

The Federal Farm Loan Act

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

FEDERAL FARM LOAN ACT

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 chairman 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 national 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 loans 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 recording.

(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 holders, its mortgages shall be declared ineligible under this act during the continuance of the laws 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 semi-annual examinations by land bank examiner.

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 equally.

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 bonds.

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 thereon.

Sec. 13.—To borrow money on security 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 paid in cash 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 deposits cannot be invested in mortgages or farm loan bonds.

FEDERAL FARM LOAN ACT

reserve system and to receive interest thereon.

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.—Bonds shall be guaranteed by bank of issue and all other federal land banks.

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 per annum on unpaid principal of each 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.

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 government bonds.

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 cent of the net earnings annually thereafter are added to the reserve account.

Sec. 23.—Reserve funds to be invested as prescribed by the federal farm loan board.

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

Sec. 29.—Provision is made for dissolution and the appointment of a receiver.

NATIONAL FARM LOAN ASSOCIATIONS

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 subscribe 5 per cent of their loan in the capital stock of the association which in turn subscribes an equal amount of stock in the federal land bank.

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

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.

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 agricultural 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 associations or agents and all loans 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 receiver.

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 contiguous 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 loan 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 the purposes prescribed for national 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 received.

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 government.

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.

Sec. 13.—Shall receive no deposits except public deposits.

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

(a) To pay off its maturing farm loan bonds.

(b) To purchase farm loan bonds.

(c) To lend on first mortgages within its prescribed field.

(d) To purchase United States government bonds.

Sec. 23.—Reserve and dividends provided for as in the case of federal land banks.

Sec. 29.—Provision is made for dissolution and the appointment of a receiver.

Mending Linoleum.

Did you ever try mending the torn places in linoleum? It's easy. Just trim the edges of the hole with the scissors—kitchen scissors—then place a linoleum patch underneath, or if you have none of this, use oilcloth. Paint the edges on the wrong side. Press down tight against the patch and allow it to dry. Paint all worn places, using paint the same color as the oilcloth.

RULES FOR PRUNING IN APPLE ORCHARD

Work May Be Done at Any Time During Year, but Is Best While Trees Are Dormant.

"Pruning may be done at any time of the year," according to A. J. Gunderson of the division of pomology, University of Illinois. "It can best be done, however, while the trees are dormant, for more time is then available, and in the absence of foliage it is easier to tell what branches should be removed."

First—Remove all dead, diseased or broken limbs.

Second—Cut out the water sprouts.

Third—Remove those branches which cross or interfere with each other.

Fourth—Cut back any leader branches that may be making an over-vigorous growth. In doing so, do not leave straight stubs, but cut back to a side branch. This will improve the shape of the top and make spraying and picking easier.

Fifth—Do not overprune by cutting out too large branches and thereby suddenly open up the top to exposure to the sun. This may produce sunscald. Instead, thin out the top uniformly by removing the smaller branches of about one-half inch diameter.

Sixth—Do part of the pruning this year, and the balance next year, especially where no pruning has been done before.

Seventh—Be careful of the fruit spurs. These are the parts of the tree which bear apples. If broken off they never can bear again.

The method of cutting when pruning apple trees is very important. The best advice is to cut every branch, whether large or small, as close as possible to the part from which it is taken. Never leave stubs, for stubs will not permit the healing over of the wounds, but may induce decay. Make

During the first half of last year more than \$22,000,000 worth of diamonds were produced in South Africa.

BREAD PROBE LIKELY

U. S. WILL LOOK INTO ACTION TAKEN BY BAKERS.

PRICE SOON TO BE INCREASED

President of Bakers' Association Declares Investigation Would Be Welcome.—Public Misled.

Chicago.—Proposed increase in the retail price of bread is to be investigated by the Federal Trade commission, according to Edward N. Hurley, chairman of the commission, who came to Chicago on a business trip.

"We have heard of the proposed increase in the price of bread," said Mr. Hurley, "and the commission decided that it would be well for me to look into the matter."

Chairman Hurley said the alleged statement of Jay Burns, Omaha, president of the National Association of Master Bakers, at Salt Lake City last week, that the price of bread would be increased, sounded like an investigation. He said that if the price was advanced a formal investigation would be made immediately.

Whether there shall be a federal investigation of the high cost of flour and prospective increases in bread prices depends largely upon the report of Commissioner Hurley, now in Chicago making informal inquiries for the Federal Trade commission.

Mr. Hurley went to Chicago particularly to seek definite information at the headquarters of the National Bakers' association concerning statements during the association's convention at Salt Lake City that the price of bread soon would be increased. Officials of the commission declare, however, that they would look into the general question of flour and bread prices.

The Departments of Agriculture and Justice, as well as the Trade Commission, are giving attention to the subject, although there has been no formal action of any kind.

Copies of a resolution adopted by the master bakers at Salt Lake City, calling on congress to place an embargo on flour exports, sent to Vice President Marshall and Speaker Clark, will be presented to both houses later, but there is no prospect of action on the matter.

Investigation Would Be Welcome. Salt Lake City, Utah.—S. F. McDonald, president of the National Association of Master Bakers asserted here that the resolution of the association calling for the general increase in the price of bread from 5 cents to 10 cents a loaf has probably been misunderstood by the general public and, apparently, by the government officials.

"The convention voted, not for a price of 10 cents for the present 5-cent loaf, but for the general sale of only 10-cent loaves," McDonald said.

"We want to get the public into the habit of buying 10-cent loaves. Incidentally, because of the high price of materials and the present narrow margin of profit, it is proposed to diminish the size of the present 10-cent loaf slightly. We welcome an investigation into the cost of bread making."

