

1931-001
Norfolk Co (Suffolk) Chancery Causes: Federal Land Bank of Baltimore vs Abner Eason

Gates Supply Co., Ellis, Arthur, Whitley, Woodward, Milteer, Pittman,
Bunting, Vaiden, Harris, Wynn

Folder 1 of 3

VIRGINIA:

IN THE CIRCUIT COURT OF HANSMOND COUNTY.

THE FEDERAL LAND BANK OF BALTIMORE.....PLAINTIFF

vs.

EBNER EASON et als.....DEFENDANTS

THIS CAUSE came on again to be heard on the papers formerly read and upon the report of G. A. Harris, who was one of the Commissioners appointed in this cause by the Circuit Court of Hansmond County, Virginia, on the 22nd day of January, 1937, said report bearing date the 25th day of August, 1936, ^{this day filed and} to which report no exception has been taken; and was argued by counsel.

It appearing to the Court that G. A. Harris, Special Commissioner as aforesaid, has received and disbursed the following sums of money and has filed with his report proper receipts covering all disbursements made, to-wit:

To purchase price received from F. F. Harrell, purchaser of property.....	\$2227.00
To accrued interest on same.....	349.47
By amount paid Paul J. Powell, Clerk, covering Court costs.....	\$35.65
By amount paid Paul J. Powell, Clerk, covering delinquent taxes.....	168.57
By amount paid Suffolk Printing Company for advertising sale of property.....	12.00
By amount paid West & Withers, premium on Commissioner's bond.....	35.00
By amount paid Virginian-Pilot Publishing Company for advertising sale of property.....	17.55
By amount paid H. W. Churn, Auctioneer.....	5.00
By amount paid G. A. Harris, Attorney, for drawing Special Commissioner's deed.....	10.00
By amount paid Mr. Wm. Beasley, Attorney, representing notary and stenographer fees for taking depositions by Miss Williams and others.....	22.00

By Special Commissioners' commission on
purchase price of \$2225.00 and interest
of \$249.47.....\$123.57

By amount paid The Federal Land Bank of
Baltimore, representing its distributive
share under decree entered in this cause
on the 20th day of March, 1930.....1215.06

By amount paid J. B. Godwin, Jr., attorney
for Gates Supply Company as per said
decree of March 20, 1930..... \$51.57
\$2474.47 \$2474.47

On consideration whereof, it is adjudged, ordered and
decreed that the said report be, and it is hereby, approved and confirmed.

Nothing further appearing to be done in this cause, it
is ordered that same be stricken from the docket.

VIRGINIA: IN THE CIRCUIT
COURT OF NANSEMOND COUNTY.

THE FEDERAL LAND BANK OF BALTIMORE

vs.

ABNER EASON.

.....
D E C R E E
.....

Entered this *24*, day of *January*
~~September~~, 1930.

L. S. McGlone

Judge.

Chancery Order Book
No. 6 Page 379

IN THE CIRCUIT COURT FOR THE COUNTY OF NANSEMOND

The Federal Land Bank
of Baltimore, a corporation

Vs. - - - IN EQUITY

Abner Eason

The answer of The Federal Land Bank of Baltimore to a petition filed against it in the above styled suit by Gates Supply Company, Incorporated.

Not waiving its demurrer to and its motion in writing to dismiss said petition, but expressly relying on the same, for answer to said petition, or so much thereof as Respondent is advised that it should answer, Respondent answers and says:

That this Respondent is a corporation, duly ~~or~~ organized and doing business under an act of the Congress of the United States, known as the Federal Farm Loan Act and amendments thereof, that under said act it is permitted to make a loan only when the same is secured by a first lien mortgage on the land offered as security; that pursuant to the provisions of said act, Abner Eason applied for a loan from this Respondent, and Respondent agreed to lend him the sum of \$3000.00, provided he submitted ^{to} Respondent an abstract of the title to his land showing a valid record title in the applicant; that accordingly, said Eason caused the title to said land to be examined by G. A. Harris, Esquire, his own attorney, who was paid for his services by said Eason. The abstract as submitted by said Eason's attorney showed good title in said Eason to a tract of 144 acres in said county, which was conveyed to said Eason by deed from Susie Williams and husband, dated November 12, 1919, and recorded in said office in deed book 92, page 295, and to a tract of 25 acres of land in said county which was conveyed to said Eason by deed from John K. Hutton, Special Commissioner, dated November 12, 1919, and

recorded in said office in deed book 92, page 296, subject however to two deeds of trust, one from said Eason to John K. Hutton, trustee, dated November 12, 1919, and recorded in said office in deed book 91, page 55, conveying the two tracts of land above described in trust to secure to P. B. Williams the payment of the sum of \$3500.00, and the other from said Eason to T. O. Knight, trustee, dated April 7, 1921, and recorded in deed book 95, page 68, conveying the same two tracts to secure the payment to the petitioner, Gates Supply Company, of the sum of \$936.00. Before this Respondent would consent to lend its money to said Eason it required that both of said deeds of trust should be duly and validly released of record, in pursuance of the rules and regulations of Respondent and of the Federal Farm Loan Board, which under the provisions of said Act is required to prescribe the conditions upon which such a loan could be made by said Respondent, and accordingly each of said deeds of trust was fully and validly released of record before Respondent's money was turned over to said Eason and said Eason's attorney, who had examined the title for him as above recited, in an instrument of writing, known in such transactions as the title continuation certificate, certified that said deeds of trust had been duly and validly released of record and that the mortgage from said Eason to Respondent securing said loan constituted a valid first lien on the lands conveyed, which said mortgage was duly admitted to record on the 8th day of August, 1922, and was recorded in said office in Federal Farm Loan Book No. 1, at page 29, et seq.

This Respondent is unable to say without an examination of the records whether or not, as is alleged in said petition, Respondent's said mortgage and the deed of trust from Abner^{Eason}/to L. P. Holland, Trustee, conveying the same land to secure to the petitioner the sum of \$1013.00 were both admitted to record at 12:30 o'clock noon on the 8th of August, 1922, as is alleged in

said petition. As to this allegation the records in the Clerk's Office will speak for themselves. But even if they were so admitted to record simultaneously this Respondent is advised that as a matter of law and equity its said mortgage constituted a first lien and the petitioner is estopped to deny that such is the case; and that if it is now attempting to set up any claim that its said deed of trust comes in ahead of, or even pari passu with, the lien of Respondent's mortgage, it is acting in bad faith, for it could not but have known that the object in securing a release from it of its first deed of trust was for the sole purpose of enabling Respondent to have a first lien on the land affected by such deed of trust.

At no time, from the inception of the transactions looking to Respondent's loan to Eason up to their conclusion, has there been any contractual relation between Respondent and said Harris; in no particular has he been Respondent's agent or attorney. Nor during that time, has the National Farm Loan Association of Nansemond County nor have any of its agents, officers or employees been the duly authorized agents of this Respondent in any of said transactions.

It is true that G. A. Harris examined the title to the lands offered by Eason as security for Respondent's said loan and that he furnished the abstract of the title to said land, upon which title Respondent granted the loan, but in no sense did he perform such acts as the agent or attorney for Respondent. Under the rules and regulations of Respondent and of The Farm Loan Board, which governed in the case of all amortization loans made to farmers under said Act and which governed in this particular transaction, the local or National Farm Loan Association is required to select one or more local attorneys or bonded and approved abstractors, who are required under such rules and regulations to prepare for the individual borrower the abstract of title which is to be the basis for the loan by Respondent; and this was

the course that was pursued in the case of the Eason loan which is the subject matter of this controversy. G. A. Harris, who was the approved or bonded abstractor for the National Farm Loan Association of Nansemond County, submitted to Respondent his abstract of the title to said Eason's lands. The abstract was prepared at the instance and for the benefit of said Eason and said Harris acted in the matter as the agent or attorney for said Eason and not for Respondent. Indeed this is conclusively shown by the application which said Eason submitted to Respondent for the loan in question, a copy of which application is hereto attached as a part of this answer, marked "F.L.B. Exhibit 1". ^{& Respondent so avers.} It will be seen that said Eason states over his own signature in said application that "if this application is accepted and a loan granted hereon by the bank, I agree to furnish at my expense, within fifteen (15) days from the date of receipt of notice of approval of this loan, abstract of title, acceptable in form to the bank, that will show the title perfect in me and the mortgage given by the bank a first lien on the property described."

Pursuant to his obligation said Eason furnished through his attorney, said G. A. Harris, the abstract in question; and later said Harris, still acting as said Eason's attorney, reported that the two deeds of trust which he had found to be outstanding against the title, had been duly released and satisfied of record and that this Respondent's mortgage was a valid first lien on the property conveyed. A copy of the certificate to that effect, the original of which was signed by said Harris, and a copy of the settlement record required in such cases are hereto attached as parts of this answer marked respectively "F.L.B. Exhibits 2 and 3."

Answering more specifically the allegations of said petition this Respondent says:

That it has no knowledge of the transactions set out in paragraphs one and two of the petition other than as hereinabove

set out.

That as to the allegations in paragraph three of the petition, it is true that said Eason, as a member of the National Farm Loan Association of Nansemond County, made application to Respondent for a loan through said Association. Said Association is a corporation composed of borrowing farmers and chartered under said Farm Loan Act. It is a separate and distinct corporation from The Federal Land Bank of Baltimore. The loan in question, when granted, was endorsed and guaranteed by said association under the provision of said Act, but the local association was acting in pursuance of its own corporate purposes and neither it nor any of its officers or employees was at the time or thereafter the agent or representative of this Respondent as to any feature of the transaction. And it is true that G. A. Harris examined the title to the property and submitted the abstract of such title, but here again, as has already been fully set out, he was not acting at any time as the agent or attorney of Respondent.

This Respondent denies that it through any of its agents, employees or servants requested the petitioner to release its first above mentioned deed of trust on the property of Abner Eason. Such release was not made either at the solicitation or for the accommodation of Respondent. All the Respondent knows about this matter is that the borrower, Eason, was required to have this lien, along with the other lien reported in the abstract, released of record before Respondent's money was paid to him and that Eason's own attorney reported that this was done. And if after Respondent's transaction was closed, the petitioner placed another deed of trust on the land, this was no affair of Respondent; it had no notice, actual or constructive, of the execution or recordation of any such deed of trust and was in no way affected thereby. And it emphatically denies that said petitioner agreed with Respondent or any of its authorized agents, employees or servants that petitioner

would release its said first deed of trust provided a new deed of trust was executed to petitioner securing its debt.

