

*chapter A-29.1, r. 1*

***Regulation respecting the application of the Act respecting farm-loan insurance and forestry-loan insurance***

*Act respecting farm-loan insurance and forestry-loan insurance*  
(chapter A-29.1, s. 24).

*This Regulation is replaced by the Programme d'application de la garantie de remboursement d'engagements financiers, 2012 G.O. 1, 1111; eff. 2012-09-07.*

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**1. Definitions and interpretation:** *In this Regulation, unless the context indicates otherwise,*

(a) “Act” means the Act respecting farm-loan insurance and forestry-loan insurance (chapter A-29.1);

(b) “agency” means *La Financière agricole du Québec*.

*R.R.Q., 1981, c. A-29.1, r. 1, s. 1; O.C. 698-93, s. 1.*

**2.** *The agency shall pay to the Fonds d’assurance-prêts agricoles et forestiers the following amounts as insurance charges for each financial year of the Fonds:*

(1) *in the case of loans granted under the Programme de financement de l’agriculture (Decision 46, 01-09-14) and the Program for farm financing (O.C. 699-95), where the first disbursement was made during the preceding fiscal year, an amount equal to 1.43% of the total amount of the loans;*

(2) *where a line of credit is granted under the Programme de financement de l’agriculture established by the agency by resolution 46 dated 14 September 2001, the Program for farm financing (O.C. 699-95), the Farm Financing Program (O.C. 697-93) or the Act respecting farm financing (chapter F-1.2), an amount equal to 1.25% of the aggregate balance of the lines of credit on 31 March of the preceding fiscal year.*

*The Government shall pay to the Fonds, as insurance charges, for each fiscal year of the Fonds, an amount equal to 1.43% of the total amount of the loans granted under the Regulation respecting the Forest Management Funding Program (chapter A-18.1, r. 9) or the Forest Management Funding Program (O.C. 384-97, 97-03-26) established under the Forest Act (chapter F-4.1) where the first disbursement was made during the preceding fiscal year.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 2; O.C. 130-92, s. 1; O.C. 698-93, s. 2; O.C. 700-95, s. 1; O.C. 385-97, s. 1; O.C. 1377-2000, s. 1; O.C. 206-2002, s. 1; O.C. 258-2006, s. 1.*

**2.1.** *Before 30 June of each year, the agency shall calculate the total amount of insurance charges payable by the Government under the second paragraph of section 2 and shall notify the Minister of Finance thereof.*

*O.C. 1127-88, s. 1; O.C. 895-89, s. 1; O.C. 130-92, s. 1; O.C. 206-2002, s. 1.*

**2.1.1.** *(Replaced).*

*O.C. 895-89, s. 2; O.C. 130-92, s. 1.*

**2.2.** *The Minister of Finance shall pay to the Fonds the amounts of insurance charges for the preceding financial year within 30 days of receipt of the notice sent by the agency.*

*O.C. 1127-88, s. 1; O.C. 895-89, s. 3; O.C. 130-92, s. 1.*

**2.2.1.** *(Obsolete).*

*O.C. 206-2002, s. 2.*

**2.3.** *(Replaced).*

*O.C. 1127-88, s. 1; O.C. 130-92, s. 1.*

**2.4.** *(Replaced).*

*O.C. 1127-88, s. 1; O.C. 130-92, s. 1.*

**2.5.** *(Replaced).*

*O.C. 1650-90, s. 1; O.C. 130-92, s. 1.*

**3. Net loss in principal:** *Where the total amount of the net income realized or deficit incurred by the lender in connection with an immovable securing a farm or forestry loan and acquired by way of a taking in payment, during the time the lender remains the owner thereof, added to the sale price of that immovable, if he disposes of it or, as the case may be, decreased by the said price, whatsoever the mode of payment, constitutes an amount less than the total of the sums owing to the lender on the loan in principal, interest costs and accessory expenses at the time of the said acquisition, such difference constitutes the net loss in principal contemplated in subparagraph b of the third paragraph of section 4 of the Act.*

*In determining, for the purposes of this Regulation the amount of the net income or, as the case may be, of the deficit contemplated in the first paragraph, the lender must not include in his annual expenses a reserve providing for depreciation of the immovable.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 3.*

**4. Conditions of claim:** *Subject to the possibility for a lender other than the agency of submitting in accordance with section 17.1 of the Act a provisional claim for reimbursement of losses and expenses incurred or likely to be and subject to the second paragraph, a claim for repayment of the losses and expenses contemplated in section 4 of the Act and incurred by a lender other than the agency may be made, provided that:*

