

THE JOHNSTONIAN-SUN

THE JOHNSTONIAN AND JOHNSTON COUNTY SUN CONSOLIDATED

VOLUME 15.

SELMA, N. C., THURSDAY, AUGUST 25, 1932.

NUMBER 34

The Home Loan Bank System Is Explained

Address by David Lawrence Delivered Over the Network of the National Broadcasting Company System On August 7, 1932, From 8:00 to 8:15 P. M., Eastern S. T.

Tonight I want to tell you something about the additional system of banking which was recently authorized by Congress, and which is just now in the process of being organized.

The new Federal banking system will bear a relationship to the home owner that the Federal Reserve System bears to the commercial houses and business firms of the country. The Federal Reserve System, which was enacted in 1913, made available a central banking institution to better enable commercial banks to serve their business customers. Later, the Federal Farm Loan System—this is to be distinguished from the Federal Farm Board—was established to facilitate the financing of agriculture, and to make loans on farm mortgages more readily available. Now comes the third step in the development of these banking systems, a method by which home mortgages may be placed on a better financial footing, and whereby home financing may be encouraged and fostered.

In setting up the new system, Congress had the benefit of the pattern of organization and operation of both the Federal Reserve System and the Federal Farm Loan System. There were a number of important differences to be taken into account in the new set-up, however, and extensive hearings were held by the Banking and Currency Committee of both the Senate and the House of Representatives, before action was taken.

At these hearings both proponents of the projected legislation were heard. The claims of those who believed that there was a distinct need for the new system were given, as were the allegations of those who thought its establishment a mistake. In the give and take of the discussion, many difficulties were pointed out and steps suggested to remedy them as far as possible.

The result was that the bill as finally passed was greatly perfected over the form in which it was introduced. Just as amendments have been found necessary from time to time in the Federal Reserve Act and the Federal Farm Loan Act, so experience will show where this new system can be improved.

The fundamental idea behind the Home Loan Bank System is that there shall be a number of regional banks, of which three classes of home mortgage lending institutions, the building and loan association, the savings banks, and the insurance companies, may become members, just as the national and certain of the state banks may join the regional Federal Reserve banks. There will be a central supervisory board at Washington corresponding to the Federal Reserve Board. The regional banks will rediscount the paper of the three classes of members when property secured by home mortgage loans which they have made to their customers.

The central supervising agency, the Home Loan Board, will be made up of five members, to be appointed by the President, with the approval of the Senate. Not more than three of them can be from the same political party. The personnel of the Board has just been announced, with former Representative Franklin Fort of New Jersey as Chairman.

Now that the Board has been named, the establishment of the System can proceed. Congress made an appropriation for the original set-up of the organization, but after it is started, the expenses of the Board are to be borne by the regional banks, just as the expenses of the Federal Reserve Board are assessed against the Federal Reserve Banks. It is important that this fact be kept in mind in connection with both of these banking systems. They are not supported by appropriations of Federal funds received from taxpayers, but are self-supporting institutions, except for the provision in the case of the new law, for a Treasury subscription to the stock.

When the Home Loan Bank Board has been organized, it will proceed to divide its field, including Alaska, Hawaii, the Virgin Islands and Puerto Rico, into not less than

eight nor more than twelve regions, in each of which a home loan bank will be established.

The first set of eleven directors for each of these operating institutions will be appointed by the Home Loan Board at Washington. Later, but two of the eleven directors will be appointed in this manner, the other nine being chosen from among persons connected with the home financing business, elected by the member institutions grouped in three classes, according to their size.

The directors of each bank will incorporate and open the books for subscriptions to the stock by institutions eligible for membership. There is also provision for non-member borrowers and for direct loans to home-owners. If the stock subscriptions within thirty days have not reached the amount fixed by the Home Loan Board as the desired capital for the bank in question, the additional amount required will be subscribed by the Treasury up to a maximum of \$125,000,000. Each of the banks must have a minimum capital of \$5,000,000. The Government subscription will be handled through the Reconstruction Finance Corporation.

The Government is guaranteed a minimum interest of dividend return upon its stock subscription of two per cent per annum, and a higher rate, if a higher rate is paid on other stock. This payment to the Government is cumulative.

The amount of stock to which a member institution must subscribe varies with the amount of home mortgage business it does. The minimum is one per cent of the unpaid principal of the subscribers' home mortgage loans, but not less than \$1,500.

In addition to its capital funds, regional home loan banks may procure funds to advance to its members by borrowing through the issuance of bonds or debentures. These instruments will be the joint obligation of all the home loan banks, as the bonds of the Federal land banks are the joint liability of all. They will not be guaranteed by the United States, and must bear a notation to that effect. The bonds or debentures must be secured by 100 per cent of their amount in home mortgage loans, cash or United States securities. They will be tax exempt, except for surtax, estate, inheritance, and gift taxes.

