

**REGULATION No. 13 OF 1959,
THE AGRICULTURAL BANK**

**In the Name of the People
The Sovereignty Council**

In accordance with Article 15 of the Agricultural Bank Law No. 56 of 1959, pursuant to the proposal of the Minister of Finance, passed by the Council of Ministers, we hereby order the promulgation of the following Regulation :—

Article 1.—The following expressions shall have the meanings shown thereagainst :—

Bank : The Agricultural Bank

Board : The Board of Administration of the Agricultural Bank.

Cultivator : Any Iraqi natural or juristic person who practises agriculture in Iraq and this includes natural and juristic persons outside Iraq if the Bank opens branches in their countries.

Article 2.—Agricultural loans shall, as to their periods, be divided as follows, subject to Article 3 below :

“(1) Short or medium term loans which period does not exceed six years and which are designed to achieve the following purposes :

- 1 — Spending on agricultural operations, such as ploughing, crop-reaping, combating insects, clearing private channels and streamlets, purchasing manures, seeds and manual farm implements, and extending monetary aid to farmers.
- 2 — Purchase of cattle, poultry and other farm animals, incubators and apparatus for milking and sterilizing and extracting its derivatives by technical methods and construction of the necessary buildings and enclosures for such apparatus and animals on the agricultural farm itself.
- 3 — Breeding and multiplication of fish in special basins constructed or to be constructed for this purpose in accordance with methods designed to develop this animal wealth, if the Bank is satisfied as to the necessity of assisting their owners.

“(2) Long term loans which period does not exceed 15 years, and which are designed to achieve the following purposes :

- 1 — Spending on gardening, tree planting, garden enclosing and reclamation of agricultural lands such as surfacing elevated or depressed parts thereof, ensuring their drainage, digging new channels and erecting bunds and elevated streamlets and constructing enclosures, buildings and storehouses thereon for the keeping of animals and crops.
- 2 — Redemption of mortgaged agricultural lands.
- 3 — Purchase of the required machines and implements for agricultural operations, such as irrigation, ploughing and harvesting machines.

Article 3.—(1) The Minister of Finance or the Higher Committee for Agrarian Reform shall fix the period of such loan, as they guarantee, provided that such period does not exceed fifteen years.

(2) If the purposes of the required loan are various, falling within the two main parts prescribed in Article 2 above, the loan shall be deemed either short, medium or long term, and its period shall be fixed accordingly.

Article 4.—The Bank shall collect in advance interest on agricultural loans and on the prices of properties which it sells against payment by instalments, and shall levy a fee for the storage of agricultural produce in its storehouses and a commission for acting as intermediary in their sale.

The Board shall from time to time fix the rate of interest for each type of loans or for prices which are paid by instalments, the storage fees and the amount of commission.

Article 4.—The loans granted by the Bank and the prices of properties which it sells against payment by instalments shall be secured by a pledge adequate to ensure its rights. Securities acceptable for this purpose are :—

(First)—Immovable properties which may be mortgaged by hypothecation in accordance with the provisions of the Civil Code, subject to the following :—

1 —Immovable properties that are not under executive or provisional attachment for others debts.

2 —Common share or shares in buildings or sites designed for building shall not be accepted. In the agricultural immovable properties the common shares must not be less than one fourth of the total in each property unless its area is 200 donums or more in the case of agricultural lands and 2 donums or more in the case of gardens.

3 —Common shares in the immovable properties of any kind, may be accepted as additional securities for loan, granted for the purchase of agricultural machines and implements and for securing other debts of the Bank.

(Second)—Buildings constructed under building lease rights, provided that the period remaining for the lessee is not less than 15 years and that the lessee is not prohibited from mortgaging the buildings under the lease contract.

(Third)—Trees available in agricultural lands belonging to the tree-planters, provided that the tree planter's share is not less than one third of the trees in each immovable property.

(Fourth)—The whole of agricultural machines and implements provided that they are not already attached by or mortgaged to third parties.

(Fifth)—Agricultural products stored in the Bank's storehouses and warehouses or in other storehouses prescribed in Para. (6) of Article 2 of the Law provided that they are not perishable.

(Seventh) Guarantee of the Minister of Finance and the Higher Committee for Agrarian Reform in the cases prescribed in the Law.

(Eighth)—Such good shares and bonds as the Board may decide to accept.

