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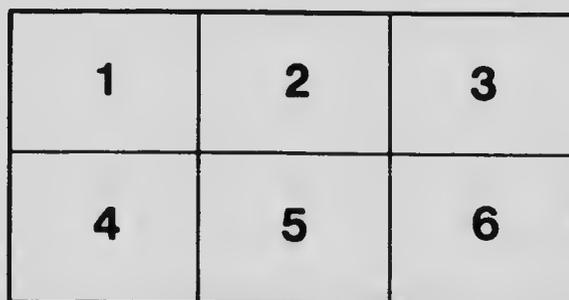
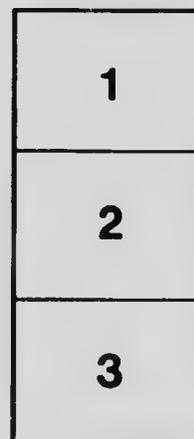
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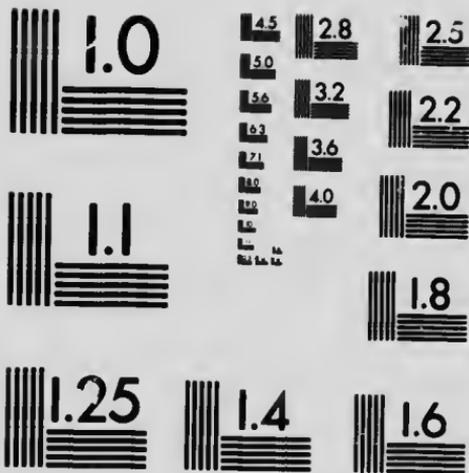
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Manitoba Farm Loans Board

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The MANITOBA
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INCORPORATED BY
"THE MANITOBA FARM LOANS ACT"

MANITOBA'S CO-OPERATIVE
LAND BANK

AN EXPLANATION
AND
AN INVITATION

ISSUED BY
THE MANITOBA FARM LOANS BOARD

JUNE, 1917

[Winnipeg]

THE MANITOBA FARM LOANS BOARD

LACHLAN McNEILL . . . Commissioner and Chairman

F. C. HAMILTON . . . Winnipeg

GEORGE ANDERSON . . . Winnipeg

D. D. McDONALD . . . Dauphin

J. S. WOOD Oakville

ARTHUR R. TOMLINSON Secretary



AT no time in the history of Canada, and perhaps at no time in the history of the civilized world, has there arisen such a momentous need of instant and insistent action toward the mobilization of the forces of Agriculture.

With a phenomenal world shortage of food stuffs, colossal destruction of cargoes on the high seas, the more or less permanent devastation of large areas of arable land in Europe, diminishing farm labor supply and the consequent stupendous cost of agricultural products—there is no question that claims such serious and unselfish consideration.

The need of the hour is to see that every possible assistance is given to the great army of men and women who are toiling with plow and harrow, for from their efforts may be forged the weapon of victory; and when the time arrives for economic reconstruction—the assimilation of the returning armies and in all probability of an unprecedented flow of immigration—this country will find the principal solution of these great problems

in the better organizing of the industry of agriculture.



THE EXPLANATION

For many years attention has been directed by individuals, societies and associations, in different ways and in varying manners, to the necessity of better organizing the farmers of this Western country, to the end that Agriculture should receive the recognition its dignified and economic importance to national prosperity warrants, and that the labors of the dwellers on the land should become more lucrative and social conditions thereby be made more happy and cheerful. A great many efforts were attended with admirable success, and great advantages accrued, but still the foundation upon which to build a lasting structure was not reached.

The farmers themselves have been untiring in their demands for more favorable consideration and better recognition in the affairs of direct importance to them, and have with consistent repetition pointed out that their interests were not receiving even the same terms as those accorded to other industries of only secondary significance viewed from the standpoint of economic and national moment.

The greatest of these demands, and that which is the basic need of all industrial development of whatever nature, was for more liberal and equitable terms of financial credit.

