

THIRD SESSION

THIRTY-SECOND LEGISLATURE

NATIONAL ASSEMBLY OF QUÉBEC

Bill 113

**An Act to amend the Act to promote
credit to farm producers**

First reading
Second reading
Third reading



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EXPLANATORY NOTES

The main object of this bill is to increase the maximum amount that may be obtained as a loan or a line of credit by a producer of cereals or feeder cattle, under the Act to promote credit to farm producers, from \$100 000 to \$500 000.

The maximum amount will apply even in the case of a producer of cereals or feeder cattle who is also engaged in another kind of production, provided that the amount borrowed for the purposes of the other production does not exceed \$100 000.

This bill also provides that where the grant of a loan is subject to prior authorization by the Office du crédit agricole du Québec (the Bureau), the Bureau may prescribe the conditions that the borrower must fulfil before the loan is granted or paid out.

Lastly, the bill stipulates that where the amount of a loan or of a line of credit is to be used in whole or in part for purposes related to the production of cereals or feeder cattle, the borrower must fulfil special conditions prescribed by regulation of the Government.

Bill 113

An Act to amend the Act to promote credit to farm producers

The Parliament of Québec enacts as follows:

1. Section 4 of the Act to promote credit to farm producers (R.S.Q., chapter C-77) is replaced by the following sections:

“4. Any bank or credit union may grant to a borrower, for one or more of the purposes mentioned in section 8, a loan or a line of credit which, except in the cases contemplated in section 4.1, must not exceed \$100 000.

“4.1 Where a borrower is engaged in the production of cereals or feeder cattle or of both cereals and feeder cattle and he fulfils the conditions prescribed in section 5, a bank or credit union may grant to him, for one or more of the purposes mentioned in section 8, a loan or a line of credit of up to \$500 000.

However, if the borrower is also engaged in some other production, the amount of any part of the loan or of the line of credit that is applicable to purposes related to such other production, added to the amount of any part of the balance of a loan owing by the same borrower or of a line of credit previously granted to him and still in effect, obtained for purposes related to any production other than the production of cereals or feeder cattle, must not exceed \$100 000.

“4.2 A borrower who has obtained one or more loans which have not been completely repaid shall not obtain any other loan except from the same lender.

“4.3 Subject to section 4.2, one and the same borrower may obtain more than one loan, provided that the amount of the last loan obtained by him, added to the balance owing by him in principal, by succession or otherwise and determined as provided in section 6, on any other loan, does not exceed \$100 000 or \$500 000, as the case may be.”

2. Section 5 of the said Act is amended by adding, at the end, the following paragraph:

“Where the Bureau grants the authorization, it may also prescribe the conditions that the borrower must fulfil before a loan or a line of credit may be granted to him or paid out; the conditions may, in particular, contemplate the proportion of the expenses related to his agricultural operations that he must assume or must have already assumed with his own resources and without the aid of a loan, the allocation of his liquid assets to the payment of those expenses or the protection of the debt or the guarantees and other similar matters.”

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

“**5.1** Subject to the first and third paragraphs of section 5, a person who borrows with a view to using the whole or part of the loan or of the line of credit for purposes provided for in section 8 and related to the production of cereals or feeder cattle in which he is engaged must, in order that the loan or the line of credit may be granted to him, fulfil the special conditions prescribed by regulation.”

4. Section 6 of the said Act is replaced by the following sections:

“**6.** The total amount owing in principal by a borrower under this Act must at no time exceed \$100 000 or, in the cases contemplated in section 4.1, \$500 000, except where the excess is the result of debts devolved to him by succession subsequently to the last loan contracted by him that he has not repaid in full.

“**6.1** Where the borrower is a farmer or an aspiring farmer, the maximum amounts contemplated in section 6 are established by taking into account

(1) the balance owing by him personally on any other loan he has obtained or of which he has assumed payment; and

(2) his relative share in the balance of any other loan he has obtained jointly with any other person or of which he has assumed payment in the same manner.

“**6.2** In the case of joint borrowers or undivided owners considered as one farmer, the maximum amounts contemplated in section 6 are established by taking into account

(1) the balance owing by them on any other loan they have obtained in that capacity or of which they have assumed payment;

(2) the balance owing by each of them on every other loan he has obtained personally or of which he has assumed payment in the same manner; and

(3) the relative share in the balance of any other loan obtained by each of them jointly with any other person or of which he has assumed payment in the same manner.”

5. Section 11 of the said Act is replaced by the following section:

“**11.** The interest rate on any loan shall be the current rate charged by lenders in the ordinary course of their operations, unless the Government, by regulation, fixes a maximum interest rate.”

6. Section 22 of the said Act is amended

(1) by inserting, after subparagraph *a* of the first paragraph, the following subparagraph:

“(a.1) clarify any expression used in sections 4.1 and 5;”;

(2) by inserting, after subparagraph *g* of the first paragraph, the following subparagraph:

“(g.1) establish the special conditions a borrower must fulfil in order that the amount of a loan or of a line of credit may be granted to him for purposes related to any production contemplated in section 5.1;”.

[[**7.** For the fiscal period 1983-1984, the sums required for the administration of this Act shall be taken out of the consolidated revenue fund, and for subsequent fiscal periods, out of the moneys granted each year for that purpose by Parliament.

The first paragraph does not limit the scope of section 23 of the Act to promote credit to farm producers.]]

8. 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).

9. This Act will come into force on the day of its sanction, except sections 1 to 4 and 6 to 8, which will come into force on a later date that will be fixed by proclamation of the Government.