The Federal Farm Loan Act

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

Passed by the House of Representa ate June 27 and 28, 1916, Respectively.

Bigned by the President July 17, 1916.

3.-Provides for a federal land bank system in the continental United States (exclusive of Alaska), dividing the country late twelve land bank districts composed of whole states.

-The system is operated as a buweau of the United states treasury de partment and supervised by the federal farm loan board. The secretary of the treasury is ex-officio chairman of the board with four other members appointed by the president for eight years at an annual salary of \$10,000 One member is designated farm foun commissioner and is the active executive officer.

3-Appointees of Board: (a) Farm toan registrar for each land bank dis

(b) One or more land appraisers for land bank district. Salaries paid by federal land bank or joint stock bank for which they act.

(c) Land bank examiners; salaries paid by the United States.

(d) Attorneys, experts, assistants and other employees to be paid by the United States.

17,-Powers of the Board: (a) To banks, joint stock land banks and nafarm loan associations.

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

(c) To approve or reject any or all toans for bond issue and to grant or refuse any specific issue of farm loan of federal land banks and joint stock land banks.

To regulate charges for appraisal, examining titles and record

(e) To appraise land securing mort-

gages for bond issue.

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

The farm loan commissioner shall examine the laws of every state and if on examination the laws of any state are shown to afford insufficient protection to holders, its mortgages shall be declared ineligible under this act during the continuance of the laws in question.

-The secretary of the treasury is authorized to deposit United States funds in federal land banks at curren government rates of interest, the aggregate of such funds not to exceed \$6,000,000 at any one time.

FEDERAL FARM LOAN BANKS

ORGANIZATION.

Section 4.—One in each land bank district. Branches permitted within its district. Officers: President, vice president, secretary and treasurer : directors; six representatives of farm loan associations and three representing the public interest. Attorneys, as-sistants, experts and other employees. All salaries fixed by farm loan board and paid by bank. Subject to semian-mual examinations by land bank exam-

CAPITAL STOCK.

Sec. 5 .- \$750,000. May be owned by findividuals, firms, corporations and the United States and state governments.

-All stock remaining unsubscribed 80 days after subscription books are opened shall be subscribed by the United States and thereafter mly the United States government prowers may acquire shares of stock.

Sec. 5.—United States government snot to participate in dividends. All other stockholders share dividend Sec. 5.—The original capital stock

shall be gradually retired after the stock held by farm loan associations shall amount to \$750,000.

Bec. 5.—Not less than 5 per cent

of capital shall be invested in United

POWERS.

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

-To receive from farm loan acciations interest and am payments on mortgages and farm loan

Sec. 18.-To acquire and dispose of real and personal property necessary for the convenient transaction of busi-ness; and lend taken in artistaction of debts or purchased under industrial lebts or purchased under judgments, secrees or mortgages held by it. Shall

not hold title exceeding five years.

Sec. 13.—To accept deposits of securities or current tunds from membe elations but pay no interest there

e. 13.-To borrow money on surity and pay interest thereon.
Sec. 18.—To buy and sell United

States bonds.
Sec. 18.—To appraise lands for bone Sec. in. 10 appreciate and bor-owers the cost of land appraisal, or-mining titles, recording and other le-nal from self from to be patd in cash

FEDERAL FARM LOAN ACT for be made part of loan and paid in amortization payments.

Sec. 14.-To accept mortgages only from farm loan associations and ap-

proved agents. Sec. 14.-To accept deposits of cur-

rent funds only from its stockholders. Sec. 6 .- To become financial agents of United States government and depository of public money. Public de-posits cannot be invested in mortgages 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 issu 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

17.-No issue is authorized Sec. without the approval of the farm loan board.

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

TAXATION.

Sec. 26.-The capital stock, surplus, mortgages and farm loan bonds and all income derived therefrom are exempt from federal, state, musicipa 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 pay agent for actual expenses for ap proising land, examining titles, executing and recording the mortgage papers which shall be added to the face

Sec. 15 .- Agents shall indores and ecome liable for the payment of the loans they negotiate and the aggre 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 Sec. 15.—All collections made shall be remitted without charge.

SPECIAL PROVISIONS.

Sec. 22.-Amortization and other ayments constitute a trust fund to be nvested as follows: ,(a) To pay off maturing farm loat

(b) To purchase farm loan bonds.
(c) To lend on first farm mortgages

within the district. (d) To buy United States govern

Sec. 28.—Reserve and dividends: No limit is placed on dividend distribution 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 invest ed as prescribed by the federal farm

Sec. 27.—Farm loan bonds are lawful investments for fiduciary and trus 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 dis-solution and the appointment of a re-

celver. Sec. 14.—No commission or charge ot specifically authorized in this aci shall be demanded or received.

