

FARM AND BUSINESS LOANSFarms

In considering the possibility of farm financing, the evacuee's attention is directed to the possibility of loans from private sources, which include private individuals, local banks, savings and loan associations, and insurance companies. Some lending agencies make crop loans, while others make loans only on the basis of farm ownership or equity. Several insurance companies make loans through local agents, who frequently determine the ownership equity on which loans of 4% to 5% will be made. If a case arises for which a loan would not be available from any of the following agencies, a check should be made with the County Extension Agent, as he has up-to-date, complete information on all types of farm financing.

Farm Security Administration

A. In many respects Farm Security Administration loans seem to fit the needs of the small scale evacuee farmer better than any other type of loan. However, FSA loans are not available to aliens and at present the Farm Security Administration's funds for all loans are limited.

(1) Eligibility for Loans

The Farm Security Administration will make loans to farmers, excluding aliens, who sharecrop, rent or own land for farming purposes. If money is available, FSA will make a loan for operating expenses not to exceed \$2,500 per family in any one year. The loan is not available for land payments or rent.

(2) Purposes for Which Loans are Made

Farm Security Administration loans are secured by crops to be grown, machinery and equipment purchased, or other personal property owned by the borrower. The money from these loans can be used for the following purposes: feed for livestock, seed for planting crops, fertilizer, machinery, equipment (either farm or home), minor repairs to buildings or equipment, and purchase of livestock.

These loans may also be used for some non-productive needs including medical aid and for necessary family living expenses, also for securing of water such as by drilling a well, or building lateral canals. However, additional loans above the \$2,500 maximum can be made for the securing of water. Finally, the Farm Security Administration may, in certain circumstances, permit the expenditure of its loan funds for transporting farm equipment from the Pacific Coast to the farm.

In making the loan, the FSA Supervisor will discuss with the borrower the crops that are to be grown since the Farm Security Administration is especially interested in loans on certain crops. Farmers seeking a loan will have more success in securing one if they are raising essential crops the production of which the Government is stimulating. These include the following types of crops: sugar beets, potatoes, carrots, cabbage, squash, beans, tomatoes, and other staples. The Farm Security Administration is also interested in increasing milk and egg production as well as the raising of poultry and livestock.

The Farm Security Administration encourages leases which give the farmer some expectation of satisfactory tenure for protection of his interests and building for his future. A satisfactory lease should provide for mutually agreeable adjustments by either party from time to time, and have a reasonable release clause satisfactory to both parties.

(3) Selection of Borrowers:

Application for Farm Security Administration loans are usually reviewed for the County FSA Supervisor by a local committee of three farmers who ordinarily recommend approval for the proposed loan or suggest modifications. The local committee and FSA Supervisor usually must be in accord if a loan is to be made.

In approving the loan, the FSA Supervisor determines whether the land resources plus the farmer's plan of operation and his farming abilities appear to indicate a satisfactory farming situation and, hence, the farmer's ability to repay the loan. These elements, plus the determination of the farmer's need for financing for machinery, crop production and other expenses are factors that are considered in deciding the amount of the loan to be made.

B. Production Credit Associations

(1) Purpose of PCA Loans

Production credit associations, organized under the Farm Credit Act of 1933, approved June 16, 1933, are local cooperative associations of farmers, the members of which obtain their short-term credit needs by borrowing from the association. The association is authorized to make loans for any general agricultural purpose, but the loans are primarily for the production of crops and livestock. On the average, the territory of a PCA includes about six counties, there being 52% of these associations in the United States and Puerto Rico. Each member-borrower is required to purchase class B stock in his association to the amount of 5 per cent of his loan. Funds for loans are obtained primarily by discounting members' notes with the Federal intermediate credit bank of the district, the association endorsing the notes and pledging its assets. As the assets consist in part of the capital stock owned by members, each member stands behind all the loans made by the association to the extent of his stock ownership.

How PCA Operates

The associations are supervised by a district production credit corporation, which also has authority to invest in class A stock of the association, this stock having all the rights of the members' class B stock except voting rights. Loans are made under general policies established by the production credit corporation and the directors of the association.

Terms

No loan is made for more than one year, but loans for capital investment, such as purchase of large machinery or dairy or breeding stock, may be made with the understanding the part of the loan will be repaid from the current year's income and that the remainder may be extended. In general, however, no loan is made that cannot be expected to be repaid within a three-year period. The security taken generally includes a lien on the crops or livestock to be financed and such other collateral as the loan committee may determine is desirable in the individual case. The interest rate is 4 1/2 per cent per annum and interest is charged only for the actual time that the borrower uses the money. Loans generally are made at the beginning of the season on a budget basis with a schedule of advances and repayments. In addition to the interest rate, charges are made for inspection and filing fees and other similar expenses incurred in connection with closing the loan.