With the best security in the world to offer, these owners of the most fertile soil in the world, capable of producing untold wealth and operating the one industry of fundamental importance to every citizen of this agricultural country, had a right to ask and expect the broadest and most liberal answer to this righteous request.

No business can expand and prosper without capital; and no capital is of any use to any business unless it can be obtained at a cost which leaves a profit from its use.

The long need of Agriculture is money, obtainable on terms and conditions that make its use profitable and gives an incentive to farmers to increase their operations and improve their surroundings.

With a full understanding and appreciation of this question the Government at the last session of the Legis-

lature of the Province, and as an outcome of much previous investigation, by a Committee appointed for that purpose, drafted and submitted a Bill entitled "The Manitoba Farm Loans Act," which received the unanimous support of the House and the assent of the Lieutenant-Governor, becoming law on the ninth day of March last.

This Act provides that persons residing or intending to reside on land within the Province may obtain through the Manitoba Farm Loans Association, on first mortgage security, loans up to fifty per cent. (50%) of the appraised value of the property offered, extending over a period of thirty years at a rate of interest not exceeding six per cent. (6%) per annum, repayment being made on an amortization basis by equal annual payments composed of principal and interest. It also provides that every borrower becomes a shareholder in the Association by investment in its Capital Stock of an amount equal to five per cent. (5%) of the sum borrowed, and none others but borrowers and the Province of Manitoba can hold such shares. J

With the inauguration of this radical piece of legislation the fundamental principle which underlies all material development was reached and the foundation laid, upon which, and only upon which, can be built the certain progress and prosperity of Agriculture. The farmer can now obtain capital at a cost that leaves him the profit of his labors, and with the profit of his labors he can increase his capital, and with the increase of his capital he can improve his conditions and surroundings. A

And that the reward shall be to those who merit it, the provision made whereby only borrowers can become and remain shareholders, ensures that energetic and progressive farmers who know and respect the value of credit will receive the profits of this essentially co-operative enterprise.

THE INVITATION

While the Manitoba Farm Loans Act was primarily intended to foster and encourage Agriculture by providing cheap money for the farmer, it was also conceived that the principle of co-operation could be carried much further.

The great bulk of the money required will no doubt be obtained outside the Province in the principal financial centres of Eastern Canada and the United States. But there is on deposit in banks and other institutions a very large sum, made up of the savings of wage-earners, trust funds and temporary deposits, earning a nominal rate or no interest at all, which could be brought into profitable use by the Association not only for the benefit of the farmer borrowers, but also for the owners of the money.

With this end in view and in order that all classes of the community might share in the advantages of this progressive scheme, it has been decided to pay a rate of four (4) per cent. interest on deposits and to issue, by way of security, **Certificates of Deposit**, secured by first mortgage bonds of the Association, guaranteed unconditionally both as to principal and interest by the Province of Manitoba. These Deposit Certificates are issued in denominations of \$25.00, \$50.00, \$75.00, \$100.00 and multiples of hundreds up to \$1,000.00, interest to be paid semi-annually. They may be cashed at any time with interest added to date and will be purchased by any bank.

The security behind these certificates is absolute, and the rate of interest adds 33 $\frac{1}{3}$ % more to depositors' earnings than what is generally paid.

For those looking for a stable investment with unassailable security, **Five per cent. Five-Year First Mortgage Coupon Bonds** of the Association, unconditionally guaranteed by the Province of Manitoba, may be purchased in denominations to suit purchaser at the offices of the Association.

These Bonds are directly secured by first mortgages on improved farm land of the value of two hundred per cent. of the face value and by a ten per cent. capital stock liability of shareholders in the Association, besides the guarantee of the Government.

The time will come when these bonds will sell at a better price than the bonds of the Province themselves, and in a short time the Association will be in the market to purchase them for investment of sinking fund moneys, thereby creating a local market demand and making of these securities a semi-liquid investment.

No doubt the big financial corporations of the Province will always be open to purchase them, and for the small investor seeking an absolutely safe investment of a readily marketable nature with a high interest rate these bonds should be very attractive.