Respondent admits as true the allegations in paragraph four of said petition.

Respondent had no knowledge or notice whatever, actual or constructive, of the alleged facts set out in the fifth paragraph of said petition, until it was so apprised on reading a copy of said petition after it had been filed in this cause, and it calls for strict proof of the same if this Honorable Court should deem the same pertinent.

As to the allegations in paragraph six of the petition, Respondent denies in toto that the Nansemond County National Farm Loan Association, or any of its officers, agents or employees, was the agent of Respondent in the transactions affecting the loan to said Eason or for any other purpose or transaction; it denies that any attorney or other agent of Respondent had knowledge of the transactions set out in the petition other than as herein set out in this answer. It admits that Jesse Whitley was the Secretary-Treasurer of the Nansemond County National Farm Loan Association, but whether he also knew of the existence of the deed of trust to Holland, trustee, Respondent does not know nor is it concerned therewith, as such knowledge, if it existed was no concern of Respondent and in no wise affected it.

Respondent admits the substantial accuracy of the allegations in paragraphs seven and eight of the petition; and coming now to the allegations in the succeeding paragraphs, which constitute the gravamen of the petition, this Respondent says:

In said mortgage from Eason and wife to Respondent is the following provision:

This mortgage is made to said Bank as a Federal Land Bank doing business under the "Federal Farm Loan Act," approved July 17th, 1916, and amendments thereof, and is hereby agreed to be in all respects subject to and governed by the terms and provisions of same.

Said deed of trust from Eason to Holland, trustee, having been recorded subsequently to the recordation of Respondent's said mortgage and subject to the same, both the trustee and the beneficiary thereunder had constructive notice of the above quoted provision in the mortgage and of course it became their duty to refer to said Federal Farm Loan Act and ascertain how their rights as subsequent purchasers and the relative rights and duties of said mortgagor and mortgagee were affected thereby. In paragraph nine of section 12 of said Federal Farm Loan Act is, and was at the time in question, the following provision:

"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."

and Respondent avers that It will be seen that by the statute above quoted, /this Respondent, as the mortgagee had itself no right to apply the insurance money wholly to the reduction of the mortgage debt, if the mortgagor elected to have the same or any portion thereof used to pay for reconstruction of the buildings destroyed; and so much the less did any subsequent purchaser have any such right, even though he had made known his claim before the insurance money was disposed of, which is not the fact in this case.

Respondent says that in the exercise of his option as to the disposition of the \$2000.00 insurance money, said Eason elected to have \$1050.85 of the same applied as a credit on his mortgage and the residue of \$949.15 used to pay for the reconstruction of the buildings destroyed and this sum was accordingly turned over to said Eason for that purpose, as is shown by a letter from Jesse Whitley, Secretary-Treasurer, to Respondent, dated March 14, 1923, a letter from Woodward & Elam to Respondent, dated March 26, 1923, a letter from Woodward & Elam to Respondent, dated April 11, 1923, a letter from Jesse Whitley, Secretary-Treasurer, to Respondent, dated April 11, 1923,

a letter from Abner Eason to Respondent, dated April 16, 1923, and a carbon copy of a letter from H. S. Wynn, Respondent's treasurer, to Abner Eason, dated April 17, 1923, which documents are hereto attached as parts of this answer and are marked respectively: "Exhibit F.L.B. No. 4", "Exhibit F.L.B. No. 5", "Exhibit F.L.B. No. 6", "Exhibit F.L.B. No. 7", "Exhibit F.L.B. No. 8", and "Exhibit F.L.B. No. 9".

Respondent further avers that no general regulations had up to the occurrence of the transactions in question, been promulgated or put into effect by said Federal Farm Loan Board; and in the absence of such regulations, this Respondent, in the utmost good faith and on the basis of the facts disclosed by the above mentioned correspondence, and in pursuance of the custom that had theretofore been pursued by it in such cases, turned over to said Eason \$949.15 of the insurance money and credited the residue on said Eason's mortgage debt.

Respondent denies the right of the petitioner to the relief asked for in its petition. It would have had no such right, even if it had presented its claim before this Honorable Court before the insurance money was distributed; and certain it is that it has no such right after having waited over three years before presenting its claim and long after Respondent, in the utmost good faith, and in pursuance of the provision of said mortgage, had turned the insurance over to said Eason.

Denying every allegation in said petition in conflict with the position taken by it in this answer, Respondent prays that said petition be dismissed and stricken from the docket; and if this be not done, that Respondent be allowed to file this, its answer to said petition; and that if it should be deemed necessary or proper that said answer be treated as an amendment to its bill heretofore filed in this cause ~~and~~ ^{that} said Gates Supply Company, Incorporated, be made a party thereto and be required to answer the allegations thereof, though answer under oath is hereby

waived; that the questions raised in said petition and this answer or amendment to the bill be decided in favor of this Respondent and that the fund now in the hands of the Commissioners G. A. Harris and I. P. Whitehead be turned over to said Respondent and that Respondent be granted such other, further and general relief as the nature of its case on all the papers filed herein may require or to equity may seem meet.

And it will ever pray, etc.

THE FEDERAL LAND BANK OF BALTIMORE

BY COUNSEL

I. P. Whitehead
Wm. Brachy

COUNSEL

(1) Tract containing 144 acres m or l situated in Cypress magisterial district Nansemond Co., Va. bounded by lands of Asa Warrenton, Charles Parker, county road leading from Suffolk to Somerton Va. and by other land of Abner Eason; it being same property conveyed to Abner Eason by Susie Williams and husband (d. Nov. 12, 1919 and recorded in county clerk's office in DB92 page 295. (2) that certain tract adjoining above tract beg. at blackgum stump corner on road leading to Somerton; thence south to a point opposite the 2nd persimmon tree which is across said road; thence east straight across field to back fence; thence straight line to Rosemary pine between postoak and whiteoak in Asa Warrenton's line; thence north to line Quowenton and Brazzi to beg containing 25 a m or l

(COPY)

THE FEDERAL LAND BANK OF BALTIMORE
LOAN APPLICATION

APPLICATION OF
Abner Eason P. O. Whaleyville Virginia
(Applicant's full name.) (Print or type name.) (Town.) (R. F. D.) (State.)
X
(Husband's or wife's full name.) (Print or type name.) (Town.) (R. F. D.) (State.)

To THE FEDERAL LAND BANK OF BALTIMORE, (Hereinafter termed "bank.")

I, the undersigned, hereby make application through the Nansemond
(Name of National Farm Loan Association.)
of Suffolk Nansemond Virginia
(City or town.) (County.) (State.)

FOR A LOAN OF Five Thousand DOLLARS (\$ 5000.00)

a term of thirty five and one half years, with interest at the rate of five and one quarter per cent per annum payable semi-annually, or such other rate as may have established by the Federal Farm Loan Board at the time this loan is closed, said interest rate not to exceed 6 per cent per annum in any event; the principal and interest to be paid on the amortization plan prescribed by the Federal Farm Loan Board. I also hereby subscribe for the amount of capital stock in said association this loan will involve under the terms of the Federal Farm Loan Act. For said loan I offer as security a first mortgage on the following-described real estate:

DESCRIPTION AND LOCATION OF PROPERTY.

GIVE ACCURATE DESCRIPTION—COPY FROM DEED.

Tract containing 144 acres

Containing 169 acres (more or less), situated in the township (district) of Cypress County of Nansemond
State of Virginia and is three miles by road northwest from Drumhill, N. C.
which has a population of 200 and is one miles from Samorton Methodist Church
and is one miles from Somerton and on miles from a well-traveled main public road from Suffolk Va. to Gatesville, N.C.
(Nearest school.)
If not on main public road can you show right of way thereto? X

B. STATUS OF APPLICANT.

1. State occupation or business from which your principal income is derived. Farmer
2. State place of actual residence for last five years. Nansemond Co., Va. last 2 yrs. & Pitt Co. N. C. 20 yrs. theretofore
3. State your occupation for last five years. farmer
4. Where do you now reside. X miles from this land on the land
5. Do you farm this land either personally or by means of hired labor to whom you pay a fixed wage? personally & by hired
6. If land is farmed wholly or partially by tenants on either cash, crop, or share rent plan, give names of tenants and general terms of labor agreement under which they are farming. Crop or share rent plan - Ben Howell and Willis Moore - 2 tenants - tenants furnish labor, $\frac{1}{2}$ seed and take $\frac{1}{2}$ crop

7. State when you intend to move on this land and farm same, either personally or by means of hired labor, to whom you will pay a fixed wage (give date). already live on land

C. PURPOSE OF LOAN.

To which of the following four purposes, to wit (A, B, C, D), do you intend and hereby state you will apply the proceeds of this loan? Describe fully and definitely, under the proper heading, the purposes for which proceeds of loan will be used. Existing debts to be paid must include only those debts described in paragraph E of this application.

PURPOSES	DESCRIBE FULLY	AMOUNT
(A) To purchase acres of land. (Give description and terms of purchase.)	X	\$
(B) To provide buildings and improvements. (Give size, material, etc.)	To improve tobacco barns and tenant house	110.00
(C) To purchase equipment, fertilizer, live stock, etc. (Describe fully and give amount for each purpose.)	To purchase fertilizer for the year 1922	400.00
(D) To pay existing debts (see par. E). For what purpose incurred?	For purchase price of land	4240.00
	To pay for stock in National Farm Loan Association (5 per cent of the amount applied for)	250.00
	Total (this must equal the amount herein applied for)	\$ 5000.00

State if land proposed to be purchased is to be included in mortgage given to this bank.
D. VALUATION OF PROPERTY. The present cash value of the land and permanent improvements are as follows:

VALUATION OF PERMANENT IMPROVEMENTS located on the land proposed to be mortgaged.					VALUATION OF LAND. (The acreage classified must agree with total acreage offered as security for this loan.)			
Name and Number of buildings, etc.	Material.	Year Built.	Present value.	Amount of insurance now carried.	No. of acres.	Classification.	Value per acre.	Total value
Main dwelling	Frame	1914	\$ 3000	\$ 1500	75	Cultivated upland	\$ 100	\$ 7500
Other dwellings	2 tenant houses	"	1500	1000	X	Cultivated bot'm land	X	X
Main barn	"	"	500	200		Pasture	X	X
Other barns	"	"	500	100		Cut over		
Other outbuildings	5 tobacco barns	"	1500	X	94	Timber	50	4700
Silos						Orchard		
						Waste land		
Total			\$ 7000	\$ 2800	169	Total	\$	\$ 12200

\$ 5000 fee paid

E. ENCUMBRANCE AND DEBTS OF APPLICANT.

Include under this heading all encumbrances, mortgages and liens, etc., against the property offered for security—also all amounts due on account of purchase money, notes, or contracts covering purchase of land.

