

LONG TIME FARM LOANS.

The following is explanatory:
Wm. A. Band, Eeditr Carolina Mountaineer:

Dear Sir:
We are in the market for practically an unlimited number of applications for long time farm loans to be secured by first mortgage on select farm lands.

It is quite probable that you know of some parties at this time who contemplate applying for loans a little later on, and if so, we urge that application be made to us just as soon as possible in order that there will be no chance of the loan being delayed beyond the date the money is desired. We offer prompt appraisals and quick closing of loans.

For your information, we require in all of our loans that the borrower carry a fire insurance policy in an amount to be determined by us.

We trust that enclosed circular will prove of interest to you. Read it carefully as it will answer any question pertaining to our method of making loans which you might wish to ask.

Application blanks will be gladly furnished upon request.
Trusting that we shall have the pleasure of receiving some applications from your locality as a result of your efforts, we are

Yours very truly,
Atlantic Joint Stock Land Bank of Raleigh.

Details Plainly Explained Herein.
1. Question. What is the name of your bank, and under what law are you authorized to do business, and in what states?

Answer. The name of the bank is Atlantic Joint Stock Land Bank of Raleigh, North Carolina. The bank was chartered by the Federal Farm Loan Board, a bureau of the Treasury Department of the United States Government, pursuant to provisions of the Federal Farm Loan Act. The bank is authorized to make farm loans in all the states of North and South Carolina.

2. Q. Explain briefly the purpose and workings of the Farm Loan Act.

A. As a farmer and land owner, in order to adequately finance your operations, you find it necessary to provide yourself with a certain amount of working capital, the use of which you can depend upon for a definite time. This you have accomplished ordinarily by obtaining a loan on your farm and giving a first mortgage as security therefor. Following established practices, you paid interest on such loans at rates varying from 6 per cent to 12 per cent, together with frequent commission and bonus charges to agents for the privilege of obtaining the loan. The rate of interest and the amount of commission paid depended largely on who you were, where you lived, and how badly you needed the money. These loans were made ordinarily for a period of from three to five years, and when they fell due you had to repeat the transaction and pay the same commission and bonus charges over again. You have never liked this system and you don't have to endure it longer. The Federal Government, by the enactment of the Federal Farm Loan Act, has planned a better system of farm loans for your benefit. It recommends this system of loans to you. Could you ask more?

The purposes for which the Farm Loan Act was passed are best stated by quoting the title of the act:

"To provide capital for agricultural development, to create a standard form of investment based upon farm mortgages, to equalize rates of interest upon farm loans," etc.

Federal Farm Loans are made only on the amortization plan, and for a period of 33 years, at 6 per cent interest and without commission or bonus charge. Loans are made by this bank in amounts ranging from \$1,000 to \$50,000. Loans are made only after the land has been appraised by a Federal appraiser, who is a Government officer. Loans may be made on a basis not exceeding 50 per cent of the appraised value of the land and 20 per cent of the appraised value of the insured improvements, as ascertained by a Federal appraiser. The bank cannot loan unless favorable report is made by the Federal appraiser, nor can we loan more than is recommended by the appraiser; we may loan less.

While this bank was chartered under the Federal law and operates under Government supervision, the money we loan is in no sense Government money. After our initial paid in capital has been loaned we obtain additional funds to make loans by issuing our bonds, which we sell to the general investing public.

We pay the interest on our bonds on the exact date it is due. Ours is a solemn obligation and we guard it jealously. Naturally, we not only expect, but insist upon our borrowers keeping the same faith with us in their obligations. We are happy to provide you with cheap money for a long period of years, and on the most favorable possible terms, but will insist that you pay your regular semi-annual payments promptly, on the date due. All loans made by this bank will provide for the payment of installments semi-annually. Due consideration of the obligation to pay your installment when due should be given by you in the management of your finances, as well as in the operation of your farm. You should arrange in advance to have some money crop or produce, ready for market, so that you may certainly meet your installment—when due.

Experience has shown that diversification is the only safe plan for the farmer to follow, the "one crop" method cannot be relied upon. Diversification of crops, keeping of dairy cows and crop rotation, not only assures success for the farmer, but will bring to this state the recognition as a leading agricultural state, which its natural resources so abundantly justify.

3. Q. What is a loan on the amortization plan?
A. A loan that you do not have to pay back, it is sometimes called. It is a loan so arranged that it never becomes due so long as the borrower meets his semi-annual payments regularly and promptly.

To amortize a debt is to kill or extinguish it through a series of regular, small payments. One cannot make an amortization loan without the same time and the by the same act, executing the sure and certain death of the loan. This is because with the first semi-annual payment a small savings account is started which increases with each additional semi-annual payment until the entire debt is entirely wiped out.

Loan of \$1,000.00.	
Old Plan	
You pay 6 per cent on \$1,000.00 for thirty-three years	\$1,980.00
Principal still to pay	1,960.00
Total	\$2,940.00
This Bank Plan	
You pay in thirty-three years sixty-six semi-annual installments, including interest and principal	\$2,204.23
Principal to pay	1,960.00
Total	\$2,204.23
Actual saving to you	\$ 675.77

You children inherit the farm—not the mortgage.
This table shows the saving on a loan of \$1,000. On loans of greater amount, saving would be proportionately greater.