(2) Eligibility of Evacuees

The making of loans by production credit associations to evacuee farmers will depend primarily on the attitude of the association's loan committee. In any event, the borrower would have to be acceptable to the association as a member and would have to have some capital of his own to provide collateral as additional security for repayment of the loan.

C. Emergency Crop and Feed Loans

(1) Purpose of Loans

Within the very limited purposes for which emergency crop and feed loans may be made for expenses of crop production or for the production or purchase of feed for livestock - there is apparently no reason why they should not be available to evacuee farmers who have, or can obtain the necessary equipment for their operations.

Emergency crop and feed loans are made from appropriated funds, from 11 regional offices, most of which are located in the same cities as the district FCA offices. These regional offices employ field supervisors, who take applications for loans, make their recommendations to the regional office for approval or disapproval, and service the loans. Loans are limited by law to \$400 to an individual in any one year, and may be made only for expenses of crop production or for the production or purchase of feed for livestock.

(2) Security

Loans for crop production are secured by a first lien on the crops to be produced, while loans for the purchase or production of feed for livestock are secured by a first lien on the livestock to be fed. Emergency crop and feed loans are limited to those farmers who cannot obtain their necessary credit from other sources on satisfactory terms.

D. Federal Land Bank Loans

(1) Loans through National Farm Loan Association

Eligibility

An applicant to be eligible must be a farmer. A farmer is defined as: (a) Any person engaged or shortly to become engaged in farming operations. An actual farmer is one who conducts the farm and directs its entire operation, operating it with his own hands or by means of hired labor. He must be responsible, in every way, financially and otherwise, for the farming operations. (b) Any person, the principal part of whose income is derived from farming operations. If cash rent derived from farm lands represents the principal portion of the applicant's income, he derives the principal portion of his income from farming operations.

The applicant must be the owner, or about to become the owner of the lands offered as security for a loan.

The applicant must be a "natural person". A corporation is not a "natural person" and is, therefore, ineligible to obtain a loan from the banks. The applicant must be an adult and of sound mind. No loan may be made upon the security of land in which an infant has an interest, since an infant cannot render himself personally liable for the payment of the debt. Aliens are eligible if the laws of the state in which the loan is to be made permit aliens to hold and convey real estate.

Where to Apply

If the land offered as security is in a locality in which has been chartered a National Farm Loan Association, which is eligible to do business, the applicant must qualify for membership in such association in order to obtain a loan. If there is no National Farm Loan Association qualified to do business in the area, the farmer may apply for a direct loan from the Federal Land Bank.

Terms of Loans

A loan to any one borrower shall not exceed \$25,000 unless approved by the Land Bank Commissioner. Farm land may be security for loans up to 50% of the value of the land mortgaged and 20% of the value of the permanent insurable buildings necessary to the farm thereon. The mortgage must be a first lien.

Purposes for Which Loans are Made

Loans may be made for any of the following purposes: 1. For purchase of land for agricultural purposes. 2. For purchase of equipment, fertilizers and livestock necessary for the proper and reasonable operation of the mortgaged farm. 3. For buildings and for improvement of the farm land. 4. For providing the owner with funds for any general agricultural uses.

(2) Land Bank Commissioner's Loans

Eligibility

The applicant must be a farmer (see Paragraph D (1) above for definitions). The applicant need not be the owner of the whole interest in the land provided the whole title may be subjected to the lien of the mortgage. Lands offered as security must be farm lands and the mortgage must constitute a first or a second lien; real or personal property, including crops of the farmer may also be offered as security, but, if upon personal property, the lien must be a first lien.

Loans may be made to provide working capital for farm operations or for refinancing any indebtedness of the farmer. No loan may be made if eligible to be made by the Land Bank unless the total of the two loans is \$1,000 or less.

III Business

Loans for Small Business Enterprises

Below is an outline of the eligibility requirements and other data of interest to those desiring to make application for Reconstruction Finance Corporation Loans to aid small business enterprises.

A. Eligibility

Applications for loans to establish or re-establish small businesses will be accepted from any business enterprise whether it is a corporation, a partnership or an individual. Any citizen, including Japanese Americans, who produces a sound plan is eligible.

B. Purposes

Loans can be secured for establishing practically any type of small business such as retail stores, dry cleaning plants, garages, etc. Newspapers and liquor manufacturing or dispensing establishments are not eligible. No loans will be made for the purchase of farm real estate.

