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3rd Session, 6th Parliament, 23 Victoria, 1860.

BILL.

An Act to establish a system of Landed Credit, with a compulsory Sinking Fund to secure to proprietors the means of improving their properties, by facilitating Loans for long terms at moderate rates of interest.

Received and read, 1st time, Tuesday, 10th April, 1860.

Second reading, Thursday, 12th April, 1860.

Hon. M. SICOTTE.

QUEBEC:

PRINTED BY THOMPSON & CO., ST. URSULE STREET.

An Act to establish a system of Landed Credit, with a compulsory Sinking Fund to secure to proprietors the means of improving their properties, by facilitating Loans for long terms at moderate rates of interest.

HER Majesty decrees as follows :

ORGANIZATION.

1. There may be established in each County within the Province an anonymous Company or Association to be denominated the Landed Credit Bank of the County of [name of County.]

2. Every land-owner in the County, whose property is valued by the Municipal Authorities at the sum of one thousand dollars at the least, shall be entitled to become a member of such Association, on signing the deed constituting the Association or on signifying his intention to join the same within five years after it shall have been constituted.

3. As soon as fifty proprietors of real estate, possessing collectively real property to the amount of at least one hundred thousand dollars, shall have signed the deed constituting the Association in an authentic form, they may require from the Registrar of the County the registration of the Act constituting their Association on depositing in the Registrar's Office an authentic copy thereof, accompanied with a certificate from the Secretary-Treasurer of the County that the real estate inscribed opposite the names of the members of the Association who have signed are borne on the Assessment Roll of the Municipality to which they belong to the amount declared.

4. The Association shall be constituted by the taking and subscribing for shares to the amount of one hundred thousand dollars, at least, and by the deposit in the Office of the Registrar of the County of the deed of Association mentioned in the last preceding clause.

OBJECTS OF THE ASSOCIATION.

5. The Association is constituted for the purpose of loaning money on the security of hypothecs at a moderate rate of interest, not exceeding six per cent., and for a long term, to be re-paid gradually without expropriating the debtor from the property hypothecated.

30 May likewise undertake the sale of real estate.

The Association may likewise receive funds on deposit, establish a Survivorship Fund and a Savings' Bank, and make investments for limited periods for the better employment of the funds paid or deposited in their hands.

CAPITAL.

6. The capital may be to the amount of five hundred thousand dollars, and shall not be less than one hundred thousand dollars, divided into shares of fifty dollars.

7. The certificates shall be made in favor of the holder or of the bearer, and shall be signed by the President and the Treasurer of the Association. 5

The transfer of shares shall be made in conformity with regulations determined by the Directors.

8. No Shareholder shall be responsible, personally and by hypothec of his real estate, for an amount greater than that of his share or shares. 10

9. There shall be a special hypothec in favor of the creditors of the Association, on the immoveable property of each Shareholder, of which a description accompanies his subscription to the capital of the Association, to the amount of his share or shares, such hypothec dating from the time of his subscribing or of signifying his intention to join the Association. 15

The Shareholder shall make payment of the instalments on his share or shares in conformity with the calls made by the Directors. 20

GENERAL MEETING.

10. Shareholders, owners of four shares, shall form the General Meeting.

Each holder of four shares shall have one vote.

11. The first general meeting may be convened at the Chef-lieu of the County, by four shareholders who have signed the deed constituting the Association deposited in the office of the Registrar of the County, by public notice in two newspapers, and at the church door of the Chef-lieu of the County, signifying the hour and the place of meeting. 25 30

The meeting shall appoint a President and a Temporary Secretary by a majority of votes.

At the said first meeting, the shareholders shall proceed to appoint Directors, fix the place where the chief office for business shall be, and adopt such by-laws as may be judged necessary for the management of the business of the Association, and the working of the law. 35

MANAGEMENT.

12. The Association shall be under the Direction of a board of Directors, consisting of four members, who shall appoint their President; and there shall be a Treasurer. 40

13. The Board of Directors shall have power to adopt all measures which they may consider advantageous to the interests of the Association, tending to the fulfilment of the duties confided to them, and to do all matters and things necessary for the management of affairs.

At the General Meeting two Commissioners shall be appointed, who shall be called on by the Board of Directors to take the place of any of its members who may have resigned, or been hindered from attending, or who may be absent. 45

14. The members of the Board of Directors and the Commissioners shall be appointed for the period of five years, and may be re-elected.

The Board of Directors shall appoint and may dismiss the Treasurer and other employees of the Association.