NATIONAL FARM LOAN ASSOCI-

ATIONS

ORGANIZATION. Section 7.—Ten farm owners desiring loans aggregating \$20,000 or more

ing loans aggregating \$20,000 or more may form such an association.

Sec. 7.—Its affairs are scholalstered 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

CAPITAL STOCK

Sec. 8.—Shares, 35 each; (P) carry-tog double liability; (S) may be owned only by borrowers who are required to subscribe 5 per sont of their lean in

the capital stock of the association which in turn subscribes an equal mount of stock in the federal

Sec. 8.—Shares are paid for in cash or (9) the amount may be added to the face of the loss and retired in amorti-sation 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 mortrage through its loan committee of

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

Sec. 11.-To receive and deliver the proceeds of loans to borrowers.

Sec. 11.—To acquire and dispose of

property necessary for the convenient ransaction of its business. Sec. 11.-To issue certificates of deposit 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 payments.

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 ears with amortization and with ad-

ditional 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 per cent simple interest on defaulted ayments. Sec. 12.—Loans may be made for the

following purposes and for no other inder penalty: (a) To purchase tand 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

provement of farm lands. (d) To pay debts existing at time of rganization of the first national farm onn association within the county Sec. 12.—Maximum loan \$10,000; minimum lonn \$100.

Sec. 12.-No loan shall exceed 50 per 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

iny person who is not at the time or shortly to become engaged in the cultiration of the farm mortgaged. Note,-All applications for loans originate with the national farm loan

associations or agents and all loans are made and closed by the federal land banks. This does not apply to joint stock land banks.

TAXATION.

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 piaced on dividend distri butions after the reserve account, built up from net earnings equals 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

JOINT STOCK LAND BANKS

ORGANIZATION

Section 16.—A private corporation ubject to the requirements under this act which may be formed by ten or more persons with a board of directors of five or more.

state in which its principal office is located and within some one contingu-

Sec. 28.—Subject to semiannual ex-minations by the federal land bank examiner.

CAPITAL STOCK.

Sec. 16.—\$250,000 minimum. Sec. 16.—Double Hability of share

Sec. 16.—The United States govern sent shall own none of the shares

Sec. 16 .- No farm loan bonds can b issued until the capital stock is fully paid, although the bank may begin business when one-half of the capital s subscribed and paid in cash.

POWERS.

Sec, 16.-To lend money on farm sec. 16.—To issue and sell farm loan Sec. 16.—To have farm loan bonds

up to 15 times the amount of its capi tal and surplus. Sec. 16.-Except as otherwise pro vided it has the powers of and is sub-ject to the restrictions imposed or 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 in-

the purposes prescribed for antiquel farm loan associations.
Sec. 16,—Loans may be made to

farm owners regardless of whether engaged in cultivation of the land mortgaged or not.

Sec. 16 .- Interest on loans shall not exceed more than 1 per cent, the in-terest 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 recelved.

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 per cent interest per annum. Sec. 16.—Honds shall be so engraved be readily distinguishable from

federal land bank bonds Sec. 19. - Mortgages and United States government bonds equal in amount to the farm logn bonds issued

are retained as collateral security by the land bank registrar. Sec. 17.-No issue is authorized without the approval of the farm

Sec. 27.-Federal reserve bance are authorized to buy and sell the bonds of joint stock land banks. 22.-Substitution of mortgages

and United States government bonds held as collateral to farm loan bonds is permitted. Sec. 27.-Its bonds are lawful investments for fiduciary and trust funds and security for all public deposits.

TAXATION 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 munic-

ipal 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 government.

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 Sec. 18.—Shall receive no deposits

except public deposits,
Sec. 22.—Amortization and other payments constitute a trust fund to be avested as follows:

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

(c) To lend on first mortgages with-its prescribed field. (d) To purchase United States gov-Sec. 23.-Reserve and dividends pro-

Sec. 29.—Provision is made for disolution and the appointment of a receiver.

