
CHAP. 245.—An Act To provide capital for agricultural development, to create standard forms of investment based upon farm mortgage, to furnish a market for United States bonds, to create Government depositories and financial agents for the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be "The Federal Farm Loan Act." Its administration shall be under the direction and control of the Federal Farm Loan Board hereinafter created.

Definitions.

"First mortgage."

"Farm loan bonds."

Distinction.

Farm Loan Board.

FEDERAL FARM LOAN BOARD.

SEC. 2. That wherever the term "first mortgage" is used in this Act it shall be held to include such classes of first liens on farm lands as shall be approved by the Federal Farm Loan Board, and the credit instruments secured thereby. The term "farm loan bonds" shall be held to include all bonds secured by collateral deposited with a farm loan registrar under the terms of this Act; they shall be distinguished by the addition of the words "Federal," or "joint stock," as the case may be.

SEC. 3. That there shall be established at the seat of government in the Department of the Treasury a bureau charged with the execution of this Act and of all Acts amendatory thereof, to be known as the Federal Farm Loan Bureau, under the general supervision of a Federal Farm Loan Board.

Said Federal Farm Loan Board shall consist of five members, including the Secretary of the Treasury, who shall be a member and chairman ex officio, and four members to be appointed by the President of the United States, by and with the advice and consent of the Senate. Of the four members to be appointed by the President, not more than two shall be appointed from one political party, and all four of said members shall be citizens of the United States and shall devote their entire time to the business of the Federal Farm Loan Board; they shall receive an annual salary of $10,000 payable monthly, together with actual necessary traveling expenses.

One of the members to be appointed by the President shall be designated by him to serve for two years, one for four years, one for six years, and one for eight years, and thereafter each member so appointed shall serve for a term of eight years, unless sooner removed for cause by the President. One of the members shall be designated by the President as the Farm Loan Commissioner, who shall be the active executive officer of said board. Each member of the Federal Farm Loan Board shall within fifteen days after notice of his appointment take and subscribe to the oath of office.

The first meeting of the Federal Farm Loan Board shall be held in Washington as soon as may be after the passage of this Act, at a date and place to be fixed by the Secretary of the Treasury.

No member of the Federal Farm Loan Board shall, during his continuance in office, be an officer or director of any other institution, association, or partnership engaged in banking, or in the business of making land mortgage loans or selling land mortgages. Before entering upon his duties as a member of the Federal Farm Loan Board each member shall certify under oath to the President that he is eligible under this section.

The President shall have the power, by and with the advice and consent of the Senate, to fill any vacancy occurring in the membership of the Federal Farm Loan Board; if such vacancy shall be filled
during the recess of the Senate a commission shall be granted which shall expire at the end of the next session.

The Federal Farm Loan Board shall appoint a farm loan registrar in each land bank district to receive applications for issues of farm loan bonds and to perform such other services as are prescribed by this Act. It shall also appoint one or more land bank appraisers for each land bank district and as many land bank examiners as it shall deem necessary. Farm loan registrars, land bank appraisers, and land bank examiners appointed under this section shall be public officials and shall, during their continuance in office, have no connection with or interest in any other institution, association, or partnership engaged in banking or in the business of making land mortgage loans or selling land mortgages: Provided, That this limitation shall not apply to persons employed by the board temporarily to do special work.

The salaries and expenses of the Federal Farm Loan Board, and of farm loan registrars and examiners authorized under this section, shall be paid by the United States. Land bank appraisers shall receive such compensation as the Federal Farm Loan Board shall fix, and shall be paid by the Federal land banks and the joint stock land banks which they serve, in such proportion and in such manner as the Federal Farm Loan Board shall order.

The Federal Farm Loan Board shall be authorized and empowered to employ such attorneys, experts, assistants, clerks, laborers, and other employees as it may deem necessary to conduct the business of said board. All salaries and fees authorized in this section and not otherwise provided for shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the Federal Farm Loan Board. All such attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars, examiners, and appraisers shall be appointed without regard to the provisions of the Act of January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: Provided, That nothing herein shall prevent the President from placing said employees in the classified service.