5 In order to be qualified to be a member of the Board of Directors, it is necessary to be a holder of at least twenty shares.

The members of the Board of Directors shall be responsible for the faithful fulfilment of their duties and no further; and they shall not by reason of any acts in the performance of their duties as Directors incur
10 any personal liability for the fulfilment of the engagements of the Association.

Judicial actions shall be prosecuted in the name of the Association which it shall be the duty of the President to bring.

The stipends of employees shall be fixed by the Board of Directors.

15 The members of the Board of Directors shall receive no salary, but an indemnity may be granted them at a General Meeting.

15. The General Meeting stands convened, as of course, for the first Wednesday in the month of February in every year, beginning in the year next following the first General Meeting, at the principal office of
20 the Association.

16. Extraordinary general meetings may be convened by the Board of Directors, or on the requisition of a number of Shareholders possessing collectively more than a moiety of the shares of the Association; but two months previous notice shall be given of such meeting, in such
25 manner as may be determined on for the first general meeting.

17. The resolutions passed at such General Meeting shall be taken by a majority of votes, and by ballot, and shall be valid, whatever may be the number of Shareholders present.

18. The dissolution of the Association may be required and declared
30 only in conformity with the following forms:—

1. The General Meeting shall be convened for the purpose two weeks previously, reckoning from the date of the first publication of the notice thereof; and such notice shall be given in conformity with the provisions made for the calling of a general meeting.

35 2. A number of Shareholders possessing collectively at least two-thirds of the shares of the Association, shall be present when the question of dissolution is mooted, either personally or by their proxies.

19. In case the Association shall be dissolved, the general meeting shall appoint five Commissioners to wind up its affairs, who shall
40 be Shareholders possessing each at least twenty shares.

The said Commissioners shall proceed in conformity with the conditions on which the Loans have been made and effected, and according to the common law; and shall render a yearly account, until the entire business of the Association shall have been finally closed.

45 **ISSUE OF OBLIGATIONS.**

20. The Association may issue obligations, for limited periods, of One Hundred Dollars and under, bearing interest at not more than six per centum, and to an aggregate amount equal to that of the capital, and of the loans effected by the Association. Such obligations shall be
50 in favor of the bearer, or of persons named. The issue of such obli-

gations shall belong to the Board of Directors; and they shall be signed by the President and the Treasurer.

21. Every Shareholder shall receive an amount of the obligations of the Association equal to the amount of his Shares.

22. The obligations of the Association shall be guaranteed by the Capital, and by the immoveable property hypothecated by the borrowers. 5

23. The obligations shall be transferable, by delivery, without endorsement, act of transfer, or other formality.

24. The Association shall pay annually, to the bearers or holders of the obligations, the interest agreed upon. 10

25. The obligations of the Association shall be redeemed at regular periods fixed by the Board of Directors, for the mutual benefit both of the Association and of the holders thereof; and six months' notice of such redemption shall be given to the holders of such obligations as are intended to be redeemed and paid off. 15

LOANS—REPAYMENTS.

6. The Association shall lend, in obligations, according to the nominal value thereof, on special hypothec, to the amount of one-half of the value of the property hypothecated by the borrower. The Association may also make loans in obligations, reckoned at par, on securities, notes of hand, or hypothecary bonds, and on funds lodged in their hands for a period of not less than six months. 20

27. Borrowers shall repay loans made to them by annuity, payable half yearly, the annual amount of which shall be fixed in the agreement, and borrowers shall be entitled to liquidate either the whole debt or a part thereof, receiving discount on the annual payments which are not due, at a rate to be determined by the Board of Directors. 25

28. If the borrower fail to make payment of the annuity as agreed on, the Association may, three months after the same or the indemnity agreed on in the contract shall have become due, and after payment of the same shall have been demanded at the domicile of the debtor, proceed, at the instance of the President, and in order to levy the annuity due, to cause to be sold all the moveable property which is not essential to the management and working of the real estate, and without any form of procedure other than two notices or publications, to be made two days before the sale, at the door of the church of the domicile of the debtor or at the most frequented or public place in the neighbourhood. 30 35

29. If there be no moveable property which can be sold, the Association shall take the management and working of the immoveable property hypothecated and shall conduct the same in the manner which may be judged to be most advantageous by the Board of Directors, until the debt, together with interest on the unpaid annuities at the rate of six per centum, shall have been completely paid by the receipt of the profits and revenues of the estate. 40 45

30. After such occupation and working of the real estate shall have terminated, of which a debtor and creditor account shall be kept, the

Association shall return the estate to the proprietor or his assigns, in the same condition in which it was received.

