

RURAL LOAN PLAN CLEAR

Since President Wilson on Monday of this week signed the Rural Credits bill, formation of National Farm Loan associations in the Grande Ronde and Oregon in general may soon be promulgated. There are to be 12 federal bank districts into which the continental United States is to be divided by the Federal Farm board, and in each community where loans are desired, farmers band into associations and proceed with the detail of the loan.

Observer readers are no doubt interested in knowing how the plans work. The bill President Wilson signed this week calls for a federal land bank with \$750,000,000 paid up cash capital in each of 12 districts. The Farm Loan board which will do this is to be appointed by the President.

National Farm Loan Association
Ten or more natural persons who are the owners of farm land qualified as security for a mortgage loan under section 12 of this act, may unite to form a national farm loan association. Only borrowing farmers may join it. Each farmer must pay in \$5 for one of its shares for each \$100 he wishes to borrow. He has one vote per share, but not to exceed 10 votes in all. At least \$20,000 of loans must be applied for in order to incorporate such an association under the new act. It invests that money in shares at par of the federal land bank for its district.

The farmer applies for his loan to the national farm loan association of which he is a member. If its committee approves the loan, and the loan is ratified by vote of the directors, the association indorses the farmer's note (secured by first mortgage on his farm) and sends the papers to the land bank of which the association is a member. The land bank sends the full amount of the mortgage note to the association, and it pays the money over to the borrowing farmer.

Once the system gets going, it will be easy for any farmer to get a loan provided he is entitled to it. No loan may be for less than \$100 nor for more than \$10,000; for less than five years nor for more than 40 years. No loan may exceed 50 or 60 per cent of the value of the farm upon which a first mortgage is given to secure the loan. It is illegal under severe penalties for any officer, committeeman or member to accept any commission, fee, or perquisite of any kind for granting any loan. The national farm loan associations will be small neighborhood affairs, operating at almost no cost, as its secretary-treasurer is the only one who may be paid.

The borrower agrees to pay the interest on his note each six months, and also to pay a small installment upon the principal semiannually. If the interest is at the rate of 5 per cent per annum, a payment of some \$35 every six months on each \$1000 will, besides paying the interest leave enough to apply on the principal so that in about 33 years the debt will be discharged. This is possible because all saving in interest and the accretions from compound interest go to the benefit of the borrower.

Great Savings
One may pay off the debt faster if they wish, or the whole of it. When the debt is paid in full, the money the borrower invested in shares of the national farm loan association of which he is a member is returned to him in full. He also will have received interest on it meanwhile.

Money can be borrowed by this system in order to pay for agricultural land, for equipment, fertilizer, live stock, buildings and improvement, or to discharge a prior mortgage.

Federal Farm Loan Bonds
Each of these 12 land banks must be incorporated under the federal law by the federal farm loan board, which is to have general charge of the system. Its \$5 shares may be offered at par to associations, individuals, corporations or states. Any balance not subscribed for within 90 days from date of offering shall be paid up in cash by the federal government.

As the number of national farm loan associations in each district increases, their purchases of the bank's shares will reimburse the government for its advances. Only shares owned by member associations and by the government can vote. In due time, therefore, the bank's shares will be owned mostly by member associations composed solely of borrowing farmers. Hence the entire net profits, less the expense of administration, will accrue to borrowers' benefit. The only exception to this will be dividends upon such non-voting shares of the land bank as are held by others than the government and national farm loan associations within the district.

The Federal Land Bank
Against the security of the mortgages it holds, the land bank may sell an equal amount of its federal farm land bonds. The bank buys in and retires bonds with the installments of principal received from borrowers. It may sell bonds not to exceed 20 times the amount of its paid-up capital. Federal farm loan bonds, also shares in the federal land banks and in the national farm loan associations, are free of all taxation because the land bears the taxes. This, together with the fact that each borrower is constantly reducing his debt, makes the bonds one of the safest and most attractive investments for any sum from \$25 up. Therefore, federal farm loan bonds should in time sell at par, even if they bear only the same rate of interest as state or government bonds, say 3 or 4 per cent.

