The Federal Farm Loan Act

Synopsis of Its Salient Features Prepared by H. M. Hanson, Secretary-Treasurer Farm Mortgage Bankers' Association of America

Passed by the House of Representatives and the United States Senate June 27 and 28, 1916, Respectively.

Signed by the President July 17, 1916.

3.-Provides for a federal land bank system in the continental United States (exclusive of Alaska), dividing the country into twelve land bank districts composed of whole states.

3.-The system is operated as a bureau of the United states treasury department and supervised by the federal farm loan board. The secretary of the treasury is ex-officio chairmso of the board with four other members appointed by the president for eight years at an annual salary of \$10,000, One member is designated farm loan commissioner and is the active executive officer

3-Appointees of Board: (a) Farm loan registrar for each land bank district and

(b) One or more land appraisers for each land bank district. Salaries paid by federal land bank or joint stock land bank for which they act.

(c) Land bank examiners; salaries paid by the United states.

(d) Attorneys, experts, assistants and other employees to be paid by the United States.

17 .- Powers of the Board: (a) To organize and charter federal land banks, joint stock land banks and na-

tional farm loan associations. (b) To review and alter the rate of interest to be charged by federal land banks for loans.

(c) To approve or reject any or all tonns for bond issue and to grant or refuse any specific issue of farm loan bonds of federal land banks and joint stock land banks.

(d) To regulate charges for appraisal, examining titles and record-

(e) To appraise land securing mortgages for bond Issue,

(f) To exercise general supervisory authority over the federal land banks, farm loan associations and joint stock land banks.

30 .- The farm loan commissioner shall examine the laws of every state and if on examination the laws of any state are shown to afford insufficient protection to heiders, its mortgages shall be declared ineligible under this act during the continuance of the laws | per annum on unpaid principal of each in question.

32.—The secretary of the treasury is authorized to deposit United States funds in federal land banks at current government rates of interest, the aggregate of such funds not to exceed \$6.000,000 at any one time.

FEDERAL FARM LOAN BANKS

ORGANIZATION.

Section 4.-One in each land bank district. Branches permitted within its district. Officers: President, vice president, secretary and treasurer; directors; six representatives of farm loan associations and three representing the public interest. Attorneys, assistants, experts and other employees. All salaries fixed by farm loan board and paid by bank. Subject to semiannual examinations by land bank exam-

CAPITAL STOCK.

Sec. 5 .- \$750,000. May be owned by individuals, firms, corporations and the United States and state governments. Sec. 5 .- Shares, \$5 each.

Sec. 5 .- All stock remaining unsubscribed 30 days after subscription books are opened shall be subscribed by the United States and thereafter only the United States government and borrowers may acquire shares of stock.

Sec. 5 .- United States government not to participate in dividends. All other stockholders share dividends

Sec. 5.-The original capital stock shall be gradually retired after the stock held by farm loan associations

shall amount to \$750,000.

Sec. 5 .- Not less than 5 per cent of capital shall be invested in United States government bonds.

POWERS.

Sec. 13 .- To buy first farm mortgages within its district and to issue and sell farm loan bonds.

Sec. 13.-To receive from farm loan associations interest and amortization payments on mortgages and farm loan

Sec. 13.-To acquire and dispose of real and personal property necessary for the convenient transaction of business; and land taken in satisfaction of debts or purchased under judgments. decrees or mortgages held by it. Shall not hold title exceeding five years.

Sec. 13.-To accept deposits of securities or current funds from member associations but pay no interest there-

Sec. 13 .- To borrow money on se curity and pay interest thereon. Sec. 13.-To buy and sell United

States bonds. Sec. 13.-To appraise lands for bond issue and to charge applicants and borrowers the cost of land appraisal, examining titles, recording and other legal fees, said fees to be puid in cash subscribe 5 per cent of their toan in

FEDERAL FARM LOAN ACT | or be made part of loan and paid in

amortization payments. Sec. 14 .- To accept mortgages only from farm loan associations and approved agents.