*(a) the lender or, as the case may be, the agency as the latter's mandatory has realized the security on the loan in respect of which the losses or expenses were incurred, unless such realization is likely to increase the loss sustained by the lender;*

*(b) the lender has taken any other adequate means for recovery as in the ordinary course of his business;*

*(c) the lender has obtained prior notice from the agency on the expediency of enforcing the loan guarantee by exercising a taking in payment clause; and*

*(d) the claim form referred to in section 6 is sent with the documents listed in section 7 to the agency within 60 days after the date on which the transactions required to enforce the guarantee are completed or to take the other means for recovery referred to in subparagraph b.*

*Where as a result of a default by a borrower or a debtor in respect of a farm or forestry loan granted by a lender other than the agency, the lender has acquired the immovable at the time of a sheriff's sale or by a taking in payment, he may file a claim for repayment by the Fonds of any net loss in principal contemplated in subparagraph b of the third paragraph of section 4 of the Act as well as the interest and expenses contemplated in the same section, provided:*

*(a) the lender has disposed of the immovable by onerous title and, unless advised otherwise by the agency, such disposition made following a call for tenders submitted and received in the manner prescribed by the agency; and*

*(b) the claim form contemplated in section 6 is sent to the agency within 60 days after the date of disposition.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 4; O.C. 1127-88, s. 2; O.C. 130-92, s. 2.*

**5. Allowable expenses:** *The expenses allowed for the purposes of section 4 of the Act designate:*

*(a) the amount of the expenses relating to repairs or improvements made by the lender on any immovable having secured a farm or forestry loan and of which he became the owner by a taking in payment, provided the repairs or improvements have been made with the authorization of the agency;*

*(b) the amount of income tax payable by the lender on a capital gain realized by him in disposing of an immovable contemplated in subparagraph a;*

*(c) any uncollected taxed or taxable costs and disbursements for or incidental to judicial proceedings or other legal proceedings in connection with a farm or forestry loan, including those pertaining to a recourse resulting from a taking in payment clause;*

*(d) legal fees, costs and disbursements, whether taxable or not, actually incurred by the lender and for which he was not reimbursed, with or without litigation, in collecting or endeavouring to collect the outstanding loan, in protecting his movable or immovable securities or in acquiring an immovable contemplated in subparagraph a by a taking in payment, but only to the extent allowed by established tariffs; and*

*(e) any other disbursements incurred by the lender in protecting his debt or his securities, including those incurred by the lender for the payment of a premium in respect of an amount of insurance on the borrower's life or insurance in case of the borrower's disability that the borrower is required to purchase or maintain as a loan guarantee in accordance with the terms of the loan fixed or authorized by the agency.*

*Where the amount of the expense contemplated in subparagraph b of the first paragraph is not determined within 60 days of the disposition of the immovable contemplated in subparagraph a of the first paragraph, the lender who wishes to claim repayment for it must defer his claim in respect of such expense until the said amount has been determined.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 5; O.C. 1127-88, s. 3.*

**6. Claim form:** *Any claim filed by a lender under section 17 of the Act must be sent or remitted to the agency on Form AP-1 annexed to this Regulation.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 6.*

**7. Filing of documents:** *Where a claim is filed by the lender under section 17 of the Act, the latter must, in addition to Form AP-1 duly completed, file the following documents with the agency:*

*(a) a statement showing the dates and initial amounts of the notes, acknowledgements of debt or the deed of loan held by him in respect of the loan for which the claim is filed as well as the dates and amounts of the payments in principal and interest made to the lender on the loan;*

*(b) a detailed statement of any unrealized security or unenforced judgment in respect of the loan and, where applicable, of any acquisition by a taking in payment and any disposition of an immovable securing the loan; and*

*(c) a statement of the receipts or cashed cheques furnished by the borrower or the lender's debtor, annexed to the said statement, as well as a duplicate or certified copy of the deeds of loan, hypothec or assignment and all other supporting documents furnished by the borrower or debtor in respect of the loan;*

*(d) a duplicate or a photocopy of every acknowledgment of receipt, cashed cheque or other voucher covered by subparagraph c that could replace such receipts, cheques or vouchers if it had been made by a representative of the agency, and the agency has confirmed the correctness of the documents examined, provided that the lender furnish the agency with a statement certifying that he has not disposed of such documents before the expiry of the prescribed time.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 7; O.C. 1127-88, s. 4.*