(Ninth)—In addition to the securities shown in the preceding paragraphs, the Bank may if it considers necessary ask for the surety of a guarantor for the whole or part of the loan of and interest.

Article 6.—The following rules and conditions shall be applied in the making of loans :—

- That the applicant for the loan is a cultivator or practises breeding and multiplication of fish.
- 2 — That he is not less than 18 years of age and is not prohibited from disposing of his properties by reason of interdiction or imprisonment, but if he is a minor, interdicted or imprisoned, his guardian or trustee may, with the permission of the competent court, act for him in applying for the loan.
- 3 — The application must be submitted on a special form to be drawn up by the Bank, showing the amount and period of the loan and the purposes which it is to achieve and the kind, descriptions and ownership of the security. The form must be signed by the applicant and his guarantors, if any, accompanied by documents supporting the statements contained therein.
- 4 — The application for the loan must be registered in a special Register, and the Bank may reject the application at any time if it considers that the agricultural purposes on the statements contained in the form are not genuine, or if the applicant for the loan is known to the Bank for unfair dealing.
- 5 — The securities must be inspected and valued by a representative of the Bank or in conjunction with a body consisting of a representative of the Tapu department concerned, a representative of the Higher Committee for Agrarian Reform and one or more experts according to the kind of securities and the amount of the loan applied for in accordance with instructions laid by the Board. These instructions shall indicate the amount to be paid to the Bank in advance by the loan applicant for the fees of inspecting and valuating as well as the fees to be paid in turn by the Bank to the person or persons undertaking this task. The applicant for the loan must provide the means of transport to the location of the securities.
- 6 — The Bank may decide to dispense with the inspection and valuation in the following two cases :
 - (a) If the loan applied for does not exceed 100 Dinars and the security is an agricultural land situated in a district known to the Bank with the payment of the stated fees of inspection.
 - (b) If the security is agricultural products and their value shall be reckoned on the basis of the prevailing official prices.

Article 7.--(1) ~~The amount of the loan shall not exceed one of the~~ following percentages of the value of the securities shown below subject to the provisions of Paragraph (1) of Article 10 of the Law :--

(60%) In case the security is an immovable property.

(50%) In case the security is an agricultural products.

(100%) If the security is new agricultural machines and implements provided that immovable property be added thereto which value is not less than the amount of the loan applied for.

(40%) In case of buildings constructed under building lease rights or trees belonging to the tree planters.

(75%) In case of buildings or agricultural immovable properties owned by agricultural cooperative. Other possessions of the society and the members responsibilities shall be regarded as a general security for the repayment of the loan.

(40%) The lesser of either the nominal value or the market price of shares or bonds.

(2) In fixing the amount of the loan regard shall have to be paid to the importance of the purpose for which the loan is required and the amount actually needed by the cultivator for its achievement, according to the opinion of the Bank or competent authority or inspection committee or an expert or number of experts depended on by the Bank. Regard shall also be had to the conduct of the cultivator in his previous dealings with the Bank.

Article 8.--The Bank shall ascertain that loans are spent for agricultural purposes according to plans agreed on with the applicants of the loans with consideration paid to the nature of their fields they undertake to plant and develop their agricultural methods and conditions and improve their standard of living especially in the following cases :—

(1) In case the applicants for loans are poor farmers living in a district including many small agricultural ownerships which facilitate inspection thereof.

(2) If the Bank has ascertained that the applicant of the loan had forfeited the advantage of previous agricultural loans and this proved to be the reason of failing to fulfil the repayment of the loan according to the opinion of the Bank and the measurements laid down defining these cases.

(3) Other cases stated by the Bank or other competent authorities.

Article 9.--(1) A note of attachment shall be placed in the Tapu registers on any immovable property offered by its owner for instituting a lieu on it so as to secure a debt or loan of the Bank, as well as on buildings constructed under building lease rights or on trees belonging to tree-planters under Tapu deeds. The attachment made in this manner shall be deemed to be mortgaged by hypothecation in accordance with the provisions of the Civil Code.

- (2) The mortgage on machines for securing the Bank's debts shall be registered with the Notary Public in accordance with the law and regulation for registration of machines.
- (3) The note of attachment in the Tapu department and the registration with the Notary Public shall remain until the loan or debt is paid in full. The Bank may on the request of the borrower or debtor decide to cause the attachment on some of the immovable properties to be removed and the mortgage on some of the machines to be redeemed if the remaining securities are sufficient to ensure full repayment of the loan or debt or the remaining part thereof.
- (4) For the placing or removal of a note of attachment at the Tapu department and the registration or redemption of a mortgage on machines with the Notary Public according to the preceding paragraphs the receipt of a letter by the Tapu department or the Notary Public from an authorized representative of the Bank shall be sufficient. The same applies to all transactions or actions arising out of the loan.

