

B I L L

S E C T I O N _____ That for the purpose of creating a fund to form the basis of national system of farm mortgage credit, and provide the farmers of the United States with larger credit and lower interest the Secretary of the Treasury is hereby authorized and directed to receive deposits from the public generally to the amount of five millions of dollars, and he may in his discretion increase the limit of said deposits to ten millions of dollars. Such deposits shall be set apart as a special and separate fund, and shall be known as "The National Farm Mortgage Loan Fund". Said deposits shall draw three per centum per annum interest, and the Secretary of the Treasury is hereby authorized to pay the said interest, and the funds necessary to make such payments are hereby appropriated out of any money in the Treasury not otherwise appropriated. Certificates shall be issued to depositors in such form as the Secretary may prescribe. Any deposit may be ~~ix~~ withdrawn after the expiration of ten years from the date of the deposit, and at the option of the

Secretary may be paid at any time after the expiration of five years from the date of the deposit. But the Secretary is authorized to receive additional deposits in lieu of withdrawals. Certificates of deposit may be assigned or transferred under regulations prescribed by the Secretary. Reasonable notice shall be given by the Secretary as to the time when such deposits will be received, and of the terms and conditions upon which said deposits shall be made.

The Secretary is authorized and directed to deposit the National Farm Mortgage Loan Fund in one or more banks or trust companies which shall pay three per centum annual interest upon the average monthly balances on deposit during the year.

Any bank or trust company receiving such deposits shall secure the same by depositing with the Secretary National Farm Mortgage Bonds in such amount as shall be required by the Secretary, but in case such bonds can not be purchased in the market without paying excessive prices therefor the Secretary may accept other security in lieu of such bonds.

The National Farm Mortgage Loan Fund upon deposit in such banks shall be paid out on the order or check of the Commissioner of Farm Credits when duly countersigned by the Secretary of the Treasury or by some officer in the Treasury Department duly authorized by the Secretary to countersign such orders or checks.

The interest paid by banks or trust companies on the National Farm Mortgage Loan Fund shall be transferred

by the Secretary into the Treasury of the United States to such an amount as may reimburse the Government for interest paid to depositors in the National Farm Mortgage Fund. Should such interest be insufficient to fully re-imburse the United States from time to time for interest paid on deposits in the National Farm ~~Mortgage~~ Mortgage Loan Fund, the Commissioner of Farm Credits shall use the interest paid by banks on the "Guarantee Fund", so far as the same may be necessary to reimburse the United States for money paid out in interest on said National Farm Loan Mortgage Fund. Should the above sums be insufficient to pay the amount paid by the United States on interest as aforesaid, the Commissioner of Farm Credits is authorized to pay the balance due out of any funds accruing from profits of the business conducted by the Farm Credit Bureau.

SECTION That when the National Farm Loan Mortgage Fund shall amount to one million of dollars or more the Commissioner shall proceed to loan said Fund to bona fide farmers of the United States, or to persons desirous of becoming actual farmers. All such loans shall be made under the restrictions and limitations hereinafter set forth, and upon such other restrictions and limitations, and under such ~~other~~ rules and regulations as shall be prescribed by the Commissioner of Farm Credits or the Secretary of the Treasury under the authority herein given. Loans shall be classified as follows: Class A, shall include all loans exceeding five years and less than thirty-five years; Class B. shall include all loans for not less than one year and for not more than ~~five~~ five years. The Commissioner shall give due notice of the time and terms upon which loans will be made. In making loans the same shall be ~~equally apportioned~~ ^{equitably apportioned} among the States, and the funds fairly distributed as between the two classes of loans. Loans in Class A shall be made at not to exceed three and one-half per centum per annum interest and an annual/~~amortization~~ ^{amortization} fee paid on the principal sufficient to pay the same at the expiration of the loan, not to exceed one-half of one per centum per annum. Loans in Class B shall be made at not to exceed four per centum annual interest, without any amortization fee, but the borrower shall have the privilege of paying any portion of the principal at the time of any interest payment.

