

# BILL

No. 10 of 1917.

An Act to Foster and Encourage Agricultural Development  
by means of Standard Forms of Investment upon Farm  
Mortgages and the Equalization of Rates of Interest.

(Assented to \_\_\_\_\_, 1917.)

WHEREAS it is deemed expedient to provide capital for agricultural development in the Province of Alberta, to provide the means whereby interest rates on mortgage farm loans may be lowered and equalized, and to provide long term loans with the privilege of repayment on an amortization plan;

Therefore His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. This Act shall be known and may be cited as "*The Alberta Farm Loan Act.*"

2. In this Act unless the context otherwise requires—

(a) The expression "Board" means "The Alberta Farm Loan Board" created and established by this Act;

(b) The expression "land" means lands, messuages, tenements, and hereditaments, corporeal and incorporeal, of every nature and description, and every estate or interest therein, and whether such estate or interest is legal or equitable, together with all paths, passages, ways, water-courses, liberties, privileges, easements, mines, minerals and quarries appertaining thereto, and all trees and timber thereon and thereunder lying or being, unless any such are specially excepted;

(c) The expression "mortgage" means any charge on land created merely for securing a debt or loan under this Act;

(d) The expressions "bond" and "security" mean any Alberta Farm Loan Bond issued under the provisions of this Act and shall include any form of bonds, debentures, stock, exchequer bills, exchequer bonds, or treasury bills issued by the Province of Alberta under the provisions of this Act.

(e) The expression "Minister" means the Provincial Treasurer for the time being of the Province of Alberta, or any person acting in that capacity;

(f) The expression "Provincial Auditor" means the Provincial Auditor for the time being of the Province of Alberta;

(g) The expressions "Commissioner" and "Commissioner of Farm Loans" mean the Commissioner of Farm Loans appointed under the provisions of this Act;

(h) The expression "Valuator" means any person appointed under the provisions of this Act to value land for the purposes of this Act;

(i) The expression "Gazette" means The Alberta Gazette;

3. There is hereby constituted in the Province of Alberta a board under the name of "The Alberta Farm Loan Board," to consist of not less than three nor more than five persons to be known as directors.

(2) The board shall be a body corporate and politic and shall have all the rights, powers and privileges mentioned in subsection 38 of section 7 of *The Interpretation Act*, and also the power to take and hold real property and to do and perform all such things and acts as are incidental to its powers and objects as set forth in this Act.

4. The directors shall be appointed, their remuneration fixed, and provision made for the organization and conduct of the business of the board, by the Lieutenant Governor in Council. Such appointments shall be during pleasure.

5. The board, with the approval of the Lieutenant Governor in Council in addition to any salary or fees to be paid to members of the board and employees thereof, may pay their reasonable expenses while engaged in the business of the board.

6. The board may with the approval of the Lieutenant Governor in Council from time to time employ such persons as may be required for the transaction of its business and may fix their remuneration.

7. All salaries payable and expenses incurred pursuant to this Act on account of or by the Board shall be paid out of the funds of the Board.

8. No person shall hold office as a member of the board who is, or becomes, an officer or director of any corporation, association, or partnership engaged directly or indirectly in the business of making land mortgage loans.

9. The continuing directors shall have and may exercise all the jurisdiction and powers of the board notwithstanding any vacancy in the membership thereof.

10. The Lieutenant Governor in Council may appoint a Commissioner of Farm Loans who shall hold office during pleasure and who shall be paid by the board such salary and expenses as may be fixed by the Lieutenant Governor in Council.

(2) The commissioner shall devote the whole of his time to the performance of the duties of his office. He shall have the general management of the business of the board, and shall perform such of the duties and exercise such of the powers of the board as may be imposed upon, or delegated to him from time to time by the board.