Name of mortgagee or present holder of mortgage.	Amount.	Date incurred.	Date may be paid.	Rate of Interest.	Amount of interest due or past due.	State opposite each item if you expect to pay same with proceeds of this loan.
P. B. Williams	3000	November 1919		6%	180	yes
Gates Supply Company	1000	May 1921		6%	60	"
Total	4000				240	

You are authorized to pay all existing liens out of proceeds of the loan herein applied for.

Are there any timber, oil, gas or coal leases, rights or reservations against the land offered for security? no

If so, state the kind and acreage of the same and the effect that operations under the same may have upon the agricultural value of the farm. X

My other debts and obligations are as follows (State whether debt is secured by mortgage, etc., and property given as security).

To whom payable.	Amount.	Security given for debt.	Date incurred.	Rate of Interest.	State opposite each item if you expect to pay same with proceeds of this loan.
Bank of Gates	300	none	Aug. 1920	6%	no
J. H. Brill, Hallow, Va.	200	"	July 1921	6%	no
J. A. Luke " "	700	"	Feb. 1921	6%	no
Total	1200				

F. A summary of my live stock and a financial statement of all my resources and liabilities are as follows:

LIVE STOCK SUMMARY				FINANCIAL STATEMENT.	
Kind	No.	Price	Value		
Horses	1	175	100	Value of land to be mortgaged	16.9 acres 12,200
Colts	X			Value of buildings and improvements on land to be mortgaged	7,000
Mules	2	650	400	Value of other land owned by applicant	6.7 acres 10,000
Milch Cows	X			Total value of all live stock	600
Other Cattle	X			Total value of machinery, wagons, and harness	250
Sheep	X			Total value of all other property, and cash on hand	5,600
Brood Sows	2	64	20	Total Resources	\$35,650
Other Hogs	8	10	80	Total amount of mortgage on real estate	\$4,240
Poultry	X			Total amount of chattel mortgages	
The chattel mortgages against the above stock amount to \$.....				Personal notes and other indebtedness	1,200
Total Value of Live Stock				Total Liabilities	\$5,440
600				MY TOTAL NET WORTH (resources minus liabilities)	\$30,210

I own farming implements valued at \$ 250, sufficient to farm 75 acres. Are Implements housed and protected against inclement weather conditions? yes

G. PRODUCTS OF THE FARM.

During the last crop season the cultivated portion of land herein described was divided and crops grown thereon as follows:

Acre.	CROP. (Insert name of crop.)	Total yield.	Value.
12	Peanuts	85	450.00
3	Tobacco	2000 bbls.	600.00
8	Cotton	8 bales	720.00
30	Corn (fodder incl.)	90 bbls.	270.00
Total			2040.00

PRODUCTS AND LIVE STOCK SOLD FROM THIS FARM.

Realized last year from the sale of live stock	\$.....
Realized last year from the sale of dairy products	
Realized last year from the sale of poultry products	
Realized last year from the sale of grains, hay and other products on this farm	
Total Value of Sales Off of this Farm	\$ 2040.00

I will cultivate ^{this season} 75 acres of land. Best money crop of this locality Tobacco

H. GENERAL.

- How many years has this land been cultivated? X
- What has been the crop rotation? Cotton, Corn, Peanuts
- How many acres can be profitably cultivated? 75
- How many acres are now in cultivation? 75
- For what purpose can acreage be used that is not subject to profitable cultivation? none
- How is this land watered? Rain
- Acres fenced? 75 Kind of fence? wire
- How many acres need ditching or draining? none
- How many rods of open ditch on land? 75
- How many acres subject to overflow? none

I acquired and came (or expect to acquire and come) into possession of this property in the following manner:

Date Acquired	Acres	Purchased or Acquired From	If land was purchased from a relative, state relationship	*Total Purchase Price	Which Was Settled For As Follows:		
					Cash Payment	Mortgage or Contract	TRADE Valued at Consisting of
Nov. 1919	16.9	P. B. Williams	X	10,000	6,500	3,500	

Since then I have made the following improvements, to wit:

To the land by clearing, ditching, tilling, etc.	cleared 6 acres of land	Valued at, \$ 300
Buildings	5 tobacco barns and one tenant house	Valued at, \$ 2500
Fencing	6 acres	Valued at, \$ 100
Total,		\$ 2900

*"Purchase Price" means the actual price paid, or to be paid for the farm, including only land and buildings.

TO THE FEDERAL LAND BANK OF BALTIMORE:

App'l No. 69

SIGN AND RETURN IMMEDIATELY TO

THE FEDERAL LAND BANK OF BALTIMORE

KR I ~~We~~ Abner Eason, hereby agree
 to accept the loan of \$ 3000 approved by you on my application made through
 the Nansemond Va Co., National Farm
 Loan Association, and agree to co-operate with the Secretary-Treasurer of said Association in
 fulfilling all the requirements necessary to a prompt closing of said loan. I am arranging with
 the Association's bonded attorney for an abstract and it will be sent to the Bank in a few days.
 If I ~~We~~ should fail or refuse to close said loan when ready I ~~We~~ agree to pay to said Bank
~~one (1) %~~ of the amount of loan approved as reimbursement for the expense incurred by
 said Bank.

(signed) Abner Eason

SIGNATURE OF APPLICANT

Date June 13, 1922

SIGNATURE OF APPLICANT

Received

June 14 1922

The Federal Land Bank of Balto.

President's office

Transmont Co.

Va.

Each and every question in this application is material and is a basis of credit; a false statement in answer to any question, knowingly made, is a penal offense under the Farm Loan Act.

H. GENERAL—(Continued).

Assessed value of this land for taxation was \$..... Amount of last year's taxes paid, \$..... 37.50
I own..... 67 acres of other land, located in..... Wilson North Carolina
(County.) (State.)
against which are encumbrances {not listed
listed in paragraph B, amounting to \$..... 3500
I am a native of..... Pitt County, North Carolina and..... am a citizen of the United States,
widower } aged..... 60; wife's age..... X; wife's name..... X
single }
married } have children, namely..... 1 boys, no girls, of which..... 1 hoys aged..... 33, lives on his, own
and..... land..... girls aged..... adjoining mine..... are now living at home on this land.

I carry life insurance..... none Amount, \$.....
(Name of company.)

Give name and address of any person to whom you have paid or agreed to pay a fee or commission for obtaining this loan
..... X \$..... X
(Name.) (Address.) (Amount.)

Have you ever applied to a Federal Land Bank or a Joint Stock Land Bank for a loan on this property?..... no
If so, give name of bank, date, amount, and reason why loan not completed..... none

Have you ever been or are you now indebted to any Federal Land Bank for a farm loan?..... no Did you assume the indebted-
(Have been—Am now)

ness because of purchase of land already mortgaged to a Federal Land Bank, or did you obtain the loan by applying through a National
Farm Loan Association?..... no
(By purchase.) (By application.) (Federal Land Bank.)

Give particulars..... X
(National Farm Loan Association.) (Town and State.) (Date of loan.) (Amount of loan.)

Has application for a Federal loan by you on any of this or on any other land been withdrawn?..... X

If so, give particulars..... X

Was your application for loan ever rejected by any National Farm Loan Association, Federal Land Bank, or Joint Stock Land Bank.
State name and reason for rejection..... X
(Name of bank or association.)

..... X
(Reasons.)

Was a loan ever refused by this Land Bank on the land (or any part thereof) covered by this application? { Yes. } Date.....
No. at once

Why?..... X What date is money desired?.....

For the purpose of procuring said loan I have submitted this application to the bank and hereby represent and guarantee that the statements contained herein are true and correct and that I have suppressed no information about the property described which would adversely affect its value. I further represent and guarantee that no suits are pending or judgments unsatisfied against me in any court of record of this State or the United States and represent and guarantee that there are no encumbrances or liens against the property described except as are herein described. I agree to maintain and assign to the bank insurance on permanent insurable improvements to the amount required by the bank. I further represent that I am in open and peaceful possession of the premises described and that my title thereto is not questioned nor do I know of any claims that might give rise to adverse claim of my possession. If this application is accepted and a loan granted hereon by the bank, I agree to furnish at my expense, within fifteen (15) days from the date of receipt of notice of approval of this loan, abstract of title acceptable in form to the bank, that will show the title perfect in me and the mortgage given by the bank a first lien on the property described. I agree to pay all fees for recording and releasing instruments necessary to complete the loan. If this loan be completed by the bank, or if this application is withdrawn or canceled, or the loan not completed through any action on or of my part, I agree to pay the bank a reasonable fee assessed in accordance with rules and terms promulgated by it and approved by the Federal Farm Loan Board for expenses (appraisal, determination of title, etc.) incurred in connection with this application. I further agree to pay to the association through which this application has been filed reasonable charges in order to meet the necessary expenses of the association, provided that such charges shall not exceed amounts to be fixed by the Federal Farm Loan Board, and shall in no case exceed 1 per centum of the amount of the loan plus additional cost of appraisal. It is understood and agreed that the association charges do not include fees for recording, etc.

If the title to this land is held jointly, authority is hereby given..... X
to become a member of this association, and to act for and on behalf of the other joint owner or joint owners.

Dated..... November 17, 1921 (Sign here)..... (signed) Abner Eason

Witness (Sg.) John K. Hutton.....

