rights and powers granted to the lender under this Act.

DIVISION V

CONTRIBUTION TO PAYMENT OF INTEREST

22. The Office shall contribute to the payment of the interest on any loan of a class determined by regulation granted by a lender other than the Office, to the extent, for the term, on the conditions, according to the modalities and at the time determined by regulation.

The Office is authorized to reduce, to the extent, for the term, on the conditions, according to the modalities and at the time determined by regulation, the rate of interest applicable to a loan of a class determined by regulation it is authorized to grant under paragraph 7 of section 21.

In no case may the amount of the loan to which the contribution to the payment of interest provided for in the first paragraph or the reduction in the rate of interest provided for in the second paragraph is applicable exceed the maximum determined by regulation, which may be greater if the contribution or reduction applies to a loan obtained by a partnership, a legal person or a group operation more than one member of which engage in the aquicultural operation of the borrower.

The amount of the loan contemplated in the third paragraph must include the balance of any part of any other loan owed by the borrower and to which the contribution to the payment of interest provided for in the first paragraph or the reduction in the rate of interest provided for in the second paragraph applies.

In no case may contributions to the payment of interest or reductions in the rate of interest apply to the interest borne of right under section 12.

23. All sums due by the Office as a contribution to the payment of interest or to which the borrower is entitled as a reduction in the rate of interest, where such is the case, are unseizable except in favour of the creditor of the loan in respect of which they are due or applicable and only up to the amounts due to the creditor in respect of the loan.

24. A borrower ceases to be entitled to the contribution or reduction contemplated in section 22 and forfeits his right to receive any deferred payment of the contribution or reduction in respect of a loan if

(1) he benefits by the contribution or reduction as a result of false declarations or false pretences; or

(2) he uses the proceeds or part of the proceeds of the loan for purposes other than those for which the loan was obtained.

25. In each of the cases contemplated in section 24, the Office, if it sees fit, may claim any amount paid as a contribution to the payment of interest on the loan or any amount representing the reduction in the rate of interest, and the interest on that amount at the annual rate fixed in accordance with section 11 and specified in the deed of loan, from the date of each payment or reduction. In such a case, the lender does not necessarily forfeit the benefit of the loan insurance contemplated in section 4 of the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1).

26. Subject to section 24, where, to the knowledge of the Office, a borrower is in default to conform with this Act, the payment of any contribution contemplated in section 22 or the reduction in the rate of interest contemplated in the said section, in respect of a loan, shall be deferred until the borrower proves to the Office that his default has been remedied. However, if three years lapse before the default is remedied, the borrower forfeits any right to receive any deferred payment of the contribution or any amount corresponding to the amount of the reduction in the rate of interest from which he would have benefitted if the reduction had not been deferred, and he shall thenceforth cease to be entitled to such a contribution or reduction.

DIVISION VI

GRANT APPLICABLE TO INTEREST IN CASES OF ESTABLISHMENT

27. In the case of a loan for an initial term of not less than five years that is a loan of a class to which the contribution to the payment

of interest or reduction in the rate of interest contemplated in section 22 is applicable, the Minister of Agriculture, Fisheries and Food, on the recommendation of the Office, may make a grant toward the interest on a loan obtained or payment of which is assumed, through succession or otherwise, by an applicant for the purposes of his establishment, provided that he meets the conditions provided by regulation.

The grant provided for in the first paragraph is equal to the net interest on the first \$50 000 of the loan or, as the case may be, on the first \$50 000 of the balance in principal of the loan outstanding on the date payment thereof was assumed, computed while taking account of the normal amortization of the loan on the first \$50 000.

Such a grant does not apply to the interest borne of right under section 12.

28. Notwithstanding section 27, where the grant is made to a partnership, a legal person or a group operation, it then applies only to the amount corresponding to the amount contemplated in the said section, multiplied by the percentage of participation or interest, of a nature defined by regulation, held in the partnership, legal person or group operation by a person or persons who meet the conditions determined by regulation and who are not already established in aquaculture or in an undertaking that constitutes a fish-breeding plant, or who are not or have not formerly been part of a partnership, legal person or group operation formerly established in aquaculture or in an undertaking that constitutes a fish-breeding plant.

Where, on the date contemplated in section 31, the percentage contemplated in the first paragraph does not exceed eighty per cent, the Minister may grant to the borrower, in the cases, for the term and on the conditions determined by regulation and on the recommendation of the Office, an additional grant applicable to the net interest accrued on the first \$50 000 of the loan in respect of which the grant provided for in section 27 was granted in accordance with the said paragraph.

