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WARRENTON, N. C. TUESDAY, FEBRUARY 6, 1917

(FRIDAY)

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A SEMI-WEEKLY NEWSPAPER DEVOTED TO THE INTEREST OF WARRENTON AND WARREN COUNTY

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THE FARM LOAN PRIMER

(Continued from Friday's edition)

A. Because the bonds of each bank are guaranteed by every other bank and are therefore equally secure.

Q. Suppose the interest rate to be lowered after the bank are in operation; will the early borrowers be forced to continue at the high rate?

A. No. They may borrow after five years under a reappraisal and pay off the mortgages originally given.

Q. How are interest and principal payments to be made?

A. The secretary-treasurer of the local farm loan association is required to collect the installments from the borrowers in his association and remit them to the Federal land bank. Both interest and principal are included in the equal annual or semi-annual installments throughout the entire period of the loan.

Q. May a borrower pay off his loan before maturity?

A. He may pay all or any part at any interest-paying date after the mortgage has run five years.

Q. You say a farmer who borrows is required to buy stock of his local association equal to 5 per cent of his loan. What becomes of this stock?

A. It is held by the local loan association as collateral security until the farmer pays off his debt. If the money is returned to him, or the farmer may use it as the last payment of his debt. In the meantime, his stock is entitled to receive its proportionate share of the dividends which the association declares.

Q. What does the local association do with the money the borrower pays for his stock?

A. The association buys stock of the Federal land bank. This is done to increase the Federal land bank's capital in order that it may make loans.

Q. Who gets the dividends on this stock while it is held as collateral security by the local loan association?

A. The borrower, except that part used to pay the expenses of the local loan association.

Q. Why does the local association hold the borrower's stock?

A. The amount paid for the stock by each borrower in the association becomes a part of the assets of the local association, and may be used only in case some borrower fails to pay and his land does not satisfy the face of the mortgage.

Q. Is there much likelihood that this stock will ever have to be used for that purpose?

A. No; because the loans do not exceed 50 per cent of the appraised value of the land.

Q. Is there any other liability on the part of the borrower?

A. Yes; in case of severe losses experienced by the local loan association which makes it unable to meet its obligations, each borrower is personally liable for an amount equal to the face value of his stock. This is the double-liability feature which has always been the rule in national bank stock ownership.

Q. Then the total personal responsibility of the borrower for the debts of the association is only 5 per cent of the original face of his loan?

A. Yes.

Q. And what is the likelihood that this 5 per cent will ever be called for?

A. It is very remote. If loans are conservatively made no loss could reasonably occur that would call for this 5 per cent liability. This illustrates the necessity for careful management of the local loan association and demonstrates one of the reasons for its existence—the creation of a body for the exclusion of bad risks and for the conservative valuation of lands.

Q. Then it is not true, as many have supposed, that one member of a national farm loan association is placed under unlimited liability for the debts of his associates?

A. No. He is liable only to the extent shown above, the total possible liability being 5 per cent of his loan, and that to be called only when the association has become insolvent. In such cases the borrower may lose part of all of the stock held by him in the association and in addition thereto he may be liable for all or part of an additional 5 per cent of the amount of his loan.

Q. How may an association become insolvent?

A. By the failure of one or more of its members to make their payments and inability of the association to make the amount of his indebtedness from the sale of his land.

Q. So there is no danger of the borrower losing the value of his stock in the National Farm Loan Association or being called upon to pay an additional amount equal to 5 per cent of the amount of his loan if the land of every member that is taken as security can be sold at all times for an amount equal to his indebtedness?

A. Absolutely none.

Q. Suppose a borrower fails to meet his payments; what happens?

A. If, in the judgment of the directors of the local loan association, the default was unavoidable, the local association may carry the borrower for two years; but the borrower is required to pay 8 per cent interest on overdue payments while he is in arrears. The local association may borrow money at 6 per cent interest from the Federal land bank to temporarily meet the defaulted payments of its members.

Q. So the local association is responsible for the installment payments to be made by its members as they mature?

A. Yes; it is the duty of the secretary-treasurer of the local association to see that these payments are promptly made and to remit them to the Federal land bank. It is also his duty to see that each member keep his taxes paid, to see that insurance policies are kept renewed, and to look after everything that tends to the welfare of the local association. He is the custodian of the records and securities of the local association; he makes quarterly reports to the Federal Farm Loan Board as to the condition of the local association, and must report to the Federal land bank any failure on the part of a borrower to comply with the terms of his application or mortgage. In fact, he is the agent for the local association in its relations with the Federal land bank.