THIS DEALER HAD REAL TACT Stout and Thin Customers Use Special Mirrors in Wearing Apparel Establishment

A dealer in wearing apparel, noticing at his stout customers and his very thin customers often were sensitive as to their figures, installed two full length mirrors of special design, says Popular Mechanics magazine. One was slightly concave and the other slightly onvex. When a stout customer tried on a suit 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. Who a thin person came in to try on clothes she was taken to the convex mirror, where the opposite effect was pro-

Only Moistened His Lips. Omer Scudder, a Columbus real es-tate and insurance agent, told some of the other business men who have of-fices in the Bassett building that he

was hot. They agreed that they were just as hot as be was. "I can eat all the ice cream you fellows are willing to buy." Scudder

declared. The others made up 60 cents and sent out for a half 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 pinces of business. - Indianapolic

The Three Philosophera.

For the first time in their lives three genuine, sincon-pure philosophera went out ridius in a motor car. After they had ridden about twenty miles out in the country the car broke down. Said the first philosopher: "I 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 furnhouse over there where food can doubtless be obtained in sufficient quantities." Said the third philosopher: "I have long wanted to be in a situation where, without moving, sustanance would be brought to me by one friend, while the other discounsed on the beauties of mature."—Life.

LABOR CONDEMNS SALOON.

"The time has come is this country when ever men who take an occasion al drink and feel it their right and privilege to do so, if they please, are coming to agree that it is not right for a man to make it his busi ness to cultivate the vices of a community, and to take from men money that belongs to their families, giving them in exchange liquid madness, bru-

tality, insanity and damnation." These words were spoken by Rev William B. Millard in an address at remarkable labor meeting held in Garrick theater, Chicago. "The labor union, like the church," continued Mr Millard, "should regard the open saloon as its greatest enemy. has come, may is so near, that the rosy radiance of the glorious dawn aiready greets our eyes, when the saloon will abolished and the barkeeper out wed, so that a man may no longer be waylaid on payday and sent home to his broken-hearted wife and terrifled little ones a raging, loathsome

Tremendous applause greeted these entiments. The theater was packed to utmost capacity with representa-

RED ROSES INSTEAD.

The place formerly occupied by one of Spokane's most notorious saloons is now a "brilliantly lighted, clean amelling" market where "chops, cab-bages and groceries replace the foaming brew" once sold there in great At the same counter where "red noses" were formerly in line, a fair maiden now dispen-"red roses," and at the site of the former "big bar," young men are now busy dealing out fresh meats of all kinds. Nobody but the former brew and saloonkeeper complains that "business is ruined under prohibi-"Spokane is feeling right smart pert under prohibition, thank you!

CUTS CITY'S EXPENSES.

Mayor Anderson of The Dalles, Ore gon, furnishes this bit of testimony: the prohibition law went into effect all lines of business have improved This changed condition is particular ly noticeable in groceries and mean markets, both cash business and collections showing a marked gain. The following figures are taken from our official records and show the effect

of prohibition on the police court: Arrests for Drunkenness.
Jan. and Feb., 1912, 42...
Jan. and Feb., 1913 84...
Jan. and Feb., 1914, 197.
Jan. and Feb., 1915, 67...
Jan. and Feb., 1926, 2... Cost of Feeding

vided for as in the case of federal land TESTIMONY FROM ILLINOIS.

According to the records of the po-lice officials in Illinois dry cities have 75 per cent less crime to contend with than wet cities of the same size. Aurora, while under the saloon administration, had 1,005 arrests for drunken

ness, while in dry Rockford, with the same population, there were only 719 Wet Joliet had 1,682 arrest for drunkenness while dry Decatur had Both towns are of the same size

Still another instance was the 3,819 ar rests in East St. Louis as against 454 in dry Galesburg. The reports show that the shajority of these arrests was due to the introduction of liquor from

the surrounding wet territory.

EETOTALERS WIN. In Germany a walking contest was conducted over a course of 62 miles Eighty-one men entered the contest of whom only 24 were abstainers, the first four men who crossed the line were abstainers. Of the ten prizewinners, six were teetotalers and two had been abstaining for some time while in training. More than half of the non-abstainers fell out by the way,

THEY WORK ANYWAY. "It's the women," growled a portly saloonist. "They are behind all of this. They will find out. If they are going to run things, we are going to let them work." Whereupon, his quick witted listener remarked, "The wives of drinking men always have had to work. If they have to choose between a sober husband and work, or a drunk en man and work anyway, I think they will take the dry man."

LAW WELL ENFORCED. Following various rumors that the prohibition law was being violated the chief of police of Centralia, Wash., of fered \$20 reward from his own pure for information leading to the convic tion of a bootlegger. The ch clares there is not one in the city. To a man who said he could get whisky, the chief gave a dollar to buy a bottle. The dollar was later re

MEN BUYING MORE CLOTHES.