11. As security for the faithful performance and discharge of the duties of his office, the commissioner shall procure and file with the Provincial Treasurer a bond in favour of the board in a guarantee company approved by the Lieutenant Governor in Council in such amount as shall be approved by the Provincial Treasurer. All premiums on such bond, or any renewal or renewals thereof, shall be chargeable to and paid out of the funds of the board.

12. The Lieutenant Governor in Council may from time to time appoint any member of the board acting commissioner, and may at pleasure remove such acting commissioner and appoint another member of the Board to that office in his stead.

(2) On the occurrence from any cause of a vacancy in the office of commissioner and in case of absence from duty of the commissioner, the acting commissioner for the time being shall have and may exercise the powers, duties and functions of the commissioner.

**13.** All transfers, assignments, discharges, deeds, and other instruments of whatever nature and kind shall be deemed to be duly executed by and on behalf of the Board if its corporate seal is affixed thereto and attested by the commissioner, or acting commissioner, and countersigned by one director, and when so executed such transfers, assignments, discharges, deeds and other instruments shall be deemed to have been validly and effectually executed by and on behalf of the board.

**14.** The head office of the board shall be at the City of Edmonton with a branch office at such place as the Lieutenant Governor in Council may determine.

**15.** The commissioner shall keep or cause to be kept in his office, which shall be the head office of the board, such proper books and records relating to the board as will fully exhibit at all times its financial transactions and affairs.

(2) All such books and records shall be in such form and be kept in such manner as shall be prescribed by the Lieutenant Governor in Council, and shall be open at all times to inspection by any member thereof, or by other persons designated by the Provincial Treasurer.

**16.** It shall be the duty of the Provincial Auditor, or some other competent person duly authorized by him, to investigate and audit all books and accounts kept by the commissioner, and to verify the correctness of all bank accounts of the board and the existence of all mortgage securities for loans made by the board, and for the purposes aforesaid the Provincial Auditor, or anyone acting by his authority, in respect to every such audit and investigation shall have all the powers conferred upon him or such other person aforesaid by any Act at the time being in force relating to the audit and investigation of departments of the public service of the province.

**17.** It shall be the duty of the Provincial Auditor or other person aforesaid to prepare and transmit without delay to the Provincial Treasurer a true report of all and singular the result of each such audit and investigation made by him or such other person, and to accompany the same with such statements as will fully show the then precise financial condition of the board.

**18.** The financial year of the Board shall end on the 31st day of December in each year and as soon as possible thereafter the Commissioner shall furnish to the Provincial Treasurer, certified by the Provincial Auditor, a statement of accounts showing:

- (a) The assets and liabilities of the Board as of the 31st day of December preceding;
- (b) The profit and loss account for the preceding calendar year together with a statement under convenient heading of the receipts and expenditures during the same period; and

(c) The precise standing and condition on the said date of all accounts of the Board.

(2) Such statement as aforesaid shall be laid on the table of the Legislative Assembly within fifteen days after its receipt by the Provincial Treasurer, or if the Legislative Assembly is not then in session within fifteen days from the commencement of the next ensuing session thereof.

**19.** It shall be lawful for the board to lend money secured by duly registered first mortgages on farm lands in the Province of Alberta free from all prior liens and encumbrances. Every such mortgage shall be for a period of thirty years and shall contain a covenant on the part of the mortgagor providing for the payment of a fixed number of annual instalments (each instalment except the last being equal) sufficient to pay the interest as herein provided and such amounts for application on the principal, as will extinguish the debt within the agreed period of thirty years, and subject to the provisions of *The Land Titles Act*, shall be in such form and shall contain such other terms and conditions as may be prescribed from time to time by the board and approved by the Lieutenant Governor in Council:

Provided that the board may make any adjustments of interest necessary with respect to any fractional period of the first year of a loan.

(2) All repayments on the amortization plan aforesaid shall be made to the board on the first day of January of each year.

(3) The rate of interest charged on loans shall be sufficient to pay the interest actually payable by the board or by the province on the moneys realized from the sale of the securities by which the funds for the purposes of the board have been raised, the cost of raising such moneys, and the expense of conducting the business of the board including the creation of a reserve fund.