Article 10.—(1) If the securities offered for the loans are machines, buildings, agricultural crops or any other properties which are by their very nature combustible according to the opinion of the Bank, they should be insured against fire at the expense of their owners before the loans are paid to them.

- (2) If it appears to the Bank during the period of the loan that the value of the physical securities has for any reason so diminished that the loan or its remainder exceeds the relevant percentage mentioned in Article 7 of this regulation, the Bank may require the borrower to pay an amount of the loan equivalent to the deficiency or to offer other physical securities ensuring the Bank's rights within one month of the date of the requirement, otherwise the amount of the loan or its remainder shall be deemed to be due for repayment and the Bank's decision in respect of the deficiency shall be final.
- (3) If it appears to the Bank that the physical securities pledged with it are liable to damage, the Bank shall require the borrower to take such steps as will prevent the damage from occurring within a period not exceeding ten days from the date of the requirement, failing which, the Bank shall take such action as it deems fit to ensure its rights at the expense of the borrower.

Article 11.—(1) The loans shall be recovered by equal instalments, in the fixing of whose due dates regard shall be had to the reasons of the crop reaping and disposal, in accordance with such instructions as may be laid down by the Board.

- (2) The Bank may send a notice to the debtor one month before the due date advising him that he should pay on that date. Failure to send such notice shall not be taken by the debtor as an excuse for delaying payment of the instalment or debt due.
- (3) Sums paid by the borrower or debtor or collected for his account shall be applied first to expenses, then to interest and lastly to principal. If the physical securities for the loan or debt have devolved to the Bank and the borrower or debtor has been utilizing them, normal rent for such utilization shall be given precedence over expenses interest and principal.

- (4) If the borrower or debtor pays the whole loan or debt or a full instalment more than one month before the due date, the interest collected in respect of the remaining part of the maturity period shall be refunded to him after deduction therefrom of interest for one month. If payment is made one month or less than one month before the due date, no portion of the interest shall be refunded to him.

Article 12.—(1) The Bank may, at the request of the debtor, postpone collection of the due instalment or debt wholly or in part, once or more during a period not exceeding two years from the first due date if there are reasons warranting such postponement, provided that interest due and interest in respect of the postponement be collected in advance.

- (2) If the debtor does not pay the debt or instalment due at due date and does not make a suitable settlement approved by the Bank in accordance with the foregoing paragraph, all the instalments shall become due for immediate payment, and the Bank shall then ask the Tapu or Execution Departments concerned in writing to sell the physical securities in accordance with the laws and regulations in force. The Bank may at the same time ask the administrative authority concerned to collect its debts in accordance with the Law for the Collection of Debts Due to the Government.
- (3) If the securities which are required to be sold consist of agricultural machines and implements, the Minister of Finance may decide to suspend their sale for such period as he considers appropriate.
- (4) If the debtor pays the debt or instalment due with interest and expenses or offers a suitable settlement acceptable to the Bank under paragraph (1) above before he is notified of the final award for the sale of the physical securities, the sale and other collection proceedings shall be suspended. After he has been notified of the final award, the sale and collection proceedings shall not be suspended unless he pays the loan or debt in full within the period specified in the final notice.

Article 13.—If there is no one desirous of buying the physical securities or other properties offered for sale by public auction at the Tapu or Execution Departments, or there is one but his bid is less than the debt due from the debtor, the Bank may take part in the auction at not more than the amount of the debt with interest and expenses involved.

Article 14.—If the public auction results in the sale of the physical security or other properties to the Bank, the following provisions shall be applied thereto :

- (1) If the physical and other properties were agricultural lands or orchards the area exceeding the maximum limit fixed for acquisition by the Agrarian Reform Law shall be devolved to the Higher Committee for Agrarian Reform, after registration of these properties in the name of the Bank. The devolving area shall be against the expenses of award, unsecured debt and interest and other expenses.
- (2) If the physical securities or other properties were buildings independent from the lands or orchards or were lands or orchards not exceeding the maximum limit fixed for acquisition, or lands and orchards which the area exceed-

ing the maximum limit mentioned above had already been received by the Higher Committee according to the preceeding paragraph, then their owners shall have the right to recover the same within a period not exceeding three years from the date of registration in the name of the Bank on payment of the award expenses, the remaining amount of the debt, the interest and other expenses or else the provision of the preceeding paragraph shall be applied thereon in exception of the buildings which the Bank may take any legal disposal it finds necessary thereof.