Sec. 14.-To accept deposits of current funds only from its stockholders. Sec. 6.-To become financial agents of United States government and depository of public money. Public de-

gages or farm loan bonds. Sec. 13 .- To deposit its securities and current funds subject to check with any member bank of the federal reserve system and to receive interest thereon.

posits cannot be invested in mort-

BONDS.

Sec. 20.-Issued in series of \$50,000 or more, in denominations of \$25, \$50. \$100, \$500 and \$1,000.

Sec. 20 .- May bear a maximum rate of 5 per cent interest per annum.

Sec. 19.-Mortgages and United States government bonds equal in amount to the farm loan bonds issued are retained as collateral security by the land bank registrar.

Sec. 14.—The outstanding farm loan bonds shall not exceed 20 times the capital and surplus. Sec. 21.-Shall be guaranteed by

bank of Issue and all other federal land Sec. 17.-No issue is authorized without the approval of the farm loan

board. Sec. 22.—Substitution of mortgages and United States government bonds held as collateral to farm loan bonds is permitted.

TAXATION.

Sec. 26.-The capital stock, surplus, mortgages and farm loan bonds and all income derived therefrom are exempt from federal, state, municipal and local taxation.

Sec. 26.-Real property taken and held under the provisions of sections 11 and 13 is not tax exempt.

AGENTS.

Sec. 15.-Incorporated banks, trust companies, mortgage companies or chartered savings institutions may act as agents for federal land banks if no farm loan association has been formed in a given locality after one year.

Sec. 15.-Borrowers securing loans through agents are required to subscribe 5 per cent of the loan to the capital of the federal land bank.

Sec. 15.-Agents are entitled to a commission of one-half of 1 per cent loan they negotiate and the bank shall pay agent for actual expenses for appraising land, examining titles, executing and recording the mortgage papers which shall be added to the face of the loan.

Sec. 15 .- Agents shall indorse and become liable for the payment of the loans they negotiate and the aggregate unpaid principal of such loans shall not exceed ten times the agent's capital and surplus.

Sec. 15 .- Agents are required to make good any default within 30 days after notice.

Sec. 15.-All collections made shall

be remitted without charge. SPECIAL PROVISIONS.

ment bonds.

Sec. 22.-Amortization and other payments constitute a trust fund to be invested as follows:

(a) To pay off maturing farm loan bond issues. (b) To purchase farm loan bonds.

(c) To lend on first farm mortgages within the district. (d) To buy United States govern-

Sec. 23.-Reserve and dividends: No limit is placed on dividend distributions after a reserve account has been built up from earnings equal to 20 per cent of the capital stock and after 5 per

thereafter are added to the reserve ac-Sec. 23 .- Reserve funds to be invested as prescribed by the federal farm

cent of the net earnings annually

loan board. Sec. 27.-Farm loan bonds are lawful investments for fiduciary and trust funds and security for all public deposits.

Sec. 27.-Federal reserve bank may buy and sell farm loan bonds. Sec. 29 .- Provision is made for dis-

solution and the appointment of a recelver.

Sec. 14.-No commission or charge not specifically authorized in this act shall be demanded or received.

NATIONAL FARM LOAN ASSOCI-ATIONS

ORGANIZATION.

Section 7 .- Ten farm owners desiring loans aggregating \$20,000 or more may form such an association.

Sec. 7.-Its affairs are administered by five directors, including president. vice president and a loan committee of three serving without compensation, and by a secretary treasurer with salary fixed by the farm loan board and paid by the association.

CAPITAL STOCK.

Sec. 8.-Shares, \$5 each; (9) carrying double liability; (8) may be owned only by borrowers who are required to

he capital stock of the association which in turn subscribes an equal amount of stock in the federal land

Sec. 8 .- Shares are paid for in cash or (9) the amount may be added to the face of the loan and retired in amortisation payments at par. In such case the face of the loan shall not exceed the 50 per cent and 20 per cent lim-Itation.

Sec. 7 .- Assessment on shares may be levied for operating expenses if funds are not otherwise available.

POWERS.

Sec. 10 .- To appraise land for mortgage through its loan committee of three.

