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c 10 Agricultural Development Act

Ontario

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CHAPTER 10

The Agricultural Development Act

1. In this Act,

Interpreta-
tion.

(a) "Commissioner" means Commissioner of Agricultural Loans;

(b) "Treasurer" means Treasurer of Ontario. R.S.O. 1937, c. 78, s. 1, *amended*.

2.—(1) The office of Commissioner of Agricultural Loans is continued and the Commissioner of Agricultural Loans is continued as a corporation sole under that name with perpetual succession and an official seal and may sue and be sued under that name in the same manner as any other corporation sole, and the Lieutenant-Governor in Council may from time to time appoint a person to hold that office. R.S.O. 1937, c. 78, s. 26 (1, 2), *amended*.

Commis-
sioner of
Agricultural
Loans.

(2) The Lieutenant-Governor in Council may from time to time appoint an Assistant Commissioner of Agricultural Loans who shall have and may exercise and perform all the powers, rights, duties and obligations of the Commissioner. 1949, c. 2, s. 3 (1).

Assistant
Commis-
sioner.

3. It shall be the duty of the Commissioner to promote agricultural development by means of loans as hereinafter provided and in such other manner as the Commissioner may deem advisable. R.S.O. 1937, c. 78, s. 3.

Duty of
Commis-
sioner.

4. The Commissioner, with the approval of the Lieutenant-Governor in Council, shall have power from time to time to issue bonds of the Commissioner to the amount of \$500,000 in such denominations and at such rates of interest as the Commissioner may deem proper and subject to such conditions as to the sale and disposal thereof as the Commissioner may deem advisable. R.S.O. 1937, c. 78, s. 4.

Commis-
sioner may
issue bonds.

5. The Lieutenant-Governor in Council may authorize the Treasurer to purchase out of the Consolidated Revenue Fund any bonds or debentures issued by the Commissioner under the authority of this Act. R.S.O. 1937, c. 78, s. 5.

Treasurer
may pur-
chase bonds.

Proceeds of bonds; how dealt with.

6. All moneys received by the Commissioner from the sale of the bonds issued under section 4 shall be deposited in a separate account of the Commissioner in any chartered bank of Canada or in the office of any company or corporation authorized to accept deposits and such moneys shall be used solely for the purposes hereinafter set forth. R.S.O. 1937, c. 78, s. 6.

Issue of debentures by Commissioner.

7.—(1) The Commissioner, with the approval of the Lieutenant-Governor in Council, may from time to time issue debentures in such denominations and at such rate of interest as the Commissioner may deem advisable and as may be approved by the Lieutenant-Governor in Council, and the proceeds of any debentures so issued shall be disposed of in the manner provided by section 6 in respect to the proceeds of the sale of bonds issued by the Commissioner.

Security.

(2) The debentures so issued shall be issued upon the security of the assets of the Commissioner and shall not exceed the amount of such assets and such debentures shall be a first charge upon all the assets and revenues of the Commissioner.

Lawful investment for municipal, school and trust funds.

(3) Notwithstanding anything in any other Act, the bonds and debentures of the Commissioner shall be at all times a lawful investment for municipal, school and trust funds. R.S.O. 1937, c. 78, s. 7.

Authority to guarantee payment of bonds and debentures.

8.—(1) The Lieutenant-Governor in Council may authorize the Treasurer to guarantee payment on behalf of the Province of Ontario of any bonds or debentures issued by the Commissioner under the authority of this Act.

Form of guaranty.

(2) The form of guaranty and the manner of execution shall be determined by the Lieutenant-Governor in Council. R.S.O. 1937, c. 78, s. 8.

Commissioner may make loans, for what purposes.

9.—(1) Out of the moneys at his disposal from time to time as the proceeds of the sale or hypothecation of any bonds or debentures issued by the Commissioner, the Commissioner may make loans for the following purposes and no other:

- (a) Acquiring land for agricultural purposes.
- (b) The erection of farm buildings essential to production.
- (c) To pay off charges existing against land at the time of acquisition by the borrower under a will or by descent.

- (d) To pay off encumbrances, in which cases loans shall not exceed fifty per cent of the valuation.
- (e) For the purpose of providing tile drainage.
- (f) To purchase breeding live stock.
- (g) To consolidate outstanding liabilities incurred for productive agricultural purposes.
- (h) For such other purposes relating to the development and operation of the applicant's farm as the Commissioner approves.

(2) At the time of or subsequently to the making of the loan the Commissioner may accept as collateral security for any loan made under the authority of this Act, a life insurance policy or an assignment thereof or any other security which the Commissioner may deem proper. Collateral security.

(3) The Commissioner may make such composition, extension of time or scheme of arrangement with any borrower on his loan as the Commissioner deems advisable. R.S.O. 1937, c. 78, s. 9. Composition, extension, of time, etc.

