

*Farm-loan Bonds or Stock.*

15. (1.) Bonds provided for in this Act shall be issued in denominations of ten pounds, and such larger denominations as the Farm Loan Board may authorize; they shall run for specified minimum and maximum periods, subject to payment and retirement, at the option of the Board, at any time after the minimum period specified in the bonds, which shall not be longer than five years from the date of their issue. They shall have interest coupons attached, payable semi-annually, and shall be issued in series of not less than ten thousand pounds, the amount and terms to be fixed by the Farm Loan Board. They shall bear a rate of interest not to exceed five and a half per centum per annum.

(2.) The Farm Loan Board shall prescribe rules and regulations concerning the circumstances and manner in which farm-loan bonds or stock shall be paid and retired under the provisions of this Act.

(3.) In order to furnish farm-loan bonds the Treasury is hereby authorized to prepare suitable bonds in such form, subject to the provisions of this Act, as the Farm Loan Board may approve, such bonds when prepared to be held in the Treasury subject to delivery upon order of the Farm Loan Board. The engraved plates, dies, bed-pieces, and so forth, executed in connection therewith shall remain in the custody of the Treasury. Any expenses incurred in the preparation, custody, and delivery of such farm-loan bonds shall be paid by the Treasury from any funds in the Treasury not otherwise appropriated: Provided, however, that the Treasury shall be reimbursed for such expenditure by the Farm Loan Board in proportion to the work executed. The bonds may be exchanged into inscribed stock of any amount, and re-exchanged into coupon bonds, at the option of the holder, under rules and regulations and fees to be prescribed by the Farm Loan Board.

*Special Provisions of Farm-loan Bonds.*

16. (1.) The Farm Loan Board shall be bound in all respects by the acts of its officers in signing and issuing farm-loan bonds. The Farm Loan Board shall also be liable, upon presentation of farm-loan bond coupons, for interest payments due upon any farm-loan bonds issued and remaining unpaid.

(2.) Every farm-loan bond issued at the instance of the Farm Loan Board shall be signed by the Secretary to the Treasury and the Superintendent of the State Advances Office or their deputies, and such bond shall also contain on the face thereof a certificate that it is issued under the authority of the Farm Loan Act, has the approval in form and issue of the Farm Loan Board, and is legal and regular in all respects; and that it is issued against collateral security of Government bonds, or approved first mortgages on farm lands, at least equal in amount to the bonds issued. All such bonds shall be countersigned by the Controller and Auditor-General, or his deputy, who shall satisfy himself that the provisions of this Act have been complied with and that the necessary collateral has been deposited as security therefor.

(3.) The holders of bonds shall have a first charge and priority to all other charges upon (a) all mortgages to the Board, (b) the amount held by the Board from the Government, (c) all accumulated reserves.

*Application of Amortization and Interest Payments.*

17. Whenever the Board shall receive any interest, amortization, or other payments upon any first mortgage or bond pledged as collateral security for the issue of farm-loan bonds, it shall forthwith cause such payment to be duly credited upon the mortgage entitled to such credit. Whenever any such mortgage is paid in full the Board shall cause the same to be cancelled, and shall promptly satisfy and discharge the lien, and transmit such cancelled mortgage to the original maker thereof, or his heirs, administrators, executors, or assigns.

*Reserve to meet Losses.*

18. (1.) Out of the net profits from time to time arising from the business of the Board there shall be established within the Advances Account a Reserve Fund of twenty-five thousand pounds, or such larger sum as the Governor-General may from time to time by Order in Council direct.

(2.) The said Reserve Fund shall from time to time be invested and reinvested in first-mortgage and mortgage bonds.

(3.) When and as often as the moneys standing to the credit of the Reserve Fund are in excess of the sum of twenty-five thousand pounds, or such larger sum as the Governor-General by Order in Council directs pursuant to this section, the amount of such excess shall, without further appropriation than this section, be invested in loans to farmers on the security of first mortgage.

*Provision of Funds.*

19. (1.) The Minister of Finance may, without further appropriation than this Act, make out of the Consolidated Fund loans of money to the Farm Loan Branch constituted under this Act upon the terms and to the extent authorized by this section.

(2.) Every such loan shall be for a term of not less than ten or more than twenty years.

(3.) No interest shall be payable by the Farm Loan Board upon the money so loaned during the first ten years after the making of the loan; after the expiration of the first ten years interest shall be payable by the Farm Loan Board into the Public Account at the rate of five per centum per annum by equal half-yearly payments.

(4.) The total amount that may be advanced and lent under this section shall not exceed five hundred thousand pounds.

*Redemption of Bonds: Reserve Fund.*

20. The Farm Loan Board shall semi-annually pay fifty per centum of its net earnings, also five per centum of the instalment repayments of principal, into a Redemption of Loans Reserve