Sec. 11 .- To Indorse and become liable for the mortgages of its shareholders.

Sec. 11.-To receive and deliver the proceeds of loans to borrowers. Sec. 11 .- To acquire and dispose of property necessary for the convenient

transaction of its business. Sec. 11.-To issue certificates of deposit for not longer than one year and to pay 4 per cent interest thereon, convertible into farm loan bonds at the

federal land bank of its district. Sec. 7.-To receive and transmit to the federal land bank payments of interest and principal and amortization payments.

LOANS.

Sec. 12.-Loans shall be secured by first mortgages on land within its land

bank district. Section 12 .- To run from 5 to 40 years with amortization and with additional optional prepayments after

five years. Sec. 12.-Interest on loans shall not exceed 6 per cent per annum on the

unpaid principal. Sec. 12.-Borrowers shall pay 8 per cent simple interest on defaulted

payments.

Sec. 12.-Loans may be made for the following purposes and for no other under penalty: (a) To purchase land for agricul-

tural purposes. (b) To purchase equipment, fertilizer and live stock for the operation of

the mortgaged farm. (c) To provide buildings and for the Improvement of farm lands. (d) To pay debts existing at time of

organization of the first national farm loan association within the county. Sec. 12.-Maximum loan \$10,000; minimum loan \$100. Sec. 12.-No loan shall exceed 50 per

cent of the value of the land mortgaged and 20 per cent of the permanent insured improvements. Sec. 12 .- No loans shall be made to

any person who is not at the time or

shortly to become engaged in the cultivation of the farm mortgaged. Note.-All applications for loans originate with the national farm loan ssociations or agents and all toans are made and closed by the federal land

banks. This does not apply to joint stock land banks. TAXATION.

Sec. 26.-Same as applies to federal land banks.

SPECIAL PROVISIONS.

Sec. 9 .- Associations may retain as commission one-eighth of 1 per cent semiannually from interest payments

on the unpaid principal of loans. Sec. 9 .- Associations may borrow from federal land banks at 6 per cent annual interest up to one-fourth of its total stockholdings in said bank.

Sec. 24.—Reserves and dividends: No limit is placed on dividend distributions after the reserve account, built up from net earnings equals 20 per cent of the capital stock and after 2 per cent of the net earnings annually thereafter are added to the reserve account.

Sec. 25.-Defaults must be made good within 30 days after notice. Sec. 29 .- Provision is made for dissolution and the appointment of a re-

JOINT STOCK LAND BANKS

ORGANIZATION.

Section 16 .- A private corporation subject to the requirements under this act which may be formed by ten or more persons with a board of directors of five or more.

Sec. 16.-May operate within the state in which its principal office is located and within some one continguous state.

Sec. 28.—Subject to semiannual examinations by the federal land bank examiner.

CAPITAL STOCK.

Sec. 16,-\$250,000 minimum. Sec. 16.-Double liability of shareholders.

Sec. 16.-The United States government shall own none of the shares of stock.

Sec. 16 .- No farm loan bonds can be issued until the capital stock is fully paid, although the bank may begin business when one-half of the capital is subscribed and paid in cash.

POWERS.

Sec. 16 .- To lend money on farm mortgage security. Sec. 16.-To issue and sell farm toan

bonds. Sec. 16.-To issue farm loan bonds up to 15 times the amount of its capital and surplus.

Sec. 16.-Except as otherwise provided it has the powers of and is subject to the restrictions imposed on federal land banks.

PRIVILEGES.

Sec. 16 .- May lend more than \$10,000 to any one borrower, but not beyond 50 per cent of the value of the land and 20 per cent of the permanent insured improvements. Sec. 16.-Loans are not restricted to

farm loan associations.

Sec. 16.-Loans may be made to farm owners regardless of whether engaged in cultivation of the land mortgaged or not.

Sec. 16.-Interest on loans shall not exceed more than 1 per cent, the interest rate established for its last series of bonds, nor more than 6 per cent in any case.

Sec. 16,-Commissions or other charges not specifically authorized by this act shall not be demanded or re-

BONDS.