The land bank may charge the borrowing farmer only 1 per cent more

than the rate it gets on its bonds. This margin of one point to cover expenses and profits. The law also provides that in no case may the interest charged borrowers exceed 6 per cent. When the time comes that these tax-free bonds, bearing 3 per cent sell at par, the farmer whose mortgage note secures the same may be required to pay not over 4 per cent interest. As the borrowers own the shares in their associations, which own most if not all of the shares in the land banks, any profits of the system will accrue to borrowers' benefit.

Locations Discussed Early
A few days prior to the time the bill became a law, Orange Judd Farmer came out with an appeal to have farmers of the Northwest work for location at Aberdeen, S. D., of the most northwestern central bank. The periodical, devoted to farm topics goes on to say:

St. Paul Also Advocated
"Minnesota and Wisconsin should form one federal land bank district, the two Dakotas, Wyoming and Montana should form another district. Under the present federal reserve law, all of this large area, except southern Wisconsin, constitutes one federal reserve district. But that is no reason why this vast territory should be limited to one of the proposed federal land banks. Orange Judd Northwest Farmstead suggests that the whole country be districted.

"This would locate at St. Paul the federal land bank, with \$754,000 paid up cash capital, which is to cash the farm mortgages offered to it by the many national farm loan associations that may be formed throughout Minnesota and Wisconsin. There were about 111,000 mortgaged farms in these two states, according to the federal census of 1910, the debt on which amounted to \$225,000,000.

"The thriving city of Aberdeen, S. D., is the natural appropriate center at which should be located the \$754,000 federal land bank for the district consisting of the two Dakotas, Montana and Wyoming. The census showed about 36,000 mortgaged farms within this territory, upon which the debt was about \$97,000,000. Settlement since has largely increased the total number of farms, as well as the number mortgaged and the aggregate debt.

"The boundaries of land bank district No. 12 closely coincides with those of federal reserve district No. 12. This district had 60,000 farms mortgaged for \$132,000,000, according to the census. Sacramento is suggested for the location of the land bank because it is more central than San Francisco, while the latter already has the federal reserve bank. The other reserve bank is at Minneapolis, so the land bank should be at St. Paul. As a matter of fact, there is no reason why the land bank should be located in any large city.

"Nothing less than the subdivision above described will satisfy this vast region from the lakes to the Pacific. Yet our farmers can hardly ask for more, in view of the needs of the rest of the country, since the number of these farm mortgage banks is to be limited to 12, at least for a term of years.

"The new Federal law for reforming farm mortgage finance, will be beneficial according to the extent to which present or would-be farmers take advantage of the opportunities it offers them. Hence the suggestion that farmers who wish long time mortgage loans at a reasonable rate of interest and upon easy terms of repayment, start at once to form their preliminary organization toward such purpose.

"By the time a number of the preliminary organizations are completed, such as is here suggested, the federal reserve board may have been appointed. Soon thereafter it may be able to forward official instructions to each preliminary group. Then the latter may proceed forthwith to incorporate as a national farm loan association, through which its farmers may obtain loans readily, as described on this page. The preliminary groups also may be helpful in seeing to it that the land bank districts are laid out and the land bank for each district so located as best to accommodate the farmers of the American Northwest.

"The farmer pays the taxes upon his real estate. It cannot escape taxation. Usually it is assessed for taxation close to the figure at which it would sell.

"Now, if the lender has to pay a tax on the note or mortgage given by the farmer, the rate of interest is correspondingly increased and the borrower is doubly taxed.

"But if no tax is imposed upon the farmer's note and mortgage, or upon the bond secured thereby, there should be a corresponding decrease in the rate of interest which the lender or investor is willing to accept. This double taxation is avoided, and inducement is offered the lender to accept still lower interest rates.

Not Jointly Liable
"It should be distinctly understood by the farmer that, when he joins the national farm loan association in his vicinity, his liability for its debts is strictly limited. For each \$100 you wish to borrow through it, you invest \$5 in its shares. Should it fail or suffer any loss, the most you could be called upon to pay would be another \$5 on each share. Your farm itself is liable only for the amount of the mortgage thereon. Neither you personally nor your land is bound up by any joint and several obligation.

"Farmers should be quick to organize to make the most and best use of the new federal farm loan system. What they have to do is simple, practical, businesslike. Farmers should not delay to organize their own little local farm loan associations. Such may be incorporated under the new law in due time.

