

SYSTEM ON FRUIT LOANS EXPLAINED BY LUTHER DEUEL

Integrity Of Borrower And Ability To Repay Are Main Considerations Says Association Manager.

At a state meeting of Production Credit associations, held at Portland last week, Luther Deuel, manager of the local association, delivered an address of "Fruit Loans" in part as follows:

The basic principle to be given the greatest consideration in making a fruit loan is just the same as any other type of loan—the integrity of the borrower and his ability to repay. In considering fruit loans, my remarks will be principally confined to deciduous fruit. In this meeting, the scarcely necessary to give definitions. In making fruit loans in the state of Oregon we are principally concerned with apples and pears, although the soft fruits such as peaches, apricots, prunes and cherries come in for consideration. I believe that Hood River and some of the Washington districts raise a far superior apple to those produced in Southern Oregon; however, southern Oregon, and particularly Jackson County, is supreme in certain winter varieties of pears, such as Comice and Anjou. Regarding this last statement, I hope there are no conscientious objectors present.

In making fruit loans it is very important that we consider the production in other areas. This is particularly true of early varieties, such as the Bartlett, California and Washington produce a very large tonnage of good quality Bartlett pears. This, along with the Georgia peach crop, materially affects price of our Bartlett pears and, to some extent, the later varieties. Naturally, we cannot delay making a loan until we know definitely the crop conditions in these other areas; however, nature takes care of this for us to a great extent. The average production over the United States over a period of years indicates that all districts very seldom have a maximum crop the same year.

When a fruit loan application is presented to us, we first make a rather careful analysis of the production per acre. On mature trees 15 years and older, if the production is less than 300 boxes per acre we consider the orchard to be marginal and no loan should be made, regardless of the additional security offered. If we should make a loan of this type, the borrower in any average year, with the exception of excessively high prices, would not be able to break even. We are not only doing the borrower no good but we are throwing his fruit into competition with the legitimate growers, who produce sufficient tonnage per acre to operate a profitable orchard.

After determining that the production is sufficient to justify the loan, we next go into the financial condition of the borrower. During past years large profits have been made from the production of fruit. For this reason a great many of our orchard owners are heavily involved on real estate indebtedness, due to the fact that in purchasing their orchards they paid an excessive price. In some instances being as high as \$2000 per acre, which is entirely out of line with present day prices of their commodity. We do not reject fruit loans on this account if the borrower has a substantial equity in the property on present day values. We must, however, be assured that delinquent interest, principal payments and taxes are not sufficient to endanger his possession for at least two or three years.

No Crop Failure Losses
Both the Region and the Associations for the past three years have been very fortunate in not making losses due to crop failure. However, we know that in any ten-year period there always comes the year when, for some reason due either to frost, wind, hail or other climatic conditions un-

yond the control of the borrower, the proceeds from the sale of fruit do not pay the cost of production. This has happened in the past and we might just as well admit that it is going to happen to us in the future. For this reason it is particularly important that we be assured that the financial position of the borrower is such that we will be able to carry over his deficit and provide his financing when that year comes and he sustains a loss. This point cannot be too greatly stressed, although in many instances it prevents us from making the loan to a borrower when his current crop prospects look very good.

It is further essential that we loan only to experienced operators—to those who have successfully operated a fruit orchard for from at least three to five years. In most cases a tenant should not be granted a loan without the endorsement of the landlord, as we usually find that the landlord does not choose to operate the property because he has been unable to do so profitably. There are, of course, exceptions to this rule, particularly where a widow or other heirs have inherited an orchard which was successfully operated by the owner. In this case it is quite practical to make a loan to a tenant but, even then, the landlord should endorse the paper.

Budgets Important
In making fruit loans, budgets are very important. Unfortunately, the growers in the past have not built budget information. The building of the budget, to a great extent, falls upon the association. After developing the budget and setting it up on the application, it is very important that a statement of the expenditures of the last advance be furnished the association with each request for an additional advance. These expenditures should be actual and not made to conform with the purpose of the advance. By preserving these statements of expenditures, we will have a record which will very materially assist in compiling an intelligent budget for future years. It is very important that the budget be sufficient to cover all the necessary operations. By cutting down on the spray program, material damage may result. It is also important to get the first advance to the borrower in sufficient time for his dormant spray. San Jose scale has been prominently responsible for as much cull fruit as any other one pest. We insist that a dormant spray be put on every year, regardless of whether there is any indication of scale or not. It is much cheaper and easier to prevent San Jose scale by spraying when there is no scale than it is to kill it after the infestation becomes serious. Fertilization is also an important item which should be included in the budget. However, I believe it is true that the owner's shadow is the best fertilizer.