S E C T I O N That whenever the Farm Credit Bureau shall have made loans of Class A to the amount of one million of dollars or of Class B to the amount of one million of dollars, he shall deposit the mortgages and notes secured thereby with the Secretary of the Treasury, who shall issue a certificate to the Commissioner of Farm Loans, certifying to the fact that such notes and mortgages have been delivered to him as security ~~Secretary~~ for the bonds to be issued thereon, and authorizing the Commissioner of Farm Credits to issue to the amount of the face value of said mortgages and notes secured thereby bonds in two series corresponding to the class of loans, and said Bonds shall be issued in the name of the Bureau of Farm Credits, signed by the Commissioner of Farm Credits, and shall be known as National Farm Loan Mortgage Bonds. Class A bonds shall bear three per centum interest payable annually and class B bonds shall bear three and one-half per centum interest payable annually. The Commissioner of Farm Credits, under the approval of the Secretary of the Treasury, shall prescribe the form of ~~the~~ such bonds, and the same shall be printed by the Bureau of ~~Printing~~ Printing and Engraving, under the direction of the Secretary of the Treasury. Said bonds shall be issued in denominations of from twenty-five to five hundred dollars each, and the said Commissioner shall sell said bonds for the face value thereof to any persons applying therefor, preference being given to those desiring small investments. He may sell the same direct to the purchaser or utilize banks or other agencies therefor, but in no case shall he allow more ~~xx~~ than one-fourth of one per centum upon the

par value thereof as commission for selling said bonds. The proceeds from the sale of said bonds and the principal and interest paid on notes and mortgages, shall be covered into the National Farm Loan Mortgage Fund and used in making additional loans and in the payment of interest on bonds, or in the payment of such bonds at maturity, or in such other purposes as may be provided for ~~in~~ herein.

GUARANTEE FUND

S E C T I O N That for the purpose of creating a fund to guarantee the prompt payment of bonds and interest thereon, issued under this Act, a special fund is created as follows: One-fifth of one per centum of all interest paid on notes and mortgages, until the same amounts to ten millions of dollars, shall be set apart as a separate fund and shall be known as the "National Farm Loan Mortgage Gurantee Fund", referred to hereinafter as the "Guarantee Fund"; P R O V I D E D, That in the in the discretion of the Commissioner of Farm Credits on the approval of the Secretary of the Treasury said Guarantee Fund may be increased in the above manner to such amount as may be necessary to provide ample security for the payment of said bonds and interest and fully meet any and all losses by reason of the non-payment of mortgages and notes secured thereby.

The Guarantee Fund shall be placed in the Treasury of the United States and held as a trust fund to be used by the Commissioner of Farm Credits in the payment of any bond or interest thereon when due in case at any time the regular payment on notes and mortgages shall be insufficient therefor.

The Secretary of the Treasury is hereby authorized and directed to deposit said "Guarantee Fund" in such State and National Banks as will pay the highest rate of interest thereon and the interest derived therefrom shall be credited to and placed in the "Guarantee Fund" and shall become a part thereof; P R O V I D E D, That any portion of said interest which may be necessary may be used to reimburse the United States for interest paid out to depositors in the "National Farm Mortgage Loan Fund".

The Banks receiving any portion of the "Guarantee Fund" as deposits shall secure the same by depositing with the Secretary of the Treasury "National Farm Mortgage Bonds" of face value equal to such deposits.

Should any portion of the "Guarantee Fund" be used to pay the interest or any part of the principal on any note secured by mortgage upon which there has been a default in the payment of any part of the principal or interest, any payment made on such note or mortgage thereafter or collection thereon shall be applied first to reimburse the "Guarantee Fund" in the amount of money used to make good the default aforesaid, and the balance of such payments or collections shall be placed in the National Farm Mortgage Loan Fund.