A grant under the second paragraph applies only in respect of that proportion of the first \$50 000 of the loan to which the grant provided for in section 27 or the additional grant provided for in the said paragraph does not apply and is computed while taking into account, during the period it is applicable, the normal amortization of the loan to which it applies.

29. In the case of a loan granted by a lender other than the Office, net interest is, for the purposes of sections 27 and 28, the interest that the debtor of the loan would have to pay on the first \$50 000 contemplated in the said sections before default interest, after deduction

of the contribution toward payment of the interest payable by the Office under section 22, in respect of the first \$50 000.

In the case of a grant made by the Office, the net interest for the purposes of sections 27 and 28 is the interest that the debtor of the loan would have to pay on the first \$50 000 contemplated in the said sections before default interest, taking into account the reduction in the rate of interest granted under section 22, in respect of the first \$50 000.

30. If, for the purposes of his establishment, a borrower obtains more than one loan or assumes the payment of more than one loan or obtains one or several loans and assumes, at the same time, the payment of one or several other loans, the amount of \$50 000 contemplated in the first paragraph of section 27 includes, for the period during which the grant is applicable, in the following order and up to that maximum amount,

(1) that part to which the contribution to the payment of interest provided for in the first paragraph of section 22 of any loan contemplated in the said paragraph applies, commencing with the loan having the longest period of repayment and according to its rank in time;

(2) that part to which the reduction in the rate of interest provided for in the second paragraph of section 22 of any loan contemplated in the said paragraph applies, commencing with the loan having the longest period of repayment and according to its rank in time.

Where the term remaining to run on a loan contemplated in the first paragraph the payment of which is assumed by the borrower is less than five years, no account is taken of any part of the balance then due on that loan to form all or part of the maximum amount of \$50 000 contemplated in the said paragraph, unless all or part of the said balance is required to complete the maximum amount. In that case, the order prescribed in the said paragraph must be followed in respect of the parts of the said balance which are required to complete that amount.

31. Every grant under section 27 applies for a period of five years from, as the case may be, the date of the deed of loan, the date of the opening of the succession giving rise to the assumption of the loan, the date of the deed of alienation under the terms of which payment of the balance of the loan was assumed, or, where the deed was granted without the prior authorization of the Office and the lender, the date of the deed under which any required authorization was granted.

32. The grant provided for in section 27 and the grant provided for in the second paragraph of section 28 are payable by the Office in the manner and at the time contemplated in section 22 for the payment

of the contribution to the payment of interest provided for in the said section or, as the case may be, the application of the reduction in the rate of interest provided for in the said section, provided that the borrower has then satisfied the required conditions to obtain the payment of the amount of such a contribution or, as the case may be, the amount corresponding to such a reduction.

33. Sections 23 to 25 apply, *mutatis mutandis*, to any grant amount paid or payable under this division.

Where, under the first paragraph and section 24, a borrower has ceased to be entitled to the grant provided for in section 27 or in section 28 in respect of a loan, no such grant may thereafter be granted to him.

34. Where, to the knowledge of the Office, a borrower who has received a loan to which the grant provided for in section 27 or in section 28 applies fails to comply with the provisions of this Act, the payment of any instalment due in respect of the grant is deferred to the date when it is proved to the Office that the default has been remedied. However, if three years lapse before the default is remedied, the borrower forfeits any right to receive any deferred payment or unpaid payment in respect of the grant for the remainder of the period of five years provided for in section 31 or, as the case may be, for the unexpired period of the term contemplated in the second paragraph of section 28.

35. The Minister may, at the request of the Office, cancel the right of any person, partnership or group operation to whom or which a grant provided for in section 27 or in section 28 was made, to receive the unpaid instalments under the grant

(1) if the person, partnership or group operation refuses to receive payment of the grant;

(2) in case of non-execution of the loan in respect of which the grant was made;

(3) if the deed evidencing the loan or the deed under which the loan is assumed is cancelled or revoked before any payment of the grant is made;

(4) if the person, partnership or group operation has not completed his or its establishment within the 12 months after the Office received his or its written application for a loan or for the assumption of a loan.

Where a cancellation contemplated in the first paragraph occurs before any payment of the grant is made, the grant is, for the purposes of this Act, deemed never to have been made.

DIVISION VII

PROTECTION OF SECURITIES

36. The lender or the Office, through his or its representatives or employees, may, at any time, inspect the immovable or movable property securing a loan, enter or pass on any immovable, inspect and appraise such immovable and any other immovable property and conduct any investigation it or he considers necessary.

37. In case of default of maintenance or in case of deterioration of property securing a loan, the lender may, at the borrower's expense, do any work and repairs and take any step he considers necessary to ensure its maintenance in good condition.