"Last year I hired a man to go out and work against state-wide prohibiand work against state-wide prohibi-tion. If it were to be voted upon again, I would employ a man to go out and work for it. My business has in-creased 25 per cent since January 1."

The man who said this is in the

tailoring business in Portland, Ore. EFFECTS OF LIQUOR.

emperance Sunday School

By E. O. HELLERS, Acting Director the Sunday School Course of the Moo Bible Institute. Chicago.) (Copyright, 1918, Western Newspaper Union

LESSON FOR AUGUST 20

RIOT AT EPHESUS.

LESSON TEXT-Acts 19:23-41.
GOLDEN TEXT-The love of money to
the root of all kinds of evil.—I Tim. 6:10. Teachers ought to have good maps and keep before the minds of their classes both the ancient and modern unmes of the places Paul visited. Paul esided at Ephesus nearly three years. A. D. 53 to 56. The events of this lesson occurred about three years after

our last lesson in Acts. I. The Missionary Work of Paul (vv. 1-10). How long Paul remained at Antioch after his second journey we do not know, but having passed through the "upper coast" he came to this city of Ephesus, which was an important city and a great mission field. In Revelations 2 and 3 is a list of the churches which he evangelized from this center. It was a great and effectual door for him (I Cor. 6:9; read also Acts 20:17; 2:35). In this city Paul found a religious guild of 12 members (see vv. 2-7), whose religlous experience needed the enrichment of the Holy Spirit; a like need is ever

before the Christian church. II. The Miracles Wrought by Paul (vv. 11-20). Ephesus was a center of magic and witchcraft, and special power was given Paul to work mira-cles which confounded the magicians in this, their stronghold. The Gospel proves its power most and best by transforming the characters of men Deeds of love and service are the best proofs of Christianity, and these are the things which awaken heathen nations to seek after the Christian relig-But such deeds are often imitated as in this case. (See v. 13.) However, only the real spirit of Christ can work the true workings of the Gospel, and thus the name of the Lord Jesus was magnified in Ephesus. Imitation is often the sincerest form of finttery.

Work (vv. 21-41). The first result of Paul's work was the burning of the books of magic (vv. 18-20). Many who had been dupes of the magi censed their secret practices and de clared their wrongdoings in this pub-lic manner. Literally, book after book was thrown into the fire, much the same as in Florence Savonarola had his "bonfire of vanities." Paul's won derful success had to have its testing before he left. The Gospel "way," the way of salvation, of true living, is sure to create a stir sooner or later. Preach the Gospel faithfully and fully, and it will stir up any community. It is not necessarily a bad sign when things begin to be disturbed. It may ting hot. The good results of reviv-als do not hurt business, but they do hurt the devil. So that "big business" was intensely stirred up in the city of Ephesus. Demetrius their leader nttered a striking and truthful com-mendation of Paul (v. 26), although it was entirely unintentional. (See I Thess, 1:9-10). Demetrius does not seem to seek to controvert the preach-ing of Paul, or that it did not square with the word of God, but rather that it would interfere with financial con siderations. The modern world is full of descendants of the Ephesian silversmiths,-politicians and business infairly respectable citizens who receive rents from such business, or from immoral or unsanitary properties, and who cry out against any reform which interferes with trade and money make ing. There are many today who are very enthusiastic religionists if they can coin money out of it or get into

At this theater meeting (Paul was not present, vv. 29, 81) Demetrius appealed (1) to wealth, (2) to religion, (8) to the honor and fame of the city, and (4) he also made an esthetic appeal, (vv. 25, 26, 27). The Jews put forward one of their number, Alexander, to make a defense unto the pe ple, and to show that they were not in sympathy with Paul and his com-panions in their preaching against the worship of Diana or that as Jewish hope to destroy the worship of Dians and the business interests of that city. Their effort, however, only stirred the mob to a larger shout, "Great is Diana of the Ephesians," which lasted for two hours.

Those who yell the loudest think

those who yell the loudest think they are sure to prove their point, though in such a way the point does not stay proved. Paul combines fear-less courage and humble common sense, and, while he fain would a peal to the mob (v. 30), he refrain. The mob must soon awaken to t manliness and spirit of Paul's so maniness and spirit of Paur's sou It was the town clerk who interfere (v. 35-41) and by skillful managemen quelled the excited mob. He was th temple the per and showed that the woranits of Dians was so settled in Ephenus that so company of Jew could overthrow it, and that it