BANKS AUTHORIZED AGENCIES

S E C T I O N All National and State banks, including trust companies and Savings Banks, are hereby authorized to act as agencies of the Farm Credit Bureau to receive and transmit applications for loans, to furnish to the Bureau information as to the value of lands covered by applications for loans, or as to other matters pertaining to said loans, to receive from the Bureau and pay to the mortgagor the money borrowed, sell National Farm Loan Mortgage Bonds, and to do such other acts as shall be authorized by the Commissioner of Farm Credits, under the approval of the Secretary of the Treasury.

For services rendered by any bank in connection with any loan under the foregoing section the Commissioner of Farm Credits is authorized to pay to such bank any sum not to exceed one-fourth of one per centum on the amount of said loan, and one-eighth of one per centum on the face value thereof for the sale of National Farm Loan Bonds.

It shall be unlawful for any bank, or officer or employee thereof to make any charge or to receive or accept any pay whatsoever from the mortgagor for any service rendered in receiving a loan from the Bureau of Farm Credits.

BUREAU OF FARM CREDITS

S E C T I O N That the Bureau of Farm Credits in the Treasury Department and the Office of Commissioner of Farm Credits is hereby created. The Commissioner of Farm Credits shall be the chief officer of said Bureau and shall have such powers and perform such duties as are herein conferred upon him. He shall receive a salary of six thousand dollars per annum, and his term of office shall be for a period of six years. The office of Deputy Commissioner of Farm Credits is hereby created. He shall receive a salary of four thousand dollars per annum, and his term of office shall be for a term of six years. In case of a vacancy in the office of the Commissioner, or in case of his absence or inability to perform the duties of his office, the Deputy Commissioner shall become the Acting Commissioner, and should there be a vacancy at the same time in the offices of both the Commissioner and Deputy Commissioner, or should both of said officers be absent, or unable for any reason to perform the duties of their offices, the Secretary of the Treasury may designate some one in the employment of said Bureau as Acting Commissioner.

The Commissioner of Farm Credits and the Deputy Commissioner of Farm Credits shall be appointed by the President, by and with the advice and consent of the Senate, and before entering upon their duties shall take and subscribe the oath of office and the Commissioner shall give to the United States a bond in the sum of \$50,000 and the Deputy Commissioner shall give a bond to the United States in the sum of \$30,000,

with surety or surities to be approved by the Secretary of the Treasury conditioned for the faithful discharge of the duties of their respective offices, and said officers shall give such additional bond as may be required by the Secretary of the Treasury.

The Commissioner shall adopt the seal of office to be approved by the Secretary of the Treasury, a description of which seal, together with an impression thereof and a certificate of approval thereof by the Secretary of the Treasury, shall be filed in the office of the Secretary of State.

ASSIGNMENT OF ROOMS

S E C T I O N The Secretary of the Treasury shall assign to the Commissioner the necessary rooms for conducting the business of the Farm Credit Bureau, and shall provide such office with safe and secure fire-proof vaults and such other furniture and equipment as may be necessary for the proper transaction of the business of such Bureau.

The Secretary of the Treasury shall appoint and classify all the necessary assistants, clerks, and employ-~~ees~~ees to properly conduct the business of the Farm Credit Bureau under the direction of the Commissioner.

It shall be unlawful for the Commissioner or the Deputy Commissioner, or for any clerk, officer or employee in the Bureau of Farm Credits or under the direction of the Commissioner, either directly or indirectly to secure loans under the provisions of this Act, or to be interested financially therein, or to purchase or own or have any interest whatever in any bond or other security issued under the provisions of this Act, or to be ~~interested~~ in any way directly interested in any of the business transactions of the Farm Credit Bureau.

LOANS

S E C T I O N Every loan made under the provisions of this Act shall be secured by a first mortgage or first deed of trust on farm land.

Loans may be made to complete the purchase of agricultural lands mortgaged, to improve and equip such lands for agricultural purposes, and to pay either personal or mortgage indebtedness of applicants.

No loan shall be made in excess of fifty per centum of the value of the land mortgaged to secure the same, if said land be improved and not in excess of forty per centum of the value of the land in other cases; the value of said land to be determined by appraisal under the provisions of this Act.