Sec. 20.-Issued in series of \$50,000 or more, in denominations of \$25, \$50, \$100, \$500 and \$1,000.

Sec. 20 .- May bear maximum rate of 5 per cent interest per annum. Sec. 16.-Bonds shall be so engraved as to be readily distinguishable from

federal land bank bonds. Sec. 19. - Mortgages and United States government bonds equal in amount to the farm loan bonds issued are retained as collateral security by the land bank registrar.

Sec. 17 .- No issue is authorized without the approval of the farm loan board.

Sec. 27.-Federal reserve banks are authorized to buy and sell the bonds of joint stock land banks. Sec. 22.-Substitution of mortgages and United States government bonds

held as collateral to farm loan bonds is permitted. Sec. 27.-Its bonds are lawful investments for fiduciary and trust funds and security for all public deposits.

TAXATION.

Sec. 26.-The capital stock, surplus and earnings are subject to the taxing powers of the state.

Sec. 26.-Its mortgages executed under this act and its farm loan bonds and all income derived therefrom are exempt from federal, state and municipal and local taxation.

Sec. 26.-Real property taken and held under the provisions of sections

11 and 13 is not tax exempt. SPECIAL PROVISIONS.

Sec. 6 .- Joint stock land banks are made public depositories and financial agents of the United States govern-

Sec. 6.-Public deposits cannot be invested in farm mortgages or in farm loan bonds.

Sec. 16 .- Rates of interest for loans under 6 per cent are not subject to review or alteration by the farm loan board.

except public deposits. Sec. 22.-Amortization and other payments constitute a trust fund to be

Sec. 13.-Shall receive no deposits

invested as follows: (a) To pay off its maturing farm lonn bonds. (b) To purchase farm loan bonds.

(c) To lend on first mortgages within its prescribed field. (d) To purchase United States gov-

ernment bonds. Sec. 23.-Reserve and dividends provided for as in the case of federal land

Sec. 29.-Provision is made for dis-

solution and the appointment of a re-

THIS DEALER HAD REAL TACT Stout and Thin Customers Use Special Mirrors in Wearing Apparel

Establishment. A dealer in wearing apparel, noticing that his stout customers and his very thin customers often were sensitive as to their figures, installed two full length mirrors of special design, says Popular Mechanics magazine. One was slightly concave and the other slightly convex. When a stout customer tried on a suit she was led to the concave mirror for self-inspection, and was able to see her figure as it would appear with its measurements reduced. When a thin person came in to try on clothes she was taken to the convex mirror, where the opposite effect was pro-

duced.

Only Moistened His Lips. Omer Scudder, a Columbus real estate and insurance agent, told some of the other business men who have offices in the Bassett building that he was hot. They agreed that they were

just as hot as he was. "I can eat all the ice cream you fellows are willing to buy," Scudder

declared. The others made up 60 cents and sent out for a half gallon of cream. They had a notion that Scudder would eat about a quart after which they would divide the remaining quart among themselves. Scudder surrounded the entire half gallon of ice cream, smacked his lips and asked them whether they were not going to get him enough ice cream for a real taste. The business men looked at each other, smiled sickly and returned to their places of business. - Indianapolis

The Three Philosophers.

For the first time in their lives three genuine, simon-pure philosophers went out riding in a motor car. After they had ridden about twenty miles out in the country the car broke down. Said the first philosopher: "I have long wanted to study certain aspects of nature, and this affords me the particular prospect I most admire." Said the second philosopher: "I observe there is a farmhouse over there where food can doubtless be obtained in sufficient quantities." Said the third philosopher: "I have long wanted to be in a situation where, without moving, sustenance would be brought to me by one friend, while the other discoursed on the beauties of nature."-Life.

NEBRASKA STATE NEWS

DATES FOR COMING EVENTS.

Aug. 17-27-Seventh Day Adventists Conference at Hastings. Aug. 17 to 20.—Biennial Nebraska

land. Aug. 21-25-Mo. Valley Photographers' Association Convention at Lincoln. Sept. 4 to 7.-Nebraska State Fair at

Lincoln. Sept. 12-16-Central Nebraska Fair at Grand Island.

