

No. 119

3rd Session, 13th Legislature, Alberta
5 Elizabeth II, 1957

BILL 119

A Bill to Provide a Means of Assisting Farmers to
Purchase and Acquire Economic Farm Units

HON. MR. HINMAN

EDMONTON, ALBERTA
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1957

Explanatory Note

General. This Bill enacts a new Act, which will provide authority to loan moneys for the purchase of farm lands. The Act contemplates the setting up of Farm Purchase Boards within rural municipalities. These Farm Purchase Boards will be established by the Minister upon application therefor by the municipality concerned.

Before a Farm Purchase Board is constituted the Minister and the municipality will enter into an agreement providing for the operation of the board.

It is also provided that an advisory committee to report upon matters referred to them may be set up.

Where a person sells land to be purchased in part by a loan under this Act, the property will be transferred to the board who will sell it to the purchaser under an agreement for sale and mortgage it to the Crown as security for the Province's loan. The original seller will receive at least sixty per cent of the agreed price in cash, and will obtain the balance over a term of years from the board at 4½% interest. The Province's loan will be repaid by the board in the same manner. All repayments will come out of the sale instalments and be distributed proportionately to the Crown and the seller.

2. Definitions.

3. Purpose of Act.

BILL

No. 119 of 1957

An Act to Provide a Means of Assisting Farmers to
Purchase and Acquire Economic Farm Units

(Assented to _____, 1957)

HER MAJESTY, by and with the advice and consent of
the Legislative Assembly of the Province of Alberta,
enacts as follows:

1. This Act may be cited as "*The Farm Purchase Credit Act*".

2. In this Act,

- (a) "board" means a Farm Purchase Board;
- (b) "council" means
 - (i) in the case of a county or municipal district, the council thereof, and
 - (ii) in the case of an improvement district or special area, the Minister of Municipal Affairs;
- (c) "farm lands" means lands suitable for agricultural purposes and not being less in extent or greater in value than authorized by this Act;
- (d) "Farm Purchase Board" means a corporation established by the order of the Minister under this Act;
- (e) "Fund" means the Farm Purchase Revolving Fund established pursuant to this Act;
- (f) "Minister" means the member of the Executive Council to whom the administration of this Act is assigned by the Lieutenant Governor in Council;
- (g) "municipality" means a county, municipal district, improvement district and special area;
- (h) "prescribed" means prescribed by regulations;
- (i) "regulations" means regulations made by the Lieutenant Governor in Council under this Act.

3. The purpose of this Act is to provide means whereby low cost long term loans may be made available to farmers for the purchase of farm lands, and for the accomplishment of this purpose to provide

- (a) for the participation of the provincial government, local authorities and farmers,

4. Revolving Fund to be set up by Provincial Treasurer.

5. To whom loans may be made.

6. Disposition of repayments.

7. Reduction of Fund by transfer to general revenue.

8. Application for establishment of Farm Purchase Boards.

- (b) for the establishment of Farm Purchase Boards throughout the rural areas of the Province, and
- (c) for the execution of agreements by municipalities, Farm Purchase Boards, and vendors and purchasers of farm lands, toward the purchase and sale of farm lands with provincial and municipal participation by way of loans and guarantees.

Farm Purchase Revolving Fund

4. (1) The Provincial Treasurer shall establish a fund which shall be known as the Farm Purchase Revolving Fund.

(2) From time to time there shall be advanced to the Fund such sums as may be required for the purposes of this Act.

(3) The amount of advances to the Fund and outstanding at any one time shall not exceed two million dollars.

5. Loans may be made to Farm Purchase Boards from the Fund in accordance with the requirements of this Act.

6. (1) Moneys received by the Minister as repayment of principal on loans made under this Act shall be credited to the Fund.

(2) Moneys received by the Minister as payment of interest on loans made under this Act shall be deposited in the General Revenue Fund of the Province.

7. (1) The Provincial Treasurer may, when he deems it desirable to do so, transfer from the Fund to the General Revenue Fund any sum lying unused in the Fund.