In every loan made the notes and mortgage secured thereby shall contain a provision for the amortization of such loan, or a provision that the principal sum due shall be reduced by annual or semi-annual payments: P R O V I D E D, that the loan extends over a period of more than five years.

Any loan may be paid off in whole or in part by the borrower at any interest period, and the same may be paid in cash or by the delivery of National Farm Mortgage Bonds to the amount due on said loan.

All notes and mortgages shall be made payable to the Commissioner of Farm Credits and he shall have all the rights, authority, powers, and privileges of a mortgagee under the laws of the United States, or under the laws of the State wherein the mortgaged land may be located, or wherein the mortgage was

BONDS

S E C T I O N All National Farm Mortgage Bonds, issued under this Act, shall be payable at a date specified and shall be subject to call at par, at any interest period after the date of issue or after a specified time by such proper notice and advertisement as may be provided by the Secretary of the Treasury.

 All National Farm Mortgage Bonds issued under this Act shall be protected by deposits with the Secretary of the Treasury as security therefor, of at least an equal amount on the face value of first mortgage or first deed of trust farm loan and notes secured thereby maturing not less than five years after their date.

 That as the amortization payments are credited upon the first mortgage or first deed of trust farm loans deposited as security, the National Farm Mortgage Bonds issued by the Bureau of Farm Credits and secured thereby shall be called and paid, or purchased in the open market and retired by the Commissioner of Farm Credits to the extent of the credits made upon such first mortgage or first deed of trust farm loans held as security for the same, and the Commissioner of Farm Credits is authorized and directed to carry into effect the foregoing provisions.

 When any mortgage and notes secured thereby upon which bonds have been issued shall be paid before due, the Commissioner shall, under the supervision of the Secretary of the Treasury, withdraw the same and deliver the same to

the mortgagor and release said mortgagor on the record:
P R O V I D E D, That before withdrawing said notes and
mortgage he shall deliver to the Secretary in lieu thereof
notes and ~~mortgages~~ mortgages of at least equal face value,
falling due not earlier than the notes and mortgage so
withdrawn.

EXAMINATION OF FARM CREDIT BUREAU.

S E C T I O N The Secretary of the Treasury shall annually, and at such other times as he may deem it necessary, have an examination made of the Bureau of Farm Credits. Such examination shall be made by a National Bank Examiner, and the purpose of such examination shall be to ascertain the conditions of the business of said Bureau, the value of its notes and mortgages held as security for bonds issued thereon, the safety of its business methods, and to obtain such other information as in the judgment of the Secretary may be necessary to insure a wise and safe administration of said Bureau, protect the interests of both mortgagors and bond holders, give confidence in securities issued by the Bureau, and promote the success of the system of Farm Credits established by this Act. The Secretary in his annual report to Congress shall make such recommendations for additional legislation pertaining to said Bureau as he may think wise.

RULES AND REGULATIONS

approval of the
 SECTION The Commissioner of Farm Credits with the Secretary of the Treasury is hereby authorized and directed to make rules and regulations, and adopt plans for the carrying out of all the provisions of this Act, and the same when not in conflict with the provisions of this Act shall have the force and effect of law, and the Secretary of the Treasury shall make such rules and regulations as will safeguard the business transactions of the Bureau of Farm Credits, protect the interests of bond holders, guard against financial losses, and promote efficiency and economy in the business conducted by the Bureau of Farm Credits.

ANNUAL REPORTS OF COMMISSIONER

SECTION The Commissioner shall make an annual report to Congress, covering fully the business of his office for the preceding fiscal year, showing the amount of loans made, their distribution in the various States, the amount of bonds issued, the conditions of the National Farm Mortgage Fund, and the Guarantee Fund, the expense of the administration of his office, and such other information as may be prescribed by the Secretary of the Treasury, called for by Congress, or which may be deemed proper by the Commissioner.