10. The Commissioner, with the approval of the Lieutenant-Governor in Council, may appoint committees, each of which shall be composed of two or more competent persons, one of whom shall be or shall have been a practical farmer, to consider and report to the Commissioner upon applications and upon problems that may arise in connection with loans already made. R.S.O. 1937, c. 78, s. 10. Committees.

11. Every applicant for a loan under this Act may be required to appear in person before the board or a qualification committee and shall submit evidence to the satisfaction of the board or committee, Qualifications of applicants for loans.

- (a) that he is a British subject of at least 21 years of age and has been resident in Canada for at least three years;
- (b) that he has had at least three years experience in farming and has displayed average ability and capacity;
- (c) that he is of good character;
- (d) that he is actually engaged or intends to engage upon the land upon the security of which the loan is to be made. R.S.O. 1937, c. 78, s. 11.

- Limitations as to loan.** **12.**—(1) No loan shall exceed \$7,500, and every loan shall be secured by a first mortgage upon lands suitable for agricultural purposes.
- On less than 50 acres.** (2) On a property of less than 50 acres the maximum valuation to be recognized by the Commissioner shall be \$300 per acre. R.S.O. 1937, c. 78, s. 12.
- Valuator's report.** **13.**—(1) Before making a loan under this Act, the Commissioner shall secure a report from a competent valuator as to the value of the security offered by the applicant.
- Mode of valuing.** (2) The land and buildings shall be valued on the basis of their value for agricultural purposes.
- Insurance.** (3) The buildings upon the land shall be insured to their full insurable value. R.S.O. 1937, c. 78, s. 13.
- Extent of loan.** **14.** Where the Commissioner is satisfied that the conditions of this Act have been complied with and that agricultural development will be promoted by the loan, the commissioner may make a loan to the applicant to the extent of 50 per cent of the value of the security as shown by the valuator's report. R.S.O. 1937, c. 78, s. 14.
- Loan, how repayable.** **15.**—(1) Except as hereinafter provided, every loan made under this Act shall be repayable in equal annual instalments of principal and interest sufficient to discharge the debt at the end of such period as may be agreed upon, but no loan shall be made for more than 30 years.
- Payments on account of loan.** (2) Payments on account of the loan, in addition to those provided for in the mortgage or agreement, may be made at any time.
- Provisions of payment, alterations in.** (3) Notwithstanding anything in this Act, the Commissioner may accept payment of interest without principal for any period not exceeding three years and may, at any time at his discretion, alter the provisions for payment of any mortgage and may consolidate the total indebtedness owing by any mortgagor to the Commissioner, inclusive of accrued interest and moneys paid for taxes and insurance to the date of consolidation and alter the provisions of the mortgage so that the consolidated indebtedness with interest may be repayable in annual instalments within a period not exceeding 30 years from the date of consolidation. R.S.O. 1937, c. 78, s. 15 (1-3).
- Regulations.** (4) The Commissioner may, with the approval of the Lieutenant-Governor in Council, make regulations relating to

sales made by the Commissioner under the power of sale contained in any mortgage where the purchase money or part thereof is secured by an agreement for sale. R.S.O. 1937, c. 78, s. 15 (4), *amended*.

(5) The Commissioner may accept a release of the equity of redemption existing by virtue of a mortgage to him and may sell any mortgaged property that he has thus acquired or which he is empowered to sell by virtue of the power of sale contained in a mortgage, at such price and upon such terms as in his discretion is deemed advisable. Equity of redemption.

(6) When a sale has been made by the Commissioner under the powers of sale contained in any mortgage and the purchase money or part thereof is secured by an agreement for sale and any instalment, whether for principal or interest payable under the agreement for sale, is not punctually paid, or if the purchaser makes default in the performance of any of the terms of such agreement, the Commissioner, without any formal re-entry or taking of possession and without resorting to proceedings in equity or at law, may, upon 10 days notice in writing to the purchaser directed by mail to him at his last known address, rescind such agreement and resell or otherwise deal with the property as provided for in the mortgage, to the same extent as if the agreement for sale had not been entered into. R.S.O. 1937, c. 78, s. 15 (5, 6). Delay in payments.

16. Every mortgage made under this Act shall be made in accordance with *The Short Forms of Mortgages Act*, and may contain such further covenants, provisos and conditions as the Commissioner may deem proper, and the Commissioner shall have and may exercise all the rights, powers and remedies with respect to any mortgage made under this Act as a mortgagee has under the laws of Ontario. R.S.O. 1937, c. 78, s. 16. Mortgages, how made. Rev. Stat., c. 362.

17. All notices, mortgages, discharges or other documents of every kind and description made or used under this Act shall be prepared by the Commissioner or by some person designated by the Commissioner. R.S.O. 1937, c. 78, s. 17. Commissioner to prepare notices, mortgages, etc.