The regional banks may make advances to member institutions upon the security of home mortgages. No more can be advanced to any one member than twelve times the amount of its subscription to the capital stock of the lending bank.

No home mortgage loan may be accepted as collateral security for a loan by the regional bank if it has more than fifteen years to run to maturity, or if the value of the real estate exceeds \$20,000 or if the mortgage is more than six months past due. A home mortgage is defined by the act as a first mortgage or first lien on real estate in fee simple, or leasehold under renewable lease for not less than ninety-nine years, upon which there is located a dwelling for not more than three families.

The regional home loan banks may advance up to sixty per cent of the unpaid principal, but not more than forty per cent of the value of the real estate, on the security of amortized home mortgage loans given for original terms of eight years or more, or which are secured by a pledge of stock maturing in eight years or more. They may advance against any other home mortgages up to fifty per cent of the original home mortgage loan, if that amount does not exceed thirty per cent of the value of the real estate.

The home loan banks cannot do a regular banking business, although they may carry non-checking accounts for their members, upon which not more than two per cent per annum interest may be paid.

The loaning to members which charge excessive rates of interest is guarded against by a provision that no institution may retain membership or have the borrowing privilege if the net cost of any loan made to a home owner after July 22, 1932, exceeds the maximum legal rate or lawful contract rate of interest in the State where the

(Continued on last page)

Tobacco Men Have Faith In Price Outlook

While Some Newspaper Reports On Southern Markets May Have Been Exaggerated, General Feeling Is That Prices Are On the Upward Grade and Will Be Much Better When Our Markets Open.

Smithfield, Aug. 24.—Experienced tobacco warehousemen and others connected with the tobacco business who have been watching the progress of the crops, and keeping tab on conditions, both in and out of the tobacco trade, appear to be expecting that prices will materially improve by the time of the opening of the markets in this section. According to reports from the southern markets, there has already been some improvement in prices of the lower grades since the opening there, though it seems that the boosters of the markets who have been sending reports to the newspapers each of whom wanted to make the best possible showing for his market, have over rated the small improvements that have developed from time to time; and some farmers who have carried tobacco to the border markets have been disappointed as to the prices received. It is said that just a very little good tobacco has been sold, and that this has brought prices about in line with those prevailing last year; but the poor and trashy grades are much more in demand than they were last year, and some of them are bringing double what they sold for last year. It is said that the improvement in prices reaches from the poorest grades up to those selling last year around 10 cents; but there appears to be very little change from last year in prices now paid for the grades above 10 cents. Those who have been watching the markets from year to year seem to be agreed that prices for real good tobacco have usually been better in this section in October and November, than during the earlier periods when the weather was warmer.

There now appears to be at least three good reasons why those who have good tobacco should not sell at this time:

1. It is a noticeable fact that economic conditions are now improving along nearly all lines. People who have money to invest are becoming convinced that the bottom of the depression has been reached, and that prices of all farm products may be expected to gradually improve. This should improve the demand.

2. The fact that there is usually less risk to the buyers in handling and keeping good tobacco in cool weather than in hot weather.

3. Many tobaccoists who have been keeping posted as to the progress of the crops in the states south of North Carolina, appear to be convinced that the crops in those states are going to prove to be much shorter than the trade is now expecting; and that when the crops there have been all sold, the buyers, manufacturers, and exporters will wake up to a realization that they must get busy in order to secure what they need. One tobaccoist a few days ago said that he was expecting to see a real scramble on the markets in this section later in the season for some of the better grades.

In view of all the circumstances there appears to be more and better reasons for expecting an advance than a decline in tobacco prices.

Bentonville Township Sunday School Assn.

The Bentonville Township Sunday School Association will meet at Mill Creek Disciple Church on the fourth Sunday afternoon, August 28th, at 2:30 o'clock.

Besides several good talks by prominent persons there are seven schools in the Township that will take part in the program. This will be the last Township meeting prior to the County meeting in September, and all schools are especially requested to be represented. The public is especially invited.

THE DIFFERENCE.

Says Sir J. Arthur Thompson, noted scientist: "Much of the controversy between science and religion would disappear if men would recognize that science is fundamental description in terms of the lowest denominator, while religion is supreme interpretation in terms of the greatest common measure, which is God."

Mrs. Jesse W. Bailey Dies Wednesday Night

Mother of C. A. Bailey, of Selma, and Had Been Ill About Two Weeks With Heart Trouble—Funeral To Be Conducted From the Home Friday Afternoon.

