

HILLSBORO PRODUCTION CREDIT ASSOCIATION

Hillsboro, N. C.—The 1934 crop season will mean the beginning of a better system of credit for many farmers who are preparing to finance the year's farming by means of short-term loans through the production credit associations which are being organized under the Farm Administration throughout this state.

Under the Farm Credit Administration the land banks will continue to make long-term real estate mortgage loans, but the administration is also providing a long-needed system of short-term production credit for farmers—loans to be used for producing crops and livestock and repaid at the end of the season. This is an entirely new service for farmers, and it is designed to be permanent.

Farmers in this locality will be served by the Hillsboro Production Credit Association, which was started on Dec. 29, 1933, to serve producers in Caswell, Alamauce, Person, Orange, Durham and Chatham counties. About four or five counties is the average size of an association. There is no fixed number of counties standard for all associations, but each must include enough territory to give a volume of business sufficient to secure efficient organization and low cost of operation.

The Hillsboro association was organized through the cooperation of representative farmers of the counties included, with the assistance of the Columbia Production Credit Corporation. There is one of these corporations in each of the 12 land bank districts in the country. The local association will obtain loanable funds from the intermediate credit bank of Columbia which will lend money on, or discount, well secured notes of farmers. All of these institutions are a part of the Farm Credit Administration.

A production credit association does not lend Government money. The funds that will be loaned are obtained by the intermediate credit banks which sell short-term bonds, or debentures, to the investing public. In other words, the money is being borrowed to be loaned to eligible farmers to enable them to produce a season's crops. The association is not a charity institution; but a business institution for business-minded farmers. The purpose is to make loans that farmers can afford to use for a season's operations, and

which will be repaid at the end of the season. It is a pay-as-you-go plan for agriculture.

Loans needed to buy work-stock, fertilizers, seed, machinery, and equipment, for purposes of dairy or poultry farming, or for other expenses incurred for general agricultural purposes, may be obtained from a production credit association as conveniently as from any carefully managed bank.

Most of the loans will run from 3 to 12 months, depending on the length of time required for growing and marketing the crop or livestock which the loan is made to produce. Loans for crop production will usually mature in less than a year, although loans such as those on dairy and breeding cattle may run longer—up to 18 months.

Applications for these short-term loans are handled in this territory by Geo. C. Neal.

Applications will be acted upon quickly when they give a clear financial statement of the applicant's farming condition, listing all assets and liabilities, and estimating net worth. The applicants should name specifically the farming assets offered as security for the loan, and give a plan or budget, showing how he is going to use the loan applied for and how he is going to repay it.

Primary security for production loans consists of livestock, farming equipment, growing crops, or other personal property most appropriate to secure the loan adequately and make up a chattel mortgage. It is not intended that loans shall be secured primarily by mortgages on real estate. Where this type of security is taken it will be regarded as additional collateral.

The minimum loan is \$50.00 and no loan may exceed 20 per cent of authorized capital of the association. The amount of the loan should correspond with the actual need for credit. Perhaps more farmers have become heavily involved in debt because of too much credit than because of the lack of it. Loans from production credit associations will only be made as needed, and proper precautions will be taken to prevent over-extension of credit so that farms will not have to pay unnecessary indebtedness with resulting interest.

After a farmer's application is received his financial statement is checked and the property offered as security for the loan personally in-

spected by a loan inspector of the association. The minimum charge for inspection is \$2.00. Regulations about inspection charges and collection may be changed as required by the production credit corporation. Usually no charge will be made for inspection if the loan is not granted.

If the report of the inspector is satisfactory and the loan is approved by the loan committee of the association, the farmer's note is endorsed in the name of the association, and sent, along with his credit statement and chattel mortgage, to the intermediate credit bank of Columbia, S. C. If the bank approves the credit statement and the security, it makes funds available to the association, and the association sends a check to the borrower immediately.

Each association is capitalized according to the credit needs of the territory it will serve. Most of the capital stock is purchased by the Production Credit Corporation of Columbia and this enables the association to begin making loans immediately. Funds derived from the sale of stocks to the corporation are used by the local association to purchase high grade collateral, chiefly Government bonds, which are placed with the intermediate credit bank to establish a line of credit, that is, to get the bank to discount, or lend money on, the notes of the farmers which the association has endorsed. Ordinarily the bank will discount well-secured farmers' notes up to five times an association's capital. In this way an association may get all the credit it needs.

The authorized capital stock of the Hillsboro Production Credit Association is \$65,000. Of this amount the Production Credit Corporation of Columbia will pay in, as needed, about \$48,750, making possible a maximum total of loans of \$325,000 through loans and discounts with the intermediate credit bank.

Actually the Production credit corporation owns about three-fourths of the capital stock of an association. The farmers who borrow from it own most of the remaining portion, each borrower being required to own 5 per cent of the amount of his loan in voting stock in the association.

A farmer who gets a loan from the association does not have to advance any money to pay for his stock, as the purchase price may be included in the loan, one \$5 share being purchased as each \$100 of the loan money is advanced. The stock carries no double liability. Thus a borrower's liability in any possible impairment of capital of the association extends only to his own stockholding, amounting to \$5 for every \$100 or fraction thereof borrowed.

