

THIRTY-TWO DOLLARS AND FORTY-TWO CENTS

payable on the.....day of.....19.... unless this note shall be sooner matured by extra payments on account of principal, such method of payment being on the amortization plan and in accordance with the amortization tables printed on the back hereof which are hereby accepted and made a part of this note. Extra payments can only be made on the regular instalment due dates. This note is secured by real estate mortgage of even date herewith.

If default is made in the payment of an instalment or instalments as herein provided, the same shall bear simple interest from the date of such default at the rate of eight per cent per annum, as provided by the Federal Farm Loan Act.

If default be made in the payment of any instalment or instalments of this note, or if default be made in respect to any condition or covenant contained in the mortgage which secures the payment hereof, then the entire principal of this note remaining at that time unpaid, together with the accrued interest shall, at the option of the holder hereof, become immediately due and payable.

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Under the Farm Loan Act, however, the borrower has the right after five years to repay at any interest payment date such additional instalments of the principal as he may desire.

Section 9 of subsection 12 of the Act, which reads as follows, defines the position of the borrower in relation to defaulted payments and other legal charges:—

“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 Federal 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 Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed.”

Type of Security

Loans are made only on first mortgages on farm lands and the purposes to which the proceeds of the loan may be put are defined in the Act, as follows:—

“To provide for the purchase of land for agricultural uses.

“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 Federal Farm Loan Board.

“To provide buildings and for the improvement of farm lands, the term “improvement” to be defined by the Federal Farm Loan Board.

“To liquidate indebtedness of the owner of the land mortgaged, existing at the time of the organization of the first local farm loan association established in or for the county in which the land mortgaged is situated, or indebtedness subsequently incurred for purposes mentioned in this section.”

The term “equipment” has been defined by the Farm Loan Board to include “the implements needed in the conduct of a farm to facilitate its operations. It may consist of teams, as well as machinery, tools and like articles.