(4) The board may acquire and hold as further and collateral security to loans already made by it, chattel mortgages, mortgages on real estate wherever situate in the Province of Alberta, and security of any other kind that it may deem expedient to accept.

**20.** Notwithstanding any law or usage to the contrary all mortgages and other documents of every kind and description required in connection with the working of this Act, including all notices to the mortgagors, or to persons holding land either under or through such mortgagors, may be prepared by the commissioner or by any person authorized in writing by him, and such fees including inspection fees may be collected therefor as the Lieutenant Governor in Council may prescribe.

**21.** No loan shall be granted for an amount exceeding forty per centum of the appraised value of the land offered as security for the loan, calculated on the basis of value and productiveness when the improvements in respect of which the loan is desired, shall have been effected; provided that such loan, or part only of such loan shall be paid to the borrower in accordance with the provisions of section 23 of this Act.

**22.** Not more than \$3,000.00 shall be loaned to any one person.

**23.** The amount of any loan granted under the provisions of this Act may in the discretion of the board be advanced by instalments and in no case shall the advance on account of a loan made for the purposes of effecting improvements of agricultural land exceed the proportion which the work done at any time bears to the entire work undertaken in connection with the loan granted for such purposes.

**24.** No such loan shall be made to any person not at the time actually engaged in, or intending to be engaged in agriculture, stock raising or dairying, and whose experience and whose ability to carry on the same, the board may have reasonable ground to question.

**25.** The commissioner shall forthwith after the registration of each mortgage forward to the Provincial Treasurer such particulars of the mortgage and in such form as the Provincial Treasurer may require.

**26.** Loans may be made pursuant to the provisions of this Act for the following purposes:

(a) Acquiring land for agricultural purposes including stock raising and dairying;

(b) Purchasing live stock, machinery, or equipment, for the proper and reasonable occupation of the land;

(c) Erecting buildings and making improvements on farm land;

(d) Discharging liabilities incurred for the improvement and development of land used for agricultural purposes and any purposes calculated to increase land productiveness;

(e) Any purpose which in the opinion of the board will increase the productiveness and usefulness of the land in respect of which the loan is proposed:

Provided that the Lieutenant Governor in Council may from time to time add to or alter the purposes above set forth or any of them.

**27.** Any mortgagor may, irrespective of the prescribed payments, pay off his mortgage in full after the expiration of one year from the date of same, upon payment of six months' interest by way of bonus, or after the expiration of five years from the date of the mortgage without bonus, or after said five years he may in addition to prescribed payments pay on account of said mortgage on any interest date the sum of \$25.00 or any multiple of \$25.00.

**28.** All moneys paid in advance by a mortgagor as provided in the preceding section shall be disposed of by the board in or towards satisfaction of the future instalments in such manner as may be determined by the board.

**29.** All moneys, whether principal or interest, received by the board on account of repayment of loans made under this Act shall be paid into a bank to the credit of an account to be designated by the Lieutenant Governor in Council. The moneys paid into this account shall be used for any or all of the following purposes as the board with the approval of the Lieutenant Governor in Council may determine:

- (a) Payment of interest on securities issued under the provisions of this Act;
- (b) Payment of interest on temporary advances made by the province to the board;
- (c) Maintenance of a sinking fund;
- (d) Maintenance of a reserve fund;
- (e) Payment of the expenses of operation;
- (f) Investment in securities issued under the provisions of this Act; and
- (g) Re-investment in mortgage loans provided for in this Act.

**30.** If any moneys at the credit of the sinking fund of the board cannot be immediately applied towards payment of the bonds issued by the board by reason that none of such bonds are then payable, the board shall from time to time invest the same in securities of the Dominion of Canada, securities of any of the Canadian provinces or municipalities, debentures of Alberta school districts, or securities issued pursuant to this Act.