If the title is held by two or more joint owners, all joint owners must sign application.
(Confidential)

REPORT OF THE LOAN COMMITTEE TO THE FEDERAL LAND BANK OF BALTIMORE.

NOTE: Section 10 of the Farm Loan Act, as amended, provides that the loan committee may designate someone to make the investigation of the security and the applicant in its behalf or the committee itself may make the investigation. The result of the investigation must be approved and the report signed by every member of the loan committee.

1st. The land on which this report is based is the identical property described in this application and signed by the applicant.

2d. The farm offered as security is in a..... Good location.
(Good—Fair—Poor.)

3d. The soil is (describe kind)..... Sandy loam good quality
of..... good quality, adapted to the growing of the following commercial crops..... corn
peanuts, cotton

4th..... 75 acres can be profitably cultivated, and..... 94 acres remaining are suitable for growing timber

VALUATION OF PERMANENT IMPROVEMENTS. Located on premises described herein.		VALUATION OF LAND. (The acreage classified must agree with total acreage offered as security for this loan.)			
Insurable buildings.	Non-insurable buildings.	No. of acres.	Classification.	Value per acre.	Total value.
House..... \$ 3000	House..... \$	75	Cultivated Up Land	50	3750
Barn..... 2600	Barn.....		Cultivated Bot'm Land		
Other buildings..... 1500	Other buildings.....	94	Pasture		
Total..... \$ 7100	Total..... \$		Cut Over	20	1880
			Timber		
			Orchard		
			Waste Land		
		169	Totals		5630

5th. In our judgment, the present sale price of the property is \$..... 10,000

6th. The applicant is a person of..... good character and habits and is..... do not know in
(Good—Questionable.) (Slow—prompt.)

meeting obligations.

7th. The applicant, by virtue of actual farming experience, training, and temperament,..... is qualified and capable of making a success in the operation of this farm.

8th. This farm, in our judgment, under the management of the applicant,..... will produce a sufficient revenue to sustain the family of the applicant and enable him to meet amortization payments as they become due.

9th. The crop yield, as reported by the applicant, was..... 100% of the average yield in this section. If above or below normal, give the reasons.....

10th. The applicant is in..... good health; belongs to the..... white race.

11th. Give any further information you have bearing on this loan.....

12th. Will the applicant accept the loan as recommended?..... yes

Based upon the investigation of the property, its earning power under normal conditions, the solvency, character, and qualifications of the applicant, I recommend that a loan be granted for an amount not to exceed..... \$ 3000

The foregoing is a report of an investigation made the..... 6th day of..... December 192..... 1

..... (signed) Paul S. Blandford

Investigator for Loan Committee.

We, the Loan Committee of the..... Nansemond Co. National Farm Loan Association, have carefully considered this application and the report of our Investigator, or have personally investigated the security, and recommend that a loan be granted for an amount not to exceed..... \$ 3000

No member of this committee nor any person who made the investigation is interested, directly or indirectly, in the loan sought by the within-named applicant.

Dated at..... Suffolk, Va.

(This report MUST be signed by all members of the Loan Committee.)

4th..... day of..... February 192..... 2

(Signed) Paul S. Blandford

(Signed) Jesse Whitley

(Signed) M. J. March

Secretary-Treasurer.

(Signed) J. W. Hill

ACTION OF THE BOARD OF DIRECTORS.

The undersigned, Secretary-Treasurer of the within and above named National Farm Loan Association, hereby certifies that the Board of Directors of said association by a favorable vote of a majority of the entire directorate, at the casting of which vote no interested director participated in any manner, has approved and recommended to the Federal Land Bank of Baltimore a loan not exceeding \$..... 3000 to the within-named applicant on the land offered in said application, and I further certify that said applicant is a charter member of or has been admitted to membership in said association by a two-thirds, or more, vote of the Board of Directors

Witness my official signature the..... 4 day of..... February 192..... 2

..... (Signed) Jesse Whitley

Secretary-Treasurer.

ACTION OF THE FEDERAL LAND BANK OF BALTIMORE.

Date received..... 2-14-22 Association No..... V-83-69 Loan No.....

First Examination by..... K. M. K. Date 2-14-22 Returned for correction by..... Date.....

Re-examined by..... C. M. S. Date 5-26-22 Synopsis by..... E. E. S. Date 5-29-22

We, the undersigned officers of the Federal Land Bank of Baltimore, constituting the Executive Committee of said Bank, approve a loan to the foregoing applicant to the amount of \$..... 3000 subject to the following requirements:

This..... June 2, 1922 day of....., 19.....

..... (Signed) V. Vaiden
President.

..... (Signed) C. R. Titlow
Secretary.

..... (Signed) E. E. Jones
Treasurer.

This Bank holds an insurance policy in the amount of \$..... in connection with this loan.....

(COPY)

#9917 P. F.

The Federal Land Bank of Baltimore

State of VIRGINIAApplication No. 69Association No. V-83Loan No. 2

TITLE CONTINUATION CERTIFICATE

I hereby certify that I have examined the public records of the County of NANSEMOND
State of VIRGINIA from and including the 17th day of JULY 19 22,
that being the date of the abstract of title to lands of

ABNER EASON in said County, previously
submitted to the Federal Land Bank of Baltimore, by G. A. HARRIS
the undersigned Attorney, to and including the date upon which a mortgage on said lands to said
Bank was duly admitted to record in said County as hereinafter shown, and find no changes affecting
the sufficiency or validity of the record title to said lands, as shown in said abstract, except as follows:

Mortgage, from said ABNER EASON to the Federal Land Bank of
Baltimore, for \$3000.00, dated 28th day of JULY 19 22, duly admitted to record
on the 8th day of August 19 22.

Insert Date

The following liens have been duly settled, released and satisfied of record, according to law:

Deed of Trust Abner Eason to John K. Hutton, Tr., 11-12-19,
DB 91, Page 55, duly released of record.

Deed of Trust Abner Eason to T. O. Knight, Tr., 4-7-21,
DB 95, Page 68, duly released of record.

The records therefore show that there are now no prior liens of record on the lands mortgaged
to the Federal Land Bank of Baltimore in the above described mortgage, and that full fee simple
title to the said lands is vested in said mortgagor subject to the lien of said mortgage to the Federal
Land Bank of Baltimore, which is a valid first lien thereon.

(Signed) G. A. Harris

Approved Attorney for the NANSEMOND County, N. F. L. A.

(N. B.—If changes or liens other than those set out are found affecting said title, such changes or liens should be noted in space
provided above and the loan withheld, unless it can be used in releasing such liens of record simultaneously with the recording of the
Bank's mortgage—so as to make said mortgage a first lien on the property herein described.)

(COPY)

7-27-22

The Federal Land Bank of Baltimore

P. F.

NANSEMOND COUNTY N. F. L. A.

of SUFFOLK V-83, State of VA.

Application No. 69 Loan No. 9917

Appraiser W. O. Collier Abstractors No. 338

SETTLEMENT RECORD

MORTGAGOR ABNER EASON,
Address: WHALEYVILLE, VA.

Insurance	Date of Note	Loan Closed	Rebate of Int.
\$2700.00	7-1-22		

SETTLEMENT—The Federal Land Bank of Baltimore with Secretary-Treasurer of above Association

To full amount of loan granted					\$3000.00
By deductions by Bank	5% Capital Stock	Abstract Bond Fee	Bank Fee	(Interest Rate)	\$ 169.00
	\$150.00	\$9.00	\$16.00	5½%	
By amount for which draft will be honored					\$ 2831.00
					\$ 3000.00
					\$3000.00

SETTLEMENT—Secretary-Treasurer of the above Association with Mortgagor

Amount of proceeds of draft		\$2831.00
Amount of fees deducted by the Association	\$20.00	
By amount paid to settle, release and satisfy of record, the following liens according to law:		
1. Deed of Trust Abner Eason to John K. Hutton, Tr., 11-12-19, DB 91, Page 55.	2512.50	
2. Deed of Trust Abner Eason to T. O. Knight, Tr., 4-7-21, DB 95, Page 68. Settled by Abner Eason	---	
Balance paid to Mortgagor	298.50	
	\$2831.00	\$2831.00
Bank fee collected when application was filed		\$5.00

Total Association Cost to Borrower in Securing Loan.

Association fee	\$
Association cost of appraisal charged in addition to Association fee	\$
Total	\$
Less amount returned to borrower	\$
Total association costs	\$
Association costs are determined by its Board of Directors, subject to the approval of the Federal Farm Loan Board, and in accordance with the Farm Loan Act.	

Received settlement as above this 8th day of August 1922

Attest:

(Signed) Jesse Whitley

(signed) Abner Eason

Sec'y-Treas. NANSEMOND COUNTY N. F. L. A.

(THIS VOUCHER MUST BE SIGNED BY MORTGAGOR IN THE PRESENCE OF ATTESTING SECRETARY-TREASURER)

NANSEMOND COUNTY NATIONAL FARM LOAN ASS'N.

Jesse Whitley, Secty-Treas.

143 SOUTH MAIN STREET

SUFFOLK, VA.,

March 14th, 1923

The Federal Land Bank of Baltimore no.

Baltimore Md.

Gentlemen:-

Exhibit 4. L. B. H.



Mr. Abram Eason had one of his buildings burned recently which was insured for Two Thousand Dollars, the loss has been adjusted by the Insurance Co, and Mr. Woodward of the Insurance firm of Woodward & Eason has informed me that he has the Check for Two Thousand Dollars and will turn the Check over to me or send it to you upon the receipt of the policy. Mr. Eason was here to see me last week & stated that he wanted One Thousand Dollars to use in building another house & wanted to have the other Thousand placed to his Credit on the note you hold against the property.

Very truly yours

Jesse Whitley Secty-Treas.

HENRY G. BARBEE, PRESIDENT
JAMES A. BLAINEY, VICE-PRESIDENT
E. J. ROBERTSON, VICE-PRESIDENT

P. D. BAIN, CHAIRMAN OF THE BOARD

BARTON MYERS, VICE-PRESIDENT
HAROLD KNOX, SECRETARY
SIDNEY F. POLLARD, TREASURER

The Hampton Roads Fire & Marine Insurance Co.