18.—(1) If at any time in the opinion of the Commissioner any money advanced under this Act has not been or is not being applied for the purpose for which it was advanced, or is not being carefully and economically expended, or if the security depreciates in value the Commissioner may refuse to make any further advance and call in the whole amount already advanced and all interest thereon and declare the same to be immediately due and payable, whereupon the borrower shall at once repay the same with interest at the Where money misapplied.

rate set forth in the mortgage, and in default of payment the Commissioner shall have the like remedies for recovery of the same as if the time for repayment thereof had fully arrived.

Term of
mortgage.

(2) It shall be a term of every mortgage taken as security for a loan that upon the sale of the farm land mortgaged, the loan shall, at the option of the Commissioner, immediately become due and payable. R.S.O. 1937, c. 78, s. 18.

Payments
on mort-
gages,
how
disposed of.

19.—(1) Every payment made on a mortgage given under this Act shall be disposed of as follows:

(a) That portion of such payment which consists of principal shall, at the option of the Commissioner, be paid to the Treasurer from time to time as received, to provide for the payment of the principal, payable upon the debentures issued by the Agricultural Development Board or by the Commissioner and held by the Treasurer; or the Commissioner may, if he so desires, retain the principal portion of such payment and reinvest same in first mortgages according to this Act, and such moneys shall, while in the hands of the Commissioner be placed in a special account, and shall be kept entirely separate and distinct from the other accounts and funds of the Commissioner, and in the event of the Commissioner retaining and reinvesting such principal, the Treasurer shall, at the end of each fiscal year and upon the certificate of the provincial Auditor, cancel the Commissioner's debentures up to the amount reinvested by the Commissioner during such year and accept from the Commissioner, new debentures for such amount.

(b) That portion of such payment which consists of interest and all other revenue of the Commissioner on account of loans shall be applied, in the first instance, in payment of salaries and other operating expenses of the Commissioner and then to payment of losses written off or sustained on the sale of mortgaged properties and the balance then remaining shall be paid to the Treasurer in payment of interest on debentures issued by the Commissioner.

Other
revenue.

(2) Any other revenue of the Commissioner on account of loans shall be credited to a reserve fund account and shall at the end of each calendar month be transferred to the Consolidated Revenue Fund. R.S.O. 1937, c. 78, s. 19.

20. It shall be the duty of the Commissioner from time to time to secure reports as to the condition of any securities taken by him for loans under this Act, and as to the progress and prospects of the borrowers, and for this purpose the Department of Agriculture may co-operate with the Commissioner by rendering assistance of an educational or other nature that appears calculated to facilitate the success of the borrower. R.S.O. 1937, c. 78, s. 20.

Duty of Commissioner to secure reports as to condition of securities.

21. The Lieutenant-Governor in Council may fix the salaries or other remuneration and an allowance for travelling or other expenses of the Commissioner, the Assistant Commissioner, if any, and his employees. R.S.O. 1937, c. 78, s. 21, *amended*.

Salaries and travelling expenses.

22. The salaries or other remuneration of the Commissioner and his officers and employees and all expenses of the Commissioner or connected with the administration of this Act, shall be a first charge upon the interest payments received by the Commissioner and shall be payable out of same as approved by the Commissioner, and any additional moneys required for these purposes shall be paid out of the Consolidated Revenue Fund upon the certificate of the Treasurer or of an officer designated by him for that purpose. R.S.O. 1937, c. 78, s. 22.

Salaries and remuneration, how payable.

23.—(1) The Commissioner shall make an annual report in writing to the Treasurer on the 31st day of January, showing in detail the number and amount of loans made by the Commissioner during the last preceding fiscal year, and the amount of every issue of bonds or debentures made by the Commissioner and outstanding, with the date and terms of every such issue, and the expenses of administration, and with such other particulars as the Treasurer may require.

Annual report.

(2) Every such report shall be laid before the Assembly at the next ensuing session of the Legislature. R.S.O. 1937, c. 78, s. 24.

Tabling.

24. The Commissioner, with the approval of the Lieutenant-Governor in Council, may from time to time make regulations respecting,

Regulations.

- (a) the proceedings of the Commissioner;
- (b) the mode in which applications for loans are to be made and the forms thereof;
- (c) the forms of mortgages to be taken by the Commissioner, including all provisions to be inserted therein;

- (d) the fees and expenses payable by borrowers under this Act;
 - (e) the conditions that may be imposed in regard to loans;
 - (f) the consideration and granting of applications for loans;
 - (g) the valuations to be made in relation to applications for loans;
 - (h) the records, books and accounts to be kept by the Commissioner and the auditing of its accounts;
 - (i) respecting any other matter necessary or advisable to carry out effectively the intent and purpose of this Act. R.S.O. 1937, c. 78, s. 25; 1949, c. 2. s. 2.
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