**31.** The working capital of the board shall be such moneys as may be raised from time to time by the issue of bonds under this Act, and such other moneys as may be appropriated from time to time for the purposes of the board by the Legislative Assembly, and such money as may otherwise become available from time to time under the operation of this or any other Act of the province.

**32.** The sum of \$10,000.00 is hereby appropriated for the purposes of this section and the Lieutenant Governor in Council may advance to the Board from the general revenue funds of the province the said sum to apply on the expenses incurred in the organization of the Board and the putting into effect of this Act; and the sum so paid shall be expended in such manner as may be prescribed by the Lieutenant Governor in Council. Such expenditures shall be subject to the audit of the Provincial Auditor.

**33.** All sums raised in pursuance of section 31 of this Act for the purposes of the board shall be paid into a bank or banks to be designated by the Lieutenant Governor in Council to the credit of an account under such name as the board shall determine.

**34.** The Lieutenant Governor in Council may authorize and empower the board from time to time to make, execute, issue and deliver for and in the name of the board, bonds to be known as "Alberta Farm Loan Bonds" for the purpose of raising such sum or sums as may be required for the purposes of this Act.

(2) The due payment of all such bonds as to principal and interest shall be unconditionally guaranteed by the Crown in right of the Province of Alberta.

(3) Such bonds shall be signed for and on behalf of the board by the commissioner or acting commissioner and countersigned by a director and the corporate seal of the board shall be affixed thereto.

(4) Interest coupons attached to the bonds shall be sufficiently executed by lithographed signature of the commissioner or acting commissioner only.

**35.** The kind of bond to be guaranteed, and the form and terms thereof, and the form and terms of the deed or deeds of trust by way of mortgage, securing them, and the times and manner of the issue of the bonds, and the disposition of the money to be raised thereon by sale, pledge, or otherwise, pending the expenditure of such moneys for the purposes of the board, and the form and manner of the guarantee or guarantees from time to time or at any time given in respect thereof shall be such as the Lieutenant Governor in Council may approve.

**36.** The guarantee in such case shall be signed by the Provincial Treasurer or such other person as may be designated by the Lieutenant Governor in Council and upon being so signed the Province of Alberta shall become liable for the payment of the principal and interest of the bonds guaranteed, according to the tenor thereof, and the Lieutenant Governor in Council is hereby authorized to make arrangements for supplying the money necessary to fulfil the requirements of the said guarantee and to advance the amount necessary for that purpose out of the general revenues of the province, and in the hands of any purchaser, pledgee or other person acquiring any of such bonds, the said guarantee or guarantees so signed shall be conclusive evidence that the requirements of this Act with respect to guaranteed bonds and the deed of trust and all matters relating thereto have been complied with.

(2) Such guarantee may be in the following form to be printed in some appropriate place on each of the said bonds:

“By virtue of the powers conferred by the Legislative Assembly of the Province of Alberta, Canada, and of an order of the Lieutenant Governor in Council, the Province of Alberta does hereby guarantee payment of the principal and interest thereof according to its tenor.

.....  
*Provincial Treasurer.*”

**37.** The Lieutenant Governor in Council is hereby authorized from time to time to raise by way of loan such sum or sums of money as may be required for the purposes of the board, and notwithstanding the provisions of *The Provincial Loans Act*, any bonds issued under the provisions of this section may be designated as “Alberta Farm Loan Bonds.”

(2) The said sum or sums of money may be borrowed for any term or terms not exceeding fifty years at a rate to be fixed by the Lieutenant Governor in Council and shall be raised upon the credit of the general revenue fund of the Province of Alberta, and shall be chargeable thereon provided that irrespective of the provisions of *The Treasury Department Act* or *The Provincial Loans Act*, such sums may be paid direct to the board for the purposes of this Act.

38. The collective amount of bonds issued pursuant to this Act together with the interest coupons attached thereto shall be a first charge upon all the assets and revenues of every nature and kind of the board.