NOTES AND BONDS EXEMPT FROM FROM TAXATION

SECTION That the notes, mortgages and bonds issued under this Act, and the income therefrom, shall be exempt from all Federal, State and local taxation, and such notes, mortgages, and bonds are hereby declared to be instrumentalities of the Government of the United States, and are author-

DISPOSAL OF REAL ESTATE

S E C T I O N That when any mortgagor shall make default in the payment of the principal, interest, amortization fee, or any other obligation due on his notes and mortgages, the Commissioner of Farm Credits is authorized and directed to enforce collection thereof, by suit or otherwise, and is authorized to take and hold title to any land taken through foreclosure proceedings, ~~XXXXXXXXXX~~ or otherwise, and shall dispose of said land at public or private sale within reasonable time, and shall in no case hold title to any tract of land to exceed five years, and in the enforcement of collection of notes and mortgages is authorized to ~~MAKE~~ accept less than the face value thereof in full payment when in his judgment such action ~~WX~~ would be best.

PRIVILEGES GRANTED TO NATIONAL FARM LOAN

MORTGAGE BONDS.

S E C T I O N That National Farm Loan Mortgage Bonds issued under this Act shall be available for the following purposes:

First. As security for the deposit of postal savings funds in all banks authorized to receive such deposits.

Second. As a legal investment for time deposits of national banking associations, as provided in the Federal reserve act, and for the funds accumulated in savings banks organized and doing business in the District of Columbia.

Third. As a legal investment for trust funds and ~~xxx~~ estates under the charge of or administered by any of the courts of the United States.

Fourth. As a security for loans from national banking associations to individuals, or corporations for not exceeding five years, to an amount aggregating not over twenty-five per centum of the capital and surplus or to one third of the time deposits of the national banking association making such loan. Such loans to be made and held by the national banking association making the same, as being within the provisions of section twenty-four of the Federal reserve Act, so as to permit national banking associations to lend to individuals or corporations on their obligations secured by their national farm loan mortgage bonds, in place of making the loan directly on farm lands, as provided for in said section.

Fifth. As a legal investment for the funds of

savings banks operating in any State, and of trust funds and estates held by or under the control of the courts of that State, and as a legal investment for the reserves of insurance companies incorporated under or operating under the laws of that State, when not in conflict with the laws of such State; P R O V I D E D, That the Commissioner of Farm Credits shall make only in such States wherein in his judgment the laws of such State relative to the recording of titles and the enforcement of mortgage liens are such as to afford all reasonable and proper protection to mortgagors.

Loan

INSURANCE OF BUILDINGS

S E C T I O N All mortgagors shall be required to keep the buildings upon the land mortgaged insured in some reliable company, the loss, if any, to be paid thereon to inure to the benefit of the mortgagee.

INSPECTORS AND APPRAISEMENT

S E C T I O N That every applicant for loan shall state under oath the fair cash value of the land proposed to be mortgaged, and shall file therewith a certificate from the proper officer showing the assessed valuation of said land at the assessment last prior thereto. He shall also file a statement by two of his neighbors, duly verified under oath, giving their judgment of the value of said land. The bank transmitting said application shall state whether or not the appraisement made by the applicant and his neighbors represents the fair cash value of said land.

The Commissioner of Farm Credits is authorized to appoint from time to time such inspectors as are necessary to make inspection of all lands before loans shall be closed thereon. Said inspectors shall be paid such salaries as shall be subscribed by the Secretary of the Treasury not exceeding fifteen hundred dollars per annum with a reasonable allowance for expenses. It shall be the duty of the Commissioner to devise such plans as will enable inspectors to make their appraisement with the least possible expense.

PENALTIES

S E C T I O N Any applicant for loan who shall make any false statement in his application, and any person who shall do anything which under the provisions of this act is declared to be unlawful shall be guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not less than twenty five dollars and not to exceed five hundred dollars, or be imprisoned for not less than thirty days and not to exceed six months, or by both such fine and imprisonment as the court may ~~XXXXXXXXXX~~ judge.

S E C T I O N This Act shall take effect on ~~XXXXXX~~ its passage and approval.