(2) Any sum so transferred from the Fund to general revenue shall be by way of reduction of the advances outstanding to the Fund.

Farm Purchase Boards

8. (1) An application for the establishment of a Farm Purchase Board in a municipality shall be made by the municipality.

(2) The application shall be authorized by a by-law of the municipality and not otherwise.

(3) The application shall be submitted by the secretary-treasurer of the municipality to the Minister and shall contain or have attached thereto the following information:

- (a) the area within the municipality that the proposed board will be intended to serve;
- (b) the extent to which the municipality is willing to guarantee the loans made under this Act by the board;
- (c) the member of the council nominated to represent the municipality on the proposed board.

9. Preliminary and general agreements for establishment and operation of Farm Purchase Board.

10. Establishment and powers of Farm Purchase Boards.

9. (1) Before establishing a Farm Purchase Board, the Minister shall enter into such agreement with the applying municipality as the Minister deems necessary to obtain the participation of the municipality in the operations of the Farm Purchase Board.

(2) Without restricting the generality of subsection (1), the agreement may provide

- (a) that the municipality will guarantee the vendors of land to the Farm Purchase Board against loss on the sale to the extent of twenty per cent of any loss,
- (b) that the municipal officers will be required and empowered to assist the Farm Purchase Board in appraising and evaluating farm lands purchased or intended to be purchased pursuant to this Act, and will give it all available information in respect of the possibilities of successful farming of such lands, and
- (c) that the municipality will bear a portion of the operating costs of the Farm Purchase Board.

10. (1) When such agreement as may be required by the Minister has been executed to the satisfaction of the Minister, he may by order establish a Farm Purchase Board for a locality which shall be specified in the order.

(2) A board shall consist of three or more persons, one of whom shall be nominated by the municipality, one of whom shall be nominated by the Department of Agriculture and one of whom shall be nominated by the Provincial Treasurer.

(3) Upon the making of the order establishing the Farm Purchase Board, the members of a board become a corporation and shall have a common seal.

(4) In addition to the powers vested in a board by *The Interpretation Act*, the order of the Minister may vest in a Farm Purchase Board any and all of the following powers:

- (a) the power to make such by-laws, rules and regulations as may be necessary or advisable to regulate the operations of the Farm Purchase Board;
- (b) the power to receive money either as payment on loans or as deposit on the purchase of farm land or as fees for services;
- (c) the power to make loans to purchasers of farm lands in accordance with this Act and the regulations;
- (d) the power to deposit moneys in chartered banks of Canada or in treasury branches under *The Treasury Branches Act*;
- (e) the power to invest and deal with such proceeds of the sale of farm lands as are not immediately required, in such manner as may be prescribed;
- (f) the power to borrow moneys in accordance with this Act;

11. By-laws, rules and regulations of a board subject to approval of Minister.

12. Powers of municipality in respect of matters required of them by this Act.

- (g) the power to draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, or other negotiable or transferable instruments for the purposes of this Act;
- (h) the power to take, hold, realize on, or otherwise dispose of any securities held for loans, whether the securities are real or personal property;
- (i) the power to insure the life or lives of persons indebted to the board by any form of insurance contract that will protect the debtor or his family and the board from loss in the event of the death of the debtor;
- (j) the power to enter into agreements with the Province and municipality to the end that the board's purposes may be better served and to obtain from the Province or municipality any rights, privileges or assistance that the board may think it desirable to obtain, and the power to carry out, exercise and comply with any such agreements;
- (k) the power to sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property of the board;
- (l) the power to sell its farm lands by agreements of sale extending over any period not in excess of twenty years, and the power to mortgage its property or otherwise secure any borrowings of the board;
- (m) the power to do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of a Farm Purchase Board.

11. (1) Any by-laws, rules or regulations of Farm Purchase Boards to be made pursuant to this Act are subject to the approval of the Minister and shall not be expressed to come into force until that approval is given.

(2) A by-law, rule or regulation of a Farm Purchase Board is not a regulation within the meaning of *The Regulations Act* and that Act does not apply thereto.