- (3) The owners of agricultural machines or their heirs or whoever establishes his need of them for agricultural purposes shall have the right to continue using them for a period not exceeding one year from the date of their final award to the Bank against an agreed rent to be paid in advance, provided that they offer guarantor for the restoration of the machines to the Bank free from any damage and defects, or for their value if they were damaged or were defectives which make them unfit for use, their owners or their heirs shall have the right to recover them within the mentioned period against payment of awards, unsecured debt, interest and expenses. If they do not pay such sums the Bank may take the necessary steps for their transmission and sale as soon as possible after the lapse of one year.
- (4) Buildings, agricultural properties and orchards prescribed in paragraph (2) above shall be offered to the previous owners or to their heirs for renting or contracting during the period specified for recovery against a reasonable rent or badal (exchange) to be agreed upon with them by means of annual instalments to be paid in advance, otherwise they shall be leased or given by obligation to desirous persons by means of contract to be concluded with them consisting of the period of rent or contract; the sum of rent; method of payment; and terms organizing the relation between them and the Bank. If there is no one desirous of renting them the Bank shall ascertain whether the land is utilized by trespass, if so the trespassing person shall be obliged for payment of the rent taken for same and if he refuses to pay same it shall, like other debts of the Bank, be collected in accordance with the law for the Collection of Debts Due to the Government.
- (5) The previous provisions shall govern the physical securities devolved to the Bank prior to the enforcement of this Regulation in case they were to be restored to the Higher Committee for Agrarian Reform and the buildings and orchards which were registered in the name of the Bank after the issue of its Law No. 28 of 1956 and are still in its name until the date of enforcement of this regulation in case of their owners exercising their right for the recovery of such in accordance with Para. (2) of this Article.

Article 15.—(1) The Board may decide to write off irrecoverable sums if the following conditions are fulfilled.

- (1) That the securities of the borrower have been transferred to the Bank at the Tapu and Execution department concerned and the right to recover them has elapsed.

(2) That the unsecured debt ~~(excluding interest and expenses)~~ outstanding against the borrower is not more than 100 dinars.

(3) That the Bank has failed to collect this debt despite all the legal proceedings it has taken for this purpose.

Article 16.—(1) The Board may decide to set up a savings fund in which cultivators shall deposit what they wish to save out of their money or out of the amounts of agricultural loans determined for them or the payments which the Bank decides to make to borrowers according to plans laid for the management of their farms under article 8 of this regulation, against an annual interest which rate and method of calculation shall be determined by the Board.

(2) The affairs of the savings fund shall be administered in accordance with instructions to be laid down by the Board from time to time according to requirements.

Article 17.—The Agricultural Bank Regulation No. 52 of 1965 (as amended) shall be repealed.

Article 18.—The Ministers of the State are charged with the execution of this Regulation.

Article 19.—This Regulation shall come into force from the date of its publication in the Official Gazette.

Made at Baghdad this 12th day of Ramadhan, 1378, and the 22nd day of March, 1959.

SOVEREIGNTY COUNCIL
Mohamed Najib al-Rubaie,
President of the Sovereignty Council.

Khalid al-Naqshbandi,
Member.

Member.

Abdul Karim Qassim,
Prime Minister and
Minister of Defence.

Ibrahim Kubba,
Minister of Economics.

Mustafa Ali,
Minister of Justice.

Hudaib al-Haj Hmoud,
Minister of Agriculture.

Ahmed Mohamed Yahya,
Minister of Interior.

Hashim Jawad,
Minister of Foreign Affairs.

Hassan al-Talabani,
Minister of Communications and
Works.

Muhyi al-Din Abdul Hamid,
Minister of Education.

Abdul Wahab Amin,
Minister of Social Affairs.

Mohamed Abdul Malik al-Shawaf,
Minister of Health.

Talaat al-Shaibani,
Minister of Development.

Fuad Arif,
Minister of State and
Ag. Minister of Guidance.