NORFOLK, VIRGINIA

Exhibit F.L.B. no. 5

Suffolk, Virginia,
March 26th, 1923.

The Federal Land Bank of Baltimore,
Fidelity Building,
Baltimore,
Md.

RECEIVED

MAR 27 1923

Dear Sirs:

The dwelling insured by Petersburg Insurance Company under Policy No. 27101 for Abner Eason was burned in February.

We are enclosing draft for \$2,000 from the above named Company payable to the order of Abner Eason and Federal Land Bank of Baltimore.

Mr. Eason has endorsed this and requests us to send it to you, asking you to place \$1,000 to the credit of his bond and send him \$1,000 to be used in erecting a new house on the property. //

Please return to us Petersburg Policy No. 27101.

If you will send us draft for \$1,000, payable to Mr. Eason, we will see that it is delivered to him. //

Yours very truly,

W:P

Woodward & Claun

J. W. COCHRAN, Vice Prest.
J. B. MORTON, 2ND Vice Prest

E. C. IRVIN, President.

M. G. GARRIGUES, Secy.
R. N. KELLY, JR., Asst. Secy.



INCORPORATED
1919

WOODWARD & ELAM
Resident Agents

VICTORY INSURANCE CO.

OF

PHILADELPHIA, PA.

R. A. PALMER
ASSISTANT MANAGER

SOUTHERN DEPARTMENT
ATLANTA, GA.
W. E. CHAPIN, MANAGER

R. B. BARNETT
SECOND ASSISTANT MANAGER

Suffolk, Va.

April 11th, 1923.

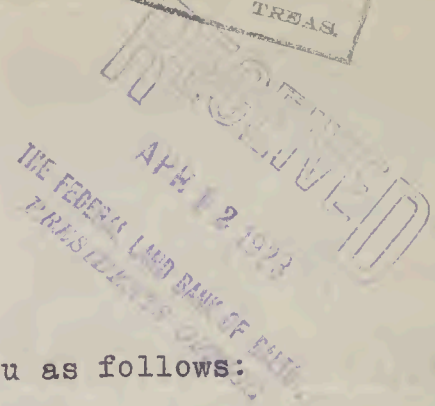


Exhibit 7.2. B. no. 6-
The Federal Land Bank of Baltimore,
Fidelity Building,
Baltimore,
Md.

Dear Sirs:

On March 26th, we wrote you as follows:

"The dwelling insured by Petersburg
Insurance Company under Policy No. 27101 for
Abner Eason was burned in February.

We are enclosing draft for \$2,000
from the above named Company payable to the
order of Abner Eason and Federal Land Bank of
Baltimore.

Mr. Eason has endorsed this and
requests us to send it to you, asking you to
place \$1,000 to the credit of his bond and
send him \$1,000 to be used in erecting a new
house on the property.

Please return to us Petersburg
Policy No. 27101.

If you will send us draft for
\$1,000, payable to Mr. Eason, we will see
that it is delivered to him."

From this, we have heard nothing, although
we requested you to return Petersburg Policy No. 27101.

Mr. Eason was in this morning, inquiring
about this matter. He says that he has had the lumber
cut to replace the building and the lumber man wants

J. W. COCHRAN, VICE PRES.
J. B. MORTON, 2ND VICE PRES.

E. C. IRVIN, PRESIDENT.

M. G. GARRIGUES, SECY
R. N. KELLY, JR., ASST. SECY.



INCORPORATED
1919

VICTORY INSURANCE CO.

OF
PHILADELPHIA, PA.

R. A. PALMER
ASSISTANT MANAGER

SOUTHERN DEPARTMENT
ATLANTA, GA.
W. E. CHAPIN, MANAGER

R. B. BARNETT
SECOND ASSISTANT MANAGER

WOODWARD & ELAM
Resident Agents

Suffolk, Va.

Page 2.

his money, and it has placed Mr. Eason in an embarrassing position on account of not having it.

We will thank you to let us hear from you, at once, regarding this matter.

Yours very truly,

Woodward & Elam

W:P

NANSEMOND COUNTY NATIONAL FARM LOAN ASS'N.

Jesse Whitley, Secty-Treas.

143 SOUTH MAIN STREET

SUFFOLK, VA., April 11th, 1923

Federal Land Bank of Balto
Balto. Md.

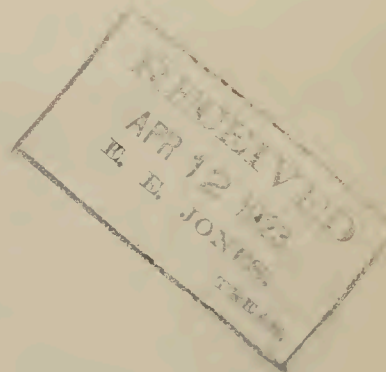
Gentlemen:-

Mr. Chas Eason asked me to write you in reference to sending him apart of his Insurance money as he is in need of it - at once to replace his building, he states that his tenant - has to get - lodging with some of his neighbors which makes conditions bad for him in the preparation for his crop. Would be glad to hear from you.

Exhibit 7. L. B. no. 7

Very truly yours

Jesse Whitley Secy-Treas.



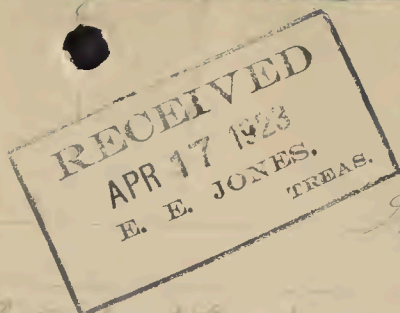


Exhibit F. F. B
NO. 8

Chas. E. Jones Bank.

Dear Sirs,

I ask Mr. Whitley of Suffolk
to write you about the Insurance
check to cover my loss and
ask you to place one thousand
to my credit and send me
one thousand to rebuild with
I haven't heard from it since
part of the lumber has been
cut and the mill man wants
his money. will you please
write me what you are
going to do. I want you
to place the 1000 on the notes
or bonds that come due first
so as to take up as many
as the 1000 dollars will take up
no tenant has no house to

live in and have to stay
with a mother family in
a little 14 x 24 house there
are 12 people to live in this
little house. please let me
hear from you at once.

Yours Truly

Abner East

April 17, 1923.

HANSEMOND

Mr. Abner Eason,
Whaleyville, Va.

Dear Sir:-

We are enclosing herewith our check for \$249.15, being the balance of your \$2000 insurance check after making the following deductions:

Regular Payment No. 2, due July 1, 1923	\$97.50
Additional Payments on Principal, Nos. 3 to 38 inc.	<u>953.35</u>
	\$1050.85

You will note that we have only applied \$953.35 on the principal of your loan, but have deducted \$97.50 to cover your next payment, which will be due July 1, 1923, at which time the \$953.35 will be credited on your mortgage.

We are enclosing herewith an amortization table which will show you just how the money will be applied. After the \$953.35 is credited the balance due on your loan will be \$2016.24. You will not have to make a payment in July, because we have kept out that installment, but your next payment, in amount of \$97.50, will be due January 1, 1924, and thereafter you will make your payments in the same amount, in July and January of each year, but you will pay off your loan in a shorter time. This is the only way we can reduce your mortgage and keep the payments regular.

The reduction in your policy leaves us insurance of only \$700, while our requirement is \$1700, taking into consideration the reduction of your loan, so we are returning the \$949.15 to you with the understanding that you will furnish us with insurance on the new building as soon as possible, to make up the shortage on our requirement.

We are very sorry for the delay in handling this transaction, which was caused by the absence of one of our officers from the bank.

Very truly yours,

MEH
Enc.

Copy to Sec.-Treas.

Treasurer.

Exhibit F.I.B.
No. 9



IN THE CIRCUIT COURT FOR THE
COUNTY OF NANSEMOND

THE FEDERAL LAND BANK OF
BALTIMORE

{ *of Fed. L. B. of Balt.*
VS: Answer to petition *filed*
{ *by Water Supply Co.*
Amended Bill
ABNER EASON

1928 March 26. filed J.L.M.

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v.

Abner Eason and Gates Supply Company,
Incorporated.

The amended answer of Gates Supply Company, Incorporated to a bill of complaint filed by the Federal Land Bank of Baltimore against Abner Eason in the Circuit Court of Nansemond County, Virginia, to which suit this respondent has been made a party.

This respondent reserving unto itself the benefit of all just exceptions to the said bill of complaint, for answer thereto, or to so much thereof as it is advised that it is material it should answer, answers and says:

(1) This respondent doth neither deny nor admit the allegations contained in Paragraphs 1, 2 and 3 of complainant's bill, but calls for strict proof of same.

(2) This respondent denies and puts into issue each and every allegation contained in Paragraphs 4, 5, 6, 7, 8 and 9 of complainant's bill.

(3) That by deed dated November 12th, 1919, and duly of record in the Clerk's Office of the Circuit Court of Nansemond County, in Deed Book 91, page 55, Abner Eason conveyed to John K. Hutton, Trustee, the property described in the complainant's bill filed in this cause, in trust to secure to P. B. Williams the payment of the sum of THREE THOUSAND FIVE HUNDRED (\$3,500.00) DOLLARS, evidenced by five (5) bonds.

(4) That by deed dated April 7th, 1921, and duly of record in the Clerk's Office of the Circuit Court of Nansemond

County, in Deed Book 95, page 68, Abner Eason conveyed to T. O. Knight, Trustee, the property described in the complainant's bill filed in this cause, in trust to secure to the Gates Supply Company, Incorporated, the sum of NINE HUNDRED AND THIRTY SIX (\$936.00) DOLLARS, and evidenced by one bond.