"Unless this is done, the joint stock land banks, which the new law also authorizes, may get in ahead of the farmers' co-operative mortgage societies and exact high rates."

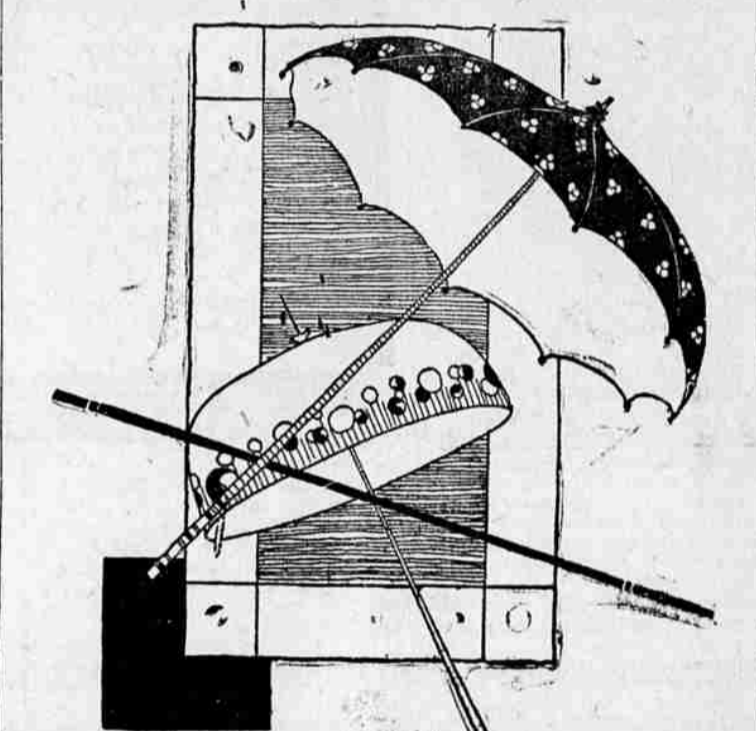
LUNA VEIL CRAZE RUNS AMUCK

FALL HAT—SUMMER DAY!



A lingrie frock never looks so delicate and cool as when crowned by a stunning black velvet hat. The sauciest thing about this Tam is the trimming—a white quill and strips of white taffeta set irregularly in the black velvet.

CANE GONE! IN COMES CANE-PARASOL!



If you have a cane—don't carry it! Hang it in the closet beside last year's frock—it's just as much out of date. No proper lady in London or New York carries a cane any more. She twirls a stick however, but it is a parasol stick, a saucy thing of jet,

(BY MARGARET MASON)
Lovely moonfaced maiden
In your Luna veil
The moon of you is jealous
And turns with envy pale.

New York, July 21.—If John Armstrong Chalmer should ask "Who's Luney now?" we should all have to answer, "We all are simply luney over the new Luna veils."

They go to greater lengths in the original veil lines than anything we have been offered for many months. Of two and a half yard lengths of hemstitched chiffon, the Luna veil has an inset of exquisite lace veiling, either white or black, round as the full moon and about half a yard in diameter. This is for your face to peep seductively through while the rest of the chiffon folds swathe your head and throat in gracious and diaphanous manner.

Not in a blue moon have you seen anything so lovely as a Luna veil of azure chiffon inset with black lace. A white one with a black inset is striking and one yellow as Luna herself has a black lace opening also, while a wonderful rose shade has either black or white to choose from. These veils are worn not only for motoring but unusually are adapted for moonlight night wear or even on those nights when Diana hides her face in pouting jealous of earth's fair daughters.

They really are intended for any dress occasion when one goes unattended. The lace disk is worn over the face while the chiffon protects the coiffure and acts also as scarf around your throat and bare shoulders.

A new veil for motoring exclusively comes in the most vivid shades of chiffon and is three yards long. It has an elastic sewed in a circle over your motor hat and forms a puff of veiling over the crown while part of the width falls over the front of the face and the other in the back. The long ends are then knotted under your chin and allowed to float in the breeze and if you choose to sit in the front they may incidentally get all tangled up in the steering wheel.

Following the fad for stripes there are also chiffon veils of white, strip-

long and slender. The canopy may be scarlet or green or blue, though many of the new sun shades are in the delicate pastel shades with applied trimming of silk in colors. Notice the length of the sticks, and the form of the "shades" in the cane-parasols pictured here.

ed widely in either blue, rose, green, yellow or mauve.