Sept. 13.-Annual Convention State Federation of Labor at Fremont. Sept. 13 to 15-Old Settlers' reunion

at Mitchell. Sept. 17-22-Women's Christian Temperance Union annual convention at Omaha.

October 2 to 7-National Swine Show at Omaha. October 11-12-State Meeting Grand Lodge Degree of Honor at Lincoln. October 17-20-I. O. O. F. State Convention at Lincoln.

Interstate and transcontinental automobile traffle through Nebraska via the Omaha-Lincoln-Denver highway has increased more than 200 per cent recently according to Hastings garage men who say tourists claim the dusty condition of the Lincoln highway following grading work makes it rutty and almost impassible.

A large posse of farmers and people of Sidney, Sunol and Lodgepole captured two men, following the robbery of the Farmers' State bank at Sunol and the killing of two farmers taking part in the pursuit of the robber. The robber secured \$1,200, which was later recovered. One of the men captured, identified as the bandit by the cashier of the bank, gave his name as R. G. Lukens of Insmont,

Colo. The largest salary paid any minister in Polk county, and, in fact, one of the most substantial salaries paid a pastor in the state outside the larger cities, has been offered by the Eden Baptist church of Stromsburg, and accepted by the former Baptist minister of North Platte, the Rev. John L. Barton.

Clifford Tuttle, about 30 years of age, was shot and almost instantly killed by his divorced wife at Scottsbluff. When taken into custody, Mrs. Tuttle showed no remorse and when interviewed at the jail refused to talk, except to say that she had good reasons for shooting him and would prove it in court.

milk. The Alamito dairy, one of the largest, has raised the price from 8 to 9 cents a quart for milk, and from 8 to 10 cents for one-half pint of cream. Practicaly every dairy town is expected to follow suit. Mayor Rawlings of Wymore has announced that he would make the race

A number of dairles in Omaha have

for state senator from Gage and Pawnee countles on the republican ticket by petition. He expects to circulate his petitions for signatures in both counties soon. Nebraska hunters, who were eagerly watching for a month's additional shooting of game birds in March, may

al Game Warden R. P. Holland of Kansas intimated during a visit at Lincon recently. Permission has been granted L. J. Price of Casper, Wyo., to install and operate an electric plant at Harrison by the board of trustees. Work will begin on the plant at once and Harrison will be out of darkness be-

fore long. Preliminary plans for what is hoped to be the most successful labor day program ever given in Hastings are under way by union men of the city. Organized traveling men have been invited to participate.

round-up at the end of the Old Texas trail, August 24 and 25. Two thousand dollars in prizes will be awarded to riders and others who enter in the bucking and numerous other contests. Riley Long, a highly respected and

miles southeast of Hay Springs, was instantly killed by lightning. The driest July ever recorded in the weather annals of Omaha was the month just passed. Less than half an inch of rain fell during the month.

prosperous farmer, living sixteen

Gage county preeders of pure bred live stock met at Beatrice last Friday and organized a county breeders' asseciation. The organizantion of a county association is expected to add to the breeding of pure live stock in that section of the state.

The old settlers of Gage county

will hold their annual picnic at Bea-

trice on Thursday, August 24. Gover-

nor Morehead and Mrs. Minnie Knox, acting secretary of the Nebraska State Historical society, have been invited to make addresses, York's \$100,000 hotel is now assured. The effort to raise \$35,000 bonus has been going on for some months. At this time there is less

than \$7,000 to raise and it is thought

that amount will be secured soon. Secretary Duncan of the Horticultural Society says that the fruit exhibit at the coming State Fair, September 4 to 8, will be the largest dis-

Plans and specifications are now on file with Agent McFadden of the Northwestern for the erection of a new depot at York.