4. Q. If I mortgage my farm to your bank, how long before can I pay off the debt?
A. Your loan will be made on the amortization plan, which will give you 33 years in which to pay the same. Your note and mortgage provide that you can pay all or any part of your loan after 5 years. However, it will be the policy of this bank, if the borrower wishes to pay his loan before 5 years, to allow him to do so, by special arrangement. Thus you see you are guaranteed your loan for 33 years, with the optional privilege of paying the same practically at any time you desire.

5. Q. Will I be required to buy stock in your bank in order to obtain a loan?
A. It is the policy of this bank, acting in accordance with the wishes of the Federal Farm Loan Board, not to require or permit the borrowers to purchase stock in connection with, or as a consideration in taking a loan.

6. Q. Upon what kind of security do you make loans?
A. Loans will be made by this bank only on first farm mortgage security in the states of North Carolina and South Carolina. Loans will be restricted to improved farm lands, in cultivation, and that are in every sense productive farms. We do not make loans on wild or swamp lands, city or town property, truck gardens, or orchard propositions; nor do we make loans on business buildings, warehouses, personal property, or other chattel security. We do not make loans on second mortgages. Our loans must always be a first and prior lien on the farm land.

7. Q. In what amounts do you make loans?
A. While we will accept loans in amounts ranging from \$1,000 to \$50,000, we are especially interested in obtaining loans ranging from \$3,000 to \$50,000.

8. Q. Is it necessary that I be an actual farmer, and actually live on the land in order to borrow from this bank?
A. It is not necessary that you actually live on the land or personally farm the same in order to borrow from this bank.

9. Q. For what purpose does the bank make loans?
O. Keeping in mind the spirit of the law which has for its ultimate object the promotion of agriculture, loans made by this bank must be used in connection with farming operations, or to liquidate existing indebtedness against the land being mortgaged. The money may be used to buy land, to provide equipment, to buy live stock, fertilizer, etc., to provide improvements, or to pay off existing indebtedness.

10. Q. Do you make loans to corporations?
A. We are not permitted to make loans to corporations, but will loan to persons, either as individuals, joint owners or partners.

11. Q. What is a farm?
A. Our loan must be against a complete farm unit, sufficient in acreage, in fertility of soil, in diversity of crop production, and in nearness to market to assure the average farmer, under normal conditions, net earnings sufficient to maintain his family and discharge the semi-annual installments on his loan promptly. The farm unit must have such essential and necessary improvements as will assure the proper operation of the same, giving due consideration to provision for the comfortable living quarters of the applicant.

12. Q. If I mortgage my farm to your bank, will it prevent my selling it, or any part of it?
A. Not in the least. You may sell your land to whom you please and under your own terms. All that this bank will require is that we be notified of the sale, so that the purchaser may execute proper papers to assume the loan. As a matter of fact experience has shown that the placing of an amortization plan loan on a farm makes it more attractive to a purchaser than otherwise.

13. Q. What commission do you charge?
A. The bank charges no commission whatsoever, nor is it authorized to charge the borrower a commission in connection with his loan.

14. Q. Do you charge any fee for making a loan?
A. The only charge made by the bank is for the reasonable cost of appraisal of the land and the determination of title. This is to cover expense incurred in connection with making appraisal of the land by the Federal appraiser, and the expense of the bank's attorney in examining and passing on the abstract of title of the bank's attorney in examining (i.e., incident thereto). This cost varies from \$15.00 to \$150.00, depending on the amount of the loan.

The borrower, of course, pays the expenses for recording of mortgage and other proper instruments. No revenue stamps are required on the notes of this bank. The borrower furnishes, at his own expense, abstract of title acceptable to the bank, the cost of which is to be paid by the borrower, and is a matter of arrangement between the borrower and the attorney engaged to prepare the same.

15. Q. Who will prepare abstract of title required by the bank?
A. One or more attorneys have been designated in each county, to prepare abstracts of title in connection with our loans. These attorneys will be furnished with abstract blanks and full instructions concerning the requirements of the bank in the matter of the preparation of abstracts. The cost of the preparation of abstract is to be paid by the borrower, and is a matter of arrangement between the borrower and the attorney who prepares the same.

Loans made by this bank must be on first mortgage security only, therefore, our lien must in every way be a first and best lien against the mortgaged land. We cannot make loans otherwise, and there is no way we can satisfy ourselves that our lien is a first and best lien unless we are furnished with an abstract of title brought down to date, which then must be examined and passed upon by our attorneys at the bank.

In no case should you arrange with an attorney to prepare an abstract of title, until you have been notified by this bank that your loan has been approved. When notified of this fact, you should then immediately arrange with one of the designated attorneys to prepare your abstract of title, at which time you should have a definite understanding with the attorney as to his charges for this service.

16. Q. What will I have to do to get a loan from this bank?
A. Your dealings are directly with the bank. You are not required to join any organization or association in order to obtain a loan. As a matter of convenience to borrowers, we have representatives in most of the counties who are co-operating with us in our efforts to promote the agricultural development of our country, and who, without commission, will be glad to explain anything not entirely clear to you, and to assist you in preparing your application. In the event we have no representative in your county, we will, upon request, furnish you application blank, which when properly filled out and received by us will be given prompt consideration: We furnish application blanks without cost to the borrower. Each and every question in the blank must be answered plainly and definitely. Description of the land being mortgaged must be the correct legal description of the land. It should be the same description that appears in



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