A farmer does not have to purchase new stock each time he borrows, unless the stock he owns has become impaired in value or he wishes a larger loan. A farmer not indebted to the association may sell his stock to another eligible borrower, or may exchange it at its fair book-value for non-voting stock. Such an exchange must be made within two years after the holder ceases to be a borrower.

The stock purchased by the corporation is non-voting, but preferred as to assets in case the organization is liquidated. The voting stock is owned only by the borrowing farmers, each having only one vote in the association no matter what the amount borrowed or stock owned.

Officers and local loan committee of each association are selected by the temporary board of directors which was elected by the charter members when the association was organized. At the first annual meeting of the voting stockholders, that is, the farmer borrowers, a board of directors will be elected, confirming or replacing the temporary board. Thus each borrower has an equal chance of voting his opinion as to the management of the association.

At present loans from a production credit association carry an interest rate of 6 per cent, charged on an annual basis, that is, only for the actual time the loan is outstanding. A loan for six months, for instance, will carry an interest charge of about \$3 on a hundred. The interest is not collected until the loan is due.

The interest rate charged the individual borrower may not exceed by more than 3 per cent the rate at which the association gets money from the intermediate credit bank. At present the interest or discount rate charged the association by the intermediate credit is 3 per cent—these charges make up the 6 per cent interest rate paid by the farmer.

The interest spread of 3 per cent between the rate paid by the association and that paid by the borrower goes to the association to meet operating expenses and build up a guaranty fund or surplus, needed by any carefully managed business institution.

Actually, the Farm Credit Administration is establishing at Hillsboro, as at other centers of farming sections, a farmers' short-term credit business. Each borrower has part ownership in the business. His liability for loans of the organization is only 5 per cent of the amount he borrows. The management of the business is being entrusted to representative farmers chosen by the member borrowers. This is the only method ever devised

which permits farmers with the aid of the Federal Government to ultimately own and operate their own production credit business.

BEDAD!

By H. L. Bavis or A. B. O'Brian

Since my carvils are flying the black flag I might as well enter the field with a clear conscience. It is astounding the difference that little things to make when every move counts and until the last skirmish this game goes on. Yet it is very plain and elementary truth the life, the fortune and the happiness of every one of us, and more or less of those who are connected with us, do depend upon knowing something of the rules of a game infinitely more different and complicated than checkers.

Bourdillon almost told it when he said:

"The night has a thousand eyes
And the day but one,
Yet the light of the bright world
With the dying sun."

The mind has a thousand eyes,
And the heart but one;
Yet the light of a whole life dies
When love is done.

Though love repine and reason chafe,
I heard a voice without reply,
It's man perdition to be safe,
When for the truth he ought to die."

I mean no disrespect when the question of a fair deal or fair trial is raised. It is proper to inquire as to what the folks requesting a fair trial or an open honest deal in a matter of fact way and who is to determine when and where and how it takes place. Since I have never had one why then get excited and start hollering about it, which is a contention that lacks merit in law or common sense. It is true no one has been put in jail, no individual has been deprived of property rights. In most cases the idea is everybody is innocent until the reverse is shown.

Now then thingumabobs has actually found out how to lose a job that was approved to pay a foreman from 60c to \$1.10 an hour with overtime for a limited time each day, but did not get either one. He drew 50c an hour while on the job and was actually paid for 4 1/2 hours overtime or \$2.12 1/2 all told for overtime work. He worked this job 30 hours per week. He also found out how to get transferred to another job with a raise of salary to 45c per hour and 24 hours per week, and how to lose this job without any trouble, ordinarily speaking. And then to get the climax he was to report to another foreman some time

in the future at some undesignated or specific place and go to work at 30c per hour, 15 hours per week.

The symmetry of this naive situation is bewildering and complicated. Yet there is an aporism like this: Experience is a dear school, fools will learn there, but nowhere else. There my tuition was paid in advance, so why due me any more as some one has made out a technical cat's paw.

If all sincerity is in baffling effrontery why not put shackles and stripes on thingumabobs and be done with it? Why continue this deprecating road? There will be no lack of motion. I'm sure as all hands and the cook will join the festivities of ungratefulness.

When it is not all of life to live, neither is it all of death to die. So why should I worry, since the facts in the case as they really are. You may snuff this life out but the other life you have no control over. It is beyond the comprehension of

ordinary men. And if you must know the positive truth I have ceased to care in regards to it.


Since the voice I heard without reply, 'Tis man's perdition to be safe when for the truth he ought to die. So, then, what are we going to do about it? You who are in charge! Send thingumbabs to the road with shackles, stripes and chains under a gun, or give him a fair deal as the N.R.A. or C.W.A. purports to set forth in every allegation of its pleadings. Do as you like. Its a matter of no consequence to him whatsoever. Because it relieves a burden you know not of or it installs a get away of which have have not dreamed. Then do as you please. Since it as a do as you please lads, why not do as you please. I am not the one to be considered as the general public theologizes the predicament of both.

But though the seasons still come back, asin the long years that have sped, I do not follow still the

tracks where once my rambling footsteps led. Just await another time I may tell you some more.

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