If 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 of right 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, but it must notify the lender as soon as possible.

38. The authorization of the Office, unless it determines otherwise, and that of the lender, must be obtained in order

(1) to validate the voluntary transfer of immovable or movable property securing a loan;

(2) to grant, with or without consideration, the release of any movable or immovable securities;

(3) to discharge a surety securing a loan, with or without consideration.

39. The authorization of the Office must be obtained in order to validate the lease of any movable or immovable property securing a loan.

40. The authorization of the Office contemplated in sections 38 and 39 is granted by any person designated by the Office.

41. Where a borrower collects a sum of money on or pursuant to the transfer, expropriation or lease of property securing a loan owing from such borrower, the said sum, subject to the second paragraph of section 13, must be applied to the repayment in full or in part of the loan, unless otherwise decided by the Office.

42. The Office may request from the borrower any information or document it deems necessary to ensure the protection of the securities for a loan or to ascertain whether a borrower is fulfilling the obligations

he has contracted under the deed of loan, and the borrower is bound to furnish the requested information or document to the Office.

DIVISION VIII

REALIZING UPON SECURITY

43. Notwithstanding any inconsistent legislative provision and subject to any other recourse, the Office may proceed in accordance with sections 37 to 45 of the Farm Credit Act (R.S.Q., chapter C-75) where, as mandatary of a lender, it is entitled to realize on its security or to recover from a borrower under this Act, sums owing or that have become payable, or any other debt.

The Office may proceed in the same manner, as a mandatary of a lender, in any case of default on the part of a borrower.

DIVISION IX

REGULATIONS

44. The Government may, by regulation,

(1) define, for the purposes of sections 1, 3 and 6, the words “partnership”, “legal person” and “group operation”;

(2) designate any person entitled to grant a loan;

(3) determine the tenor of the certificate contemplated in section 2 and the conditions for obtaining it;

(4) determine the standards to which the emphyteutic lease and the ordinary lease contemplated in section 4 are subject;

(5) define the expressions “principal occupation” and “principal activity”, clarify, for the purposes of subparagraph 3 of the first paragraph of section 4, the expression “resident in Québec” and establish, for the purposes of subparagraph 4 of the said paragraph, the requirements to be met by an applicant;

(6) determine classes of loans and prescribe the purposes for which the grants included in those classes may be granted;

(7) fix the total maximum amount of one or several loans of the same class that may be granted to an applicant and the total maximum amount of the loans of all classes that may be granted, and establish different maximums for such amounts according as the loans are granted to a partnership, a legal person or a group operation defined by regulation, or to a natural person;

(8) fix, for the purposes of the second paragraph of section 6, the percentage of the value of the property contemplated in that paragraph beyond which no grant may be made;

(9) determine the maximum term and the terms and conditions for repayment in respect of each class of loans and, except for loans granted in the form of a line of credit, fix the amortization basis for each class of loans;

(10) fix the maximum annual rate of interest on loans and the dates and criteria for the readjustment of the rate of interest;

(11) fix, for the purposes of section 13, the mode of allocation of the payments made in respect of a loan;

(12) determine, in accordance with section 14, the securities that must be furnished to secure the repayment of a loan and fix the amount of that part of one or several loans beyond which the securities must be furnished;

(13) determine the cases where the transfer of a borrower's life insurance policy benefits may be required;

(14) fix the general bases of appraisal of property offered as security for a loan;

(15) determine the classes of loans in respect of which the Office is authorized to contribute to the payment of interest and the amount, period, conditions, modalities and the dates of payment of the contribution;

(16) determine the classes of loans in respect of which the Office is authorized to reduce the rate of interest and the extent, period and conditions of a reduction in the rate of interest applicable to the loans, the dates on which the reduction is granted and the terms and conditions of its application;

(17) fix, in accordance with the third paragraph of section 22, the maximum amount of a loan to which the contribution to the payment of interest or the reduction in the rate of interest provided for in that section is applicable;

(18) establish the conditions that must be met by a borrower to qualify for a grant under section 27 and, for the purposes of section 28, the conditions that must be met by the person or persons contemplated in that section;

(19) determine the cases where the grant provided for in the second paragraph of section 28 may be made and the term and the conditions of that grant;

(20) define, for the purposes of section 28, the nature of the participation or interest contemplated in that section;

(21) fix the proportion of the cost of appraisal of the property offered as security, payable by the Office and by the borrowers, respectively;

(22) prescribe the documents, reports and information to be made or filed under this Act and the time limits for their production;

(23) prescribe any other measure necessary or advisable for the administration of this Act.

