

THE FEDERAL FARM LOAN ACT

(Continued from First Page.)

ceed one per cent, together with such amounts as it can earn on its paid-in cash capital, the bank must set aside certain reserves and meet all its expenses. Any balance or net profits can be distributed as dividends to the loan associations or other stockholders. The loan associations, from their bank dividends, after setting aside the required reserves and meeting expenses, can declare association dividends to their members. In this way the profits, if any, will be distributed among the borrowers and will, to that extent reduce the amount of interest actually paid by them.

Restrictions on Fees and Commissions.

The Federal land banks are specifically prohibited from charging, in connection with making a loan, any fees or commissions which are not authorized by the Farm Loan Board. The authorized fees need not be paid in advance, but may be made part of the loan.

Amortization Plan of Repaying Loans

It has been said that all loans are to be repaid on the amortization plan. This plan calls for a number of fixed annual or semiannual payments, which include not only all interest and charges due the bank, but the principal as well. These payments are so calculated as to extinguish the debt in a given number of years. After five years the borrower has the right on any interest date to make additional payments on the principal in sums of \$25 or any multiple thereof, thus discharging the debt more quickly.

After a Federal land bank has loaned on first mortgage \$50,000, it can obtain permission from the Farm Loan Board to issue \$50,000 in farm loan bonds based on the mortgages, sell such bonds in the open market, and use the money thus obtained to lend on other mortgages.

This process of lending on mortgages and selling bonds in issues of \$50,000 may be repeated until bonds to the amount of twenty times the bank's paid-up capital are outstanding. If each bank should have only its required minimum paid up capital of \$750,000, this plan will provide eventually, if all the authorized bonds of the 12 banks are sold, over \$180,000,000 in farm land. The banks, however, can increase their capital stock above the required minimum and so increase the amount of bonds they can sell, and thus increase the total amount of money available for loans on farm mortgages.

To make these bonds attractive to investors, the bonds, together with the mortgages upon which they are based, are exempted from Federal, State, municipal, and local taxation and are made legal investments for fiduciary and trust funds. The capital stock of the Federal land banks is also exempt from taxation. Federal reserve banks and member banks of that system are empowered to buy and sell these bonds. They are to be issued in denominations of \$20, \$50, \$100, and \$1,000.

Organization of Banks.

The temporary management of the Federal land banks is to be in the hands of five directors appointed by the Federal Farm Loan Board. As soon, however, as the subscriptions from the loan associations total \$100,000 regular directors are to be appointed as follows: Three district directors, resident in the district, shall be appointed by the Federal Loan Board to represent the public interest, and six local directors, resident in the district, shall be elected by the farm loan associations who must be stockholders in the bank. The Federal Farm Loan Board shall designate one of its appointees to act as chairman. The act requires that at least one of the three directors shall be experienced in farming and actually engaged at the time of his appointment in farming operations within the district. Any compensation paid to the directors must be approved by the Federal Farm Loan Board.

Officers of Loan Associations

Each loan association must have a board of directors and a secretary-treasurer. The directors shall serve without pay. The secretary-treasurer shall receive such compensation as may be determined by the board of directors. The association must appoint an appraisal committee for the purpose of valuing lands offered as security for loans. No member of such committee shall have any interest in the property upon which he passes.

Funds for Current Expenses

To provide funds for current expenses, the loan association may retain as a commission from each interest payment not to exceed one-eighth of 1 per cent semi-annually up-

on the unpaid principal of the loan. This commission is to be deducted from the dividends payable to such farm loan association by the Federal land bank. If the commissions are not adequate, and an association does not wish to assess members for current expenses, it may borrow at 6 per cent from the Federal land bank to an amount not to exceed in the aggregate one-fourth of its bank stock.

Reserves and Dividends

The law requires both the land banks and the farm loan associations to make provisions for certain reserves before they can pay any dividends.

Agents and Land Banks

In sections where local conditions do not make the formation of associations practicable, the Farm Loan Board may authorize the Federal land bank to make loans through agents approved by the board. These agents are to be banks, trust companies, mortgage companies, or savings institutions, chartered by the state. They may receive as compensation the actual expense involved in transacting the loan and in addition thereto a sum not to exceed one-half of 1 per cent per annum of the unpaid principal of the loans made through them. When a Farm Loan Board decides that a locality is adequately served by farm loan associations, no further loans are to be made through agents.

Joint-Stock Land Banks

In addition to the system of 12 Federal land banks and the national loan associations of borrowers, the act permits the establishment of joint stock land banks and authorizes them to carry on the business of lending directly to borrowers on farm-mortgage security and insuring farm loan bonds. These banks must have a capital of not less than \$250,000. They are under the supervision of the Federal Farm Loan Board, but the Government does not lend them any financial assistance.