Municipal Powers

12. (1) A council may pass by-laws applying for the establishment of one or more Farm Purchase Boards within the area of the municipality.

(2) Notwithstanding the provisions of any other Act, a municipality has power to and may enter into agreements under this Act with any body or bodies and with the Minister and may undertake and carry to completion any such agreement, and it is not necessary that any by-law, or guaranty or any other matter undertaken or to be undertaken in pursuance of any agreement under this Act with

13. Idem.

14. Constitution of advisory committee.

15. Duties of advisory committee.

16. Self-explanatory.

17. Approval of advisory committee to application for assistance, and approval of all parties.

the Minister be referred to the Board of Public Utility Commissioners or proprietary electors of the municipality for approval.

(3) A council may by by-law authorize the doing of any act or thing that may be required to be done in order to obtain for the municipality the establishment within the municipality of a Farm Purchase Board.

13. A member of a council may be appointed, from time to time, to represent the municipality on any board established by the Minister in the municipality.

Advisory Committees

14. The Minister may appoint a provincial advisory committee which shall consist of two or more competent persons, one of whom shall be or shall have been a practical farmer.

15. The advisory committee shall consider and report to the Minister upon applications for the purchase of farm lands under this Act and upon problems that may arise in connection with loans made or to be made under this Act, and upon any other matters referred to the committee by the Minister.

16. A person desiring to purchase farm land by assistance under this Act shall submit evidence to the satisfaction of the advisory committee

- (a) that he is a Canadian citizen or British subject of at least twenty-one years and not over fifty-five years of age and has been resident in Alberta for at least three years,
- (b) that he has at least three years' experience in farming and has displayed average ability and capacity,
- (c) that he is of good character, and
- (d) that his spouse, if any, approves of his application for assistance under this Act and is aware of the liabilities being assumed.

17. (1) The approval by the advisory committee of any application for assistance under this Act shall be transmitted to the board operating in the area in which the farm lands to be purchased by the applicant are situated, with notice thereof to the municipality and the Minister.

(2) Any of the parties to the agreement with the Minister may, for any stated reason deemed sufficient by the disapproving party advise the other parties to the agreement with the Minister, that he or it disapproves of the assistance being given as approved by the advisory committee, and in such case, no assistance shall be given until all parties are in accord.

18. The board to act as advisory committee in cases where no committee established.

19. Restrictions on loans that may be made under this Act.

20. Procedure to purchase lands for sale with assistance of this Act.

18. Where no advisory committee has been appointed by the Minister the board to whom an application for assistance is made shall perform the duties and functions of an advisory committee as provided for by this Act or the regulations.

Assistance

19. (1) No loan from the Fund may be made for the purchase of any lands that are less in area than the area required, in the opinion of the board, to establish a farm capable of producing for labour expended thereon sufficient income to support its operator and repay the moneys expended therefor in a twenty year period, unless the lands to be purchased are to be combined with lands already owned by the applicant and the combined lands are capable in the opinion of the Board of producing the required income.

(2) No loan from the Fund may be made for the purchase of lands to be added to a farm unit that is itself of a value in excess of twenty-five thousand dollars.

(3) No loan from the Fund for any single purchase of farm lands shall exceed seven thousand five hundred dollars or forty per cent of the purchase price, whichever amount is the lesser, and no loan shall be made that is not secured by a first mortgage in favour of the Province upon lands suitable for agricultural purposes.

(4) No loan shall be for any period longer than twenty years nor for any period whereby any payments are due thereon after the sixty-sixth birthday of the purchaser.

(5) No loan from the Fund shall be made in respect of any person who is unable to or has not contributed at least twenty per cent of the purchase price of the farm lands to be purchased, from sources that will not result in the land to be purchased being the whole or any part of the security for such twenty per cent.

20. (1) Where an application for assistance by way of a loan from the Fund is made, and approved in accordance with this Act, the board shall obtain from the vendor of the farm lands a transfer of title free from all encumbrances, other than such as may be prescribed, to the board.