**8. Study of the claim and recommendation of payment:** *Subject to the fourth paragraph of section 4 of the Act, the agency shall study every claim submitted under section 17 of the Act and all the documents it already possesses or that it may demand to verify the merits of the claim and, where it ascertains that the lender has satisfied the conditions of the Act and the Regulation, it shall recommend to the Fonds that it make the payment.*

*Where the agency makes such a recommendation, it shall inform the lender and payment of the claim shall be made by the Fonds within 30 days following the recommendation.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 8; O.C. 1127-88, s. 5.*

**9. Acknowledgement of repayment of a loss:** *At the time of a final settlement by the Fonds of a claim respecting a loss resulting from a farm or forestry loan granted by a lender other than the agency, the lender to whom the payment is made must sign an acknowledgement of repayment in accordance with Form AP-2 annexed to this Regulation and send it to the agency with the note or acknowledgement of debt signed by the borrower; the note must be endorsed by the lender, without recourse, in favour of the agency and the acknowledgement of debt remitted to the agency. Where applicable, the lender must then transfer any security held for payment of the loan to the agency, the Fonds being responsible for any fees and disbursements incurred for such transfer.*

*R.R.Q., 1981, c. A-29.1, r. 1, s. 9; O.C. 1127-88, s. 6.*

**FORM AP-1**

(s. 6)



FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

**AP-1**

**CLAIM FOR REPAYMENT OF LOSSES UNDER  
THE ACT RESPECTING FARM-LOAN INSURANCE AND FORESTRY-LOAN INSURANCE**

Permanent No. (FADQ)	Identification No. (lender)
	Loan No. (FADQ)

**Identification of the lender**

**Identification of the borrower**

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\_\_\_\_\_

Fonds d'assurance-prêts agricoles et forestiers  
Gouvernement du Québec

In accordance with the Act respecting farm-loan insurance and forestry-loan insurance (chapter A-29.1), the undersigned hereby claims the amount of the loss sustained by the above-mentioned lender and resulting from a loan made under the Act

\_\_\_\_\_ (name of Act under which the loan was granted)

and obtained by the above-mentioned borrower and, where applicable, the payment of which has been assumed by the above-mentioned debtor.

**This amount, calculated in accordance with section 4 of the Act respecting farm-loan insurance and forestry-loan insurance and sections 3 and 5 of the Regulation respecting the application of that Act, includes:**

The amount of unpaid principal and interest on the date of the claim, on the loan and on the expenses covered in section 5 of the Regulation related to the loan and incurred by the lender \_\_\_\_\_ \$

**THE UNDERSIGNED HEREBY DECLARES** that the interest calculations made exactly correspond to the charges made on the borrower, that all the charges have been recorded therein and that he has furnished all vouchers required for the submission of this claim.

In the opinion of the undersigned officer of the lender, the balance of the loan cannot be recovered from the borrower (or the debtor, if payment of the loan has been assumed by third party.)

Date	Signature of an officer of the lender

Address to :  
**La Financière agricole du Québec**  
**Direction du recouvrement**  
**1400, boulevard de la Rive-Sud**  
**Saint-Romuald (Québec) G6W 8K7**

# FARM AND FORESTRY-LOAN INSURANCE

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AP-1

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS  
CLAIM FOR REPAYMENT OF LOSSES UNDER  
THE ACT RESPECTING FARM-LOAN INSURANCE AND FORESTRY-LOAN INSURANCE  
Permanent No. (FADQ)

Identification No. (lender)

Loan No. (FADQ)

Identification of the lender      Identification of the borrower

Fonds d'assurance-prêts agricoles et forestiers  
Gouvernement du Québec

In accordance with the Act respecting farm-loan insurance and forestry-loan insurance (chapter A-29.1), the undersigned hereby claims the amount of the loss sustained by the above-mentioned lender and resulting from a loan made under the Act

(name of Act under which the loan was granted)

and obtained by the above-mentioned borrower and, where applicable, the payment of which has been assumed by the above-mentioned debtor.

This amount, calculated in accordance with section 4 of the Act respecting farm-loan insurance and forestry-loan insurance and sections 3 and 5 of the Regulation respecting the application of that Act, includes:

The amount of unpaid principal and interest on the date of the claim, on the loan and on the expenses covered in section 5 of the Regulation related to the loan and incurred by the lender

\$

THE UNDERSIGNED HEREBY DECLARES that the interest calculations made exactly correspond to the charges made on the borrower, that all the charges have been recorded therein and that he has furnished all vouchers required for the submission of this claim.

