CHAPTER 135.

An Act respecting Mortgages and Sales of Personal Property.

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:—

1. This Act may be cited as The Bills of Sale and Chattel Mortgage Act. 10 Edw. VII. c. 65, s. 1.

2. In this Act,

(a) "Actual and continued change of possession" shall mean such change of possession as is open and reasonably sufficient to afford public notice thereof;

(b) "Creditors" shall include creditors of the mortgagor or bargainor suing on behalf of themselves and other creditors, an assignee in insolvency of a mortgagor or bargainor the liquidator of a company in a winding up proceeding under The Winding Up Act of Canada, and an assignee for the general benefit of creditors, as well as creditors having executions against the goods and chattels of the mortgagor or bargainor in the hands of a sheriff or other officer;

(c) "Mortgage" shall include a conveyance intended to operate as a mortgage;

(d) "Rolling stock" shall mean and include any locomotive, engine, motor car, tender, snow plough, flanger, and every description of car or of railway equipment designed for movement on its wheels over or upon the rails or tracks of a railway. 10 Edw. VII. c. 65, s. 2; 3-4 Geo. V. c. 18, s. 28.

3. This Act, except section 32, shall not apply to an assignment for the general benefit of creditors to which The Assignments and Preferences Act applies.

4. This Act shall not apply to mortgages of vessels registered under the provisions of any Act in that behalf. 10 Edw. VII. c. 65, s. 4.
5. Every mortgage of goods and chattels in Ontario, which is not accompanied by an immediate delivery and an actual and continued change of possession of the things mortgaged, or a true copy thereof, shall be registered as hereinafter provided, together with

(a) the affidavit of an attesting witness thereto of the due execution of such mortgage, or of the due execution of the mortgage of which the copy filed purports to be a copy, which affidavit shall also state the date of the execution of the mortgage, and

(b) the affidavit of the mortgagee that the mortgagor therein named is justly and truly indebted to the mortgagee in the sum mentioned in the mortgage, that the mortgage was executed in good faith and for the express purpose of securing the payment of money justly due or accruing due and not for the purpose of protecting the goods and chattels mentioned therein against the creditors of the mortgagor, or of preventing the creditors of such mortgagor from obtaining payment of any claim against him. 10 Edw. VII. c. 65, s. 5.

6. (1) A mortgage of goods and chattels made

(a) to secure the mortgagee for advances made in pursuance of an agreement in writing to make future advances for the purpose of enabling the borrower to enter into or to carry on business with such advances, the time of repayment thereof not being longer than one year from the making of the agreement; or

(b) to secure the mortgagee against the endorsement of any bill of exchange or promissory note or other liability by him incurred for the mortgagor, such liability not extending for a longer time than one year from the date of the mortgage,

may be registered in the manner prescribed by this Act if accompanied by

(c) the affidavit of an attesting witness to the execution thereof, and,

(d) the affidavit of the mortgagee stating that the mortgage truly sets forth the agreement and truly states the extent and amount of the advances intended to be made or liability intended to be created by the agreement and covered by the mortgage, and that the mortgage is entered into in good faith and for the express purpose of securing the mort-
gagee repayment of his advances or against the liability intended to be created, as the case may be, and not for the purpose of securing the goods and chattels mentioned therein against the creditors of the mortgagor nor to prevent such creditors from recovering any claims which they may have against the mortgagor. 10 Edw. VII. c. 65, s. 6.

7. If the mortgage and affidavits are not registered as by this Act provided, the mortgage shall be absolutely null and void as against creditors of the mortgagor, and as against subsequent purchasers or mortgagees in good faith for valuable consideration. 10 Edw. VII. c. 65, s. 7.

8. Every sale of goods and chattels, not accompanied by an immediate delivery and followed by an actual and continued change of possession of the goods and chattels sold, shall be in writing, and such writing shall be a conveyance under the provisions of this Act; and such conveyance or a writing, true copy thereof accompanied by an affidavit of an attesting witness thereto of the due execution of the conveyance, and an affidavit of the bargainee that the sale is bona fide and for good consideration, as set forth in the conveyance, and not for the purpose of holding or enabling the bargainee to hold the goods mentioned therein against the creditors of the bargainor, shall be registered, as hereinafter provided, otherwise the sale shall be absolutely null and void as against the creditors of the bargainor and as against subsequent purchasers or mortgagees in good faith. 10 Edw. VII. c. 65, s. 8.

9. Every such mortgage or conveyance shall operate and take effect upon; from and after the day and time of the execution thereof. 10 Edw. VII. c. 65, s. 9.