Q. Does the secretary-treasurer receive a salary?

A. His compensation is fixed by the directors of the local association. All other officers of the local association serve without salary unless the Federal Farm Loan Board approves the payment of salaries. The secretary-treasurer may serve without salary if he will.

Q. Whence comes the money to pay his salary?

A. The national farm loan association has two sources of revenue. It gets the dividends from the Federal land bank on its land bank stock, and is also permitted to collect out of the interest payments not to exceed one-eighth of 1 per cent semiannually on the unpaid principal of its member's loans, in anticipation of dividends.

Q. What determines the voting strength of each member of the local association?

A. Each member has one vote for each \$5 share of stock. A man who borrows \$1,000 would necessarily have \$50 worth of stock, or 10 votes. But no one stockholder may have more than 20 votes.

Q. May any but borrowers belong to these local loan associations?

A. No; membership is confined to stockholders, and borrowers only may be stockholders.

Q. May a local loan association increase its membership after it is organized and in operation?

A. Certainly. It may admit any borrower who subscribes to stock equal to 5 per cent of his loan. He is admitted only by a two-thirds vote of the directors of the association.

Q. Is there any limit to the number that may be members?

A. No.

(Continued in Friday's edition)

FRIENDSHIP AMONG HORSES

While living near Judsonia, White county, Arkansas, some years ago, I owned a horse that I called "Prince," and my son Frank had a horse which he called "Tucker." We kept them loose in the stable, with the door open so they could go to the wood's pasture or get a drink of water at will.

One Sunday morning, when Frank went out to feed the horses, they were not to be seen in the stable, so he called them. Tucker came up within sight, stopped, whinnied, and then started back. Frank, thinking that was strange, called again. Tucker then came up near, whinnied again, and again started back. Frank concluded that something must be wrong with Prince, so he followed Tucker from the stable down the lane to the woods' pasture, about one hundred and fifty yards, and about the same distance beyond the creek. Tucker led him on, about a hundred yards up the creek where poor Prince was seen with both hind feet fast in the quicksand in the creek, and one fore leg over a wire that had been stretch-

ed along the upper bank to keep the horses out of a field of oats but had fallen down. Prince could not move, but whinned constantly when he saw Frank, who talked to him until he became quiet.

Frank took Tucker back to the stable, put the plow harness upon him got a single tree, halter and rope, and then put the halter on Prince and the rope over his back and after putting the ends between his fore legs tied the rope and halter to the single tree. Frank then hitched Tucker, and pulled poor old Prince out. How grateful Prince was! A human being could not have shown more gratitude. And think of the love that Tucker showed for his companion.

These two horses would not stand it to be separated, for whenever we attempted it they would fret, so we always allowed them to enjoy each other's company—Samuel C. Buswell, in Our Dumb Animals.

EXHIBIT NO. 2

A pupil of Nutbush Spl. Tax District wrote the following letter to Tax Payer your money is falling on "good ground," and bearing good fruit.

(Editor.)

Manson, N. C.
Feb. 1, 1917.

Miss Helen Keath,
4620 Woodland ave.,
Philadelphia,
Pa.

My Dear Helen:

I have learned all my lessons, so thought I would write to you.

Are you going to school now? We have twenty-three scholars in our school.

I am ten years old, and in the seventh grade. What grade are you in? We play lots of nice games, such as "Base Ball," "Drop the handkerchief," and lots more.

My two little school mates are going with me home this p. m. to spend the night. Wish you were here to go too; I'm sure that we would enjoy ourselves.

I will tell you some of the things that we are doing at school, drawing, paper cutting, basket weaving, and other work of this kind.

We have organized a "Woman's Betterment Society," that meets at the end of each month. They come to see the children's work, and give money to buy the drawing paper and other material for our work.

We have painted our school house inside, put up curtains, have a black-board border, and lots of other things to make it more attractive.

I will tell you what my studies are: Spelling, Arithmetic, Grammar, Geography, History and Agriculture, I have never studied Agriculture before this session, but I like it very much.

Our school is Nut Bush number 1, and we think it is number one in many respects.

If people need any proof of our progressiveness come to see us and we will prove our faith by our works.

Write and tell me what you are doing at school.

Your friend,
STELLA.

BOARD OF COMMISSIONERS

The Board of County Commissioners were in session Monday. All members were present. Only routine matters were transacted. It was ordered, that A. P. Paschall's lands be reduced to \$105, instead of \$1105, an error in listing.

It was ordered, that the lands of Connell and Pridgen in Fork township be reduced to \$7.33 and one third cents per acre.

It was ordered, that T. A. William's Special School tax be reduced from \$12.15 to \$6.07, Wise Special Tax District.

The Board adjourned.

