

AMENDMENT TO CONSTITUTION

Rate of Interest and Method of Providing Farm Loans Set Forth.

A tentative draft of a proposed constitutional amendment providing for a system of rural credits has been completed by the committee appointed by the state credits conference at Salem last month and will be submitted to the voters at the election next November.

Members of the committee that drafted the measure are: C. E. Spence, master of the State Grange; J. D. Brown, president of the Farmers' Union, and T. H. Burchard, president of the Oregon Federation of Labor.

The essential particulars of the bill are as follows: Administration of the rural credits system shall be in the hands of the state land board, consisting of the governor, the secretary of state and the state treasurer. The board is authorized to issue bonds not to exceed two per cent of the assessed valuation of the state in denominations ranging from \$25 to \$10,000, and in series of \$100,000 each. The bonds are to run from 10 to 35 years and to bear four per cent interest. They are to be exempt from taxation and to be security for all public funds. The interest and principal are guaranteed by the state.

Loans are to be made on property, approved by the board, and on first mortgage of trust deed security, but no loan shall exceed 50 per cent of the appraised value of the land, nor \$50 on any one acre, nor \$5000, in the aggregate, to any one individual.

An amortization plan is provided to liquidate the debt in from 10 to 35 years. The equal annual payments are to cover interest, principal, apportionments to a reserve fund and operating expenses.

Interest on the loans shall be 1 per cent higher than the interest on the bonds, thus providing the reserve fund and operating expenses. The reserve fund is to meet losses and its funds are to be invested in the state's own rural credit bonds, the proceeds from which again are to revert to the reserve fund.

Applicants for loans must pay one-half of one per cent of the principal that they apply for, this payment to cover cost of preliminary investigations.

The text of the bill in full follows:

In addition to the rights conferred upon the legislative assembly to lead the credit of the state found in section 7 of article XI of the constitution of Oregon, the state land board is hereby empowered to and shall establish a system of farm credit under the terms hereinafter provided. The state land board shall issue and sell or pledge general obligation bonds of the state of Oregon to be known as 'Oregon farm credit bonds' in an amount not to exceed two per cent of the assessed valuation of all the property in the state. These bonds shall be issued in denominations of \$25, \$100, \$500, \$1000 and \$10,000, and in series of \$100,000 or multiples thereof. They shall be drawn to mature in from 10 to 35 years, and shall bear interest at the rate of four per cent per annum, payable annually. They shall be exempt from all taxes levied by the state of Oregon or any of its subdivisions, and shall be security for all public funds.

The interest and principal of Oregon farm credit bonds shall be unconditionally guaranteed by the state of Oregon. Each series of bonds shall be issued and sold or pledged only upon receipt of approved applications for a like amount of farm loans by the state land board.

The state land board shall place the proceeds from the Oregon farm credit bonds in the farm credit loan fund, which shall be lent for the purchasing of farm lands, for the satisfaction of incumbrances upon farm lands, for purchasing equipment and making improvements which will, in the opinion of the board, after adequate investigation, add to the productivity of the farm and to its value as a farm home.

Such loans shall be made upon notes secured by first mortgages or deeds of trust on farm lands, and shall not exceed in amount 50 per cent of the valuation of the property pledged as security as appraised by the board after approving the application for a loan, such valuation to be exclusive of perishable improvements; nor shall any amount exceeding \$50 per acre be lent on such lands; nor shall an aggregate loan of more than \$5000 be made to any one individual or upon any single holding.

Every applicant for a loan shall make written application to the board, in which he shall state clearly the purposes for which he wants the loan, and upon their approval by the

board, these purposes shall be stated in full in the note or contract under which the loan is granted, and no monies so obtained shall be used for any purpose not stipulated in the note or contract.

The board shall require from each applicant a sworn statement of his farm business for the year previous to the one in which he applies for a loan, and a similar statement at the end of each year while he remains a debtor to the state.

Farm land loans shall be repaid on the amortization plan in equal installments, which shall provide for interest on the bonds, a farm credit reserve fund, the operating expenses of the system of farm credit and the liquidation of the debt in from 10 to 35 years, but any debtor may liquidate any part of his indebtedness in amounts of \$50 or multiples thereof upon any amortization payment date.

The rate of interest on loans shall be one per cent per annum greater than the rate which the state must pay upon the funds obtained from the sale or pledge of bonds, but the board shall require each applicant for a loan to pay an initial charge

of one-half of one per cent of the loan granted, with a minimum charge of \$10 to cover the cost of appraisal and examination of title.

The state land board shall prepare a budget biennially for the administration of the system of farm credits established hereby, which shall be subject to modification and approval by the legislative assembly, and all surplus accruing in the operation of the system shall be placed in a farm credit reserve fund and become a part of it.

The farm credit reserve fund shall be invested in Oregon farm credit bonds and the income from these bonds shall be added to the reserve fund and become a part of it. The reserve fund shall be irreducible except when used to protect the state from loss incurred in the administration of the system of farm credit herein provided for.

The provisions of the constitution and laws of Oregon in conflict with this amendment are hereby repealed in so far only as they conflict herewith. The provisions of this amendment shall be self-executing and shall take effect and be in operation 90

days after its approval and adoption by the people of Oregon—Oregonian.

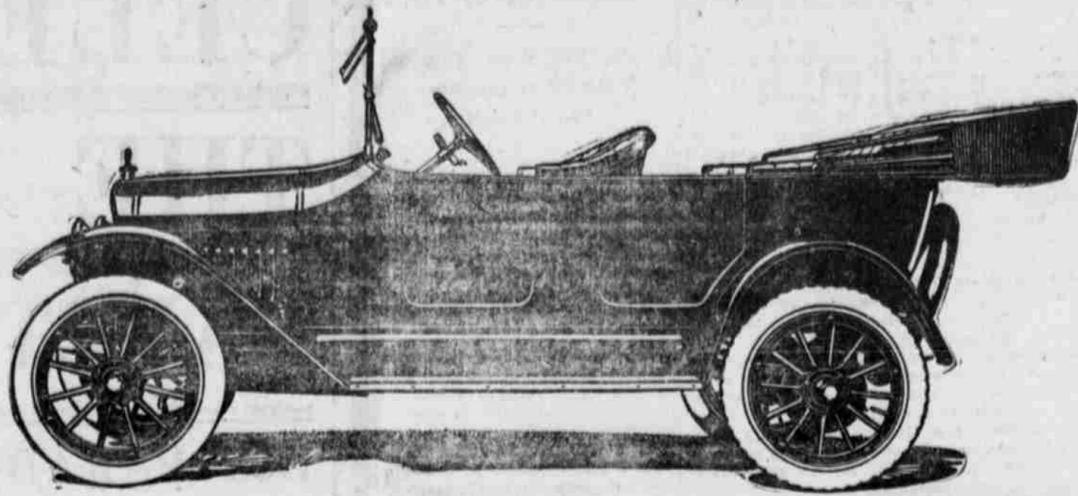
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The total cost of the war for the first two years is estimated at \$40,000,000,000. Of this sum Great Britain will have expended about \$10,000,000,000, but about one-fourth of that amount has been advanced to the allies and colonies. The present British expenditure is about \$24,100,000 a day. The British government has increased revenue sufficiently to pay interest and sinking

fund charges on the increased debt, to provide for pensions and other future war charges and to leave \$500,000,000 a year toward paying actual war expenses.

We might discourse learnedly on the European war this week, but we don't think you care a rap about reading of it and we hate like blazes to write about it. Go on to the next.



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