County commissioners of Hamilton county disallowed the claim of \$15,-000 of Fred Luff for damages alleged by him to have resulted from false imprisonment and malicious prosecution. Luff was arrested and tried for alleged assault on Nels Nelson, He was acquitted by the jury. In presenting his claim he declared that long before his trial he presented evidence clearly establishing his innocence, put that they had ignored it, employed special counsel to assist the county attorney and continued his

Thirteen carloads of horses from all parts of northwest Nebraska were inspected at Chadron last week by French officials. The inspection was the fifth one held in Chadron the last month by representatives of the differt belligerent nations. It is estimated that five thousand horses have been shipped from that market during the last two years for war purposes.

Several crews of phone company laborers are being employed at points along the Kearney-Stapleton line, erecting extension lines. The company has already completed a new line into Amherst and Riverdale, and others will be constructed as rapidly as possible. Sumner will be the concentration point of high line business, three lines being centered there.

Ezra Meeker, famous as one of the early travelers on the Oregon traft, passed through Hebron the other day in an automobile. He is following the old trail as closely as possible, selling books of personal experiences of ploneer days and trying to interest people in a proposed national road to ts controlled by the government.

rapidly filling at all Nebraska points and that while the car shortage has not yet hit the Burlington and Northwestern railroads, cars are getting scarce. Famine conditions are predicted on these roads within two weeks

district court, which meets next Septemper at Sidney.

announced an increase in the price of help them secure a new government postoffice building at that place. Prominent men of Omaha are making an effort to have Charles E. Hughes, republican candidate for president, to visit the metropolis this

> tennial celebration, October 1 to 8. Many farmers over Nebraska say that the recent rains came at just the right time and that corn has seldom looked better to them. In several

the citizens of Neligh and surrounding country to build a permanent be doomed to disappointment, Federpavilion at Riverside park near the town to be used for all purposes, including the annual fair, at a cost of \$3,000. Burt county is soon to have a hand-

> have long felt the need of a better The tenth anniversary celebration of the founding of the village of Polk will occur on August 17. A big time is anticipated. On the following day

Ogallala will hold its first annual pleted and put into service between Nebraska and South Dakota near The merchants and business men of Chadron recently celebrated the thir-

ty-first anniversary of the founding of The Union Pacific has laid more than 20,000 feet of track at the Ger-

mont's six-story, all modern \$200,000 hotel about August 15. York college campaign to raise an endowment fund of \$300,000 is meeting with success everywhere. One hundred thousand dollars has already been pledged and now come twenty

H. Versaw of Ewing was awarded the contract for building Ewing's new school house. Work on the preliminaries incident to the commencement of actual work on the building s being pushed. The building when

miles north of Fremont. Her neck was broken. Three other occupants of the car were uninjured. The new Hokenson hotel at Polk will be open to the public about September 1. The structure is built of

It was erected at a cost of \$18,000. The total value of asessable property in Douglas county, according to the new assessment, is \$257,739,635,

as compared with \$240,524,420 in 1915.

Saengerbund festival at Grand Isprosecution.

An investigation of the feasibility, of constructing a hydro-electric plant on the site on the Blue river at Barnston, controlled by G. W. Steinmeyer of Beatrice, is being made by a Chicago engineer. If the plant is finally constructed the promoters propose to furnish electric current to adjoining towns. Reports indicate that elevators are

unless there is a change in conditions. Frank Connell and R. Grange Lukens, charged with the murder of Paul Vacik and Ira Paup and the robbery of the Farmers' State bank at Sunol were committed without bail to the

A committee from the Commercial club of Hartington will meet with Dan V. Stephens at Fremont in the near future to urge Mr. Stephens to

fall during the week of the semicen-

parts of the state they say the corn crop will be the largest in years. A proposition is being submitted to

some new court house to be built at Tekamah. The present one is inadequate and the county and Tekamah building.

the Redpath chautauqua will open for a five days' session. A new ferry boat has been com-

the city. ing sugar factories this summer. Work is expected to begin on Fre-

business men of the city and pledge themselves more within one year.

completed will cost nearly \$35,000. Mrs. Edward Thiel, Omaha, was instantly killed when an automobile turned turtle on Broad street hill, five

orick and is modern in every detail.