10. Every mortgage and every conveyance or agreement required to be registered under this Act shall contain such sufficient and full description of the goods and chattels that the same may be thereby readily and easily known and distinguished. 10 Edw. VII. c. 65, s. 10.

11. This Act shall extend to a mortgage or sale of goods and chattels which may not be the property of or in the possession, custody or control of the mortgagor or bargainor or any person on his behalf at the time of the making of the mortgage or sale, and notwithstanding that such goods or chattels may be intended to be delivered at some future time, or that the same may not at the time of the making of the mortgage or sale be actually procured or provided or fit or ready for delivery, or that some act may be required for the making or completing of such goods and chattels or rendering the same fit for delivery. 10 Edw. VII. c. 65, s. 11.
12. (1) Every affidavit of bona fides required by this Act and every affidavit required upon the renewal of a chattel mortgage may be made by one of two or more bargainees or mortgagees, or by his or their agent if aware of all the circumstances and properly authorized in writing to take the conveyance or to take or renew the mortgage, or, in the case provided for by section 6, to make the agreement and to take the mortgage.

(2) If the mortgage or conveyance is made to a corporation the affidavit may be made by the president, vice-president, manager, assistant manager, secretary or treasurer, or by any other officer or agent thereof authorized to do so by resolution of the directors.

(3) Where the affidavit is made by the agent of the mortgagee or bargainee, or by an officer or agent of a corporation, it shall state that the deponent is aware of all the circumstances connected with the mortgage or conveyance and has personal knowledge of the facts deposed to. 10 Edw. VII. c. 65, s. 12.

13. The authority in writing referred to in the preceding section, or a copy of such authority, shall be attached to and filed with the mortgage or conveyance. 10 Edw. VII. c. 65, s. 13.

14. Any affidavit by this Act required to be made by the mortgagee or by the bargainee may in the case of his death be made by any of his next of kin or by his executor or administrator, or if the mortgage has been assigned by his assignee. 10 Edw. VII. c. 65, s. 14.

15. An authority to take a conveyance or to take or renew a mortgage may be a general one to take all or any conveyances to the bargainee, or to take and renew all or any mortgages to the mortgagee. 10 Edw. VII. c. 65, s. 15.

CONTRACTS TO GIVE MORTGAGES, ETC.

16. Every covenant, promise or agreement to make, execute or give a mortgage of goods and chattels shall be in writing, and shall be deemed to be a mortgage within the meaning of this Act. 10 Edw. VII. c. 65, s. 16.

17. Every covenant, promise or agreement to make a sale of goods and chattels shall be in writing and shall be deemed to be a sale of goods and chattels within the meaning of this Act. 10 Edw. VII. c. 65, s. 17.

REGISTRATION.

18. (1) Except in the case of the Provisional County of Haliburton the instruments mentioned in the preceding sections shall be registered in the office of the clerk of the County or District Court of the county or district in which the property mortgaged or sold is at the time of the execution thereof.
(2) Where the property is situate in the Provisional County of Haliburton the instrument shall be registered in the office of the clerk of the first division court of the provisional county.

(3) In the case of a county the instrument shall be registered within five days from the execution thereof.

(4) In the case of the Provisional County of Haliburton and of a district the instrument shall be registered within ten days from the execution thereof.

(5) The clerk shall file the instrument and endorse thereon the time of receiving it. 10 Edw. VII. c. 65, s. 18.

19. In the event of the permanent removal of the goods and chattels from the county, provisional county or district in which the goods and chattels were at the time of the execution of the mortgage to another county, provisional county or district before the payment and discharge of the mortgage, a copy of the mortgage and of the affidavits, documents, instruments and statements relating thereto, certified under the hand of the clerk in whose office it was registered, and under the seal of the Court, shall be filed with the proper officer as mentioned in section 18, of the county, provisional county or district to which the goods and chattels are removed within two months from such removal, otherwise the mortgage shall be null and void as against creditors of the mortgagor and as against subsequent purchasers and mortgagees in good faith for valuable consideration. 10 Edw. VII. c. 65, s. 19.

20. The clerk shall number every instrument or copy filed in his office, and shall enter in alphabetical order in a book to be provided by him the names of all the parties thereto, with the number indorsed thereon opposite to each name, and such entry shall be repeated alphabetically under the name of every party thereto. 10 Edw. VII. c. 65,

RENEWAL OF MORTGAGES.