(2) Twenty per cent of the purchase price for such farm lands shall be paid to the vendor upon transfer of title to the board and, subject to subsection (5) the balance shall be paid the vendor pursuant to agreement, the form of which may be prescribed.

(3) In any such agreement to pay the balance of the purchase price, the vendor shall undertake to assume any losses of the board in respect of the sale of the farm lands to the extent of ten per cent of the amount of any such loss.

21. Purchaser of lands to enter into agreement of sale with board.

22. Interest to vendor and Crown set at $4\frac{1}{2}\%$ maximum.

23. 5 percent of payments on principal to be held in a fund to assure payments to vendors when payments due and distributed finally to vendor and Provincial Treasurer.

24. Instalments from purchaser to be distributed proportionately to Crown and original seller. The same with the interest charged by these parties.

(4) The amount advanced from the Fund shall be secured by a mortgage upon the farm lands in favour of Her Majesty in the right of the Province and shall be prepared and given to the Provincial Treasurer at the time the first sums are advanced from the Fund to the board.

(5) The amount of the loan under this Act shall be paid to the vendor when the land has been registered in the name of the board in the proper land titles office and the mortgage of the Crown registered in respect thereof.

21. (1) The board shall enter into an agreement for sale with the purchaser, which shall provide that the purchase price under the agreement shall, subject to any deductions for the assurance fund under section 23, be paid in equal annual instalments of principal and interest sufficient to pay the purchase price at the end of such period as may be agreed upon, but no period shall be in excess of the period prescribed under section 19.

(2) Payments on account of the purchase price, in addition to those provided for in the agreement for sale, may be made at any time.

(3) The interest charged under any such agreement shall be five per cent per annum.

22. (1) In any agreement to pay the balance of the purchase price of the farm lands to the vendor of the board, the interest arranged for shall not exceed four and one-half per cent per annum.

(2) Interest shall be paid on the loan from the Fund at a rate not exceeding four and one-half per cent per annum.

23. (1) In every year, the board shall forward to the Provincial Treasurer five per cent of all payments on principal made to it by a purchaser, which shall be set aside by the Provincial Treasurer in a fund to be known as a Farm Purchase Assurance Fund, and invested in such manner as the Provincial Treasurer deems advisable.

(2) Any interest obtained from the investment of the Farm Purchase Assurance Fund shall be credited to such fund, and that fund shall be used to make payments on behalf of a board to any vendor in any case where the vendor would otherwise not receive the full or any part of the payments due him in that year.

(3) When any purchase agreement is not in default and all instalments have been paid, the moneys deposited in the assurance fund in respect of that agreement shall be distributed without interest thereon to the vendor of the lands and the Province in the same proportions as a payment of instalment under the purchase agreement.

24. (1) In every year the board shall pay to the vendor from whom it purchased the farm lands and the Provincial Treasurer, after deducting five per cent as required by

25. If purchaser defaults, a receiver may be appointed who can operate, lease or sell the farm.

26. Documents required to be prepared by Provincial Treasurer.

section 23, such part of the moneys received from the purchaser of the farm lands by way of payment of principal as will be proportionate to the total amount owing to the purchaser and the Provincial Treasurer, respectively.

(2) The interest shall be computed at four and one-half per cent or such lesser amount as may have been agreed upon and shall be distributed to the vendor and the Provincial Treasurer in the same proportion as the payments of principal.

(3) Any amount remaining by way of interest payments from the purchaser under the agreement for sale shall be retained by the board and applied to the payment of its operating expenses.

25. (1) When a sale has been made of farm lands by a board and any instalment, whether for principal or interest, and payable under the agreement for sale is not punctually paid, or if the purchaser makes default in performance of any of the terms of such agreement, a judge of the Supreme Court, upon the application of the Provincial Treasurer, may appoint a receiver for the farm lands.

(2) A receiver may enter and take possession of the farm lands, carry on the farming operations and harvest and dispose of any crops or may give a lease of the farm lands.

