

- (e.) To elect a chairman, appoint a secretary and other officers and employees, define their duties, require bonds of them, and fix the penalty thereof :
- (f.) To exercise, by its Board or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business herein described.

*Business.*

9. The business of the Farm Loan Board is the advancing of money to farmers on loans on mortgage under this Act, and loans on short-term or intermediate credit under Part II and Part III thereof.

*Loans.*

10. The Farm Loan Board organized under this Act shall have power to make loans upon the following terms and conditions :—

(1.) Such loans shall be secured by duly recorded first mortgages on farm land.

(2.) Every such mortgage shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual instalments sufficient to cover, first, a charge on the loan at a rate not exceeding the interest-rate in the last series of farm-loan bonds issued by the Board ; second, a charge for administration and profits at a rate not exceeding one per centum per annum on the unpaid principal, the said two rates combined constituting the interest-rate on the mortgage ; and, third, such amounts to be applied on the principal as will extinguish the debt within an agreed period, not less than five years nor more than forty years : Provided that after five years from the date upon which a loan is made the mortgagor may, upon any regular instalment-date, make in advance any number of payments or any portion thereof on account of the principal of his loan as provided by his contract, or repay the entire principal of such loan, under the rules and regulations of the Farm Loan Board.

(3.) No loan on mortgage shall be made under this Act at a rate of interest exceeding five and a half per centum per annum, exclusive of administrative charges and amortization payments.

(4.) Such loans may be made for the following purposes and for no other :—

(a.) To provide for the purchase of land for agricultural uses :

(b.) To provide for the purchase of equipment, fertilizers, and live-stock necessary for the proper and reasonable operation of the mortgaged farm ; the term "equipment" to be defined by the Farm Loan Board :

(c.) To provide buildings and for the improvement of farm land ; the term "improvement" to be defined by the Farm Loan Board :

(d.) To liquidate indebtedness of the owner of the land mortgaged, incurred for agricultural purposes.

(5.) No such loan shall exceed sixty-six and two-thirds per centum of the value of the land mortgaged and twenty per centum of the value of the permanent insured improvements thereon, such value to be ascertained by appraisal, as provided in this Act. In making the said appraisal the value of the land for agricultural purposes shall be the basis of valuation, and the earning-power of such land shall be a principal factor.

A revaluation may be permitted at any time in the discretion of the Farm Loan Board, and such additional loan may be granted as such revaluation will warrant under the provisions of this section. Whenever the amount of the loan applied for exceeds the amount that may be loaned under the appraisal as herein limited, such loan may be granted to the amount permitted under the terms of this section without requiring a new application or valuation.

(6.) No such loan shall be made to any person who is not at the time, or shortly to become, engaged in the cultivation of the farm mortgaged. In case of the sale of the mortgaged land, the Board may permit the mortgage to be assumed by the purchaser. In the case of the death of the mortgagor, his heir or heirs, or his legal representative or representatives, shall have the option, within sixty days of such death, to assume the mortgage interest of the deceased.

(7.) The amount of loans to any one borrower shall in no case exceed a maximum of seven thousand pounds, nor shall any one loan be for a less sum than one hundred pounds, but preference shall be given to applications for loans of one thousand pounds and under.

(8.) Every applicant for a loan under the terms of this Act shall make application on a form to be prescribed for that purpose by the Farm Loan Board, and such applicant shall state the objects to which the proceeds of said loan are to be applied, and shall afford such other information as may be required.

(9.) Every borrower shall pay simple interest on defaulted payments at the rate of eight per centum per annum, and by express covenant in his mortgage-deed shall undertake to pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed against the land mortgaged. Taxes, liens, judgments, or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear simple interest at the rate of eight per centum per annum. Every borrower shall undertake to keep insured to the satisfaction of the Farm Loan Board all buildings the value of which was a factor in determining the amount of the loan. Insurance shall be made payable to the mortgagee as its interest may appear at time of loss, and, at the option of the mortgagor and subject to general regulations of the Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed.

(10.) Every borrower who shall be granted a loan under the provisions of this Act shall enter into an agreement, in form and under conditions to be prescribed by the Farm Loan Board, that if the whole or any portion of his loan shall be expended for purposes other than those specified in his original application, or if the borrower shall be in default in respect to any condition or covenant of the mortgage, the whole of said loan shall, at the option of the mortgagee, become due and payable forthwith.