21.—(1) Except as provided in subsection 2 and subject to the provisions of section 24 every mortgage registered in pursuance of this Act shall cease to be valid, as against the creditors of the person making the same and as against subsequent purchasers and mortgagees in good faith for valuable consideration, after the expiration of one year from the day of the registration thereof unless, within thirty days next preceding the expiration of the said term of one year, a statement, Form 1, exhibiting the interest of the mortgagor, his executors, administrators or assigns in the mortgaged property, and showing the amount still due for principal and interest thereon, and all payments made on account thereof, is registered in the proper office, as mentioned in section 18,
of the county, provisional county or district in which the mortgage was registered, with an affidavit of the mortgagee that the statement is true and that the mortgage has not been kept on foot for any fraudulent purpose.

(2) Where there has been a permanent removal of the goods and chattels, as mentioned in section 19, and a certified copy of the mortgage has been registered as required by that section the statement and affidavit shall be registered in the office in which such certified copy is registered, and the period of one year shall be reckoned from the date of the registration of such certified copy.

(3) Where the two months mentioned in section 19 have not expired when the period of one year mentioned in subsection 1 expires, and a certified copy of the mortgage has not been registered as provided by section 19, the statement and affidavit may be registered in the office in which the mortgage was registered.

(4) If any bona fide error or mistake is made in the statement, either by the omission to give any credit or by any miscalculation in the computation of interest or otherwise, the statement and the mortgage therein referred to shall not be invalidated if the mortgagee, his executors, administrators or assigns within two weeks after the discovery of the error or mistake, registers an amended statement and affidavit referring to the former statement and clearly pointing out the error or mistake therein and correcting the same.

(5) If before the registration of such amended statement and affidavit any creditor or purchaser or mortgagee in good faith for valuable consideration has made any bona fide advance of money or given any valuable consideration to the mortgagor, or has incurred any costs in proceedings taken on the faith of the amount due on the mortgage being as stated in the renewal statement and affidavit as first registered, the mortgage, as to the amount so advanced or the valuable consideration given or costs incurred by such creditor, purchaser or mortgagee, shall, as against such creditor, purchaser or mortgagee, stand good only for the amount mentioned in the renewal statement and affidavit first registered.

(6) The statement and affidavit shall be deemed one instrument and shall be registered and entered as provided by section 20.

(7) Another statement in accordance with the provisions of subsection 1, verified as required by that subsection, shall be registered in the proper office, according to section 18 or subsection 2 of this section, as the case may be, within thirty days next preceding the expiration of one year from the day of the registration of the statement required by subsection 1, otherwise such mortgage shall cease to be valid as against the creditors of the mortgagor, and as against subsequent purchasers and mortgagees in good faith for valuable con-
sideration, and so on from year to year, that is to say, another verified statement shall be registered within thirty days next preceding the expiration of one year from the day of the registration of the former statement, otherwise such mortgage shall cease to be valid as aforesaid.

(8) If the affidavit is made by an assignee, or by any of his next of kin, or by his executor or administrator, the assignment or the several assignments through which he claims shall be registered with the statement and affidavit, unless the same have been already registered.

(9) Subsection 8 shall not apply to an assignment for the benefit of creditors under The Assignments and Preferences Act, or any other Act of Ontario or of Canada relating to assignments for the benefit of creditors, if such assignment be referred to in the statement and notice thereof has been given in manner required by law. 10 Edw. VII. c. 65, s. 21.

22. Where a new county or district is formed, or territory is added to a county or district, every mortgage which under the provisions of this Act would otherwise require to be renewed in the county or district of which the territory forming or added to the new county or district was part shall be renewed in the office of the proper officer of the county or district so formed or to which such territory is added, and upon such renewal a copy of the mortgage, certified under the hand of the officer in whose office it was registered and the seal of the court, shall be registered with the renewal statement and affidavit. 10 Edw. VII. c. 65, s. 22.

SUBSEQUENT TAKING POSSESSION.

23. A mortgage or sale declared by this Act to be void or which under the provisions of section 21 has ceased to be valid as against creditors and subsequent purchasers or mortgagees shall not by the subsequent taking of possession of the goods and chattels mortgaged or sold by the mortgagee or bargainee be thereby made valid as against persons who became creditors, purchasers, or mortgagees before such taking of possession. 10 Edw. VII. c. 65, s. 23.

MORTGAGES TO SECURE BONDS, ETC., OF CORPORATIONS.

24.—(1) In the case of a mortgage of goods and chattels made by any incorporated company to a bondholder, or to a trustee, for the purpose of securing the bonds or debentures of such company it shall be sufficient if the affidavit of bona fides is to the effect that the mortgage was executed in good faith and for the express purpose of securing the payment of the bonds or debentures referred to therein, and not for the purpose of protecting the goods and chattels mentioned therein against the creditors of the mortgagors, or of preventing the creditors of such mortgagors from obtaining payment of any claim against them.
(2) Where the head office of the company is not within Ontario the mortgage may be registered within thirty days instead of five days, as provided by section 18.

