

Loans to Agricultural Associations.—The law of 5th August, 1920, allows professional syndicates, mutual-insurance societies, co-operative societies, general agricultural benefit societies, and syndicates to benefit by short-term or intermediate credit. The same law likewise anticipates that co-operative societies, general benefit societies, and agricultural syndicates can receive by the medium and under the responsibility of a district bank advances repayable at long terms, and which are granted to them under certain conditions. A special notice distributed by the National Office of Agricultural Credit gives useful information on the subject of long-term advances to agricultural communities.

THE LAW OF 5TH AUGUST, 1920

(as modified in December, 1922) and

THE MUTUAL-CREDIT AGRICULTURAL CORPORATIONS.

[*Extracts.*]

AGRICULTURAL MUTUAL-CREDIT BANKS.

Constitution.

I. Agricultural credit banks can be constituted entirely or partly by members of one or several of the following associations, or by these associations themselves, *i.e.*—

- (a.) Syndicates of professional agriculturists.
- (b.) Mutual-assurance corporations established under the law of 4th July, 1900.
- (c.) Co-operative agricultural societies.
- (d.) Agricultural associations and other societies of agricultural interests enumerated later in Article **xxii**.

Banks of Agriculture.

II. Mutual credits are established exclusively with the object of facilitating and guaranteeing operations connected with agriculture engaged in by individual members or societies.

III. The capital of such banks cannot be provided by public share subscriptions, but must be supplied by the members themselves in nominated shares which are not transferable unless with the permission of the bank.

IV. (a.) A bank cannot be established until a fourth part of the capital has been paid up.

(b.) The duration of these banks is unlimited.

(c.) The foundation capital must be maintained although the membership be reduced.

V. The conditions imposed on ordinary commercial societies are replaced by the following special provisions:—

- (a.) Full particulars relative to the directors members of such agricultural societies, their names, professions, and addresses, and the amounts subscribed, must be supplied in two copies to the local Magistrate's office.
- (b.) After this formality is complied with the bank is established.
- (c.) One of the copies referred to above is handed by the Magistrate to the local commercial tribunal.
- (d.) Each year in February one of the directors must supply the local Magistrates with two copies giving a complete list of the members of the bank at that date, also a summary of the receipts and expenditure of the preceding year. The second copy is to be handed to the local commercial tribunal. The copy filed in each place can be inspected at any time by the public.

Local Banks.

VI. Local mutual-credit banks may grant loans—

- (1.) To all members, for a *short term*—*i.e.*, for not longer than is required for the operation for which the capital is provided.
- (2.) To all members, for a *medium term*, for the purpose of improving and reconstituting their farms. These loans are repayable in ten years by annual amortization payments, and are granted on the security of special guarantees, sureties, warrants and mortgages, deposit of shares, &c.
- (3.) To individual members, *long-term loans*, on the conditions enumerated in Article VIII.

In the absence of a local bank which is supposed to examine the application for a loan the regional bank may in exceptional cases grant direct different loans—when the beneficiary is a military pensioner, either for life or temporarily, or if he is a civil victim of the war.

VII. *Short-term loans* must be provided solely out of the money subscribed by the members themselves, which must be applied exclusively to agricultural operations and requirements. The local banks shall take charge of everything connected with these operations, including payments and recoveries, and act in the interest of the borrower members of the society.

Medium-term Loans.—The local bank must require members to sign a special agreement to the conditions of the loan, covering the guarantee to be furnished and the terms of repayment.

Agricultural syndicates and co-operative purchasing societies quoted in Article **XXII**, paragraph (2), can only be granted short- or medium-term loans under the following conditions: (a) The authority of their own regulations; (b) guarantees which are considered sufficient; (c) the administration must be free of charge; (d) that commercial benefits are not to be realized.