Mrs. Jesse W. Bailey, aged 69, died at her home near the Corbett-Hatcher school, seven miles north of this city, last night at 11:45 o'clock, after an illness of several weeks of heart trouble. Mrs. Bailey was one of Johnston county's best known women and greatly beloved by all who knew her. She is survived by her husband and the following children: Clarence A. Bailey, of Selma; J. E. Bailey, of Smithfield; Miss Minnie Bailey, trained nurse, of Raleigh; Misses Myrtle and Mamie Bailey and D. T. Bailey. The funeral services will be held from the home tomorrow (Friday) at 3 o'clock and the interment will take place in the family burying ground near the home.

A Family Reunion.

The descendants and friends of Miles, John and Noah Barefoot, (deceased) will hold their annual family reunion at the Noah B. Barefoot homestead in Sampson County, about 8 miles east of Dunn, on Friday before the first Sunday in September, 1932, being the 2nd day of September.

All relatives and friends are invited to attend this reunion and carry well filled baskets. Be sure to attend this reunion and meet relatives and friends that you may never see any more.

N. G. BAREFOOT.

Lespedeza Variety Test Attracts Farmers

(BY J. E. SLACK)

A group of fifty farmers attended the short farm tour last Friday afternoon when three farms were visited. The first stop was made at the Lespedeza variety test on E. J. Wellons' farm near Smithfield. Here the group inspected the four different varieties of lespedeza growing side by side and estimated the yield of each per acre. Mr. B. E. Gardner won a bushel of lespedeza seed which was offered for the one estimating nearest to the total yield each variety would make per acre. On weighing the plots cut from each variety after it had been cured, the yields were as follows: Tennessee 76, 2,880 pounds per acre; Kobe, 3,024 pounds per acre; Korian, 800 pounds per acre; Comon, 3,360 pounds per acre. On an acre basis this made a total of 10,064 pounds. Mr. Gardner's estimate was 11,050 pounds. It will be noted from these figures that the Korean is not very well suited to this section.

After listening to short talks by E. C. Blair, Farm Crop Specialist, and B. Troy Ferguson, District Agr. both of State College, the group went to the county home farm and looked over the plan of crop rotation now being followed there. The group was also given an opportunity to see a good permanent pasture that was sown on this farm a year ago last spring. Much interest was also manifested in the tobacco barn on the farm which has been converted into a sweet potato curing house.

From the county home the group went to its last stop which was the farm of R. R. Holt on No. 10 highway between Smithfield and Clayton. Here a good permanent pasture sown last spring was seen. Mr. Holt also had some fine pure bred Hereford cattle grazing on this pasture.

AMERICAN ATHLETES LEAD IN OLYMPICS

After sixteen days of unprecedented competition, the forces of the United States emerged with the greatest collection of victories in the last twenty years. Winning eight of the seventeen competitions, they had quite a great lead, Italy being next with three championships to her credit. Many of the events were quite close, and many former records were shattered by the contestants, not less than 13 world's records being broken. The attendance also surpassed all other records, the paid attendance for all events having passed the 1,000,000 mark. The next Olympiad is to be celebrated in Berlin in 1936.

Napoleon Deans And Son, Lonnie, Get 30 Years

Sharp Gains Made In Price of Cotton

Spectacular Rise of From \$2.75 to \$3 Per Bale Due To Crop Expectations Decrease.

New York, Aug. 24.—A spectacular advance of \$2.75 to nearly \$3 per bale in cotton today was attributed to heavy general buying promoted by expectations of a sharp reduction in crop estimates and encouraging reports from the cotton goods trade.

December contracts sold up to 8.47, an advance of 56 points from the previous closing and of \$15.85 per bale from the June low. July contracts sold up to the 9-cent level.

Benson's First Bale Sells At Nine Cents

Benson, Aug. 24.—The first bale of new cotton was sold on the market here Tuesday morning by R. C. Neighbors to Charles Johnson. It brought 9c per pound, and weighed 528, class middling, staple 15-16.

Circle "B" Entertained.

Circle "B" met at the home of Mrs. J. T. Hughes Tuesday evening with 13 members present. An enthusiastic business session was presided over by the leader, Mrs. W. D. Fields. Dues collected and money turned in on different projects amounted to \$5.47. A social hour was then enjoyed, during which time a "name" contest was enjoyed. Mrs. W. D. Field being winner and was presented a lovely box of handkerchiefs. The hostess, assisted by her little daughter, Annie Hood Hughes, served sandwiches and grape juice.

Willing Workers Class Entertained.

