

Bill No. 71 of 1935.

A BILL TO AMEND THE ALBERTA CO-OPERATIVE
RURAL CREDIT ACT.

NOTE.

The amendment made by section 2 of this Bill makes the reserve fund available for acquiring the title to land which is security for the payment of a loan made under the Act.

Section 3 enables the transfer of membership from one society to another.

Section 4 restates the provisions as to interest in such a manner as to be applicable to varying rates of interest.

Section 5 empowers the Lieutenant Governor in Council to authorize borrowings by the corporation guaranteed by the Province for the purpose of paying off sums due to lenders and for the purpose of making loans which may be made to any member of a society, either directly or through the society.

Section 6 deals with the situation arising when the branch bank through which a society does its business is closed: it provides for the transfer of the account to another bank, and upon the payment by that bank of outstanding loans guaranteed by the Province, for a guarantee by the Province for the payment of the money advanced for that purpose.

R. ANDREW SMITH,
Legislative Counsel.

(This note does not form any part of the Bill and is offered merely as a partial explanation of some of its provisions.)

BILL

No. 71 of 1935.

An Act to amend The Alberta Co-operative Rural Credit Act.

(Assented to _____, 1935.)

HIS 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 Alberta Co-operative Rural Credit Act Amendment Act, 1935.*"

2. *The Alberta Co-operative Rural Credit Act*, being chapter 66 of the Statutes of Alberta, 1931, is hereby amended as to section 15 thereof by adding at the end thereof the following new subsection:

"(2) The reserve fund shall also be available for acquiring a title in fee simple free from encumbrances to land which is charged with the repayment of any loan made pursuant to this Act for the purpose of better securing the payment of that loan."

3. The said Act is further amended by inserting therein, immediately after section 44 thereof, the following new section:

"**44a.**—(1) Any society may admit as a member a person who was, immediately prior to admission, a member of another society if that other society consents to his being so admitted, upon paying to the other society the total amount of that person's outstanding indebtedness to that society.

"(2) Any society shall have the power to advance and pay the whole or any part of the indebtedness of a person about to become a member thereof to any other society.

"(3) In case the society admitting a person being a member of and indebted to another society pays the indebtedness of that person or any part thereof to that other society, that society shall execute and deliver to the society making the payment a transfer in Form H, in the schedule to this Act, and shall deliver to the last mentioned society all notes, mortgages and securities whatsoever which it holds in respect of the indebtedness, and thereupon all powers, rights and remedies, whether created by this Act or by contract, for securing or enforcing the payment of that indebtedness shall become vested in and exercisable by the society making the payment as fully and effectually as the same might have been exercised by the other society.

"(4) Any ultimate loss sustained by a society in respect of any indebtedness which it has paid pursuant to this section shall be chargeable to the society to which the indebtedness was paid."

4. The said Act is further amended as to section 55 thereof by striking out the same and by substituting therefor the following:

"55.—(1) The interest payable in respect of loans made pursuant to the Act shall be at the rate charged by the lender increased by one per centum on the loan and by such further amount not exceeding one-half of one per centum on the loan as may be determined by the society.

"(2) The lender shall, upon payment, retain the amount chargeable by him and remit to the Board a sum equal to one per centum on the amount of the loan and remit to the society the amount of the surplus (if any)."

5. The said Act is further amended by inserting therein, immediately after section 83a thereof, the following new section:

"83b.—(1) The Lieutenant Governor in Council may from time to time—

"(a) authorize the corporation to borrow from any chartered bank or any other lender upon the security of notes, bonds or other securities of the corporation any sum or sums required by the corporation for all of the following purposes:

"(i) to pay to any lender the outstanding loans guaranteed under this Act and owing to him and to consolidate such loans;

"(ii) to make any loans which may be made to any member of any society pursuant to this Act, either directly or through the society;

"(b) authorize the Provincial Treasurer to guarantee on behalf of the Province the repayment of any sum or sums borrowed or to be borrowed by the corporation for any of the purposes of this Act;

"(c) prescribe rules and regulations not inconsistent with this Act as to the amount of loans to be made by the corporation, the manner in which loans shall be made, the forms to be used in connection therewith, and any other matter or thing incidental thereto.

"(2) In case the corporation pays to a lender the amount owing to him in respect of any guaranteed loans made by him, the corporation shall have all the securities, powers and remedies for enforcing the payment of the loans which the lender had immediately before he was so paid."

6. The said Act is further amended by inserting therein, immediately after section 83b thereof, the following new section:

"83c. Notwithstanding any of the provisions of sections 44 and 45, in case a lender being a chartered bank (in this section referred to as the original bank) closes any branch through which a society was immediately prior thereto transacting its business, the Provincial Treasurer may guarantee on behalf of the Province the repayment, with interest, of any sums advanced by a chartered bank (in this section referred to as the substituted bank) to the members of any

society for the purpose of paying to the original bank any sums outstanding in respect of any loans made to members of a society which the Supervisor certifies in writing to the substituted bank to be loans as to which the original bank is entitled to the benefit of a subsisting guarantee by the Province given pursuant to this Act."

7. The said Act is further amended as to the schedule thereto by inserting therein, immediately after Form G thereof, the following new form:

"FORM H.

"The Alberta Co-operative Rural Credit Act.

"The.....Rural Co-operative Credit Society (hereinafter referred to as the original society) hereby acknowledges the payment under section 44a of the said Act by the.....Rural Co-operative Credit Society (hereinafter referred to as the substituted society) of all the indebtedness under the said Act of.....formerly a member of the original society; and in pursuance of the said Act and in consideration of the said payment, the original society hereby transfers to the substituted society all notes, mortgages and securities whatsoever which the original society now holds in respect of the said indebtedness. "Dated at....., the.....day of....., 19...."

8. This Act shall come into force on the day upon which it is assented to.

FIFTH SESSION
SEVENTH LEGISLATURE
25 GEORGE V
1935

B I L L

An Act to amend The Alberta Co-operative Rural Credit Act.

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. LOVE

EDMONTON:
W. D. McLEAN, KING'S PRINTER
1935