



CHAPTER 34.

An Act to facilitate the advance of money and the grant of credit for certain agricultural purposes, and to amend the Improvement of Land Act, 1864, and for purposes connected therewith.

A.D. 1923.

[31st July 1923.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1.—(1) At any time within five years after the passing of this Act, and subject to such conditions as the Treasury may prescribe, and up to an aggregate amount approved by the Treasury, the Public Works Loan Commissioners may, in manner provided by the Public Works Loans Act, 1875, as amended by this section, lend to any approved association such money as the association may require for the purpose of making advances on mortgages to which this section applies (which mortgages are hereinafter referred to as recognised mortgages), and for recouping to such an association any moneys raised by the association before the passing of this Act for the purpose of making advances on the security of mortgages which were at the date of the advance or have since been varied so as to become recognised mortgages, and may make advances direct to borrowers on recognised mortgages, or at any time take a transfer of any recognised mortgage.

Power to Public Works Loan Commissioners to lend money to associations for the purpose of making advances upon certain mortgages.
38 & 39 Vict. c. 89.

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(2) A mortgage shall be deemed to be a recognised mortgage if it complies with the following conditions—

- (a) the borrower must be a person who has agreed to purchase the land comprised in the mortgage not earlier than the fifth day of April, nineteen hundred and seventeen, nor later than the twenty-seventh day of June, nineteen hundred and twenty-one, or the heir, devisee, or personal representative of such a person;
- (b) the land comprised in the mortgage must be wholly or mainly agricultural land;
- (c) the amount secured by the mortgage must not exceed seventy-five per cent. of the value, as ascertained to the satisfaction of the Commissioners, of the land mortgaged at the date when the advance or transfer is made by or to the Commissioners or exceed an amount equal to thirty times the annual value of the land as ascertained at that date for the purposes of Schedule A of the Income Tax Acts;
- (d) the rate of interest payable on the mortgage must not exceed such rate as the Treasury may prescribe;
- (e) the amount secured by the mortgage, with interest thereon, must be repayable within a period of sixty years by equal yearly or half-yearly instalments of the principal sum advanced, together with interest on the amount outstanding, or by equal yearly or half-yearly payments of principal and interest combined;
- (f) the land comprised in the mortgage must be freehold or copyhold land free from any incumbrance affecting it in priority to the mortgage other than a land improvement charge or other charge to which priority is given by Act of Parliament.

(3) An advance by the Commissioners to an approved association may be made upon the security of recognised mortgages effected by the association with or without other security and for an amount equal to the amount secured for the time being by such mortgages, and may be repayable within such period not exceeding sixty years from the date of the advance as may be agreed between the Commissioners and the association.

(4) Any moneys advanced by an approved association upon a recognised mortgage may be advanced at interest payable at such rate per centum per annum as will, after deduction from such interest of the income tax thereon, yield to the association a net rate of interest.

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(5) For the purposes of this section, the expression "approved association" means an association which is approved by the Treasury for the purposes of this Act, and which does not trade for profit or by its constitution or otherwise is restricted in relation to the rate of interest on loan capital and the distribution of profits amongst its members so as to comply with regulations made in that behalf by the Treasury, and the expression "person" in the definition of borrower shall, without prejudice to the effect of section nineteen of the Interpretation Act, 1889, include an association registered under the Industrial and Provident Societies Acts, 1893 to 1913, and having for its object, or one of its objects, the provision of small holdings or allotments.

52 & 53 Vict.
c. 63.

2.—(1) The Minister of Agriculture and Fisheries (hereinafter referred to as the Minister) shall take such steps as are practicable to promote the formation or extension of agricultural credit societies, that is to say, societies approved by the Minister and registered under the Industrial and Provident Societies Act, 1893, having for their object, or one of their objects, the making of advances to members of the society repayable within a period not exceeding five years for such agricultural purposes as may be approved by the Minister.

Organisa-
tion of agri-
cultural
credit
societies.

56 & 57 Vict.
c. 39.

(2) The Minister at any time within three years after the passing of this Act or during such further period as the Treasury may prescribe, may, subject to the provisions of any regulations made by the Treasury, make advances to any such society, but so that the total sum advanced to a society shall not exceed an amount equal to one pound for every one pound share held by members of the society on which a sum of five shillings has been paid.

(3) For the purpose of this section, there shall be opened in such manner as the Treasury may direct an account called "the Agricultural Credits Account," and there shall be paid to that account—

(a) such money as may from time to time be provided by Parliament towards defraying

the advances and expenses of the Minister directed by this section to be paid out of the Agricultural Credits Account; and

(b) all sums received by the Minister in respect of advances made by the Minister under this section.

(4) The advances and expenses of the Minister under this section shall be paid out of the money standing to the credit of the Agricultural Credits Account.

(5) The Minister shall cause an account to be prepared and transmitted to the Comptroller and Auditor-General for examination on or before the thirtieth day of September in every year, showing the sums paid into and the sums issued out of the Agricultural Credits Account in the financial year ending on the thirty-first day of March preceding, and the Comptroller and Auditor-General shall certify and report on the same, and such account and report shall be laid before Parliament on or before the thirty-first day of January in the following year if Parliament be then sitting, and, if Parliament be then not sitting, within one week after Parliament is next assembled.

The Minister shall also cause to be laid before both Houses of Parliament an annual report of his proceedings under this section.

