

THE CONGRESSIONAL FRONT.  
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FARM LOANS UNDER THE SERVICEMAN'S ADJUSTMENT ACT.

In last week's issue of the Congressional Front, we set forth in some detail, the educational benefits under the so-called "GI Veterans Bill" and how loans can be obtained to buy or build a home. Many young men on their return from service will be anxious to pursue farming on their own and we set out below the salient provisions with respect to loans for the purchase of farms or farm equipment.

WHO IS ELIGIBLE

Any person who (1) has had active military or naval service between Sept. 16, 1940 and the end of the war, (2) has not been dishonorably discharged, (3) and served 90 days or more, or (4) who was discharged for a service connected disability and had less than 90 days service.

WHEN MUST HE APPLY

He must apply for a loan (1) within two years after release from service or within 2 years after the end of the war whichever is the later date. In any case, his application must be filed not later than 5 years after the end of the war (This latter provision would take care of those who remained in service after the war).

WHO CAN MAKE LOANS

The veteran can make his application for a loan to any private loan agency or to a state or Federal agency. This would include private lenders, insurance companies, banks, trust companies, savings and loan associations, Federal Land Banks, etc. The Veterans Administration which administers this act does not actually make the loan. It guarantees or insures the loan or a part of it as the case may be.

AMOUNT OF THE LOAN

There is actually no limit on the amount which the veteran can borrow to purchase a farm or equipment. However, under the GI Bill only 50% of the loan is guaranteed by the government with a limit of \$2000. If he applies for a loan of \$3000, the government guarantees to the bank or loan agency 50% of the loan, namely \$1500. If he borrows \$6000, it guarantees 50% with a limit of \$2000 so that only \$2000 of the \$6000 would be guaranteed.

ADDITIONAL BENEFITS

In the case of veterans applying for farm loans, they also have the additional benefit of the Bankhead-Jones Farm Tenant Act which Congress enacted in 1937. Under this act, farms may be purchased by those with farming experience and a loan obtained from the Farm Security Administration for a period of 40 years at 3%. The veterans eligibility is determined by the Secretary of Agriculture and the Veterans Administrator.

PURPOSE FOR WHICH FARM GI LOAN MAY BE MADE

To buy (1) land, buildings, machinery, livestock, equipment and implements to be used in farming operations BY THE VETERAN, (2) to repair or alter buildings or equipment to be used BY THE VETERAN in farming operations. They must be bona fide farming operations by the veteran. The property purchased must be useful and reasonably necessary for efficient farming. The veteran must have enough experience and ability as determined by the Administrator to make it reasonably likely that he will be successful at farming. (The Administrator could disapprove the loan if he felt that the venture might not be successful). The purchase price of the land or buildings or equipment must be in line with a reasonably normal appraised value.

TERMS AND CONDITIONS OF THE LOAN

Suppose a veteran applied for a loan of \$6000 and it was approved. The Administrator would guarantee to the person or firm making the loan the first \$2000. The Administrator would pay the interest the

first year on the guaranteed portion, namely \$2000 and the veteran would have to pay interest on the remaining \$4000. The loan must be paid in full in not to exceed 20 years and the interest rate on guaranteed loans must not be more than 4%. The veteran would execute the usual mortgage to the person or firm making the loan but no addition security would be required by the Administrator. However, the Administrator would succeed to all rights of the veteran in case of a foreclosure and the agreement made between the veteran and the person, firm or agency making the loan must recite that in case of foreclosure, the Administrator shall be given 30 days notice in order to bid in or re-finance the property.

EXAMPLE

(1) On his return GI Joe wants to purchase a farm and locates one that is for sale. (2) He goes to a bank, insurance company, farm loan agency, Federal Land Bank or other institution and applies for a \$10,000 loan. (3) The application is checked and verified for experience, value of the farm, the prospect of making it go, etc. (4) The loan is approved. (5) The Veterans Administration guarantees repayment on not to exceed 50% of the loan with a limit of \$2000 so that in this case \$2000 is guaranteed to the loaning agency. (6) Deed and mortgage and other documents are executed. (7) The first year, the Administrator pays the interest on \$2000 of the loan and GI Joe pays interest on the remaining \$8000. (8) Second year and thereafter GI Joe pays interest and also on the principal. (9) The loan must be paid in 20 years. (10) GI Joe may also apply for a Bankhead-Jones loan on the same property which must be paid in 40 years and bears 3% interest. (11) He himself must operate the farm.