Was Personal Question.

A farmer drove up to the house of a lady and asked if she needed any vegetables or fruit.

"Do you happen to have any damsons?" Asked the lady.

"Wal, now," answered the farmer, "that's kind of a personal question, but to tell you the truth, I have, and one uv 'em is in this wagon," pointing to his son who was sitting at the end of the wagon.—Exchange.

—Messrs. John D. Newell and Peter M. Stallings spent Sunday night with Mr. Frank Newell and were over early Monday morning to serve on their respective boards, Education and County Commissioners.

BURNSTOFF RECEIVES HIS PASSPORT

United States Recalls Gerard--President Addresses Senate

Germany's announced purpose to sink all vessels by submarine attempting to enter Ports of England, France or Italy, including U. S. and other neutral vessels, causes break with Germany by United States.

In his address to Congress yesterday announcing that he had directed Secretary of State Lansing to notify the German-Ambassador that all diplomatic relations between the United States and the German Empire are severed, President Wilson said:

"Gentlemen of the Congress:—

"The Imperial German Government on the thirty-first of January announced to this government and to the governments of the other neutral nations that on and after the first day of February, the present month, it would adopt a policy with regard to the use of submarines against all shipping seeking to pass through certain designated areas of the high seas to which it is clearly my duty to call your attention.

"Let me remind the Congress on the eight of April last in view of the sinking on the twenty-fourth of March of the cross channel passenger steamer Sussex by a German submarine, without summons or warning and the consequent loss of the lives of several citizens of the United States who were passengers aboard her, this government addressed a note to the Imperial German Government, in which it made the following declaration:

"If it is still the purpose of the Imperial Government to prosecute relentless and indiscriminate warfare against vessels of commerce by the use of submarines without regard to what the Government of the United States must consider the sacred and indisputable rules of international law and the universally recognized dictates of humanity, the Government of the United States is at last forced to the conclusion that there is but one course it can pursue. Unless the Imperial Government should now immediately declare and effect an abandonment of its present methods of submarine warfare against passenger and freight-carrying vessels, the Government of the United States can have no choice but to sever diplomatic relations with the German Empire altogether.

"In reply to this declaration the Imperial German Government gave this government the following assurance:

"The German Government is prepared to do its utmost to confine the operations of war for the rest of its duration to the fighting forces of the belligerents, thereby also insuring the freedom of the seas, a principal upon which the German Government believes now, as before, to be in agreement of the United States.

"The German Government guided by this idea notifies the Government of the United States that the German naval forces have received the following order: In accordance with the general principle of visit and search and destruction of merchant vessels recognized by international law, such vessels both within and without the area declared as naval war zone, shall not be sunk without warning and without saving human lives, unless these ships attempt to escape or offer resistance.

"But," it added, "neutrals cannot expect Germany, forced to fight for her existence, shall, for the sake of neutral interest, restrict the use of an effective weapon if her enemy is permitted to continue to apply at will methods of warfare violating the rules of international law. Such a demand would be incompatible with the character of neutrality, and the German Government is convinced that the Government of the United States does not think of making such a demand, knowing that the Government of the United States has repeatedly declared that it is determined to restore the principle of the freedom of the seas, from whatever quarter it has been violated.

"To this the Government of the United States replied on the eight of May accepting, of course, the assurances given, but adding:

"That the Government of the United States feels it necessary to state that it takes for granted that the Imperial Government does not intend to imply that the maintenance of its newly-announced policy is in any way contingent upon the course or result of diplomatic negotiation between the Government of the United States and any

other belligerent government, notwithstanding the fact certain passages of the Imperial Government's note of the fourth instant might appear to be susceptible of that construction. In order however, to avoid any misunderstanding, the Government of the United States notifies the Imperial Government that it cannot for a moment entertain, much less discuss, a suggestion that respect by German naval authorities for the rights of citizens of the United States upon the high seas should be in any way or in the slightest degree be made contingent upon the conduct of any other government affecting the rights of neutrals and non-combatants. Responsibility in such matters is single, not joint; absolute, not relative."

"To this note of the eight of May the Imperial German Government made no reply.

"On the thirty-first of January, the Wednesday of the present week, the German Ambassador handed to the Secretary of State along with a formal note, a memorandum which contained the following statement:

"The Imperial Government does not doubt that the Government of the United States will understand the situation thus forced upon Germany by the Entente Allies' brutal methods of war and by their determination to destroy the Central Powers, and that the Government of the United States will further realize that the now openly disclosed intention of the Entente Allies gives back to Germany the freedom of action which she reserved in her note addressed to the Government of the United States on May 4, 1916."