(3) Any such mortgage may be renewed in the manner and with the effect provided by section 21 by the filing of a statement by the mortgagee or one of the mortgagees exhibiting the interest of the mortgagee or mortgagees in the property claimed by virtue of the mortgage, and showing the amount of the bond or debenture debt which the same was made to secure, and showing all payments on account thereof, which, to the best of the information and belief of the person making such statement, have been made, or of which he is aware or has been informed, together with an affidavit of the person making such statement that the statement is true to the best of his knowledge, information and belief, and that the mortgage has not been kept on foot for any fraudulent purpose, and such statement shall be filed instead of the statement required by section 21.

(4) Where the mortgage is made as a security for debentures and the by-law authorizing the issue of the debentures as a security for which the mortgage was made, or a copy thereof certified under the hand of the president or vice-president and secretary of the company and verified by an affidavit thereto attached or endorsed thereon and having the corporate seal attached thereto, is registered with the mortgage it shall not be necessary to renew the mortgage, but the same shall in such case continue to be as valid as if it had been duly renewed as in this Act provided.

(5) The next preceding subsection shall apply to every such mortgage made and registered after the 5th day of May, 1894, but nothing herein shall affect any accrued rights or any litigation pending on the 13th day of April, 1897. 10 Edw. VII. c. 65, s. 24.

Mortgage of rolling stock.

25.—(1) In the case of a mortgage securing bonds made by an incorporated company on rolling stock owned by it it shall be sufficient for the purposes of this Act if the mortgage or a copy thereof and the affidavit in subsection 1 of the next preceding section referred to be filed in the office of the Provincial Secretary within the time limited by this Act for registering a mortgage to secure bonds or debentures of an incorporated company.

(2) The office of the Provincial Secretary shall be the place for filing the renewal statements of any such mortgage of rolling stock where renewal thereof is necessary under this Act.

(3) Subsections 1 and 2 shall apply to any such mortgage on rolling stock heretofore made if the same has been filed as therein provided. 10 Edw. VII. c. 65, s. 25.
26.—(1) In the case of a mortgage, hypothec or other instrument made by an incorporated company securing bonds, debentures, notes or other securities on any rolling stock which is subject to any lease, conditional sale or bailment to a railway company, the same or a copy thereof may be filed in the office of the Provincial Secretary within 21 days from the execution thereof, and if so filed shall be as valid as against creditors of such company and subsequent purchasers as if the same had been registered pursuant to the provisions of this Act.

(2) Notice of the filing shall forthwith thereafter be given in the *Ontario Gazette.* 10 Edw. VII. c. 64, s. 26.

(3) In case any such mortgage, hypothec or other instrument made before the 14th day of April, 1908, or a copy thereof had been filed in the office of the Provincial Secretary within ninety days from that date the same shall be as valid as against creditors of such company and purchasers or mortgagees becoming such creditors, purchasers or mortgagees subsequent to that date as if it had been registered pursuant to the provisions of this Act.

PROOF OF REGISTRATION.

27. A copy of any instrument or document registered under this Act and of any endorsement thereon certified under the hand of the officer with whom the same is registered and under the seal of the court, or where the same is filed in the office of the Provincial Secretary under the hand of the Provincial Secretary or Assistant Provincial Secretary, shall be received as evidence by all courts that the instrument or document was received and registered or filed according to the endorsement thereon. 10 Edw. VII. c. 65, s. 27.

DISCHARGE OF MORTGAGES.

28. A mortgage registered under this Act may be discharged by registering in the office in which the mortgage is registered a certificate, Form 2, signed by the mortgagee, his executors, administrators, or assigns. 10 Edw. VII. c. 65, s. 28.

29.—(1) The officer with whom the mortgage is registered upon receiving such certificate, proved by the affidavit of a subscribing witness, shall, at each place where the number of the mortgage has been entered, with the name of any of the parties thereto, in the book kept by him under section 20, or wherever otherwise in such book the mortgage has been entered, write the words "Discharged by Certificate Number (stating the number of the certificate)," and to such entry the officer shall subscribe his name, and he shall also endorse the fact of the discharge upon the instrument discharged, and shall subscribe his name to the endorsement.
(2) Where a mortgage has been renewed under section 21 the endorsement or entries required by the next preceding subsection need only be made upon the statement and affidavit filed on the last renewal, and at the entries of the statement and affidavit in such book.