Mrs. Vick Johnson was hostess to the members of the Willing Workers Class at a very delightful meeting on Tuesday evening, August 16. A profusion of summer flowers was used in the hall and living room. In the absence of the president, Mrs. Johnson presided over the business session, after which paper and pencils were passed for a flower contest. Mrs. J. T. Hughes was winner and was presented a lovely hanging basket. The hostess, assisted by her daughter, Mrs. Luther Pittman, served delicious frozen custard and cake.

Indiana People Visit In Selma

Rev. and Mrs. Aubrey Moore, of Indianapolis, Ind., and Rev. and Mrs. L. R. Gray, of Sheridan, Ind., visited at the home of Elder and Mrs. H. F. Hutchens during the past week end. Rev. Mr. Moore, who is a cousin of Mrs. Hutchens, is pastor of the First Christian church of Indianapolis, and Rev. Mr. Gray, who is a brother of Mrs. Hutchens, is pastor of the Christian church at Sheridan, Indiana.

On last Sunday Elder and Mrs. Hutchens and his visiting guests, attended church services at the New Port Primitive Baptist church where Elder Hutchens filled an appointment in the pulpit. Accompanying them were Mr. and Mrs. W. R. Smith and Mr. and Mrs. A. L. Langley, of Selma.

The party, accompanied by friends from New Port, went fishing out on the Atlantic Monday. There were 25 people in the fishing party and they report a good catch and an enjoyable trip.

Rev. and Mrs. Moore and Rev. and Mrs. Gray left Selma Tuesday, going by way of Spartanburg, S. C., where they expected to visit Mr. Gray's brother before returning to Indiana.

A Lincoln county farmer sold 80 bales of alfalfa last week to a rabbit breeder near Charlotte. The alfalfa acreage in Lincoln is being steadily increased. One cooperative carload of limestone was recently ordered for the crop.

Catawba county poultry growers are caponizing their cockerels instead of selling them at the prevailing price of ten cents a pound.

Verdict of Not Guilty As to Frank Strickland Who Was Indicted Jointly With Deanses For the Slaying of William H. Waters.

In last week's paper appeared an account of the slaying of William H. Waters and the testimony given at the original hearing which was presented to Superior Court during the recent trial.

The defendants each went to trial under a plea of not guilty, but when the state rested, such a clear case had been made out against Deans and his son that they entered a plea of guilty of murder in the second degree, which plea was accepted by the court. The court then sentenced the two men to the state prison for a term of 30 years each at hard labor. At the same time the court directed a verdict of not guilty as to Frank Strickland who was indicted jointly with the Deans men, and he was released from further custody.

Another important case disposed of in last week's Superior Court was that of State vs. E. L. Summerlin, who had been indicted on a charge of rape. He got 30 years in the state prison.

Besides the regular jury of 19 men, a special venire of 25 men were drawn and duly summoned in order to secure a jury and this entire list was exhausted before the jury box had been filled. The plaintiff in this case was Bethel Langston, a step-daughter of E. L. Summerlin, who was the first witness introduced by the state, and appeared to be a mere child. Her story was related in quite a convincing manner and but for a request by the judge that the charge be modified, Summerlin's fate might have been death instead of a 30-year sentence.

Mrs. David Poole Commits Suicide

Mrs. David Poole, aged about 35 years, committed suicide at her home three miles south of Clayton Thursday evening of last week. Mrs. Poole was in a room with her husband and young eight-year-old son when she announced that she was going into an adjoining room to take a bath. In a short time a gun fired and Mr. Poole rushed into the room and found his wife in a dying condition. Mrs. Poole spoke twice after her husband reached her side, but in a short time she was dead.

The shooting took place about 9:30 and by 10 o'clock Coroner J. H. Kirkman, who was summoned immediately, was on the scene. The coroner found a note pinned to a cover on the mantelpiece in which she stated: "This is hard what I am fixing to do, but I think it is the best way out." About a page of rough tablet paper was written to her husband and little boy. She told her husband to take the little boy with him, "as he is old enough," and she also told him to kiss the boy a thousand times for her, and asked him to be good to him. She also said: "Tell my daddy goodbye."

The husband stated that he knew of no reason why his wife should have committed suicide. It is reported, however, that the couple had had domestic trouble and had been separated.

The deceased was the daughter of W. G. Bunn who lives near Clayton.

After reading the statement left by the deceased, Mr. Kirkman decided that an inquest was not necessary.

It is said that Mrs. Poole had lived in Selma a few years ago, either during her girlhood or after her marriage.

The stockholders of the Madison Farmers, a local farm organization in Madison county, paid 4 percent on a \$22,000 business at the annual business meeting recently.

The County agent of Moore county has aided the authorities of the local county home to cut their grocery bill in half this year by a planned system of food and feed production.

A lespedeza sericea association has been formed at Red Springs in Robeson County to promote the growth of this new perennial legume.