Encourage E. O. B. Sales
Fruit should be sold on the same basis as any other commodity—when the price is right and the condition is prime. We encourage our borrowers to take beyond their storage life in prime condition. It is also important, particularly when the price available is sufficient to show even a small margin of profit. We have a little different problem than the livestock men, who certainly should sell at the market when their beef is ready. Extensive cold storage facilities have been built up in the last fifteen years which have encouraged the producer of perishable commodities to hold his product for speculation. This, in my opinion, has caused the decline of the popularity of the Box pear, sales agents and commission merchants have attempted to hold the Box pear in storage for a late market after the Bartlett were all disposed of. This has resulted, to a great extent, in all varieties of pears being pushed forward into a season beyond their storage life in prime condition. It has, undoubtedly, hurt the whole industry. We encourage our borrowers to sell as many of their Bartlett to the canner as possible and put all other varieties on the market in their proper season.

We particularly favor the pooling of these varieties, as the market must be fed from early in the season until the expiration of the storage life of each variety in order to get the maximum price for the fruit. If the fruit is not pooled, some growers are penalized by taking a low price early in the season while other growers get the high price late in the season. Naturally, under these conditions, all growers would prefer to wait for a high market, which causes congestion in the market. When the fruit is pooled, no individual grower can cause fruit to be sold first as he will get the average for the season. This is

also a great protection for the loaning agency.

Inspector Vital
Too much importance cannot be placed on the ability of the inspector in making fruit loans. Although he cannot estimate a crop in January or February, he can tell the potential possibility from the fruit spurs. He can also get some idea of what the orchard has produced in past years by the scars of last year's crop and by the shape of the limbs. If they curve downward, it indicates that they have carried a heavy load in the past. It is important that he should understand quality of soil, soil depth, irrigation and drainage problems. The elevation of the property is an important factor to consider in the necessity for amending. It is often noticed in an orchard that the lower limbs will have suffered frost damage when the fruit at the top of the tree will not be affected. This indicates that a slight variation in altitude materially affects temperature. There should be a variation of varieties in the orchard to provide for proper pollination. In some districts it is possible to anticipate that hail will be a greater hazard on one orchard than another. When this is the case, the loaning agency should require hail insurance on those particular orchards which have suffered more frequently than others.

All the foregoing conditions will affect the borrower's ability to repay. I wish to stress again that some year we are going to be faced with a crop that does not repay the loan and that the undisturbed possession by the borrower of a good property for at least three years is a most important factor.

ROOSEVELT WILL WIN IN 1936 IS BABSONS FINDING

President Continues To Hold Strong Personal Popularity Among Voters Though New Deal Losing Ground.

By Roger Babson.

BABSON PARK, Mass., May 20.—(Special).—The first pre-1936 political survey just completed by my statistical organization shows that President Roosevelt continues to hold his strong personal popularity among the U. S. electorate. At the same time, however, the new deal has suffered further losses in confidence in the last year. The survey also indicates that, while many believe a third party ticket will be in the field, the big majority have no fear of its influence on 1936 results.

KIWANIS TO ATTACK SOCIAL PROBLEMS IN SAN ANTONIO MEET

SAN ANTONIO, Tex., May 20.—(Special).—Kiwans from all parts of the U. S. and Canada today commenced the business sessions of the 19th annual convention of Kiwanis International and prepared to attend a conference to study civic and urban-rural problems, child welfare, adult education, taxation, and plans for economy and efficiency in government and the public schools. The convention is to last four days for planning 1935-36 activities for the service organization.

Dr. William J. Carrington of Atlantic City, N. J., president of Kiwanis International, urged a rebirth of the spirit of the pioneer. "Next social frontiers challenge us everywhere," he declared. "Fortunately the U. S. and Canada are free from the hot flames of nationalism! What does Kiwanis see ahead in the future? Continued membership increase and extension into new communities are signs of recovery in business. The progress which Kiwanis has made in the past year is an indication that we are forgetting the depression," he explained.