On the face of things veils continue fine, of mesh with delicate lace borders or all over traceries. Because of the huge dimensions of this season's favorite hat the face veil is of a necessity put on first, next to the head and under the chapeau.

Alas, it is oft too true that most of us have nothing much else under our hats but our veils.

Forecasts Overseas Aeroplane Service

New York, July 21.—An overseas aeroplane service between Europe and America and veritable aeroplane armies in the clouds on European battlefields are expected by a French aerial expert who talked about the probability today to materialize within the present year. He pointed to the trip of the giant submarine from Germany to Baltimore as justification for what might otherwise be termed a wild guess. "There are going to be flocks and flocks of aeroplanes used on both sides and aerial battles, with aeroplane armies, will become important features of the great war," said he. "How to transport guns and ammunition by air is a matter that is receiving expert attention now. Aeroplanes are being used that can carry a five hundred pound bomb and they are so steady and safe that when the bomb is dropped the pilot does not note any lightening of the load. To be able to transport light cannon in this way from one part of the line to another would be a tremendous advantage and it is safe to prophesy that this will be done before long. Clouds of aeroplanes are going to darken the sky before the war is over, and some of them will be huge air transports in overseas commerce. The aeroplane has only begun to be used."

A Thrifty Pedagogue.

Chas. Biber kept on his work teaching school while his 10-acre tract of loganberries near West Stayton were coming into bearing. Others in that vicinity plowed up their loganberry patches and now Mr. Biber has contracted to sell all his output at Salem at \$60 a ton.

Use our Want Ad column.

