

No. 71

5th Session, 13th Legislature, Alberta
7 Elizabeth II, 1959

BILL 71

A Bill to amend The Farm Purchase Credit Act

HON. MR. HALMRAST

Explanatory Note

2. Section 9, subsection (2), clause (a) presently reads:

"(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,".

Extent of municipal guarantee is reduced. The ten per cent will be borne by the Province. See clause 10.

3. Section 10, subsection (4), clause (i) presently reads:

"(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:

.....
(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;".

The power to insure is being given to the Minister. See clause 11.

4. (a) Restrictions on loans are changed. Section 19, subsection (2) presently reads:

"(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.".

(b) Section 19, subsection (3) presently reads:

"(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.".

5. The procedure for paying the vendor the down payment and advancing money from the Fund is re-written. Subsections (2), (3), (4) and (5) presently read:

"(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.

BILL

No. 71 of 1959

An Act to amend The Farm Purchase Credit Act

(Assented to _____, 1959)

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

1. *The Farm Purchase Credit Act*, being chapter 23 of the Statutes of Alberta, 1957, is hereby amended.

2. Section 9, subsection (2), clause (a) is amended by striking out the word "twenty" and by substituting the word "ten".

3. Section 10, subsection (4) is amended by striking out clause (i).

4. Section 19 is amended

(a) by striking out subsection (2) and by substituting the following:

(2) No loan from the Fund may be made where the value of the land to be purchased together with the value of land already owned by the applicant is, in the opinion of the board, in excess of fifty thousand dollars.

(b) as to subsection (3) by striking out the words "seven thousand five hundred dollars or forty" and by substituting the words "ten thousand dollars or fifty".

5. Section 20 is amended by striking out subsections (2), (3), (4) and (5) and by substituting the following:

(2) The board shall pay the vendor

(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.

(4) The amount advanced from the Fund shall be advanced upon the promissory note of the board 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."

Subsection (3) is omitted and this portion of any loss will now be borne by the Province. See clause 10.

6. Because of the amendments proposed to section 23, these words become meaningless and are accordingly struck out.

7. Section 23 providing for the Farm Purchase Assurance Fund is amended. The present provisions provide that five per cent of the payments of principal made by the purchaser are to be deposited in the assurance fund. This deduction has nothing to do with the purchaser and is in effect a deduction from the payments made by the board to the vendor. The wording is being amended accordingly. At the same time the deduction is being changed from five per cent of the principal to four per cent of the payment of principal and interest. This is being done because the earlier payments are composed more of interest than of principal, while the reverse applies to the later payments. This results in the deductions being fairly small in the beginning and larger as the amount of the debt is reduced. By making the change the assurance fund will be built up more quickly. Because of the proposed changes to section 24, subsection (6) of section 23 is amended to make the amounts deducted payable when the vendor has been paid in full instead of when the purchaser has paid in full.

- (a) the amount of the down payment made by the purchaser upon title to the farm lands being registered at the appropriate land titles office in the name of the board, free and clear of all encumbrances other than such as may be prescribed,
 - (b) the amount of the loan under this Act as soon as it is advanced from the Fund, and
 - (c) the balance of the sale price pursuant to agreement, the form of which may be prescribed.
- (3) No money shall be advanced from the Fund until the Provincial Treasurer receives
- (a) a promissory note of the board for the amount of the loan and in favour of Her Majesty in right of the Province, and
 - (b) satisfactory proof that title to the land is registered at the appropriate land titles office, in the name of the board, free and clear of all encumbrances other than such as may be prescribed.

6. Section 21, subsection (1) is amended by striking out the words “, subject to any deductions for the assurance fund under section 23,”.

7. Section 23 is amended

- (a) by striking out subsection (1) and by substituting the following:

23. (1) The Provincial Treasurer shall establish a Farm Purchase Assurance Fund, hereinafter called the assurance fund, into which shall be deposited all moneys received by the Minister pursuant to subsection (1a).

(1a) From every instalment of principal and interest paid to a vendor pursuant to section 24, the board shall deduct and immediately forward to the Minister an amount equal to four per cent of the instalment.

- (b) as to subsection (4) by striking out the words “five per cent of principal provided for by subsection (1)” and by substituting the words “deduction provided for by subsection (1a)”,
- (c) by striking out subsection (6) and by substituting the following:

(6) When all moneys due to a vendor under an agreement have been paid, the Provincial Treasurer shall pay to the vendor, without interest being computed or paid thereon, the moneys deposited in the assurance fund under subsection (1) in respect of that agreement.

8. Section 24 is replaced. Under the present provision the money is paid out proportionately to the vendor and the Fund so that both are paid out at the same time; that is, when the purchaser has made his final payment. Under the proposed provision the vendor will be paid out as soon as possible. Only after the vendor has been paid in full will the purchaser's instalments be applied to repayment of the loan. The section is made applicable to existing agreements.

9. Section 28, clause (a) presently reads:

"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".

10. The provincial guarantee to vendors is increased from seventy per cent to ninety per cent of any loss sustained. See clauses 2 and 5.

11. Minister given power to insure debtors. See clause 3.

8. Section 24 is struck out and the following is substituted:

24. (1) None of the moneys received by a board as payment of instalments on the purchase price of farm lands shall be applied to the repayment of the principal amount of the loan made from the Fund in respect of that land until the vendor has been paid in full all principal and interest due and owing him.

(2) The amount remaining by way of interest payments from the purchaser under the agreement for sale shall be paid to the Minister to be used for such purposes as may be prescribed by the regulations.

(3) Every agreement between a board and a vendor entered into before the coming into force of this section is hereby amended to the extent necessary to provide for payment in the manner prescribed in this section and any moneys hereafter received by a board shall be applied in accordance with this section.

9. Section 28 is amended by striking out clause (a) and by substituting the following:

(a) that no assignment of the agreement for sale may be made except to a person who is qualified and approved as a purchaser under this Act and upon the assignment of the agreement to a person who is not approved the instalments payable under the agreement become due and payable, and

10. Section 30, subsection (1) is amended by striking out the word "seventy" and by substituting the word "ninety".

11. The following new section is added immediately after section 33a:

33b. For the purpose of protecting any municipality and the Fund from loss in the event of the death of any person indebted to a board the Minister may, notwithstanding any law of the Province respecting insurable interest, enter into contracts of insurance with any insurer licensed to carry on business in the Province and pay premiums in respect thereto.

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

FIFTH SESSION

THIRTEENTH LEGISLATURE

7 ELIZABETH II

1959

BILL

An Act to amend The Farm Purchase
Credit Act

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. HALMRAST