(5) That after making the foregoing conveyances and prior to the 28th day of July, 1922, Abner Eason applied to the Federal Land Bank of Baltimore for a loan on the aforesaid property for the purpose of paying off the sum of THREE THOUSAND (\$3,000.00) DOLLARS, then due upon the deed of trust to John K. Hutton, Trustee, as above set out; that said application was made through Jesse Whitley, Secretary and Treasurer of the Hansemond County National Farm Loan Association, which said Association is agent for the Federal Land Bank of Baltimore and a unit and part of said Bank; that the Federal Land Bank of Baltimore had its attorney, Mr. G. A. Harris, examine the title to the property of Abner Eason, and that said attorney found the liens upon said property as hereinabove set out, and reported same to said Bank, as will be shown by copy of abstract sheet filed herewith, marked Exhibit "A" and made a part of this answer; that the Federal Land Bank of Baltimore agreed to lend to Abner Eason the sum of THREE THOUSAND (\$3,000.00) DOLLARS, provided it was given a first lien upon said property; that the Federal Land Bank of Baltimore, through its agents, employees and servants, requested your petitioner to release its aforesaid lien upon the said property of the said Abner Eason, and to obtain a new deed of trust, in order that the Federal Land Bank of Baltimore might acquire a first lien on said property and pay off the said deed of trust given by Abner Eason to John K. Hutton, Trustee, in trust to secure to P. B.

Williams the payment of the sum of THREE THOUSAND FIVE HUNDRED (\$3,500.00) DOLLARS, as will be shown by Exhibits "B" and "C" herewith attached and made a part of this answer, and that your petitioner agreed with the agents, employees, servants and attorneys of the Federal Land Bank of Baltimore that it would release its deed of trust as aforesaid, provided a new deed of trust was executed to it, securing its debt.

(6) That by deed dated July 28th, 1922, and acknowledged and executed before Jesse Whitley, Notary Public, on August 8th, 1922, and recorded August 8th, 1922, at 12:30 o'clock, noon, Abner Eason conveyed, by mortgage, to the Federal Land Bank of Baltimore the property described in the complainant's bill filed in this cause; the said mortgage being to secure one note dated July 1st, 1922, for the sum of THREE THOUSAND (\$3,000.00) DOLLARS, with interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum, as set out in complainant's bill filed in this cause; that the said mortgage further provided that Abner Eason should insure, during the existence of the mortgage, and keep insured in some good company, the buildings on the mortgaged premises to the amount at least of TWO THOUSAND SEVEN HUNDRED (\$2,700.00) DOLLARS, and to cause the policy to be effected thereon to be so framed or endorsed as in the case of fire to inure to the benefit of the said Federal Land Bank of Baltimore, its successors or assigns, to the extent of its lien or claim hereunder. A copy of said mortgagee clause being herewith attached, marked Exhibit "D" and made a part of this answer.

(7) That by deed dated and executed August 8th, 1922, and duly recorded on the 8th day of August, 1922, at 12:30, noon, in the Clerk's Office of the Circuit Court of Nansemond County, in Deed Book 97, page 342, Abner Eason conveyed to L. P. Holland,

Trustee, the aforesaid property described in the complainant's bill filed in this cause, in trust to secure to Gates Supply Company, Incorporated, the sum of ONE THOUSAND AND THIRTEEN (\$1,013.00) DOLLARS, and all interest that may accrue thereon, which said sum and interest is due and unpaid, and evidenced by one negotiable note of even date with said deed, payable January 1st, 1923, at the Citizens Bank of Gates, Gates, North Carolina, and signed by Abner Eason; that the acknowledgment to this deed was taken by Jesse Whitley, Notary Public, August 8th, 1922, ^{a copy of} which said deed is herewith attached, marked Exhibit "E" and made a part of this answer, said deed containing standard mortgagee insurance clause.

(8) That Mr. Jesse Whitley of Suffolk, Virginia, was the Secretary and Treasurer of the Nansemond County National Farm Loan Association at the time Abner Eason made application for the said Federal farm loan from the Federal Land Bank of Baltimore, and was Secretary and Treasurer of said Association at the time of closing said loan; that it is his duty as Secretary and Treasurer of the said Association, to receive applications for loans from the Federal Land Bank of Baltimore, to see that they are properly made out, that the party applying for the loan is a proper party and entitled to receive same; to secure the proper action of the directors and loan committee of his Association in reference to the application; to forward said application to the Federal Land Bank of Baltimore; to see that the mortgage and note securing same are properly executed and that insurance policies are obtained in the proper amounts as required by the mortgage, duly executed with standard Federal mortgagee clauses attached; to see that the mortgage is properly recorded and indexed and to generally do all things necessary and incidental in the closing of loans made by the Federal Land Bank of Baltimore, in order to give the said Bank a first

mortgage upon the property securing said loan; to receive funds from the Federal Land Bank of Baltimore to be paid to borrowers and to deposit same, and to generally disburse the funds, and to see that the proceeds of the loans are applied to the purposes as set out in the applications for loans; to collect, receipt for and transfer to the Federal Land Bank of Baltimore payments of interest and principal upon loans; to examine the records and to report to the Federal Land Bank of Baltimore all delinquent taxes on property securing loans made by said Bank, and to generally keep up with loans made by the Federal Land Bank of Baltimore and report to said Bank the failure of any borrowers to comply with the terms of their said contract with said Bank; that the said Jesse Whitley is bonded for the benefit of the Federal Land Bank of Baltimore; that G. A. Harris, attorney, is the attorney for the Nansemond County National Farm Loan Association and attorney for the Federal Land Bank of Baltimore, and was attorney for said Association and Bank at the time the Abner Eason loan was applied for and closed; that it was his duty as abstractor for said Bank and Association, to examine the title to the said property of the said Abner Eason, and to furnish said Bank with an abstract of title of same, on forms provided by said Bank; to supervise the proper execution of the mortgage and the note secured thereby; to examine insurance policies and to supervise the recordation of the mortgage and to see to the ^{proper} ~~the~~/disbursement of funds, and to generally do all matters and things necessary to give to the Federal Land Bank of Baltimore a first mortgage on the premises.

(9) That the legal department of the Federal Land Bank of Baltimore prepared the note of Abner Eason in the amount of THREE THOUSAND (\$3,000.00) DOLLARS, to be executed by the said Abner Eason and also the mortgage to secure same, and along with

a check for TWO THOUSAND EIGHT HUNDRED AND THIRTY ONE (\$2,831.00) DOLLARS, payable to Abner Eason and Jesse Whitley, Secretary and Treasurer of the National Farm Loan Association, sent them to the said Jesse Whitley for the proper execution, recordation and disbursement; that the Federal Land Bank of Baltimore deducted the following amounts from the loan of \$3,000.00 aforesaid:

5% of loan for capital stock	\$150.00
Abstract bond fee	9.00
Bond fee	<u>10.00</u>
	\$169.00

That pursuant to the request of the said G. A. Harris, attorney, the agent of this respondent met in the office of the said G. A. Harris on the 8th day of August, 1922, and the said G. A. Harris, attorney and abstractor, prepared the said deed of trust from Abner Eason to L. P. Holland, containing standard insurance clause and securing the Gates Supply Company, Incorporated, the said sum of ONE THOUSAND AND THIRTEEN (\$1013.00) DOLLARS; that after the preparation of the aforesaid deed of trust and during the morning of the said day, the said G. A. Harris took same to the office of the said Jesse Whitley, Secretary and Treasurer, and there Abner Eason executed the note and mortgage to the Federal Land Bank of Baltimore and the note and deed of trust to the Gates Supply Company, Incorporated, in the presence of the said G. A. Harris, and the said Jesse Whitley. The said Jesse Whitley and G. A. Harris having actual acknowledgment of the said deed of trust to this respondent and of all of the papers executed and transactions entered in connection with the making of the said loan; that the note payable to the Federal Land Bank of Baltimore was delivered to the said Jesse Whitley and the note payable to the Gates Supply Company, Incorporated, was delivered to Mr. C.

B. Milteer, President of the Gates Supply Company, Incorporated, and that the mortgage to the Federal Land Bank of Baltimore and the deed of trust securing the note payable to the Gates Supply Company, Incorporated, were turned over and delivered to the said G. A. Harris for the purpose of recording same; that the said G. A. Harris immediately took the said deed of trust and mortgage to the Clerk's Office of the Circuit Court of Nansemond County and delivered them to George E. Bunting, Clerk of said Court, with a request that they be recorded, but that it be shown by the records that the mortgage to the Federal Land Bank of Baltimore was recorded prior to the deed of trust securing the Gates Supply Company, Incorporated; that the former deeds of trust from Abner Eason securing P. B. Williams and the Gates Supply Company, Incorporated, were then and there released on the margin; that on the 8th day of August, 1922, the said Jesse Whitley made the following disbursements of the sum of TWO THOUSAND EIGHT HUNDRED AND THIRTY ONE (\$2,931.00) DOLLARS received from the Federal Land Bank of Baltimore:

August 8th, 1922	To the Farmers Bank of Nansemond on collateral note of P. B. Williams	\$1500.00
" " "	To P. B. Williams for balance on note and interest	1012.50
" " "	To Woodward & Elam, Agents for insurance	68.00
" " "	To G. A. Harris, abstractor and attorney	50.00
" " "	To Jesse Whitley, Notary Public	1.00
" " "	To fee deducted by Nansemond County National Farm Loan Association	20.00
" " "	To balance to Abner Eason	<u>168.00</u>
	Total	\$2,831.50

(10) That pursuant to and in accordance with the terms of the aforesaid mortgage given by Abner Eason to the Federal Land Bank of Baltimore, the said Abner Eason insured the buildings on the aforesaid mortgaged premises to the amount of TWO THOUSAND SEVEN HUNDRED (\$2,700.00) DOLLARS; TWO THOUSAND (\$2,000.00) DOLLARS upon the dwelling house and SEVEN HUNDRED (\$700.00) DOLLARS upon the other buildings upon said premises; said amount being the full amount of the value of said buildings; that said insurance was taken out in the Petersburg Fire Insurance Company, Incorporated, under Policy #27101, with a loss and payable clause to the Federal Land Bank of Baltimore, which loss and payable clause provided as follows: "Loss or damage, if any, under this Policy shall be payable to the Federal Land Bank of Baltimore as first mortgage as interest may appear".