Every Federal land bank shall semiannually submit to the Federal Farm Loan Board a schedule showing the salaries or rates of compensation paid to its officers and employees.

The Federal Farm Loan Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress. The Federal Farm Loan Board shall from time to time require examinations and reports of condition of all land banks established under the provisions of this Act and shall publish consolidated statements of the results thereof. It shall cause to be made appraisals of farm lands as provided by this Act, and shall prepare and publish amortization tables which shall be used by national farm loan associations and land banks organized under this Act.

The Federal Farm Loan Board shall prescribe a form for the statement of condition of national farm loan associations and land banks under its supervision, which shall be filled out quarterly by each such association or bank and transmitted to said board.

It shall be the duty of the Federal Farm Loan Board to prepare from time to time bulletins setting forth the principal features of this Act and through the Department of Agriculture or otherwise to distribute the same, particularly to the press, to agricultural journals, and to farmers' organizations; to prepare and distribute in the same manner circulars setting forth the principles and advantages of amortized farm loans and the protection afforded debtors under this Act, instructing
farmers how to organize and conduct farm loan associations, and
advising investors of the merits and advantages of farm loan bonds;
and to disseminate in its discretion information for the further instruc-
tion of farmers regarding the methods and principles of cooperative
credit and organization. Said board is hereby authorized to use a
reasonable portion of the organization fund provided in section thirty-
three of this Act for the objects specified in this paragraph, and is
instructed to lay before the Congress at each session its recommenda-
tions for further appropriations to carry out said objects.

Federal land banks.

SEC. 4. That as soon as practicable the Federal Farm Loan Board
shall divide the continental United States, excluding Alaska, into
twelve districts, which shall be known as Federal land bank districts,
and may be designated by number. Said districts shall be apportioned
with due regard to the farm loan needs of the country, but no
such district shall contain a fractional part of any State. The bounda-
ries thereof may be readjusted from time to time in the discretion of
said board.

The Federal Farm Loan Board shall establish in each Federal land
bank district a Federal land bank, with its principal office located in
such city within the district as said board shall designate. Each
Federal land bank shall include in its title the name of the city in
which it is located. Subject to the approval of the Federal Farm
Loan Board, any Federal land bank may establish branches within the
land bank district.

Each Federal land bank shall be temporarily managed by five
directors appointed by the Federal Farm Loan Board. Said directors
shall be citizens of the United States and residents of the district.
They shall each give a surety bond, the premium on which shall be
paid from the funds of the bank. They shall receive such compensa-
tion as the Federal Farm Loan Board shall fix. They shall choose
from their number, by majority vote, a president, a vice president, a
secretary and a treasurer. They are further authorized and empow-
ered to employ such attorneys, experts, assistants, clerks, labora-
ers, and other employees as they may deem necessary, and to fix
their compensation, subject to the approval of the Federal Farm Loan
Board.

Said temporary directors shall, under their hands, forthwith make
an organization certificate, which shall specifically state:

First. The name assumed by such bank.

Second. The district within which its operations are to be carried
on, and the particular city in which its principal office is to be located.

Third. The amount of capital stock and the number of shares into
which the same is to be divided: Provided, That every Federal land
bank organized under this Act shall by its articles of association permit
an increase of its capital stock from time to time for the purpose of
providing for the issue of shares to national farm loan associations and
stockholders who may secure loans through agents of Federal land
banks in accordance with the provisions of this Act.

Fourth. The fact that the certificate is made to enable such persons
to avail themselves of the advantages of this Act. The organization
certificate shall be acknowledged before a judge or clerk of some court
of record or notary public, and shall be, together with the acknowl-
edgment thereof, authenticated by the seal of such court or notary,
transmitted to the Farm Loan Commissioner, who shall record and
carefully preserve the same in his office, where it shall be at all times
open to public inspection.