(6) Payments out of and into the Agricultural Credits Account and all other matters relating to the Account, and to the money standing to the credit of the Account, shall be paid and regulated in such manner as the Treasury direct.

(7) The provisions set forth in Part I. of the Schedule to this Act shall apply to every agricultural credit society to which this section applies as if they formed part of the Industrial and Provident Societies Act, 1893, and, if an advance is made to such a society under this section, the provisions set forth in Part II. of that schedule shall also apply to the society so long as any part of the advance remains outstanding.

3.—(1) Notwithstanding any provision in the Improvement of Land Act, 1864, which limits the rate of interest payable under a charge created under such Act, the rate of interest under such a charge may be such as the Minister may from time to time authorise.

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(2) The foregoing provisions of this section shall apply also to any existing Act of Parliament which authorises a company to execute or advance money for the execution of improvements of agricultural land.

(3) Where an application is made under any such Act for sanction of a charge on any lands in respect of the erection or improvement of a farmhouse or of a cottage for occupation by a person engaged in cultivation of the said lands or any of them, the Minister may, if satisfied that the erection or improvement is required for the proper cultivation of the land, sanction the charge although it may not be shown that the work will effect a direct yearly increase in the value of the lands exceeding the yearly amount proposed to be charged thereon.

(4) The enumeration of improvements contained in section nine of the Improvement of Land Act, 1864, is hereby extended so as to comprise, in relation to any land subject and according to the provisions of that Act, the improvements of land authorised in relation to settled land by the Settled Land Acts, 1882 to 1922, but as respects such of those improvements as are improvements specified in subsection (1) of section sixty-five of the Law of Property Act, 1922, only when the application to the Minister is made after the passing of this Act.

12 & 13 Geo.
5. c. 16.

(5) Section eighteen of the Improvement of Land Act, 1864, in so far as it prohibits without an order of the Court of Session the making of any provisional or other order sanctioning the improvement of land where the landowner is an heir of entail in possession or a liferenter, and where such landowner or the husband of such landowner is the father of the next heir, or heirs, or of a succeeding liferenter or liferenters or of the fiar or fiars, and such heir succeeding liferenter or fiar, or one or more of such heirs succeeding liferenters or fiars, is in minority shall cease to have effect.

4. All regulations or orders made by the Minister or by the Treasury for the purpose of carrying out this Act shall be laid before the Commons House of Parliament as soon as may be after they are made.

Regulations
or orders to
be laid before
the Commons
House of
Parliament.

5. This Act shall apply to Scotland, subject to the following modifications:—

Application
to Scotland.

(a) The Board of Agriculture for Scotland shall be substituted for the Minister of Agriculture and Fisheries; the Agricultural Credits (Scotland)

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Account shall be substituted for the Agricultural Credits Account; "freehold or copyhold land" shall mean "land held in fee simple"; "mortgage" shall mean "heritable security"; "devisee" shall include "legatee"; "incumbrance" shall not include a burden or charge incident to tenure;

- (b) The provisions of the Settled Lands Acts, 1882 to 1922, relating to improvements shall, subject to the restrictions therein contained, have effect in Scotland in so far as necessary to give effect to subsection (4) of section three of this Act.

Short title.

6. This Act may be cited as the Agricultural Credits Act, 1923.

SCHEDULE.

A.D. 1923.

Section 2.

PART I.

PROVISIONS APPLICABLE TO AN AGRICULTURAL CREDIT SOCIETY TO WHICH THIS ACT APPLIES.

1. A society shall not be deemed, for the purposes of the Industrial and Provident Societies Act, 1893 (hereinafter referred to as the Act of 1893), to carry on the business of banking.

2. Section four of the Act of 1893, so far as it provides that no member other than a registered society shall have or claim any interest in the shares of a society exceeding two hundred pounds shall not apply to a society, and the Second Schedule to the Act of 1893 shall apply as if it were modified accordingly.

3. A society shall be exempt from registration under the Moneylenders Act, 1900.

63 & 64 Vict.
c. 51.

PART II.

ADDITIONAL PROVISIONS APPLICABLE TO SUCH SOCIETY IF IN RECEIPT OF FINANCIAL ASSISTANCE.

1. The Registrar may under the Act of 1893 cancel the registration of a society on the application of the Minister.

2. The rules of a society shall comprise such rules as the Minister may require for the purposes of this Act and shall not be altered without the consent of the Minister.

3. The books of a society shall be open to inspection by an officer of the Minister.

4. The Registrar on the application of the Minister may, under section eighteen of the Act of 1893, appoint an accountant or actuary to inspect the books of the society and to report thereon, and may, under section fifty of that Act, appoint an inspector to examine into and report on the affairs of a society.

5. Advances to members may be made without any security on real or personal property, and may be of such amount as the society thinks fit, but so that an advance to any member shall not exceed one-tenth part of the share capital of the society for the time being issued, or more than an amount equal to five pounds for every one pound share held by the member on which a sum of five shillings has been paid.

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6. A society shall not accept deposits and shall not borrow money without the consent of the Minister.

7. Not more than five shillings shall, without the consent of the Minister, be called up in respect of each pound of the share capital except for the purposes of winding up or dissolving the society.

8. The rules of the society shall provide for the limitation or restriction of the division of the profits of the society by way of dividends or bonus on the share capital of the society in such manner as the Minister may approve.

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