(11) That in February, 1923, the dwelling house situated on the aforesaid property described in the complainant's bill filed in this cause, was burned, consumed and totally destroyed by fire, and that pursuant to the terms of the aforesaid Policy of insurance, on March 12th, 1923, The Petersburg Fire Insurance Company, Incorporated, delivered to their agents, Woodward & Elam, a check in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, payable to the order of Abner Eason and the Federal Land Bank of Baltimore; that Abner Eason endorsed the said check for TWO THOUSAND (\$2,000.00) DOLLARS, and that Woodward & Elam, agents as aforesaid, on April 11th, 1923, forwarded said check in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, to the Federal Land Bank of Baltimore, to be applied upon the payment of the note of the complainant in the amount of THREE THOUSAND (\$3,000.00) DOLLARS, as described in Paragraph One of complainant's bill, and

according to the terms of the aforesaid mortgage given by Abner Eason to the Federal Land Bank of Baltimore, and in accordance with the terms of Policy #27101, The Petersburg Fire Insurance Company, Incorporated.

(12) That the Federal Land Bank of Baltimore, with knowledge of the aforesaid deed of trust given by Abner Eason to L. P. Holland, Trustee, in trust to secure this respondent as aforesaid, received and accepted as first mortgagee the said sum of TWO THOUSAND (\$2,000.00) Dollars from The Petersburg Fire Insurance Company, Incorporated, to be applied on the payment of said note of Abner Eason secured by the aforesaid mortgage.

(13) That Abner Eason does not owe to the Federal Land Bank of Baltimore the sum of ONE THOUSAND NINEHUNDRED THIRTY DOLLARS AND NINETY-EIGHT CENTS (\$1,930.98), with interest thereon at five and one-half per cent ($5\frac{1}{2}\%$) per annum from the 1st day of July, 1924, until paid; that Abner Eason on or before the 1st day of July, 1924, paid on the principal of the note held by the Federal Land Bank of Baltimore and secured by mortgage as aforesaid, the sum of SIXTY NINE DOLLARS AND TWO CENTS (\$69.02); that on or about the 11th day of April, 1923, The Petersburg Fire Insurance Company, Incorporated, paid unto the Federal Land Bank of Baltimore the sum of TWO THOUSAND (\$2,000.00) DOLLARS, as first mortgagee, to be applied upon the payment of said note of Abner Eason held by the complainant and secured by said mortgage; that Abner Eason does not owe on said note held by the Federal Land Bank of Baltimore and secured by mortgage as aforesaid, any greater amount than NINE HUNDRED THIRTY DOLLARS AND NINETY-EIGHT CENTS (\$930.98), with interest thereon at five and one-half per cent ($5\frac{1}{2}\%$) per annum from the 1st day of July, 1924, until paid.

(14) That this respondent is advised and so believes that the Federal Land Bank of Baltimore, as first mortgagee, after receiving and accepting the said check of The Petersburg Fire Insurance Company, Incorporated, in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, to be applied on the payment of the said note of Abner Eason, secured by said mortgage, without authority or right, loaned unto Abner Eason the sum of ONE THOUSAND (\$1,000.00) DOLLARS, without security, for the purpose of building a home on the property described in complainant's bill; that said home, nor any part of it has been built upon said property; that Abner Eason wasted and spent the said sum of ONE THOUSAND (\$1000.00) DOLLARS, and none of said amount was spent in improvements upon his property or for enhancing its value; that the said sum of ONE THOUSAND (\$1,000.00) DOLLARS so loaned to Abner Eason, without security, is included in the sum of ONE THOUSAND NINE HUNDRED THIRTY DOLLARS AND NINETY-EIGHT CENTS (\$1,930.98), the amount claimed to be due the complainant by Abner Eason; that after receiving the said sum of ONE THOUSAND (\$1,000.00) DOLLARS from the Federal Land Bank of Baltimore, Abner Eason moved from this State and became a non-resident and has been a non-resident ever since; that the said Abner Eason is wholly insolvent; that Abner Eason holds shares of stock in the Federal Land Bank of Baltimore aggregating the sum of ONE HUNDRED FIFTY (\$150.00) DOLLARS, which said amount should be deducted from the amount claimed to be due and owing the said Federal Land Bank of Baltimore; that the Gates Supply Company, Incorporated, had no knowledge of the loan of ONE THOUSAND (\$1,000.00) DOLLARS due Abner Eason until the month of July, 1925, and ever since that time has been seeking to enforce its rights in this matter.

(15) That the lien of the mortgage of the Federal Land Bank of Baltimore upon the property of Abner Eason described in complainant's bill and the said note secured thereby, has been released, terminated, cancelled, waived and paid to the extent of the payments made to the Federal Land Bank of Baltimore, as first mortgagee, by Abner Eason and The Petersburg Fire Insurance Company, Incorporated.

(16) That the Federal Land Bank of Baltimore is estopped from claiming and demanding any greater amount than NINE HUNDRED THIRTY DOLLARS AND NINETY-EIGHT CENTS (\$930.98) from Abner Eason on the said note of Abner Eason in the amount of THREE THOUSAND (\$3,000.00) DOLLARS, and secured by said mortgage; and that the lien of the mortgage held by the Federal Land Bank of Baltimore upon the property of Abner Eason as described in complainant's bill is a lien upon the said property of Abner Eason only to the extent of NINE HUNDRED THIRTY DOLLARS AND NINETY-EIGHT CENTS (\$930.98), and that the Federal Land Bank of Baltimore is estopped to claim that it is a lien upon any greater amount.

(17) That after the payment of the costs of this suit, and the sum of NINE HUNDRED THIRTY DOLLARS AND NINETY-EIGHT CENTS (\$930.98) to the Federal Land Bank of Baltimore, with interest thereon at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum, from the 1st of July, 1924, until paid, the balance should be paid unto this respondent as second lienor.

(18) This respondent is advised and so believes that there are liens upon the property of Abner Eason other than the lien of the Federal Land Bank of Baltimore and the lien of this respondent, and believes that this matter should be referred to a Commissioner in Chancery to report to this court all taxes and liens owing upon the property of Abner Eason described in

the complainant's bill, their priorities and the amounts due and owing upon said liens.

And now, having fully answered the complainant's bill, this respondent prays to be hence dismissed with its reasonable costs by it in this behalf expended.

GATES SUPPLY COMPANY, INCORPORATED

By

John C. Luse
Pres

Chas B. Gordinier Jr

THE FEDERAL LAND BANK OF BALTIMORE

(On this form give the summary of all liens and defects in title as shown by the records, together with reference to the liens in the abstract where the same appear)

Page 16

(Item 21)
SUMMARY

I find fee simple title to the 169 acres of land, the subject of this abstract, to be vested in Abner Eason, subject to the following and no other liens and defects, as shown by the records:

NATURE OF LIEN	Date	IN FAVOR OF	AGAINST	Item	AMOUNT
Deed of Trust	11/12/1919	P.B.Williams	Abner Eason	18	\$3500.00
Deed of Trust	4/7/1921	Gates Supply Com.	Abner Eason	19	\$936.00
Judgments	12/31/21	Bank of Gates	Abner Eason & J. T. Eason	20	\$312.80
Judgments	12/16/21	Bank of Gates	Abner Eason & J.E.Flemings	20	\$1010.00

Defects other than the above mentioned liens:

I hereby certify that the foregoing is a true abstract of the title to the above described lands, for the period therein indicated, as show by the records of Clerk's Office, Nansemond County, in the State of Virginia.

Given under my hand this 17th day of July, 1922.

(Signature) G. A. Harris

Approved abstractor for the Nansemond

National Farm Loan Association of Nansemond in the State of Virginia.

SHEET E.

"Exhibit A"

THE FEDERAL LAND BANK OF BALTIMORE

OFFICERS AND DIRECTORS

VULOSKO VAIDEN, PRESIDENT
C. R. TITLOW, SECRETARY
EDWARD E. JONES, TREASURER
JOHN H. MURRAY

ROBERT CATLETT, REGISTRAR AND COUNSEL

FIDELITY BUILDING

ADDRESS ALL COMMUNICATIONS TO THE BANK

DISTRICT NO 2

PENNSYLVANIA,
DELAWARE,
MARYLAND,
VIRGINIA
WEST VIRGINIA AND
DISTRICT OF COLUMBIA

BALTIMORE, MD.

July 28, 1922.

Mr. Jesse Whitley, Secty-Treas.,
NANSEMOND Co. N. F. L. A.
SUFFOLK, VIRGINIA.

IN RE: LOAN OF ABNER EASON

Dear Sir:

Attached hereto you will find check and the necessary papers to be used in closing the loan applied for by the above named applicant.

Kindly give your immediate attention to the closing of this loan, and return the executed papers to this Bank at the earliest possible date.

Very truly yours,


President.

VV/F GET INSURANCE BEFORE CLOSING.

P. S. We note that the abstract shows liens on the property in question amounting to more than the amount of our mortgage. No subjugation of any of the liens in question to the lien of this Bank's mortgage can be permitted without first obtaining the written consent of this Bank as to the method to be adopted for such subjugation. We prefer that all liens be absolutely released and our lien made a first lien of record. In the event it is necessary to have a second mortgage, same must be dated

"Exhibit A-1"

#2.

Mr. L. V. Thompson-

and recorded on a subsequent date to that of our mortgage.

Your attention is also called to the fact that the dates on mortgages and notes are not to be changed, as interest on same will be adjusted after the loans are closed.

PLEASE RUSH THE CLOSING OF THIS LOAN.

VV.

August 6, 1922

Mr. Job G. Holland
Holland, Virginia

Dear Doctor:

I understand you are largely interested in the Gates Supply Company, Gates, North Carolina, and I am writing to request that you recommend to Mr. Milteer, the manager, that he allow Mr. Abner Eason, who is indebted to the Gates Supply Company for something over \$900.00, to borrow from the Federal Land Bank of Baltimore, the sum of \$3000.00 to be secured by a first deed of trust on Mr. Eason's property.

The Gates Supply Company's debt is now secured by a second deed of trust, the first deed of trust being for \$3500.00, and I am requesting that the Gates Supply Company cancel the deed of trust, and allow Mr. Eason to mortgage his property to the Federal Land Bank for \$3000.00, which will place Mr. Eason in a position where he will be able to pay the Gates Supply Company the amount of their deed of trust much more quickly than he will be able to pay as the matter now stands.

