FEDERAL LAND BANKS

Under the Act, the Federal Farm Loan Board is instructed to divide the United States, into twelve districts, to be known as Federal Land Bank districts, the districts to be apportioned with regard to the farm loan needs of the country.

In each of these districts, they are authorized to establish a Federal Land Bank "with its principal office, located in such city within a district as the Board shall designate." The name of the city in which the bank is located is included in the name of the bank. These banks are now located in the cities of Springfield, Mass., serving Maine, New Hampshire, Vermont, Massachusetts and New York; Baltimore, Md., serving Pennsylvania, Maryland, Delaware, Virginia, and West Virginia; Columbia, S. C., serving North Carolina, South Carolina, Georgia and Florida; Louisville, Ky., serving Kentucky, Indiana, Ohio and Tennessee; New Orleans, serving Louisiana, Mississippi and Alabama; St. Louis, Mo., serving Illinois, Missouri and Arkansas; St. Paul, serving Minnesota, Wisconsin, Michigan and North Dakota; Omaha, serving South Dakota, Nebraska, Iowa and Wyoming; Wichita, serving Kansas, Oklahoma, Colorado and New Mexico; Houston, serving Texas; Berkeley, serving California, Nevada, Utah and Arizona; Spokane, serving Montana, Idaho, Oregon and Washington.

Only one Federal Land Bank is allowed in each district. Each bank is a separate corporation independent in its organization and management, but is under the general supervision of the Farm Loan Board. In the case of each bank there is a directorate composed of seven persons, three of whom are elected by organizations to be described hereafter, known as National Farm Land Associations, three are appointed by the Farm Land Board and a Director-at-large, also selected by the Board from a list of three persons having the greatest number of votes cast for them by the National Farm Loan Associations.

Capital

When each Federal Land Bank was organized, it was organized with a capital stock of $750,000, supplied by the Federal Government. Under the Act, this is automatically increased by five per cent on each loan made. This five per cent is derived by the compulsory sale of stock to each member of a local association who must subscribe, and pay for in cash, five per cent of the amount he desired to borrow. The capital stock, therefore, of each bank goes up and down automatically, depending upon the amount of outstanding loans.

NATIONAL FARM LOAN ASSOCIATIONS

In each federal district, National Farm Loan Associations must be organized by persons desiring to borrow money on farm mortgage security. The persons so desiring must sign articles of association, specifying in general terms the objects for which the association is formed and the territory in which it desires to operate (generally a county). These National Farm Loan Associations thus become incorporated and are the only medium, excepting in very special cases, through which persons desiring to borrow money from the Federal Land Bank can do so. These are, in reality, local semi-co-operative associations, associations of borrowers, who become responsible for initiating all loans in their district. Only persons desiring to borrow money from a Federal Land Bank can become members of one of these associations.

A National Farm Loan Association must consist of ten or more farmers, whose joint applications for loans are not less than $20,000. Each borrower, as