(3) A certificate of discharge by an assignee shall not be registered unless and until the assignment is registered.

(4) The assignment shall, upon proof by the affidavit of a subscribing witness, be registered, numbered and entered in such book in the same manner as a mortgage. 10 Edw. VII. c. 65, s. 29.

FEES.

30. For services under this Act the officers shall be entitled to the following fees:

(a) For registering each instrument or copy or renewal statement, fifty cents;

(b) For registering an assignment, twenty-five cents;

(c) For registering a certificate of discharge, twenty-five cents;

(d) For a general search, twenty-five cents;

(e) For production and inspection of any instrument or document, ten cents;

(f) For copies of any instrument or document and certifying the same, ten cents for every hundred words;

(g) For extracts, whether made by the person making the search or by the officer, ten cents for every hundred words. 10 Edw. VII. c. 65, s. 30.

INSPECTION OF BOOKS AND INSTRUMENTS.

31.—(1) Every person shall on payment of the proper fees have access to and be entitled to inspect the books containing records or entries of mortgages, conveyances or assignments registered.

(2) A person desiring such access or inspection shall not be required, as a condition to his right thereto, to furnish the names of the persons in respect of whom such access or inspection is sought.

(3) The clerk shall upon demand produce for inspection any such mortgage, conveyance, assignment or copy thereof registered in his office. 10 Edw. VII. c. 65, s. 31.
Form 1.  BILLS OF SALE AND CHATTEL MORTGAGES. Chap. 135.  1503

STATISTICAL RETURNS.

32.—(1) Every officer with whom instruments are required to be registered under the provisions of this Act shall, on or before the 15th day of January in each year, transmit to the Minister of Agriculture a return which shall set out:

(a) the number of undischarged mortgages on record in his office on the 1st day of January in the year next preceding that in which the return is made;

(b) the number of mortgages and renewals, the number of discharges, and the number of assignments for the benefit of creditors registered during the year following the said 1st day of January; and

(c) the number of undischarged mortgages on record in his office on the 31st day of December in said year.

(2) The return shall not include instruments which have lapsed by reason of non-renewal.

(3) The occupations or callings of the mortgagors or assignors as stated in the instruments shall be classified and the return shall show the aggregate sums purporting to be secured by the mortgages in each class.

(4) The return shall, where practicable, distinguish mortgages to secure endorsements or future advances from mortgages to secure existing debts or present advances. 10 Edw. VII. c. 65, s. 32.

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FORM 1.

(Section 21.)

RENEWAL STATEMENT.

Statement exhibiting the interest of in the property mentioned in the mortgage dated the , 19 , made between of the one part, and , of the other part and registered in the office of the Clerk of the Court of the on the day of 19 , and of the amount due for principal and interest thereon, and of all payments made on account thereof.

The said has not assigned the said mortgage (or the said is the assignee of the said mortgage by virtue of an assignment thereof from the said to him, dated the day of 19 ), (or as the case may be).

No payments have been made on account of the said mortgage (or the following payments, and no other, have been made on account of the said mortgage:

19 , January 1, Cash received............$100.00)
The amount still due for principal and interest on the said mortgage is the sum of $\ldots$ made up as follows: (here give the items).

\begin{center}
A. B.,
\end{center}

(Signature of Mortgagee or Assignee.)

County (or District) of \\
To wit,

I, of the \ldots\text{ of the}

of the mortgagee named in the mortgage mentioned in the foregoing (or annexed) statement (or assignee of the mortgagee named in the mortgage mentioned in the foregoing [or annexed] statement) (as the case may be), make oath and say:

1. That the foregoing (or annexed) statement is true.
2. That the mortgage mentioned in the said statement has not been kept on foot for any fraudulent purpose.

Sworn before me at the of in the of this day of , 19 .

E. F.,
A Commissioner, etc.

10 Edw. VII. c. 65, Form 1.

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FORM 2.

DISCHARGE OF MORTGAGE.

To the Clerk of the Court of the

I, of \ldots\text{ do certify that has satisfied all money due, or to grow due on a certain mortgage made by to , which mortgage bears date the day of , 19 , and was registered (or in case the mortgage has been renewed was last renewed), in the office of the Clerk of the Court of the of on the day of , 19 , as No. (here mention the date of registration of each assignment thereof, and the names of the parties, or mention that such mortgage has not been assigned, as the fact may be); and that I am the person entitled by law to receive the money, and that such mortgage is therefore discharged.

Witness my hand, this day of , 19 .

Witness, A. B.,

C. D.

(Signature of Mortgagee or Assignee.)

10 Edw. VII. c. 65, Form 2.