

between cost of funds and the lending rate to farmers. There have also been changes in its capital structure as well as in its lending powers from time to time. It is a matter of satisfaction to the administrators that the board has always paid its own way while charging only modest, reasonable interest rates. Since 1952 the board has, in addition, been liable for and has paid full corporation income taxes like any similar business organization.

Lending Powers

When the board was first established in 1929, it could lend up to \$10,000 with the maximum loan limited to 50 per cent of the appraised agricultural productive value of the farm. In 1934, the maximum loan was reduced to \$7,500. In 1935, the maximum loan was reduced to \$6,000 but only \$5,000 could be lent on first mortgage and the additional \$1,000 required a second mortgage on a short term, not more than six years, and also chattel mortgage security as collateral. In 1952, these limits were doubled and the ratio of first mortgage loan to appraised value was increased from 50 to 60 per cent. In 1956, the second mortgage feature with collateral chattel security on livestock and equipment was dropped and the board was empowered to lend up to \$15,000 and up to 65 per cent of the agricultural productive value on first mortgage alone. The maximum loan term was also increased from 25 to 30 years.

Interest Rates

When the board commenced lending in 1929, it was obliged to charge 6½ per cent. In October 1934, the rate was brought down to 5½ per cent. In May 1935, the rate was further reduced to 5 per cent and so continued up to April 1, 1945. From April 2, 1945, to March 31, 1952, the rate was 4½ per cent and since that time the rate has been 5 per cent.

Persons To Whom The Board May Lend

The board may lend to any person whose principal occupation is farming and who is actually engaged in or shortly to become engaged in farming the land to be mortgaged, and whose experience, ability and character are such as to warrant the belief that the farm will be successfully operated.

Security Required For A Loan

Every borrower who obtains a loan must give the board a first mortgage on his farm. The farm should have the necessary buildings to make it a complete farm unit and be organized on a productive scale sufficient to maintain the farmer and his family, pay expenses and repay a loan.

Purposes Of Loans

The purposes for which the board may lend are reasonably broad and have remained unchanged since the board was established:

- (a) To purchase farm land;
- (b) To buy fertilizer, seed, livestock, machinery, implements and equipment necessary to the proper operation of the farm mortgaged;
- (c) To erect farm buildings and to clear, drain, fence and make any permanent improvements tending to increase the productive value of the land;
- (d) To discharge existing liabilities;
- (e) Any other purpose which the board considers will improve the value of the land for farming purposes.