The Federal Farm Loan Act

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

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

igned by the President July 17, 1916.

3.-Provides for a federal land bank stem in the continental United States exclusive of Alaska), dividing the ountry into twelve land bank districts omposed of whole states.

8 .- The system is operated as a buau of the United states treasury deertment and supervised by the fedal farm loan board. The secretary the treasury is ex-officio chairman the board with four other members ppointed by the president for eight ears at an annual salary of \$10,000. ne member is designated farm loan

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

(b) One or more land appraisers for ich land bank district. Salaries paid federal land bank or joint stock nd bank for which they act. (c) Land bank examiners; salaries

aid by the United States. (d) Attorneys, experts, assistants

ad other employees to be paid by the nited States. 17 .- Powers of the Board: (a) To

ganize and charter federal land anks, joint stock land banks and naonal farm loan associations.

(b) To review and alter the rate of terest to be charged by federal land anks for loans.

(c) To approve or reject any or all ans for bond issue and to grant or fuse any specific issue of farm loan mds of federal land banks and joint ock land banks.

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

(e) To appraise land securing mortages for bond issue.

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

30.-The farm loan commissioner nall examine the laws of every state ad if on examination the laws of any tate are shown to afford insufficient rotection to holders, its mortgages hall be declared ineligible under this ct during the continuance of the laws

uthorized to deposit United States inds in federal land banks at current overnment rates of interest, the agregate of such funds not to exceed 3,000,000 at any one time.

EDERAL FARM LOAN BANKS

ORGANIZATION.

Section 4 .- One in each land bank Istrict. Branches permitted within s district. Officers: President, vice resident, secretary and treasurer: disctors; six representatives of farm an associations and three representg the public interest. Attorneys, asstants. experts and other employees. Il salaries fixed by farm loan board nd paid by bank. Subject to semiannai examinations by land bank exam-

CAPITAL STOCK.

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

Sec. 5 .- All stock remaining unsubcribed 30 days after subscription ooks are opened shall be subscribed the United States and thereafter aly the United States government and prrowers may acquire shares of stock. Sec. 5 .- United States government ot to participate in dividends. All ther stockholders share dividends qually.

Sec. 5.-The original capital stock hall be gradually retired after the ock held by farm loan associations nall amount to \$750,000.

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

POWERS.

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

Sec. 13 .- To receive from farm loan sociations interest and amortization syments on mortgages and farm loan

Sec. 13.-To acquire and dispose of al and personal property necessary r the convenient transaction of busiss; and land taken in satisfaction of ebts or purchased under judgments, ecrees or mortgages held by it. Shall ot hold title exceeding five years.

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

Sec. 13 .- To borrow money on se arity and pay interest thereon.

Sec. 13.-To buy and sell United tates bonds.

Sec. 13 .- To appraise lands for bond sue and to charge applicants and borwers the cost of land appraisal exaining titles, recording and other le-

EDERAL 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 deposits cannot be invested in mort-

> 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

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

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

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 82.—The secretary of the treasury is | 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

(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 ac-

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 de-

Sec. 27.-Federal reserve bank may buy and sell farm loan bonds.

Sec. 29.-Provision is made for dissolution and the appointment of a re-

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 leans aggregating \$26,000 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. S .- Shares, S5 each; (9) carrying double liability; (8) may be owned only by berrowers who are required to al fees, said fees to be paid in cash subscribe 5 per cent of their loan in

the capital stock of the association the purposes prescribed for national 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 amortization 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

Sec. 11 .- To indorse and become liable for the mortgages of its share-

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 de-

posit 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

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

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

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.

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

Sec. 12.-No loan shall exceed 50 per

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

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

made and closed by the federal land

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 ac-

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 contingu-

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

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

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

farm loan associations. Sec. 16.-Loans may be made to farm owners regardless of whether engaged in cultivation of the land mort-

gaged 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

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 Sec. 27 .- Its bonds are lawful investments for fiduciary and trust funds

and security for all public deposits.