31. If, in order to such occupation and working of the estate, it be necessary to execute new works or make extensive repairs, over and above those which a lessee is bound to make, the Association shall have, for the cost and value of such new works and repairs, a privileged claim preferable to all other charges and debts, and shall be entitled to continue the occupation and working of the estate until the entire repayment of the monies expended in such works and repairs shall have been received, together with interest at six per centum, to be computed from the day when such monies shall have been advanced.

32. Loans on hypothec shall be granted for the following objects only:—1. Improvement of the estate of the borrower. 2. Release of the estate from previous encumbrances. 3. Acquisition of an estate;— and such loans shall be for no period shorter than five years, nor longer than twenty years.

33. The interest payable by the borrower shall never exceed six per centum, and one per centum shall be charged over and above to defray the costs and charges of the management of the business of the Association. The surplus of the annuity agreed on in the original contract for the loan shall be capitalized for the gradual extinction of the debt.

GENERAL PROVISIONS.

34. The complete redemption of the obligations issued by the Association shall release the Shareholders from the liabilities of personal and hypothecary guarantee affecting their property in favor of the bearers of the said obligations.

35. The sale of the immoveable property hypothecated to the Association, even by authority of justice, shall not purge such property from the hypothecary rights acquired by the Association; but it shall be sold and conveyed, subject to such hypothec, and it shall not be necessary to ~~take any provision to secure the same.~~

36. The profits of the Association shall be divided and shared every five years in manner following:—

1. One-tenth of the whole profits shall be set aside and capitalized, as a Reserve Fund, to be shared at the end of each term of twenty years among the Shareholders and bearers of obligations.

2. Half the remainder shall be paid to the Shareholders.

3. A fourth of the said remainder shall be paid to the holders of the obligations of the Association.

4. A fourth shall be paid to the borrowers, by deducting the same from the amount of their debt.

37. Every damaged obligation shall be renewable on the holder paying for drawing and enregistering the new one, a fee which shall have been fixed by the Board of Directors.

38. The Shareholders shall be entitled to examine the books, at all times.

39. The Government may deposit in such Bank such portion of the public funds and monies as they may think fit.

40. Several Counties, adjacent to each other, may unite to organize and constitute such Association; and in case of such union, it shall be necessary that at least twenty-five proprietors of real estate of the required value in each County sign the Deed constituting the Association, and that the intention of such Counties to constitute such Association for the said Counties be set forth in the same. The Deed constituting the Association shall, in such case, be deposited in the Office of the Registrar in each of the Counties so united, in the same manner and with the same forms as are required for the establishment of such Association in a single County; and the notices herein required to be given shall, in cases of such union, be given in all the Counties united, in manner and form as the same are appointed for the constitution of such Association in a single County. 5
10

41. In case of such union of several Counties for the purpose of forming such Association, the principal office for the transaction of the business of the Association shall be at the place fixed in and by the Deed constituting the Association; and the General Meetings shall be held at the place so fixed on to be the principal office for the transaction of business. 15

FORM OF APPLICATION FOR A LOAN.

Application for a Loan.

I, the undersigned, residing at _____, in the County of _____, [Profession.], require from the Directors of the Landed Credit Bank a Loan of (Amount) \$ _____, to be repaid in _____ years by annuities of the amount of _____, or in such manner as may be determined by mutual agreement.

I require that the said sum may be paid to me after the requisite forms for the registration of the hypothec shall have been complied with, and consent that all the costs and charges of the Loan shall be paid by me.

The amount loaned is to be expended for the following purpose: [State the purpose.]

I offer as security for the Loan above required the following immoveable property: [Description.] The state of the hypothecary liabilities registered against the said immoveable property is contained in the certificate of the Registrar.

FORM OF OBLIGATION.

LANDED CREDIT BANK.

Authorized by Act of Parliament.

COUNTY OF ST. HYACINTHE.

Obligation for 100 dollars bearing Interest at _____ per annum.
No. _____.

The bearer of this Obligation, the principal of which is one hundred dollars, is entitled to _____ dollars interest, payable yearly and every year on the _____ of the month _____ at the office of the Association.

This Obligation shall be redeemable, with the right to the profits accruing thereon, according to the Charter and in the manner appointed by the Board—but shall be redeemed at the latest, on one thousand eight hundred and .

A. B.,
President of the Board of Directors.
C. D., Cashier.

St. Hyacinthe.