Professional Directory

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A. F. & A. M.—La Grande Lodge No. 41, A. F. & A. M. holds regular meetings first and third Saturday at 7:30 p. m. Cordial welcome to all Masons.
ROBERT S. EAKIN, W. M.
A. C. WILLIAMS, Sec.
- B. P. O. E. ELKS, La Grande Lodge No. 433. Lodge meets each Thursday evening at eight o'clock. Home and club privileges cheerfully extended to all Brother Elks.
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ADNA B. ROGERS, Secretary.
- KNIGHTS OF PYTHIAS**—Red Cross Lodge No. 27 meet every Monday night in Castle hall (K. of P. hall.) A Pythian welcome to all visiting Knights.
DELELE GREEN, C. C.
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H. E. DIXON, V. C.
CHAS. JESTER, Clerk.
- WOODMEN OF THE WORLD**—La Grande Camp No. 169 meets every first and third Friday at K. of P. Hall. All visiting neighbors welcomed.
O. L. M'DOWELL, C. C.
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- L. O. O. M.—La Grande Lodg No. 850 Loyal Order Of Moose holds regular meeting every Wednesday night at 8 p. m. in Eagle Hall, fifth floor Foley building on Adams Ave. Visitors always welcome. Dues payable at Young's Sweets.
GEO. YOUNG, Dic.
HARRY SWART, Sec.
- F. O. E.—La Grande Aerie No. 259 on each and every Friday evening at 8 o'clock on top floor of new Foley building. Visiting members cordially welcomed.
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- ROYAL NEIGHBORS**—Iris Camp meets every second Friday afternoon and fourth Friday evening, every month in K. of P. Hall. All visiting members cordially invited.
MINNIE BUNTING, Oracle.
LILLY C. KIMMEL, Recorder.
- REBEKAHS**—Crystal Lodge No. 53. Meets every Tuesday evening in the I. O. O. F. Hall. All visiting members are invited to attend.
VESTA SHAW, N. G.
ANNA ALEXANDER, Sec.
- K. & L. OF SECURITY.—Mt Emily Council No. 2646. Meets second and fourth Thursday evening at 8 o'clock at Eagle hall. Visiting members are welcome.
C. E. STITT, Pres.
C. W. COOK, Fin. Sec.
VIOLA L. HOGUE, Rec. Sec.
- PYTHIAN SISTERS of Rowena Temple No. 9** meets every second and fourth Friday evening at K. P. Hall.
MRS. LIZZIE HAYWORTH, M. R. C.
LOUISE LANDRU, M. of R. C.
- WOMEN OF WOODCRAFT CIRCLE NO. 47**—Meet second and fourth Tuesday evenings of each month at the Eagle hall. All visiting neighbors welcome.
LILLIE ALLSTOTT, G. N.
LOUISE HILARY, Clerk.
- PHYSICIANS AND SURGEONS.**
DR. R. E. L. HOLT—Physician and surgeon; corner Adams avenue and Depot street. Phone—Office Main 68; Residence Main 730. Hours 11 to 12 a. m.; 2 to 5 p. m.; 7 to 8 p. m.
- DR. H. L. UNDERWOOD—Physician and surgeon. Diseases of the eye a specialty.
DR. DORA J. UNDERWOOD—Diseases of women and children. Offices—Adams avenue, over Red Cross Drug Store.
- EYE, EAR, NOSE, THROAT SPECIALIST**
DR. H. M. BOUVY—Practice limited exclusively to diseases and surgery of Eye, Ear, Nose and Throat and the Fitting of Glasses. Office West Jacobson Bldg. Office phone Red 3431. Residence, Main 39.
- OSTEOPATHIC PHYSICIANS**
DR. J. L. INGLE—Osteopathic physician.
DR. MARGRET INGLE—Diseases of women; care and feeding of children. Office Room 37, new Foley Bldg. Office hours 10-12 a. m.; 2-5 p. m., and by appointment. Office phone Red 1761; residence Red 881.
- CHIROPRACTORS**
DRS. DARLAND—Chiropractic parlors 4th and Depot street. Phone Red 1751.
DRS. ALLEN & ALLEN—Chiropractors. Office hours 9:30 to 12 a. m.; 2 to 5 and 7 to 9 p. m. Phone Red 3231; over Family Restaurant, 209 Fir street, La Grande, Oregon.
- VETERINARIAN.**
DR. J. L. RUBY—Veterinary Surgeon and Dentist. Res. Phone Blk. 1141; Res. 1306 M avenue. Stock Inspector for Interstate Shipment.
- VETERINARY**
DR. H. W. RILEY—Graduate Veterinarian Hospital, 1409 Madison Ave. State Station Inspector and Inspector of Stock for shipment. Home Independent Phon. Black 41. Forners Co-operative Phone, Main 112.
- DENTIST**
E. P. Mossman—Dentist; rooms 6 and 7 West Building. Phone Black 1521; Office hours 8 to 12 p. m. and 1 to 5 p. m.
- ATTORNEYS**
CRAWFORD & EAKIN.—T. H. Crawford and Robert S. Eakin, Attorneys at law. Practice in all the courts of the state and United States. Office, West Jacobson building, rooms 9-10-17, La Grande Oregon.
COCHRAN & EBERHARD—Geo. T. Cochran and Colon R. Eberhard Attorneys. La Grande National Bank Bldg. La Grande, Ore.
E. W. EASTMAN—Lawyer—Office Rooms 1 and 3, La Grande National Bank Building.
R. J. GREEN.—Attorney at law Rooms 14-15, Palmer-Roesch Bldg., La Grande Ore. Practices in all state and Federal courts.
ALBERT SMALL—Attorney at Law. Rooms 26, 27 La Grande National Bank Building. Practices in all state and federal courts. Phone Main 11.
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J. C. HENRY—Undertaker and Embalming; 20 years in business. Day phone, Main 62; night phones, Red 3131, Red 562, Black 3811.
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- ARCHITECT**
MILTON S. BLOCK—Architect. Sketches and estimates cheerfully furnished. Office, Room 26, New Foley Building.
C. B. MILLER—Architect, Room 23, New Foley Building.
W. L. STRINGHAM—Instructor of piano. Studio over Young's confectionery.
Max Figman and Lolita Robertson, as well as Mr. and Mrs. Sydney Drew are busy making comedies at the Rolfe-Metro studios at New York. Bayne also are busy there on "Romeo and Juliet."



The Safe Light for Rummaging
Self and home protection demand an
EVEREADY
Electric house lamp

Its safety and fireproof features make it a necessity. Its genuine, guaranteed, long service Tungsten battery and Mazda lamp assure a flood of light. And the trademark Eveready is your protection. Better get one today. Stop in and make your choice from our assortment of Eveready portable lamps.

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