In the opinion of the undersigned officer of the lender, the balance of the loan cannot be recovered from the borrower (or the debtor, if payment of the loan has been assumed by third party.)

Date                      Signature of an officer of the lender

Address to :

La Financière agricole du Québec  
Direction du recouvrement  
1400, boulevard de la Rive-Sud  
Saint-Romuald (Québec) G6W 8K7

R.R.Q., 1981, c. A-29.1, r. 1, Form AP-1; O.C. 1127-88, s. 7.



**FORM AP-2**

(s. 9)



**AP-2**

**FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS**

**ACKNOWLEDGEMENT OF REPAYMENT OF A LOSS UNDER THE  
ACT RESPECTING FARM-LOAN INSURANCE AND FORESTRY-LOAN INSURANCE**

Permanent No. (FADQ)	Identification No. (lender)
	Loan No. (FADQ)

Date \_\_\_\_\_

\_\_\_\_\_  
(name of lender)

hereby acknowledges receipt for payment of the sum of

\_\_\_\_\_  
\$

made by the Fonds d'assurance-prêts agricoles et forestiers in accordance with the Act respecting farm-loan insurance and forestry-loan insurance (c. A-29.1) for the loss sustained by the said lender as a result of a loan insured under the Act and granted by the said lender to

\_\_\_\_\_  
(name of borrower)

\_\_\_\_\_  
(full address)

and, **where applicable**, the payment of which was assumed by

\_\_\_\_\_ (name of debtor)

\_\_\_\_\_ (full address of debtor)

and acknowledges that under section 17 of the said Act, La Financière agricole du Québec is subrogated in the lender's rights against the borrower and, where applicable, against the debtor, up to the said amount, by reason of the debt the payment of which is hereby acknowledged.

\_\_\_\_\_ (signature of an officer of the lender)

\_\_\_\_\_ (address)

Address to:  
**La Financière agricole du Québec**  
**Direction du recouvrement**  
**1400, boulevard de la Rive-Sud**  
**Saint-Romuald (Québec) G6W 8K7**

# FARM AND FORESTRY-LOAN INSURANCE

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AP-2

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

ACKNOWLEDGEMENT OF REPAYMENT OF A LOSS UNDER THE  
ACT RESPECTING FARM-LOAN INSURANCE AND FORESTRY-LOAN INSURANCE

Permanent No. (FADQ)      Identification No. (lender)  
Loan No. (FADQ)

Date

(name of lender)

hereby acknowledges receipt for payment of the sum of

\$

made by the Fonds d'assurance-prêts agricoles et forestiers in accordance with the Act respecting farm-loan insurance and forestry-loan insurance (c. A-29.1) for the loss sustained by the said lender as a result of a loan insured under the Act and granted by the said lender to

(name of borrower)

(full address)

and, where applicable, the payment of which was assumed by

(name of debtor)

(full address of debtor)

and acknowledges that under section 17 of the said Act, La Financière agricole du Québec is subrogated in the lender's rights against the borrower and, where applicable, against the debtor, up to the said amount, by reason of the debt the payment of which is hereby acknowledged.

(signature of an officer of the lender)

(address)

Address to:

La Financière agricole du Québec  
Direction du recouvrement

## FARM AND FORESTRY-LOAN INSURANCE

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1400, boulevard de la Rive-Sud  
Saint-Romuald (Québec) G6W 8K7

*R.R.Q., 1981, c. A-29.1, r. 1, Form AP-2.*

### UPDATES

*R.R.Q., 1981, c. A-29.1, r. 1*  
*O.C. 1127-88, 1988 G.O. 2, 3171*  
*O.C. 895-89, 1989 G.O. 2, 2383*  
*O.C. 1650-90, 1990 G.O. 2, 2937*  
*O.C. 130-92, 1992 G.O. 2, 913*  
*S.Q. 1992, c. 32, s. 43*  
*O.C. 698-93, 1993 G.O. 2, 2819*  
*O.C. 700-95, 1995 G.O. 2, 1661*  
*O.C. 385-97, 1997 G.O. 2, 1425*  
*O.C. 1377-2000, 2000 G.O. 2, 5579*  
*S.Q. 2000, c. 53, s. 66*  
*O.C. 206-2002, 2002 G.O. 2, 1613*  
*O.C. 258-2006, 2006 G.O. 2, 1251*