RURAL CREDIT SCHEMES OF THE FOUR WESTERN PROVINCES

Outline of the bills before the legislatures of the prairie provinces and of the act passed by British Columbia

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Manitoba Farm Loans Act.

By the authority of this Act there shall be established "The Manitoba Farm Loans Association," to be managed by a Board consisting of five members, one of whom shall be known as the Commissioner, two other members shall be appointed by the Lieutenant Governor in Council, one member shall be nominated by the Municipalities of the Province, and the other member by the Grain Growers' Association.

(a) It shall be the duty of the Board to issue stock, bonds or other securities upon the security of first mortgages on farm lands.

The Commissioner shall be the chief Executive Officer of the Association and shall hold office during the pleasure of the Lieutenant Governor in Council, as shall also the other members of the Board.

The Commissioner shall receive a salary, the amount of which shall be determined by the Lieutenant Governor in Council, and every other member shall be paid a fee of $5 a day or portion of a day in which he is engaged, and no member other than the Commissioner shall be paid more than $300 a year for his services.

The capital stock of the Association shall be $1,000,000 divided into 200,000 shares of $5 each, and no person can become a shareholder until he is a borrower from the Association, and only so long as he continues to be a borrower.

The Government of the Province may subscribe and pay for not more than 50 per cent. of the capital stock of the Association, and may advance to the Association a sum equal to the remainder of the authorized capital.

All persons borrowing from the Association shall subscribe and pay for one share for each $100 of his loan or any fractional part thereof, and this subscription will be deducted from the proceeds of his loan when it is disbursed.

All loans made under the provisions of this Act shall be secured by duly registered first mortgages on farm lands situated in the Province, and each mortgage shall contain an undertaking to repay the principal amount of the loan with interest in equal annual instalments extending over a period of 30 years, said mortgage to bear interest at a rate sufficient to pay interest on the securities in addition to 1 per cent. per annum for management.

No loan shall be made to any person not at the time of application engaged, or intending to be engaged on the land mortgaged, and shall not exceed 50 per cent. of a fair estimated value of the land mortgaged, with improvements, nor shall any loan to one person be for a larger sum than $10,000.

Valuators shall be appointed whose duty it will be to inspect and value lands to be mortgaged.

The Association shall be authorized to receive deposits repayable with or without interest from persons or corporations, and to be a depository for Provincial, Municipal or School District funds.

The monies in the Sinking Fund of this Association may be invested in interest-bearing stocks, bonds, debentures or other securities of the Dominion of Canada, the other Provinces, or securities of any municipalities or school districts in the Province of Manitoba, and not otherwise except with the approval of the Lieutenant Governor in Council.

The Lieutenant Governor in Council may authorize the Board to raise from time to time monies as they are required by the issue and sale of bonds, stocks or other securities, which shall bear interest at a rate not to exceed 5 per cent. per annum, and the Lieutenant Governor in Council is authorized to guarantee these bonds or securities. Such bonds or securities shall be a first charge upon all the assets and revenues of the Association.

All funds of the Association held in trust or otherwise, also its capital stock, mortgage investments and other assets, shall be forever free from all forms of Provincial, Municipal, School or other kinds of taxation except under "The Succession Duties Act."

The sum of $10,000 is appropriated out of the Consolidated Revenue Fund of the Province to the Board to be expended for general organization expenses of the Association.

The Lieutenant Governor in Council shall have power to make, amend, vary, repeal and remake, and shall and may from time to time make rules and regulations not inconsistent with this Act.

Saskatchewan Farm Loans Act.

This Act provides for a Board to be called the "Saskatchewan Farm Loans Board," consisting of one Commissioner and two other members appointed by the Lieutenant Governor in Council, and shall have power to lend money to Agriculturists on the security of first mortgages on farm lands, and to borrow money by way of securities issued against their mortgages.

The Commissioner shall hold office for a term of years to be decided upon, but may at any time be removed for cause by the Lieutenant Governor in Council upon an address from the Legislative Assembly, and the other members shall hold office during the pleasure of the Lieutenant Governor in Council.

The Commissioner shall be the managing member of the Board at a remuneration to be determined by the Lieutenant Governor in Council. The other members shall receive no salary, but shall be entitled to a per diem allowance as may be provided by the Lieutenant Governor in Council.

It shall be the duty of the Board to approve or reject applications for loans by first mortgage on farm lands situated in the Province, and such loans shall not exceed 50 per cent. of the Board valuation of the property.

All loans shall be made for a term of thirty years, and be repayable in equal annual instalments of principal and interest, the rate of interest to be such as will be sufficient to pay the interest on the cost of raising the money to be advanced by the Provincial Treasurer, plus the expenses of conducting the business of the Board.

A borrower may at any time make a payment equal to or larger than the payment next accruing due.