(3) With the written approval of the Minister and upon such terms and conditions as the Minister deems fit, a receiver may sell the purchaser's interest in the farm lands and may execute such assignments and documents as are necessary to dispose of the purchaser's interest in the lands.

(4) All moneys received by the receiver, less his proper fees and disbursements, shall be applied

- (a) in payment of taxes accruing due or owing on the farm lands, and
- (b) in reduction of the claim of the board against the land.

(5) A judge of the Supreme Court may discharge the order appointing the receiver, or without discharging the order may substitute another person for the person originally appointed by the order appointing a receiver and the substituted receiver has all the powers of the person originally appointed.

(6) *The Dower Act* does not apply in respect of farm lands for which a receiver has been appointed under this Act.

26. All notices, mortgages, agreements, discharges, agreements for sale, or other documents of every kind or description made or used under this Act shall be prepared by the Provincial Treasurer or by some person designated by the Provincial Treasurer.

27. Department of Agriculture's assistance may be sought to prevent misuse or mismanagement.

28. These terms to be part of every agreement for sale.

29. Co-operation of Department of Agriculture may be sought to help report on condition of farm lands being sold or sold under this Act.

30. Provincial guaranty may be given by Minister.

31. Report required for Assembly.

32. Regulations authorized.

27. If at any time in the opinion of the board the farm lands being sold under the agreement for sale are not being used in a proper manner and the value thereof is depreciating as a result of mismanagement, the board may request the Department of Agriculture to assist in advising the purchaser how best to manage the lands to prevent their depreciation as agricultural lands.

28. It shall be a term of every agreement for sale of farm lands between the board and any purchaser under this Act

- (a) that upon the assignment of the agreement for sale by the purchaser to any other person, the instalments payable under the agreement immediately become due and payable, and
- (b) that the purchaser will make every reasonable effort to maintain and use the farm lands described in the agreement for sale in such manner that their value as agricultural lands does not depreciate and to that end that he will undertake to carry out to the best of his ability, any advice or directions of the Department of Agriculture given to him in respect of his farm lands.

29. The board from time to time shall secure reports as to the condition of any farm lands being sold by it pursuant to this Act and as to the progress and prospects of the purchasers, and for this purpose the Department of Agriculture may co-operate with the board by rendering assistance of an educational or other nature that appears calculated to facilitate the success of the purchaser.

30. (1) By any agreements entered into by the Minister with a municipality and board or either, the Minister may undertake on behalf of the Province to indemnify any vendors of land to a board pursuant to this Act from loss but only to the extent of seventy per cent thereof.

(2) An agreement of indemnity made pursuant to this section shall first be approved by order of the Lieutenant Governor in Council.

31. The Minister shall make an annual report showing the number and amount of loans made under this Act from the Fund during the last fiscal year, with such other particulars as may be deemed necessary, and the annual report shall be laid before the Legislative Assembly at the next ensuing session of the Legislature.

32. The Lieutenant Governor in Council may make regulations not being inconsistent with the provisions of this Act, respecting

- (a) the forms of any agreements, mortgages, guarantees of indemnity or other documents to be used under or pursuant to this Act, including all provisions to be inserted therein,

33. Expenses to be met from general revenue.

34. Commencement of Act.

- (b) the proceedings upon any application for any loan, or purchase or sale of land, under this Act,
- (c) the conditions that may be imposed in regard to loans,
- (d) the valuations to be made in relation to applications for loans,
- (e) the records, books and accounts to be kept by Farm Purchase Boards and the auditing of their accounts, and
- (f) respecting any other matters necessary or advisable to carry out effectively the intent and purpose of this Act.

33. The expenses of administering this Act other than the making of loans from the Fund shall be paid out of the General Revenue Fund.

34. This Act comes into force on the day upon which it is assented to.

No. 119

THIRD SESSION

THIRTEENTH LEGISLATURE

5 ELIZABETH II

1957

BILL

An Act to Provide a Means of
Assisting Farmers to Purchase
and Acquire Economic
Farm Units

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. HINMAN
