

Organization

The board is constituted a corporation with not less than three nor more than five members appointed by the governor in council, one of whom is the Deputy Minister of Finance. The chairman of the board is designated the Canadian Farm Loan Commissioner and is the executive in charge of actual operations. The other members are in a position analogous to that of directors of a private commercial company. Under the supervision and direction of the commissioner, the board has a branch office in each province, except Newfoundland, with a branch manager, office and field staff. The branch manager is in charge of all the operations in his province including the processing of applications, the appraisal of farms, the making of loans, and the collection of loans. In most branches and within certain limits the branch manager may approve loans on behalf of the board up to the maximum limit of \$15,000.

Funds For Lending

The board obtains its funds for lending by borrowing from the Minister of Finance at current interest rates. The borrowing power and the minister's lending power are dependent upon the amount of capitalization of the board. The present capitalization is \$4 million and the minister may lend up to 20 times that amount at any time outstanding. Therefore at present the board cannot borrow more than \$80 million from the minister. The purpose of Bill C38, now before you, is to increase the board's capitalization to \$6 million and therefore to enable the board to borrow up to \$120 million from the minister.

Lending Policy

Within the limits prescribed by the act, it is the policy of the management of the board to lend to every credit-worthy applicant for any constructive purpose when a useful loan can be made. Every application is dealt with in accordance with business principles and in a sympathetic manner without regard for the nationality, race, creed, sex or color of the applicant. The making of good useful loans to farmers on the mortgaged security of their farms cannot be an automatic mechanical operation depending solely on the value of the farm but calls for consideration of the individual applicant's ability as a farmer and manager. No one can borrow his way out of debt and into prosperity by the unwise use of credit and credit in itself is not a cure-all.

Collection Policy

While the board must collect the amounts falling due to the extent of the borrower's ability to pay, extensions of time are given where the inability of the borrower to pay is attributable to factors beyond his control. Legal proceedings are avoided unless there is no other solution.

CURRENT AND PROSPECTIVE BUSINESS

Following the amendments to the Canadian Farm Loan Act which became effective June 26, 1956, and with a view to improving the board's service and expediting the making of loans, several important changes in methods and procedure have been put into effect.

A short simple application has been adopted and many other forms have been revised with a view to reduce paper work. The board's lending policies have been revised and procedures simplified wherever possible. The board's field staff has been enlarged to keep pace with the increased volume of business. A chief appraiser has been appointed to supervise appraisal work. Annual refresher training conferences for appraisers, under the supervision of the chief appraiser, have been instituted. Formerly all loans were approved at head office. Most branch managers now have the authority to approve