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

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

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

Sec. 13.-Shall receive no deposits

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

(c) To lend on first mortgages with-

in its prescribed field. (d) To purchase United States government bonds. Sec. 23.-Reserve and dividends pro-

vided for as in the case of federal land Sec. 29 .- Provision is made for dissolution and the appointment of a re-

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

Establishment. A dealer in wearing apparel, noticing had bought homes during a period that his stout customers and his very closing recently, in which period only thin customers often were sensitive as to their figures, installed two full Major Graham says he is going to length mirrors of special design, says Popular Mechanics magazine. One was get the exact data of each section and slightly concave and the other slightly the state as a whole, convex. When a stout customer tried on a sult 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 mailing premium lists for Gaston a thin person came in to try on clothes she was taken to the convex mirror, where the opposite effect was pro- be held in the state. New buildings

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. fellows are willing to buy," Scudder

The others made up 60 cents and bridge at Lookout, together with sent out for a balf 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 philos-

ophers 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 the floods. 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 lina National Guard. of nature."-Life.

Movement For Relief of Destitute Carolinians .-- Advises Co-operation With Government.

Raleigh.-Governor Craig received a telegram from Secretary Baker of the United States War Department advising him of a movement he has launched for hie inspection and relief of the flood-swept sections of Western Carolina and suggesting that the Governor and the local relief committees in the flood sections get in touch at once for inspection work.

The telegram follows: "Instructions have been issued to the United States engineers at Charleston, Montgomery and Mobile to proceed at once with relief work in aid of destitute persons in the flooded districts. I suggest that you invite local officials and committees on relief to get in touch with the Charleston office with a view to securing the most effective results by co-operation in your state in the Catawba River district, Nashville, Tenn., engineers office is investigating the French

Broad district." Governor Craig said that he is anxfous for the local committees throughout the flooded regions to follow the suggestions of the Secretary of War the engineers looking after relief in

their respective sections. flood sufferers continue to come in and the money accumulated is being held, now, that urgent immediate | leading to Wrightsville Beach relief needs have been met, awaiting a meeting of the General Relief Committee August 11th, when it is likely that a very substantial sum will be set aside for restoration of highways with the understanding that the money is to be paid out in good wages to really needy men in the

Delegates Are Named.

Raleigh.-Governor Craig has announced appointment of delegates to the Atlantic Deeper Waterways Association, Philadelphia, September 12-15; Tenth Annual Conference of the National Tax Association, Indianapolis, August 28-31; and the Association of Governmental Labor Officials at Buffalo, N. Y., July 17. Also there were issued commissions to 30 of the most prominent negro educators to attend the Negro National Educational Conference at Washington August

For the Governmental Labor Officials Conference Commissioner of Labor and Printing M. L. Shipman; Commissioner of Insurance James R. Young, Dr. W. S. Rankin and Commissioner of Agriculture W. A. Graham, of Raleigh, and J. Hayden Ramsey, of Asheville, are commissioned.

rociation are Vance Brown and Robert C. Allen, of Asheville, and Stuart Daniel of Wanchese.

Delegates to the National Tax As-

Farmers Buying Property. Monroe.—An address by Maj. W. A. | \$11,800,000; pickled pork \$8,000,000 and Graham, commissioner of agriculture, fresh beef \$7,000,000. was the principal feature of the Community Service School at Indian Trail in this county. Major Graham told the 400 farmers gathered to attend the school that North Carolina is becoming a home owning state despite arguments to the contrary, according to statistics gathered from 61 counties, showing the 2,987 renters 102 home owners became" renters. complete the canvass of the state and

added to the fair ground. Several thousand dollars in premiums are to

Gaston County Fair.

of the Gaston Fair Association is

county's 1916 Fair, which promises to

be one of the largest county fairs to

are being erected and new features

Gastonia,-Secretary J. M. Holland

Votes \$50,000 For Bridges. Newton.-Fifty thousand and more if necessary was ordered borrowed by the Catawba county commissioners "I can eat all the ice cream you in special session for the purpose of putting back four Catawba river bridges washed away and one new

minor bridges in the county. NORTH CAROLINA BRIEFS.

"Not a charity, but work for those made destitute by the flood," is the substance of a message sent from Asheville to the North Carolina members of Congress regarding the Federal appropriations made for the flood stricken states of the south.