The joint-stock land bank is free from many of the conditions imposed on the Federal land banks. Subject to the 50 and 20 per cent value limitation and the limitation as to territory, the joint-stock land bank may lend more than \$10,000 to a single individual, and it is not restricted to making loans for the purposes specified in the case of the Federal land bank.

The joint-stock bank, like the Federal land banks, can not charge an interest rate on farm mortgages in excess of 6 per cent, nor shall such interest rate exceed by more than 1 per cent the rate of interest paid by the bank upon its last issue of bonds. A joint-stock bank is limited in its bond issue to 15 times its capital and surplus.

Among the restrictions placed on these banks under the act are (1) that their mortgages must provide for an amortization system of repayment such as is prescribed in the case of loans through the Federal land banks, and (2) that they shall in no case demand or receive under any form or pretense any commission or charge not specifically authorized by the act and approved by the Farm Loan Board.

The bonds of the joint-stock land banks are exempted from taxation. Their capital stock, however, is not.

General Provisions

The law, through the Farm Loan Board, provides the necessary machinery for frequent examinations of the banks and the associations, for the proper cancellation of mortgages offered as security for bonds. When a mortgage offered as security for bonds is withdrawn, the bank is required to replace the security with other mortgages or with other satisfactory collateral.

Heavy penalties of fine or imprisonment or both, are imposed for violations of the act, maintenance in office, fraud, embezzlement, concealment or other illegal practices.

FORMER WESTON BOY "MAKES HIS WAY"

Jesse Ray, civil engineer, dropped off in Weston Tuesday for a day's visit with his mother and friends in the old home town. Mr. Ray has been engaged in civil engineering for the past six years, first with railroad companies and afterward with the San Francisco Exposition. He is now connected with the government engineering corps which is making a comprehensive physical valuation of the railroad properties in the United States for the Interstate Commerce Commission. This gigantic task has now been in progress two and one-half years, and it is estimated that five years more will be required for its completion. Mr. Ray holds the position of traveling computer, and makes his headquarters in San Francisco. The success he is winning in his profession brings gratification to his relatives and numerous boyhood friends in this community.

Mr. and Mrs. Claud Davis were here last week for a visit with the parents of Mrs. Davis at the Culley ranch.

WESTON LEADER

CLARK WOOD, Publisher

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FRIDAY - - - - - SEPT 29, 1916

Entered at the postoffice at Weston, Oregon, as second class mail matter.

ROUND UP EDUCATION.

Higher than ordinary moral and ethical standards are expected of a town which essays to become a "school town," for the same reason that the schoolmaster is expected to set an example of rectitude to his neighbors and pupils.

A town that specializes in Round Ups and Happy Canyons is by no means an "ideal location" for a state normal school, despite the platitudinous panegyrics of its boastful boosters.

For the same reason that the Pendleton Round Up is the greatest show of its kind in the world is Pendleton the poorest place in the world for a state educational institution, permeated as it is from one year's end to another with the "wild and woolly" Round Up atmosphere.

The successful Round Up is inseparable from reckless bravado, blood lust and cruelty. It of all modern activities best illustrates the spirit of the Roman amphitheatre, its ancient prototype. One can fancy the degenerate shade of Nero applauding as two terror-stricken horses dash together to their death or as a bleeding and mangled steer is driven from the arena. One can see him leering upon the stricken form of a cow-giri rider, thrown from her horse and carried away by the stretcher-bearers. Is this the sort of "training" desired by the parents of the state for the young men and women who will teach their children? Are such spectacles uplifting or are they degrading to impressionable youth?

As to Happy Canyon, it was a befitting feature of Pendleton's big show, and likewise a bizarre and thrilling success as an exaggerated portrayal of the grosser passions and vices of the old frontier. One could gamble there and he could dance there and he could drink there. The drink was near beer, to be sure, but surreptitious alcoholic "kicks" must have been supplied by the drinkers, as along toward midnight Saturday several girls were uproariously "stewed."

Everything went, with the easy freedom of a redlight revel. The dancing was largely sinuous, sensuous, wrigglesome, with no attempt at restraint. Its grotesque abandon would even, most likely, disgust a voluptuary of discriminating taste. An old "sourdough" says that he witnessed nothing like it in the night of Dawson's boom. An elevating prospect, indeed, for normal school students! Pendleton, however, will never be required to choose between Round Up and normal school, since its aspirations in the latter direction will receive the Krusning Kibosh in November.

