

VIII. *Long-term Loans.*—Local banks shall require as a guarantee—First mortgage: Life-insurance policy in case of death. Maximum, 40,000 francs, exclusive of expenses. Term: Not exceeding twenty-five years, but the age of the borrower must not be over sixty years. Interest: 2 per cent. Purposes: Facilitating acquisition of small farms: reconditioning and exploitation of soil of same.

If the beneficiary of a long-term loan is a war pensioner, either for life or temporarily, or is a civil victim of the war, such a loan can also be granted by any *société de crédit immobilier* (society which provided credit for building purposes). Interest: 1 per cent. per annum; but the State gives the borrower an annuity of $\frac{1}{2}$ per cent. towards the amortization of the debt for each child under sixteen years under his guardianship at the end of each year.

IX. Long-term loans granted may be made on entailed family real estate under the special conditions contained in the legislation of 12th July, 1909.

X. The National Bank of Life Insurance is authorized to make contracts with individuals who are entitled to long-term loans, for the issue of life-insurance policies guaranteeing the whole or part of the instalments remaining unpaid in the event of the death of the borrower, it being possible to include the amount of the premium in the loan.

REGIONAL BANKS.

XI. Objects: (1) To facilitate short-, medium-, and long-term loans granted to members of local agricultural mutual-credit banks when guaranteed by same; (2) to transfer to agricultural co-operative societies, syndicated associations, or any other corporation any special grants consented to by the State.

XII. Regional banks may only accept the application of local banks the head office of which is in their region. Those which are unattached to other regional banks are alone eligible. Regional banks may—

(a.) Discount securities given by members of local societies, when endorsed by their local bank:

(b.) Take charge of all payments and recoveries on behalf of the affiliated local banks:

(c.) Advance to affiliated local banks the necessary funds for current expenditure. Such advance, however, must not exceed the amount subscribed by the local to the regional bank, if the former has applied for a subsidy from the State.

Regional banks may issue bonds of various durations, with or without interest, with the condition that such bonds only are intended for the benefit of agriculturists domiciled in the territory covered by that regional bank.

XIII. In February each year regional banks shall transfer to the National Office of Agricultural Credit the annual amortizations which they receive from the long-term borrowers, co-operative societies, syndicated associations, and all other corporations that receive advances from the State.

OPERATIONS COMMON TO REGIONAL AND LOCAL BANKS.

XIV. Banks of agricultural mutual credit may contract loans necessary for constituting or increasing their capital. Loans to banks that have already applied for State subsidy can only be made with the consent of the Minister of Agriculture. Banks may secure capital by discounting securities or borrowing on shares; may receive deposit on current account from any person, with or without interest, or share deposits. Any other operations are prohibited by law.

XV. The banks of agricultural credit have for all the obligations of their members a preference on the shares forming the fundamental capital.

FUNCTIONS.

XVI. The regulations shall fix the headquarters, the territory, and the method of administering each bank, and define the nature and extent of the operations of the bank; make provision for modification of regulations, the dissolution of the society, composition of its capital, and the proportion which each member must contribute; also lay down the conditions of withdrawal from membership.

Credit banks that do not receive State subsidies will fix the total amount of current deposits that may be accepted. Banks that have applied for State subsidy will fix also the amount receivable by way of deposit, but this amount must be kept liquid so that withdrawal can be met immediately if necessary. Fix the rate of share interest, but at a rate which must not exceed that charged by local banks to their own members. No dividends are to be paid to shareholders in the case of dissolution. The amount withdrawn must not exceed the amount fixed at the time the society was formed.

XVII. Each year, after general expenses have been paid and interest on loans, deposits, and shares has been met, the profits up to 75 per cent. shall be carried to Reserve Fund until the original capital is doubled. When that point is reached the proportion to be carried to Reserve may be reduced to 50 per cent. of the annual balance.

XVIII. Regulations will fix the extent and conditions of responsibility attached to those involved in the formation of the bank. As a principle, members may not be released from their obligations unless the current operations are being cleared at the moment of their withdrawal. Anyhow, their responsibility will not cease until five years after their retirement.

XIX. The personal responsibility of members in charge of the administration of the bank is only engaged in the case of the violation of the bank's regulations or the law. In the case of a false declaration concerning the regulations, the names and qualifications of administrators or directors liable to prosecution and fine from 16 to 500 francs.

(This is more serious than it seems, for, with charges, a fine of 1 franc usually involves a payment of about 125 francs.)