"Under these circumstances Germany will meet the illegal measures of her enemies by forcible preventing after February 1, 1917, in a zone around Great Britain, France, Italy and in the eastern Mediterranean all navigation, that of neutrals included, from and to England and from and to France, etc., etc. All ships met within the zone will be sunk."

"I think that you will agree with me that, in view of this declaration, which suddenly and without prior intimation of any kind deliberately withdraws the solemn assurance given in the Imperial Government's note of the 4th of May, 1916, this government has no other alternative consistent with the dignity and honour of the United States but to take the course which, in its note of 18th April, 1916, it announced it would take in the event that the German Government did not declare and effect an abandonment of the methods of submarine warfare which it was then employing and to which it was then purposed to resort.

"I have, therefore, directed the Secretary of State to announce to his Excellency, the German Ambassador, that all diplomatic relations between the United States and the German Empire are severed and that the American Ambassador at Berlin will immediately be withdrawn; and, in accordance with his decision, to hand to his Excellency his passports.

"Notwithstanding this unexpected action of the German Government, this sudden and deeply deplorable renunciation of its assurances, given this government at one of the most critical moments of tension in the relations of the two governments, I refuse to believe that it is the intention of the German authorities to do in fact what they have warned us they will feel at liberty to do. I cannot bring myself to believe that they will indeed pay no regard to the ancient friendship between their people and our own or to the solemn obligations which have been exchanged between them and destroy American ships and take the lives of American citizens in the willful prosecution of the ruthless naval program they have announced their intention to adopt. Only actual overt acts on their part can make me believe it even now.

"If this invertebrate confidence on my part in the sobriety and prudent foresight of their purpose should unhappily prove unfounded; if American ships and American lives should in fact be sacrificed by their naval comman-

ders in heedless contravention of the just and reasonable understanding of international law and the obvious dictates of humanity I shall take the liberty of coming again before the Congress to ask that authority be given me to use any means that may be necessary for the protection of our seamen and our people in the prosecution of their peaceful and legitimate errands on the high seas. I can do nothing less. I take it for granted that all neutral governments will take the same course.

"We do not desire any hostile conflict with the Imperial German Government. We are the sincere friends of the German people and earnestly desire to remain at peace with the government which speaks for them. We shall not believe that they are hostile to us unless and until we are obliged to believe; and we purpose nothing more than the reasonable defense of the indubitable rights of our people. We seek no selfish ends. We seek merely to stand true alike in thought and in action to the immemorial principle of our people which I have sought to express in my address to the Senate only two weeks ago,—seek merely to vindicate our right to liberty and justice and an unmolested life. These are the basis of peace, not war. God grant that we may not be challenged to defend them by acts of wilful injustice on the part of the Government of Germany."

ZERO WEATHER

In accordance with the weather prognostication as published in Friday's paper a prolonged cold wave is here. It commenced turning cold Thursday night, and all day Friday. Saturday morning the temperature was below ten degrees. Saturday night was cold, but Sunday warmed up with high west winds, but the thermometer was above freezing and fair. Sunday night the wind reached velocity of a gale, and about ten o'clock clouded suddenly and commenced a blizzard of fine, driven snow which drifted into all cracks and into halls and windows, sifting, sifting everywhere. It turned rapidly colder until the thermometer was Zero at daybreak. Water pipes and water backs all over town suffered the usual experience of bursting, especially as the householder had turned the water into the pipes Sunday after the thermometer reached melting point for ice. It has been the coldest weather of the season. The thermometer Monday afternoon is around twenty, and ice is everywhere.

TEACHERS ASSOCIATION

Saturday was the regular day for the meeting of the County Teachers' Association; but the weather was so inclement that few came. Mr. Fleming, of Norlina. President of the Association, and Mrs. Fleming; T. J. Scholz of Macon, Miss Weston and Miss Byers, Prof. Duncan, Miss Nan P. Jones and Miss Chauveny were present.

A full meeting of the Association is desired at a near date to consider matters of importance to the teachers.

BOARD OF HEALTH

The Board of Health did not have a meeting Monday with the Board of Commissioners, as was resolved at the last meeting of the Board. The purpose was to investigate the cost of an "All-time Health Officer"; but it was wisely concluded that such an officer could not be afforded by the tax payers of the County now.

COBWEB PARTY

The "Cobweb" party given last Friday night under the auspices of the "Red Roses" to the boys and girls of the teen's age was a big success. There were quite a number present. Various games were played, after which delightful refreshments were served. The party broke up at about eleven o'clock. All present seemed to have enjoyed a fine time.

—Mr. John S. Davis was in town Monday attending the meeting of the Board of Education.