TAXPAYERS, BEWARE!

Salem, Ore., Sept. 29.—In a survey just completed of the normal school situation in the state the board of regents of the Oregon Normal school declares that "the necessity for additional normal school facilities in Oregon is apparent," and also that an additional appropriation of \$80,000 is needed to equip the Oregon Normal school adequately to serve 500 regular students. Further the board declares that the maintenance tax of 1-25th of a mill is not sufficient for an increase in the faculty of the school, and that an appropriation must be made for this purpose "if the standard of the school is to be maintained."

"The attendance at the Monmouth Normal school for the summer of 1916 is over 800 students," says the board

in advocating additional normal school facilities. "This exceeds the accommodations for class work."

The board declares that the dormitory equipment is inadequate, and that the quadrangle originally planned should be completed, for which an appropriation of \$50,000 is needed. The assembly hall is insufficient, it is said, and \$25,000 is needed to change it. For paving and improvements of grounds \$50,000 is needed says the board.

The above dispatch from Salem, printed in many Oregon newspapers, plainly indicates that the building of a new normal school plant at Pendleton will mean but the beginning of a heavy drain upon the taxpayers. It would be an utterly foolish investment, since a plant adequate for the needs of this section of the state already exists at Weston, and can be successfully operated for one-tenth or a mill, while Pendleton asks one-twenty-sixth of a mill, aside from \$125,000 for new buildings.

The closing of the schools at Weston, Monmouth, and Ashland in 1909 was an act of political vengeance on the part of the state senate, and was almost solely due to the peevish attitude of a defeated republican candidate for governor whose wrath was aroused because Weston refused to support him. The voters re-opened Monmouth, and their failure to also re-open Ashland and Weston constituted a bit of unwisdom for which they and their children have since been paying by reason of Oregon's dearth of trained teachers. Are they ripe now for another error—the creation of a new school at Pendleton when all they have to do is to avail themselves of the Weston institution through voting a moderate maintenance? The Leader thinks not, although there is always the possibility that Pendleton may succeed in gulling them through its campaign of deception—the ulterior nature of which is clearly set forth in an able article in this issue of the Leader from the pen of S. D. Allen, a Eugene attorney.

Had the Ashland and Weston normals not been closed, the Monmouth school would not be so crowded, and would not now be asking for so much money in addition to its annual maintenance. At the last session of the legislature it received \$50,000 for improvements, and it will very likely put in a demand at every succeeding session. So will the Pendleton normal, if established. The Weston school can and will be maintained for one-twentieth of a mill annually—which would bring it more than double the income it ever received when it was the largest normal in the state. It would never ask for an additional dollar.

The educational machine of Oregon is backing the Pendleton school bill, but it should be remembered that it is very seldom the "prominent educators" who pay the taxes.

BIGGEST ACRE YIELD

The largest yield of wheat the Department of Agriculture has record of is a hundred and seven bushels to the acre on seven acres in the State of Washington, says the Saturday Evening Post. The second largest yield is a hundred and eight bushels to the acre on twelve acres in Idaho. The average yield for the country last year was seven bushels.

The largest yield of oats is a hundred and eighty-four bushels to the acre on eight acres in Washington; second, a hundred and sixty-six bushels on eight acres in Colorado. The average for the United States is thirty-eight bushels. The largest yield of white potatoes is seven hundred and ninety bushels from an acre in California; second is seven hundred and forty-three bushels in Washington. The average is ninety-six bushels.

Such comparisons might be extended pretty much throughout the list of agricultural staples. True, the prize yields are sometimes not commercially practicable, for they involve a quantity of care and labor that would be impossible on a large scale with anything like the present organization of agriculture. But there is a happy medium between the prize yield and the average that means no mortgage and a good bank account for the man who hits it.

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Ladies' heavy fleece vests and pants..... 40c	Boys' heavy wool ribbed union suits..... 40c
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Ladies' fleece union suits..... 40c	Men's heavy wool mix shirts and drawers..... 40c
Ladies' wool union suits..... \$1.49-\$1.95	Men's "Alora's Mills" shirts and drawers..... \$1.50
Ladies' silk and wool union suits..... 85c-95c	Men's "Collins" shirts and drawers..... \$1.95
Misses' fleece union suits..... 40c	Men's heavy cotton union suits..... 95c
Misses' wool union suits..... 95c	Men's ribbed wool mix union suits..... \$1.95
Reunion shirts..... 25c-40c-95c	Men's heavy wool ribbed union suits..... \$1.95
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Ladies' outing gowns..... 40c to \$1.49	Men's outing gowns..... 40c-95c
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