39. For the purposes of this Act the board shall by deeds of trust, as hereinafter described, assign, transfer to and deposit with the Provincial Auditor in trust, or with any such other trustee as the Lieutenant Governor in Council may designate, as collateral security for the bonds issued pursuant to this Act, the mortgages, bonds and other property and assets held by the Board.

40. Pending the sale of its permanent bonds, the board may borrow such sum or sums of money and on such terms as may be authorized by the Lieutenant Governor in Council and as security therefor may pledge and hypothecate such bonds through a trustee or otherwise.

41. Subject to the provisions herein contained, the deed or deeds of trust (hereinafter called the "original instruments") securing the bonds issued pursuant to this Act may provide for the issue from time to time and ranking *pari passu* with the said bonds and without preference or priority one over the other of additional bonds of similar kind, tenor and effect.

(2) Supplementary deeds of trust (hereinafter called "supplementary instruments") in form approved by the Lieutenant Governor in Council shall from time to time be taken to the trustees for the time being of the original instruments, and such additional bonds shall be issued under the terms of the original instruments and supplementary instruments, which, together with the mortgaged premises shall form the security for all the bonds.

42. Any payment by the province of principal or interest on the said bonds, pursuant to the guarantee thereof, shall not in any event be taken to affect the liability of the board therefor under the bonds so paid or under the deed or deeds of trust securing the payment thereof, but such liability shall remain unimpaired and enforceable by the province against the board. The province shall be subrogated as against the board to all rights, privileges and powers to which the holders of the respective bonds so paid were entitled by virtue of such bonds, or of the said deed or deeds of trust prior to payment by the province under its guarantee, and shall with respect to the bonds so paid be in the same position as a holder of bonds upon which the board has made default.

43. The net amount of securities outstanding at any one time pursuant to this Act shall not exceed ten million dollars.

44. All funds, property and assets of the board, whether held in trust or otherwise, including its capital, mortgage investments, bonds and the proceeds thereof and all bonds issued pursuant to this Act shall be forever free from all forms of provincial, municipal or other kinds of taxation.



**45.** All bonds issued by the board under the authority of this Act shall until sold and disposed of be deposited with and remain in the custody of the Provincial Treasurer, who may sell and dispose of the same or any part thereof either within or without the province and at such price and in such manner as he may deem expedient.

(2) The Provincial Treasurer may appoint agents to negotiate such sale on such terms and conditions as he may see fit and he may fix the rate of commission to be paid such agents and any other expenses incidental to such sales.

**46.** All bonds issued under the provisions of this Act shall notwithstanding any provision or lack of provision in any Act or Ordinance be a lawful investment for all provincial, municipal and school district sinking funds and for all fiduciary and trust funds created under any private Act or otherwise.

**47.** Except to pay charges and expenses of the kind mentioned in sections 31 and 45 of this Act, money realized from the sale of bonds shall not be used for any other purpose than that of making mortgage loans under this Act.

**48.** The Lieutenant Governor in Council may from time to time make rules and regulations not inconsistent with the provisions of this Act respecting any matter or thing herein contained, or in reference to which no provision or insufficient provision has been made and such rules and regulations shall be published in the Alberta Gazette and shall have the same force and effect as if they had been incorporated in this Act.

**49.** The board may with the approval of the Lieutenant Governor in Council prescribe such forms as may be deemed expedient in order to carry out the provisions of this Act.

**50.** This Act shall come into effect upon proclamation of the Lieutenant Governor in Council.

No. 10.

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FIFTH SESSION  
THIRD LEGISLATURE  
7 GEORGE V  
1917

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**BILL**

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Agricultural Development by means  
of Standard Forms of Investment  
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Equalization of Rates of Interest.

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Received and read the

First time.....

Second time.....

Third time.....

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HON. C R. MITCHELL.

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A.D. 1917