Caldwell county was even harder hit than Catawba, because railroad communication has ceased altogether and it will be at least three weeks before trains move into Lenoir, it is Johnn Savage, the Washington

county negro, paid the extreme pen-

alty in the electric chair at the state's

prison for the murder of an aged white man in Washington county. Caldwell county will borrow fifty thousand dollars at once for the pur pose of repairing and rebuilding the bidges and highways which were recently destroyed and damaged by

Wilmington now has a company of enfineers officially designated as Company A Engineers, North Caro

SEC'Y BAKER WIRES PLANS FEAST OF LANTERNS TO BE SPECTACULAR EVENT WRIGHTSVILLE, AUG. 17-18

Wrightsville Beach, N. C., Aug. 9 .-Glomo and Despair will be chased into their cave in the side of a Wrightsville Beach sand dune and the door forever sealed in the presence of a snorting, fiery-eyed, hundred foot dragon, ten beautiful queens from Carolina and other Southern cities, and 10,000 persons who will gather to take part in the spectacular Feast of Lanterns on Wrightsville Beach, August 17th and

Thousands upon thousands of lanterns of brilliant colors will flash and reflect upon the waters and illuminate the bright hues of the decorations which will comprise a part of the riot of color which is to be a characteristic of the Feast of Lanterns.

The Feast of the Lanterns is an annual event on Wrightsville Beach, the only difference between the one this year and those of previous times is that this year's will be of such proporand get in touch immediately with tions as to attract people here from all parts of this state and from even as far away as Alabama, Georgia and Contributions for the relief of the other Southern States. Railroad rates so low as to be attractive to "ousands have been granted by all lines

Some of the features of the two day celebration will include, the parade which will have its basis in the allegorical, in which the gleaming dragon will chase to his cave and seal Gloom and Despair-this parade will be nearly two miles long-a pyrotechnic display of magnificent proportions; a parade of illuminated boats; the presence of the queens of the Feast and the announcement of the order of excellence of their equipage; the children's parade and dance; the banquet to Carolina mayors; the exhibitions of Japanese tumblers and a half-hundred other features.

SEVERAL COMMODITIES

SHOW LOSS IN EXPORTS Washington.-Exports of foodstuffs, cotton and oils from the United States during the fiscal year just ended did not equal those of the previous year. Statistics announced by the department of commerce show shipments of those commodities totaled \$1,289,735,-

326 a decrease of \$58,400,000 from 1915. Breadstuffs showed the greatest loss with \$142,700,000, the largest falling off being in wheat exports which decreased \$118,000,000. Oats exports were \$9,600,000 less than last year, corn \$8,800,000 less; and flour \$8,000,-

000 less. Meat and dairy products exports increased \$54,800,000 over 1915, Bacon gained \$41,000,000; ham and shoulders

DIRT NOT CAUSE OF INFANTILE PARALYSIS

New York.-There is no relation between lack of cleanly surroundings and infantile paralysis, according to a statement issued by Health Commissioner Emerson, who said that investigations made up to the present had not established that rubbish and refuse

were carriers of the disease. Conditions on Barren Island, where the city's garbage disposal plant is situated, were cited by the commissloner, who said hundreds of children who live there have thus far escaped the disease. He told also of incidents in which the disease had invaded districts which were 'immaculately" clean, whereas neighboring communities not so well kept were free of the

"People can not be too careful, however, in personal and neighborhood cleanliness," he said.

Four Steamers Sunk. London.-Lloyd's annuonces the sinking of the following vessels:

The Greek steamer Tricoupis, 2,387 tons of Cephalonia. The British steamer Tottenham, formerly the Harewood, 3,106 gross tons of London.

The British steamer Eavonian, formerly the Ainwick, 3,094 gross tons of Newcastle. The Italian steamer, Siena, 4,553 tons of Geona.

The Tootenham and Favonian were

THE FEAST OF LANTERNS

WRIGHTSVILLE BEACH

The Resort of North Carolina

Stupendous Fireworks, Brass Bands, Boat Racing, Souvenir Dancing, Collosal Parade, Anlmated Dragon.

Low Railroad Rates on all railreads, and a good time promised to all; with all attractions free.