The working capital of the Board shall consist of such monies as may be advanced to the Board from time to time by the Provincial Treasurer under the authority of the Lieutenant Governor in Council, and in order to provide these funds the Lieutenant Governor in Council shall have power to authorize the Provincial Treasurer from time to time to raise by way of loan on the credit of the Province such sum or sums of money not to exceed in the whole ...., and for that purpose to issue bonds or other securities.

The aforesaid monies shall be raised as provided by the "Saskatchewan Loans Act" and may be borrowed for any term or terms not exceeding ——— years, bearing such rate of interest as the Lieutenant Governor in Council may determine, and the total amount of such advances shall not exceed the aggregate amount of the mortgages held by the Board, and mortgages for an amount at least equal in value to the said advances shall be assigned to the Provincial Treasurer as security for these loans.

The Lieutenant Governor in Council shall be authorized to pay from the general revenue of the Province the salary of the Commissioner for a term of .... years, and to pay the Board the amount authorized for organization expenses. All such monies advanced shall be repaid by the Board to the general revenues of the Province in such instalments and at such times as may be agreed upon.

Alberta Farm Loan Act.

This Act provides for the appointment of a Board to be called the "Alberta Farm Loan Board" which shall consist of a Commissioner and four other Directors, who shall have full authority to administer the affairs of the Board in connection with Rural Credits.

The Commissioner and Directors shall be appointed by the Lieutenant Governor in Council, such appointments to be during pleasure. No person shall be eligible for appointment unless he has been engaged in the occupation of farming in this Province.

The Commissioner may with the approval of the Lieutenant Governor in Council, appoint and employ all persons, including appraisors and valuators required for the transaction of the business of the Board.

The remuneration and fees of the Directors, Commissioner and other employees shall be determined from time to time by the Lieutenant Governor in Council.

It shall be lawful for the Board to lend money for agricultural purposes on first mortgages which shall run for a period not exceeding thirty years, and at such rate that they shall be sufficient to pay the interest actually payable by the Board or by the Province on the monies realized from the sale of the securities by which the funds for the purposes of this Board have been raised, the cost of raising such monies and the expense of conducting the business of the Board. These securities shall not be issued for an amount in excess of $10,000,000, and shall be a first charge upon all the assets and revenues of the Board running for a term or terms not exceeding fifty years, at a rate to be fixed by the Lieutenant Governor in Council, and shall be raised upon the credit of the general revenue fund of the Province of Alberta, and payment of these shall be guaranteed by the Province.

Chattel mortgages on personality may be taken as collateral security if the Commission deem it expedient.

No more than $3,000 shall be loaned to any one person.

No loans shall be granted for an amount exceeding 40 per cent. of the appraised value of the land offered as security for the loan.

Irrespective of prescribed payments any mortgagor may on any interest date pay any sum not less than $25 or a multiple of $25 in reduction of his mortgage debt after the expiration of one year from the date of his mortgage.

The sum of $10,000 is hereby appropriated for the purpose of furnishing the Board with working capital, and the Lieutenant Governor in Council may advance to the Board from the general revenue funds of the Province said sum, and the sum so paid shall be expended in such manner as may be prescribed by the Lieutenant Governor in Council.

The Lieutenant Governor in Council may from time to time make rules and regulations not inconsistent with the provisions of this Act respecting any matter or thing herein contained, or in reference to which no provision or insufficient provision has been made, and such rules and regulations shall be published in the "Alberta Gazette" and shall have the same force and effect as if it had been incorporated in this Act.

All funds, property and assets of the Board, whether held in trust or otherwise, including its capital, mortgage investments, bonds and the proceeds thereof, and all bonds issued pursuant to this Act shall be forever free from all form of Provincial, Municipal or other kinds of taxation.

Agricultural Act 1915 of British Columbia.

This Act is divided into eight sections, the first of which "Loans for Agricultural Purposes" is the only one we are interested in,—

Provision is made for a Commission known as the Agricultural Commission, which shall consist of a Superintendent and four Directors. The Superintendent and two Directors shall be appointed by the Lieutenant Governor in Council and shall hold office for ten years, unless sooner removed for cause upon address from the Legislative Assembly.

The Deputy Minister of Finance and Deputy Minister of Agriculture for the time being shall ex-officio be Directors of the Commission.

The remuneration and fees of the Directors, Superintendent and other employees shall be fixed by the Lieutenant Governor in Council.

The other provisions under this Agricultural Section of this Act are so similar to those of the Rural Credit Act of Alberta that it is hardly necessary to repeat them. It is quite apparent that one of these Bills was copied from the other.

The British Columbia Rural Credit Bill is the only one that has been in operation. According to a statement attributed by the press to the Chairman of their Commission up to February 27th last, they had negotiated 377 loans, aggregating $749,450. The proceeds of loans floated in 1916 amounted to $847,200. Altogether 1,300 applications have been made for loans aggregating $2,647,240.