C. Security

The R.F.C. insists that the business must be on a sound basis and there must be every indication that the loan will eventually be paid off. A program of payments will be worked out with the R.F.S. in each case. The R.F.C. asks as security a first mortgage on real estate, the plant, and equipment, or a first mortgage on chattels; or an assignment of accounts receivable. The applicant can offer, as additional collateral, any other assets of sound value. All loans mature in five years and are amortized on a monthly basis.

D. Procedures

Applications can be made direct to the R.F.C. representative or to any bank, as the R.F.C. is authorized to make loans to any business in cooperation with all local banks. These will be given a preliminary review in order that applicants may be spared the trouble of filing formal applications where they are clearly not eligible.

Most loans appear to be approved in the agency offices and all loans must, in the opinion of the agency, be sound and so secured as to have reasonably good assurance of repayment. R.F.C. representatives are unable to furnish information on the possibility of a person's securing a loan except when they have full details concerning a specific proposition in a particular city, including location in the city, type of business and other detailed information. Therefore, evacees should visit the locality in which they might engage in business so that specific information may be given in a loan application made in or from that locality. However, a general inquiry from an evacee may be made through the Relocation Division. For example, the Relocation Division may be able to ascertain that there is a need for laundries in Cleveland, Ohio, and that the R.F.C. representative in Cleveland would probably approve a loan to an applicant to engage in the laundry business there provided the applicant submitted a sound proposition.

MISCELLANEOUS

The following is an extract from the Federal Register which sets forth the authority controlling entrance to Relocation Centers.

"Persons other than the persons of Japanese ancestry who have been or may be designated individually for exclusion from sensitive areas of the Western Defense Command or for other control by the Commanding General, Western Defense Command, or by any War Department or other Government agency acting within the scope of its authority, other than military personnel on duty at a given War Relocation Project, and other than persons employed by the War Relocation Authority established by Executive Order No. 9102, dated March 18, 1942, shall enter any of such War Relocation Project Areas except upon written authorization executed by or pursuant to the express authority of the Secretary of War or the Director, War Relocation Authority, first obtained, which said authorization shall set forth the effective period thereof and the terms and conditions upon and purposes for which it has been granted."

In view of the new procedure for handling passes, it is necessary that applications for all day passes, (24 hour or authorization passes) be made at least two days in advance of the day they are to be used. It is also necessary that the full name, center address and family number of each person be furnished when requesting such passes.

○貸附の目的は尤の如し。

一、農業の爲め農園買収。
二、農園經營に必要なる農具、家畜類の買入也。

三、農園に必要なる建物及び農園施設等の土地主に一般農業經營に必要なる資金を供給する目的。

○土地銀行監督官の貸附と申込の資格
申込者は農業家たる事。

全土地の所有権者たるの要なし。
抵当地は總て農園たるべき事、而して抵当は第一或は第二抵当たるべき事。

不動産、動産及び農作物は抵当として提供し得、但し動産の場合は第一抵当たるべき事。

貸附資金は農業經營或は田借整理の爲め使用し得。

借附金は二回に亘り一寸地帯下にあらざる限り、例へば土地銀行より有資格者と認めらるるに依り、借附の資格なり。

○商業

小商業に關する貸附
是は復興金融會社(R.F.C.)の小商業貸附に關する資格の規程なり。

○有資格者……組合、合資或は個人経営者たるを同法に於て規定する計畫の下に小

商業を同法とする市民貯蓄目録
市況に貸附申込の資格を有す。

○目的……小商業例へば小賣商、洋服洗染店、ブライチ等、然れども各小商業は有資格と認め、新聞社、酒類醸造所及び其他總て分すべき性質を有する營業は無資格と認め、其他農園買収の目的に貸附を爲さず。

○抵当……R.F.C.の抵当たる營業は健全にして且つ貸附金を確實に返却し得る見込ありたる事。

返金に關しては抵当保りは各條件に亘り要知に調査す。R.F.C.は土地營業所、營業道具等を第一抵当とし、或は受取可能性あり取引書替と要求することあり。申込者は其他確實なる有價物件を追加抵当として提供し得。

總て貸附金は五年を以て満期とし、毎月月掛金の差額にて返還し得。

○貸附金申込手續……申込者は直接R.F.C.の代表者又は同社より指名せられたる地方銀行に申込むべし。

斯の如きは申込者は正式申込の營業を思ふ。

借用要件は總て代理人の事務所にて認可を要し、代理人は借款の支拂項實性を調査す、代理人は貸附

申込者の人格に對しては何等の証明を爲し得ず。但し營業の位置及びその市の該營業に關する規程を逆ぶ。

主運者は所内特任部に照會ありたし例へば駐在部に於てクリブランドに洗濯所の必要を認めたる場合、其地に洗濯業創立者が借款を申込ればR.F.C.にてはその確實性を調査した上で貸出さすべし。