Suffragists Against Wilson. Colorado Springs, Colo.—The national woman's party in session here last week adopted resolutions pledging itself to use its best efforts in the twelve equal suffrage states to defeat the democratic candidate for president, congratulated the progressive, prohibition and socialist parties upon their indorsement of suffrage for women by national action, and commended the position of Charles Evans Hughes, the republican nominee.

The statement of policy was contained in three resolutions unanimously adopted setting forth the attitude of the woman's party; first, with respect to the progressive, prohibition and socialist parties, and finally upon the announced stand of Charles E. Hughes upon national equal suffrage.

Fortune Dug Up by Farmer. Nacona, Tex.—A farmer named Palmer, near here a few days ago plowed up silver bars on his farm variously estimated to be worth from \$100,000 to \$200,000. It is believed the silver bars were left here by Spaniards in the sixteenth or seventeenth century.

Spanish Vessel Torpedoed. Toulon, France.—The Spanish steamship Ganekogorta Bondi, 3,061 tons gross, on a voyage from Bilbao, Spain, her home port, was sunk by an Austrian submarine.

Jumps From 500-Foot Building. New York.—By a spectacular 500-foot plunge from the Singer building, the second tallest office structure in the world, Albert Goldman, 60, of Brooklyn, committed suicide. The body was crushed to a shapeless mass of flesh and bone.

No Signs of War. Mexico City.—The government has accepted an invitation to participate in a national products exposition to be held in Texas during the month of October next.

More Troops for Border. Washington.—The Thirtieth Pennsylvania infantry regiment has been called into service by the war department. It will be sent to the border to replace the Pennsylvania Second Infantry, which has been converted into a field artillery regiment.

Pour Liquor Into Gutter. Girard, Ala.—Forty-six barrels of whiskey and 108 of beer, confiscated in a raid on places of prohibition law violators, were dumped into the gutter here.

Diese Abteilung ist für die Familienglieder, welche am liebsten Deutsch lesen.

Vom Schauplatz des europäischen Völkerkrieges.

Ganz merkwürdig entwickelt sich die Alliiertenoffensive im Westen Deutschlands. Mit Bomben und Granaten wurde die Offensive am 1. Juli eingeleitet. Unter dem Hagel der Geschosse wurde die erste Verteidigungslinie der Deutschen buchstäblich zerschlagen und dann kam der allgemeine Sturmangriff nördlich und südlich der Somme. Franzosen und Briten überrannten die erste Verteidigungslinie und wollten dann im Sturm auch die zweite Linie nehmen. Da kam aber der Rückschlag. Seitige Gegenangriffe der Deutschen legten ein und die Briten wurden aus einer Reihe erobelter Stellungen schnellstens wieder verjagt.

Nach monatlichem Ringen hat sich die Offensive in Einzelkämpfe zerfallen und ist wieder zu einem Stellungskriege geworden. Die Briten beschreiben eine neue Linie von La Voiselle an Langueval, Guillemont vorbei nach Hardecourt. Die Franzosen sitzen jetzt an der Linie von Hardecourt über Curtin nach Barleux und von da über Etrees zurück auf die alte Linie.

Dennoch haben die Alliierten mit ihren ungeheuren Anstrengungen und ihrer Menschen- und Munitionsverwendung einen außerordentlich geringen Fortschritt gemacht. Die Offensive hat auf neue Dörfer, das jeder Fußbreit Bodens mit ungezählten Leibern erkaufte, und sich wieder und wieder für die Deutschen wenden sollte — was wir aber nicht glauben — die Briten und Franzosen die Deutschen bis an die französisch-belgische Grenze zurückgeworfen haben, ihre Kräfte längst erschöpft sind. Aus allen Erklärungen der verschiedenen Heeresleitungen ist zu ersehen, daß die Offensive als solche jämmerlich zusammengebrochen ist und daß es hier und da während der nächsten Tage nur noch ein kleines Aufblühen der alten Offensivkraft geben kann. Lieb Vaterland magst ruhig sein!

Wie die Verhältnisse in Rußland stehen, ist am besten aus einem Bericht von der Dina-Front zu ersehen. Es heißt in dem Bericht, der von Berlin über London nach hier gelangte:

"Die starke Russenoffensive, die entlang dem Abschnitt zwischen Platenen und einem Punkte gerade südlich vom Ostende der Insel Zelen in der Dina begann, ist wenigstens zeitweise zum Stillstand gekommen. Der Korrespondent der 'Affizierten Presse' ist gerade von einem Besuch nach den vorderen Gräben nahe dem östlichen Ende des Abschnittes zurückgekehrt, wo gegen den Hauptangriff gerichtet war."

Der Angriff wurde in diesem Abschnitt mit fünf Divisionen ausgeführt, ebenso wie auch weiter östlich auf Urful zu. Es schien, als ob der Angriff lediglich den Zweck der Ablenkung in Verbindung mit der schweren Offensive auf beiden Seiten der Hauptstraße von Keffan, südlich nach Vans, hatte. Deutsche Offiziere, die Aufklärungsdienste taten, nahmen an, daß die ganze Bewegung eine Bewegung war, um den Druck, der auf die Südfront ausgeübt wurde, zu heben. Sie sagten, daß die Art der Offensive zeigte, daß sie zweifellos die Durchbrechung der deutschen Linien an diesem Punkte zum Ziel hatte.

Entlang einer Linie, etwa vier der fünf Meilen lang, wo der Kampf am heftigsten tobte, setzten die Russen noch fünfzigstündigen Trommelfeuer eine Offensive mit