

*Farm Credit Act*

two categories according, to whether there is or is not a will. If there is a will an executor is appointed but the executor may be someone who does not know beans about farming. He may be a member of the family who is in a business far removed from farming. Furthermore the executor may be a trust company which would carry on the farming operations by remote control. But the executor is authorized to borrow from the corporation.

The same situation exists if there is no will. Some member of the family may be appointed as administrator of the will. That member of the family may not be a farmer and may not know anything about farming. An official administrator such as a trust company could be appointed. The trust company would have no personal interest in the farm and would be operating it by remote control.

As I interpret paragraph (e) of section 2 I believe that the original intention of the act was that a borrower had to qualify as a person having a personal interest in some particular aspect of farming, whether it be raising cattle, tillage of the soil, or beekeeping as now included. My interpretation is that there had to be personal interest, personal attention and the farmer had to live on the farm. I know from experience that in the few years the act has been in operation the corporation has refused to take mortgages on anything other than the land actually occupied by the borrower, namely, his homestead, because they wanted to be absolutely certain of the repayment of the loan.

Let us look at the matter from this angle, Mr. Chairman. In addition to what I have just said about the inclusion of personal representatives, and the possibility that such representatives would have no personal interest in operating the farm of the deceased farmer, there is another conflict that may arise. I refer to the fact that it is the duty of the personal representative, whether he is administrator or executor, to wind up the estate as speedily as possible and distribute the assets to the heirs unless there are special trusts provided for in the will. What would be the situation if the administrator or executor should encumber the land before the loan from the Farm Credit Corporation had been paid off and the land, encumbered without the approval of the heirs, was then turned over to them without any ability to repay on their part?

I have brought this matter up under this clause, not because I oppose this extension. I have to argue hypothetically and present

[Mr. Mandziuk.]

hypothetical situations because I do not know how this provision will work out in practice. Probably the minister has some explanation. His officials must have delved into the matter more deeply than I have. However I know from experience that the corporation will be confronted with difficulties, if it lends to people who have no personal interest in the property which the corporation is taking as security for the loan. In answering my questions I hope the minister will indicate whether he has had requests to make this extension and, if so, from whom have they come? That would be of interest to the committee.

**Mr. Hays:** Mr. Chairman, I cannot tell the hon. member the exact number of requests, but we have had many requests for this sort of thing. I think that the intent of this provision is that the executor of the estate would operate the farm for the recipient of the estate. I might go one step further in explaining this matter by giving an example. What we were trying to do was to make it possible for a father to provide that his son could continue operating the farm and have an additional farm. Suppose the father has two sons who wish to take up farming, and his own farm unit is not large enough to support the two sons. He may wish to transfer the farm to one of his sons, while at the same time assisting the other son to buy a farm of his own.

**Mr. Mandziuk:** On a point of order, I think this matter is covered in another section.

**Mr. Hays:** I thought I would cover it now.

**Mr. Mandziuk:** The minister is going into another section.

**The Chairman:** Order. We are on clause 1 of the bill, of course, and we can have a general discussion, but I agree with the hon. member that we should not go into the details of any other section.

**Mr. Mandziuk:** Let us have answers to my questions.

**Mr. Hays:** Mr. Chairman, I think the intent of this particular provision is to enable the deceased farmer to confer on the executor of the estate the same privileges as the farmer would have if he were still living. The executor is acting on behalf of the heirs of the estate. The Farm Credit Corporation would be lending the money to the heirs of the estate who would be operating the farm.