The Manitoba Farm Loans Act, Section 64, provides that:

"All bonds, stocks or other securities issued by the Board under the provisions of this Act shall be a lawful investment for all Municipal and School District sinking funds and for all fiduciary and trust funds, and may be accepted as security for all public deposits."

The Manitoba Farm Loans Board realizes the importance of the trust imposed upon it and invites your confidence and co-operation in the development of this progressive undertaking, which has such potential possibilities of the greatest economic value, not only to those who derive a living from the soil but to every citizen in the Province. In offering you the facilities of safe and profitable investment in securities of the Association the Board would remind you that your money goes directly back to the land, from which alone can spring the harvest of local and national prosperity, that means the betterment of your present condition and the promise of brighter things for the future.

Every citizen of every class can become a unit of co-operative value in the construction of this organization, which is seeking to improve the conditions of the people. Every business man or woman, every mechanic, artisan, servant, school teacher or student can directly increase the earning ability of their savings and at the same time contribute to the advancement of the industry of Agriculture, which, sadly neglected in the past, must receive, especially at this time, every assistance its dignity and importance deserve.

**PRINCIPAL FEATURES OF IMPORTANCE TO
DEPOSITORS UNDER THE MANITOBA FARM
LOANS ACT**

1. Certificates of Deposits may be purchased bearing interest at a rate of four per cent. (4%) per annum.
2. Interest will be paid semi-annually by cheque addressed to registered holders.
3. They may be sold by owners and upon presentation, properly endorsed and witnessed, new certificates will be issued to purchasers.
4. They will be purchased by the Association or any Bank at par with accrued interest to date of presentation, upon demand of the owner.
5. They are forever free from all Provincial, Municipal, School or other taxation except duties under "The Succession Duties Act."
6. They are secured by first mortgage bonds of the Manitoba Farm Loans Association and are unconditionally guaranteed as to principal and interest by the Government of the Province of Manitoba.

Make cheques payable to The Manitoba Farm Loans Association, and forward addressed to The Commissioner, Manitoba Farm Loans Association, Winnipeg.

PRINCIPAL FEATURES OF IMPORTANCE TO INVESTORS UNDER THE MANITOBA FARM LOANS ACT

1. Five (5%) per cent. five (5) year and of longer periods First Mortgage Coupon Bonds of the Manitoba Farm Loans Association may be purchased at par.
2. They may be purchased in denominations to suit purchasers, from \$100 upwards.
3. Interest is payable semi-annually and coupons are payable at par at Head Office and all branches of the Merchants Bank of Canada, in Canada.
4. They are forever free from all Provincial, Municipal, School or other taxation except duties under the Succession Duties Act.
5. They are a lawful investment for all Municipal and School District Sinking Funds and for all fiduciary and trust funds and may be accepted as security for all Public Debts.
6. They are secured by approved First Mortgages on improved farm lands, the amount loaned being fifty per cent. of a carefully appraised value, together with a 10% collateral stock liability of shareholders and the unconditional guarantee as to principal and interest of the Province of Manitoba.

Make cheques payable to The Manitoba Farm Loans Association and forward addressed to The Commissioner, Manitoba Farm Loans Association, Winnipeg.