Regulations made under this Act come into force ten days after their publication in the *Gazette officielle du Québec* or on any later date fixed therein.

DIVISION X

TRANSFER OF DEBTS

45. Subject to all the powers of the Office under this Act, the second paragraph of this section, and to every restriction provided in any Act that is applicable to the lender, the latter may, after obtaining the general and specific authorization to do so from the Office, assign or transfer to any person as security for a loan, all or part of the debts owing 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 that are the subject of such assignment, transfer or sale 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 the assignment of a debt owing from a loan is made by a lender to another lender, the purchaser or assignee may, notwithstanding the first paragraph, with the written consent of the lender and the Office, exercise over the loan all the powers conferred on the original creditor by this Act, including the power to administer the loan.

DIVISION XI

FINANCIAL PROVISIONS

46. For the purposes of this Act, the Office may, with the prior authorization of the Government, contract borrowings by notes, bonds or other securities for such amounts, at such rates of interest and on such other conditions as may be fixed by the Government.

47. The Office may guarantee execution of the obligations arising from the borrowings contemplated in section 46 by the transfer of the whole or a part of the debts owing to it on loans granted under this Act.

The Office may, with the written consent of the lender given at the time the borrowing was done or subsequently, substitute for any debt thus transferred any other debt arising from a loan contemplated in the first paragraph.

48. Notwithstanding any general law or special Act to the contrary, municipal and school corporations may invest the sinking-funds for their borrowings in acquiring bonds issued by the Office.

The same applies to the Minister of Finance when he administers the sinking-funds.

The bonds of the Office shall be 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.

[[**49.** The Government may, on such conditions as it may determine,

(1) guarantee payment of the principal and interest of any borrowing contracted by the Office for the purposes prescribed in this Act and the execution of any obligation of the Office;

(2) authorize the Minister of Finance to advance to the Office any amount deemed necessary for the application of this Act, at such rate of interest, for such period of time and on such other conditions as are determined by the Government;

(3) authorize the Minister of Finance to advance to the Office any amount deemed necessary for the repayment of all or part of the loans contracted under section 46 and of advances made by the Minister under subparagraph 2, at such rate of interest, for such period of time and on such other 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 Office are taken out of the consolidated revenue fund.]]

50. The sums collected by the Office as interest on its loans are allocated first to the payment of the interest payable on borrowings it has contracted under section 46 and, secondly, to the payment of the interest payable on the advances made by the Minister of Finance under section 49.

The sums collected by the Office as repayment on its loans are allocated as follows and in the following order of priority:

(1) the repayment on the due date of the principal of the borrowings contemplated in section 46;

(2) the establishment, as the case may be, of a sinking-fund or other reserves related to borrowings contracted under section 46;

(3) the repayment on the due date of advances made by the Minister of Finance under section 49, or, if there is no determined due date, as often as determined by the Minister of Finance.

51. The Office may deposit the funds at its disposal under this Act, until they are used, in a bank, 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 revenues from such investments and any surplus of the working fund established under section 56 are paid into the consolidated revenue fund within ninety days of the end of each fiscal year of the Office.

52. The Office may, with the prior authorization of the Government, and at the price and on the conditions determined by the Government, sell the whole or part of its debt arising from a loan granted under paragraph 7 of section 21.

The Office may, with the written consent of the purchaser given at the time the sale is made or subsequently, substitute for any debt thus sold any other debt arising from a loan granted under paragraph 7 of section 21.

53. 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 47 or the sale of a debt contemplated in section 52.

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

54. The proceeds from the borrowings or sales made by the Office under section 46, 49 or 52, as the case may be, must be used to make the loans the Office is authorized to grant under paragraph 7 of section 21 or to repay any borrowing already contracted under section 46 or 49.

55. 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 for each fiscal year of the Office, the difference between the amount of interest payable by the Office on borrowings contracted under sections

46 and 49 and the amount paid as interest by borrowers from or debtors of the Office.

56. The Government may establish a working fund for the Office out of the consolidated revenue fund, not exceeding \$200 000, for the outlays necessary for the protection of the loans it grants, and more particularly, but without restricting the generality of the foregoing, for payment of insurance premiums, taxes and assessments, exercise of redemption rights, acquisition, conservation, administration, restoration and resale of the property securing the loans. As soon as they are recovered, the sums so paid out must be returned to such working fund.

[[**57.** The sums required for the administration of this Act are taken for the fiscal year 1984-85 out of the consolidated revenue fund to the extent determined by the Government.

The first paragraph does not restrict the scope of sections 49, 55 and 56.]]