Tonight over 1847 clubs in towns over the North American continent will meet simultaneously at 9 o'clock (C.S.T.) to observe All-Kiwanis night. This meeting brings the entire membership together for a fellowship moment of silence and an expression of gratitude for the civic and welfare accomplishments of the clubs during the last year. A national broadcast will unite 85,000 members on the North American continent.

Read the Mail Tribune classified ads.

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MRS. MARTIN'S RITES AT 9 A. M. TOMORROW

The body of Mrs. Edwin C. Martin, the former Catherine Applegate of this city, arrived in Medford today. Funeral arrangements are in charge of the Perl Undertaking home, and a requiem mass will be said by the Rev. Father Francis W. Black at the Sacred Heart Catholic church tomorrow morning at 9 o'clock. Interment will be in the Jacksonville cemetery.

TRAVELOGUE ENJOYED AT CAMERA CLUB MEET

A vivid description of a motor trip through England, a boat voyage on the Rhine, a home-coming visit to Holland, and impressions of the Passion Play in Oberammergau, given by Mrs. Theodore Malmgren, delighted the audience of the open meeting of the Camera club last Thursday night. Pictures of the cathedrals, castles and homes, and of the scenes of the Passion Play supplemented the story.

The Art Exhibit, beginning June 1, which is for the display and recognition of local artists and handicrafters work, was explained by Mrs. Howard Le Cleve, T. J. Radcliffe told of new books on photography available from the state library.

Next meeting is June 26, place to be announced.

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INTEREST GROWS IN BANQUET FOR LEADERS OF CCC

Considerable interest is in evidence in the banquet to be sponsored by the Jackson County chamber of commerce Ladies are especially invited. The dinner will commence punctually at 6:30 and will conclude by 8:30, thus giving ample time for those who so desire to attend the CCC fight to be held at the Elks club at 9:00 o'clock.

"New Pioneers" Ball
SEATTLE, Wash., May 20.—(AP)—The rolling strains of "The Stars and Stripes Forever" from farewell bands at the Jackson County chamber of commerce Ladies are especially invited. The dinner will commence punctually at 6:30 and will conclude by 8:30, thus giving ample time for those who so desire to attend the CCC fight to be held at the Elks club at 9:00 o'clock.

Again States Neutral Position.
In commenting on this survey, I want to emphasize that I have avoided expressing my own opinion. I reiterate my recent statement that I am not a partisan. I believe in many of the goals of the new deal even though I have at times severely criticized, and probably will continue to question, some of its methods.

As an added attraction for the banquet a group of internationally famous singers has been signed up for the event and will supply the musical part of the entertainment.

Chief Forester C. J. Buck of Portland has made a reservation as have Tom Jones, supervisor of the Klamath National Forest, Yreka; G. E. Mitchell, supervisor of the Siskiyou National Forest of Grants Pass; Karl Janouch, supervisor of the Rogue River National Forest, Medford; Superintendent David H. Canfield of Crater Lake National Park, and Carl Y. Tengwald, captain of the National Guard. Reservations have also been received from the Roseburg, Grants Pass and Ashland chambers of commerce.

"Officers of the CCC and their wives are expected to attend, but the exact number has not yet been determined," stated Mr. Bolger.

In view of the fact that it is desired to let the hotel know how many will attend, as early as possible, reservations should be made immediately.

Dr. William J. Carrington of Atlantic City, N. J., president of Kiwanis International, urged a rebirth of the spirit of the pioneer. "Next social frontiers challenge us everywhere," he declared. "Fortunately the U. S. and Canada are free from the hot flames of nationalism! What does Kiwanis see ahead in the future? Continued membership increase and extension into new communities are signs of recovery in business. The progress which Kiwanis has made in the past year is an indication that we are forgetting the depression," he explained.

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Tommy Armour, speaking for golf, Bruce Barnes for tennis, and Betty Bailey for the aquatic sports—all agree: "Camels don't get your 'wind.'"

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George Barker, intercollegiate cross-country champion, says: "Camels are so mild, they don't cut my 'wind' in any way." Bobby Walthour, Jr., star of the six-day bike grinds, says: "I've got to have 'wind' in bike racing. For my cigarette I long ago chose Camels."

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