**PRINCIPAL FEATURES OF IMPORTANCE TO
PROSPECTIVE BORROWERS UNDER THE
MANITOBA FARM LOANS ACT**

1. Loans may be made to persons residing or intending to reside on land within the Province.
2. The amount that may be loaned is fifty per cent. (50%) of the appraised value of the land offered as security.
3. The security required is a first mortgage; all encumbrances must be paid off out of amount loaned and leave title clear.
4. The mortgage extends over a period of thirty years, but may be retired at the end of the fifth year, or at any time thereafter by payment of the balance of principal still outstanding.
5. Repayment of loans is made by equal annual payments composed of principal and interest on an amortization plan so that every payment is equal in each and every year and retires the debt at the end of thirtieth year.
6. The rate of interest charged including cost of administration is six (6) per cent. per annum on the amount of unrepaid principal.
7. No loan may be made to any borrower for a greater amount than ten thousand dollars.
8. The loan must be made to make improvements, to increase productiveness, or to pay off prior encumbrances on the land.
9. Every borrower must subscribe for shares in the Capital Stock of the Association to the value of five per cent. (5%) of the amount of loan, and such shares must not be transferred or hypothecated.
10. No person other than a borrower with the exception of the Province of Manitoba may own shares in the Association.
11. In the event of the sale of land that is mortgaged, shares must be transferred with the mortgage to purchaser or if mortgage is retired must be surrendered and will be accepted at par by the Association.

For further information write to The Commissioner,
Manitoba Farm Loans Association, Winnipeg.

The MANITOBA FARM LOANS ASSOCIATION

EXPOSITION ON 30-YEAR AMORTIZATION TABLE

On a Loan of \$1,000.00 at an Interest Rate of 5%, Plus a Charge for Administration of 1% per Annum on the Annual Balance of Unrepaid Principal

ANNUAL PAYMENT, \$72.65

Year	Annual Principal Balance	Annual Interest Payment 5% Per Annum	Annual Principal Payment	Annual Charge for Administration 1% on Unrepaid Principal	Equal Annual Payment
1	\$1,000.00	\$50.00	\$12.65	\$10.00	\$72.65
2	987.35	49.36	13.42	9.87	72.65
3	973.93	48.69	14.22	9.74	72.65
4	959.71	47.98	15.08	9.59	72.65
5	944.63	47.23	15.98	9.44	72.65
6	928.65	46.43	16.94	9.28	72.65
7	911.71	45.58	17.95	9.12	72.65
8	893.76	44.68	19.04	8.93	72.65
9	874.72	43.73	20.18	8.74	72.65
10	854.54	42.72	21.39	8.54	72.65
11	832.15	41.65	22.67	8.33	72.65
12	810.48	40.52	24.03	8.10	72.65
13	786.45	39.32	25.47	7.86	72.65
14	760.98	38.04	27.01	7.60	72.65
15	733.97	36.70	28.61	7.34	72.65
16	705.36	35.27	30.33	7.05	72.65
17	674.03	33.75	32.15	6.75	72.65
18	642.88	32.14	34.08	6.42	72.65
19	608.80	30.44	36.12	6.09	72.65
20	572.68	28.63	38.30	5.72	72.65
21	534.38	26.72	40.59	5.34	72.65
22	493.79	24.69	43.03	4.93	72.65
23	450.76	22.54	45.61	4.50	72.65
24	405.15	20.26	48.34	4.05	72.65
25	356.81	17.84	51.24	3.57	72.65
26	305.57	15.28	54.32	3.05	72.65
27	251.25	12.56	57.58	2.51	72.65
28	193.67	9.68	61.04	1.93	72.65
29	132.63	6.63	64.69	1.33	72.65
30	67.94	3.40	68.57	.68	72.65
		\$982.46	\$1000.63	\$196.41	\$2179.50

Note—The above table is computed on the following basis:

The rate of interest charged on the amount borrowed is 5% per annum, and the rate of interest allowed on the portion of principal which is repaid each year is 5%. An extra charge is made of 1% per annum on the amount of principal still unpaid to cover cost of administering the affairs of the Association, which, over the term of thirty years, is an average annual charge of approximately two-thirds of 1%.

To find out what the annual payment will be on a loan of any amount, calculate that each one hundred dollars (\$100.00) requires that seven dollars and twenty-six and a half cents must be paid each year; then multiply this amount by the number of hundred dollars you wish to borrow.

Example—You desire to borrow five thousand five hundred and fifty dollars (\$5,550.00), which is fifty-five and a half (55½) hundred dollars—\$7.26½ multiplied by 55½ equals four hundred and three dollars and twenty cents (\$403.20), which is what must be paid on a loan of above amount.