DIVISION XII

FINAL PROVISIONS

58. The heading of Chapter Third of Title Sixteenth of Book Third of the Civil Code, replaced by section 1 of chapter 79 of the statutes of 1974, is replaced by the following heading:

“OF THE PLEDGE OF AGRICULTURAL, AQUACULTURAL
AND FOREST PROPERTY”.

59. Article 1979*a* of the said 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 and replaced by section 1 of chapter 69 of the statutes of 1972 and by section 2 of chapter 79 of the statutes of 1974, is amended by replacing the second paragraph by the following paragraphs:

“A person who derives revenue from aquicultural operations may pledge, while retaining possession thereof, his animal or vegetal aquiculture production and the product of his operations, present and future, and his aquicultural machinery and equipment and machinery of any other kind.

The pledge contemplated in the first and second paragraphs can only guarantee one loan for a term not exceeding fifteen years or a

line of credit for a term not exceeding five years advanced to such person or to a third person who also derives revenue from the agricultural, aquicultural or forest operations or from the raising of livestock.”

60. Article 1979*b* of the said Code, enacted by section 1 of chapter 69 of the statutes of 1940, replaced by section 2 of chapter 7 of the statutes of 1959-60 and by section 2 of chapter 95 of the statutes of 1960-61, amended by section 1 of chapter 57 of the statutes of 1962, replaced by section 3 of chapter 79 of the statutes of 1974 and amended by section 64 of chapter 32 of the statutes of 1982, is replaced by the following article:

“1979*b*. The pledge must be evidenced by a notarial deed *en minute* or *en brevet* or by private deed describing the property pledged and, in the case of farm and forest pledges, the immovables where they are located.

In the case of farm and forest pledges, the deed must be registered by deposit in the registry office of the division where the immovable is situated and the immovable must be described by its cadastral number, if any, without it being necessary to further describe the parts of the lots.

In the case of an aquaculture pledge, the deed must indicate, in addition, the location of the aquicultural operation of the person who makes the pledge and the place where the pledged property is located and it must be registered by deposit in the registry office of each location or if a location is not situated in a registration division, in the registration office of the division that includes the municipality closest to the location.

Mention of the registration must be made in the register of farm, forest and aquaculture pledges and cancellation thereof is effected in accordance with article 2151.”

61. Article 2161 of the said Code, amended by section 1 of chapter 39 of the statutes of 1902, by section 1 of chapter 48 of the statutes of 1912, by section 1 of chapter 76 of the statutes of 1918, by section 1 of chapter 91 of the statutes of 1922, by section 8 of chapter 46 of the statutes of 1943, by section 33 of chapter 45 of the statutes of 1948, by section 20 of chapter 11 of the statutes of 1980, by section 3 of chapter 14 of the statutes of 1981 and by section 71 of chapter 32 of the statutes of 1982, is again amended

(1) by replacing the expression “register of farm and forest pledges” by the expression “register of farm, aquaculture and forest pledges” in both places where it is found in paragraph 1;

(2) by replacing paragraph 4 by the following paragraph:

“4. A register of farm, aquaculture and forest pledges, in alphabetical order of the persons having pledged their property, with a reference to the registration number and date of each deed and, in the case of farm and forest pledges, the designation of the immovable subject to the deed.”

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

“(c) “farm loan” means a loan granted under the Act to promote long term of farm credit by private institutions (R.S.Q., chapter C-75.1), the Farm Credit Act, the Act to promote farm improvement (R.S.Q., chapter A-18), the Act to promote credit to farm producers (R.S.Q., chapter C-77), the Act to promote special credit to agricultural producers during critical periods (R.S.Q., chapter C-79) or the Aquaculture Credit Act (1984, chapter *insert here the chapter number of that Act*);”.

63. The Office du crédit agricole du Québec is entrusted with the administration of this Act.

64. The books and accounts of the Office relating to the administration of this Act shall be audited every year by the Auditor General and also whenever so determined by the Government.

65. Not later than 30 June each year, the Office shall submit to the Minister of Agriculture, Fisheries and Food a report on the administration of this Act for the preceding fiscal year. The report must also contain any information the Minister may prescribe.

The Minister shall table the report in the National Assembly within thirty days of receiving it, if the Assembly is in session or, if it is not sitting, within thirty days of the next session or of resumption, as the case may be.

In addition, the Office shall supply at any time the Minister with any information he may require on its activities under this Act.

66. The Minister of Agriculture, Fisheries and Food is entrusted with the administration of this Act.

67. This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).

68. This Act comes into force on the date fixed by proclamation of the Government, except the provisions excluded by the proclamation, which will come into force on any later date fixed by proclamation of the Government.