Mr. Eason will not have to pay but 5-1/2% interest for the money which he will borrow from the land bank, plus 1% curtail per annum. As the matter now stands Mr. Eason is having to meet large payments on the first deed of trust, and therefore, he will not be able to pay anything on the Gates Supply Company's debt for sometime, unless he is allowed to borrow the money from the Federal Land Bank.

I have fully explained this matter to Mr. T. H. Birdsong, who I believe is interested in the Gates Supply Company, and Mr. Birdsong stated to the writer that by all means the Gates Supply Company should comply with Mr. Eason's request.

The Federal Land Bank will have to know within the next two or three days which disposition has been made in the matter, otherwise they will have to withdraw their loan of \$3000.00. Personally, I have no interest in the matter, however, I feel that it would be to the best interest of all parties concerned, to comply with Mr. Eason's request.

I will thank you to let Mr. Milteer know your views in the premises by telephone if possible, and oblige.

Yours very truly,

GAH/L

"Exhibit B"

August 5, 1922

Gates Supply Company,
Gates, North Carolina.

Gentlemen:-

Mr. Abner Eason of Whaleyville, Virginia, has applied to the Federal Land Bank of Baltimore for a loan of \$3000.00, which amount is now in the hands of the secretary of the Nansemond Farm Loan Association in Suffolk, and we find from the records and I have also been informed by Mr. Eason, that he is indebted to you for something over \$900.00, which amount is secured by a second deed of trust. There is, as you, no doubt, are aware, a deed of trust for \$3500.00 which is to secure Mr. P. B. Williams, as a certain debt for the purchase price of the property.

Mr. Eason will have to pay 5-1/2% interest and 1% curtail annually which amounts to \$195.00 per annum, but before the mortgage of the Federal Land Bank can be admitted to the records, it will be necessary that you cancel your deed of trust, and taken from Mr. Eason a new deed of trust after the Federal Land Bank's mortgage has been recorded. It will be very much to your interest to do this since it will give Mr. Eason an opportunity to pay off your debt much more quickly than he could otherwise, as the amount he will have to pay the Federal Land Bank is very much less than the amount he would have to pay Mr. Williams. In addition to this advantage, there will only be a \$3000.00 first deed of trust, whereas, as the deed of trust now stands it is \$3500.00.

It is necessary that this matter receive prompt attention, as the check from the Federal Land Bank is in the hands of the secretary of the Nansemond Farm Loan Association, Mr. Whitley, of Suffolk, and unless same receives prompt attention, he will have to return the check to Baltimore, therefore, I am writing to request that you let Mr. Eason know at once what disposition you will make in the matter. Personally, I have no interest in the matter, however, I feel it will be to the best interest of all parties concerned.

I saw our mutual friend Mr. T. H. Birdsong of Suffolk and fully explained the matter to him, and Mr. Birdsong stated that by all means the Gates Supply Company should comply to Mr. Eason's request, as it would be to the Company's best interest. I will thank you to call Mr. Birdsong over telephone and get his views with reference to this matter, as the matter must receive prompt attention.

Yours very truly,

GAH/L

"Exhibit C"

Mortgagee Clause with Full Contribution

Loss or damage, if any, under this policy, shall be payable to *The Federal Land Bank of Baltimore*, as first mortgagee, as interest may appear and this insurance, as to the interest of the mortgagee only therein shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy.

Provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy the mortgagee shall, on demand, pay the same.

Provided, also, that the mortgagee shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee, and unless permitted by this policy it shall be noted hereon, and the mortgagee shall on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

This Company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagee for ten days after notice to the mortgagee of such cancellation and shall then cease, and this Company shall have the right, on like notice, to cancel this agreement.

In case of any other insurance upon the within described property, this Company shall not be liable under this policy for a greater proportion of any loss or damage sustained than the sum hereby insured bears to the whole amount of insurance on said property, issued to or held by any party or parties having an insurable interest therein, whether as owner, mortgagee or otherwise.

Whenever this Company shall pay the mortgagee any sum for loss or damage under this policy and shall claim that, as to the mortgagor or owner, no liability therefore existed, this Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the mortgagee the whole principal due, or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee to recover the full amount of its claim.

Attached to Policy No. 27101 of the Petersburg Fire Insurance Co.

Insurance Company of _____

Dated _____ Woodward and Elam Agent.

Name of Policy holder Abner Eason

Address Whaleyville, Va.

"Exhibit 20"

THIS DEED, Made this 8th day of August in the year
one thousand nine hundred and 22 between Abner Eason

of Nansemond County, Virginia, part y of the first part
and L. D. Holland, chosen as Trustee for the purposes hereinafter
specified

of Nansemond County, Virginia, part y of the second part.

WITNESSETH: That the said party of the first part do grant unto the said
part y of the second part, with general warranty, the following property, to-wit:

"All that certain piece, parcel or tract of land
situated in Cypress Magisterial District, Nan-
semond County, Virginia, containing One Hundred
and Sixty-nine (169) acres, more or less, and
bounded by the lands of Geo. T. Ellis, the
Boggett Farm, County Road leading North from Som-
erton and others. The land hereby conveyed being
the same land conveyed to Abner Eason by P. B.
Williams, deed dated Nov. 12th, 1919, and duly
recorded in Nansemond County Clerk's Office."

IN TRUST, to secure to Gates Supply Company, Incorporated
..... the payment of the sum of
One Thousand and Thirteen Dollars (\$1013.00) as evidenced by One (1)
note bearing even date herewith for that sum and executed by the said
Abner Eason, and payable on January 1, 1922, at the Citizens
Bank of Gates, to the order of Gates Supply Company, Inc., Gates, N.C.
Also to secure any note or notes, bond or bonds given in renewal,
curtial or continuation of the said debt.

It is mutually understood and agreed that this deed of trust is a
second lien on the property hereinabove described, and subject to the
payment of the mortgage of the Federal Land Bank of Baltimore for the
sum of \$3000.00.

In the event that default shall be made in the payment of the said debt, principal or
any installments of interest, when due and payable, then the Trustee on being required so
to do by .. the said Gates Supply Company, Incorporated, .. or its successors
or assigns
executors, administrators or assigns, shall sell the property hereby conveyed.

And it is covenanted and agreed between the parties aforesaid, that in case of a sale
the same shall be made after first advertising the time, place and terms thereof for
Fifteen (15) days in such manner as the said Trustee may see fit, ..
and upon the following terms to-wit; for cash as to so much of the proceeds as may be
necessary to defray the expenses of executing this trust, including a trustee's commission
of 5 per centum, the fees for drawing and recording this deed, if then unpaid, and to dis-
charge the amount of the money then payable upon the said debt, and if there be any residue
of said purchase money, the same shall be made payable at such time, and secured in such
manner, as the said part. y..... of the first part. his..... executors, administrators,
or assigns, shall prescribe and direct, or in case of his..... failure to give such di-
rections, at such time and in such manner as the said Trustee shall see fit.

The said part. y..... of the first part covenant.... to pay all taxes, assessments, dues
and charges upon the said property hereby conveyed so long as... he..... or his.....
heirs or assigns shall hold the same; and further covenant.... and agree.... to keep the
buildings on the property hereby conveyed insured for the full amount of \$.....
for the further protection of the said... beneficiary..... or assigns and
in the event of... his..... failure so to do, then the Trustee or the beneficiary under this
deed may effect or renew such insurance from time to time so long as the said debt or any
part thereof remains unpaid; and the insurance premiums shall constitute a part of the lien
created by this deed, to be paid out of the proceeds of the property if sold, or to be re-
coverable by all the remedies in law or equity by which the debt aforesaid may be re-
coverable.

If no default shall be made in the payment of the said debt or insurance premiums, then, upon the request of the part. Y. of the first part, a good and sufficient deed of release shall be executed to him....at his....own proper cost and charges.

Witness the following signature....and seals.....

.....Abner Eason.....(SEAL)

.....(SEAL)

.....(SEAL)

.....(SEAL)

STATE OF VIRGINIA

City.....of Suffolk.....

TO-WIT:

I, ...Jesse Whitley.....a Notary Public in and
for the.....city.....aforesaid, in the State of Virginia, do hereby certify that
Abner Eason
whose name...is.....signed to the writing hereto annexed bearing date the...8th....
day of August....., 19.22..., ha.s....acknowledged the same before me in my
city.....aforesaid.

Given under my hand this...8th....day of August....., 19.22....

My term of office expires...21st....day of.....June....., 19.26....

.....Jesse Whitley.....

Notary Public.

VIRGINIA:

In the Clerk's Office of the Circuit Court of Mansemond
County the 8th day of August, 1922, at 12:30 P³₄ M²₁

This deed was presented, and, with the certificate annexed,
admitted to record.

Teste:

G. E. Bunting,

Clerk

"Exhibit E"

VIRGINIA:
IN THE CIRCUIT COURT
OF NANSEMOND COUNTY.

Federal Land Bank of
Baltimore

v.

Abner Eason and Gates
Supply Company, Inc.

Amended petition
ANSWER

Filed February 27th, 1928.

J. L. M.

CHARLES B. GODWIN
ATTORNEY AND COUNSELLOR AT LAW
SUFFOLK, VIRGINIA

IN THE CIRCUIT COURT FOR THE COUNTY OF NANSEMOND
THE FEDERAL LAND BANK OF BALTIMORE

vs.

ABNER EASON

Demurrer to and motion of The Federal Land Bank of Baltimore to dismiss and strike from the docket, the petition filed against it in the above styled cause by The Gates Supply Company, a corporation

The Federal Land Bank of Baltimore says that said petition is not sufficient in law; and by its counsel, moves the honorable court to dismiss said petition and strike the same from the docket upon the following grounds;

First, because The Federal Land Bank of Baltimore owed no duty to The Gates Supply Company, a subsequent lienor, to examine the records in the clerk's office and ascertain the existence of any lien placed thereon after the recordation of its mortgage from Abner Eason.

Second, because even if it had acquired knowledge of the existence of such a lien, either by such examination or otherwise, still it owed the petitioner no duty in regard to the disposition of the insurance money.

Third, in the petition it is stated that the check for the \$2000 of insurance money was sent to said Bank "to be applied according to the terms of the aforesaid mortgage given by Abner Eason to The Federal Land Bank of Baltimore." The mortgage showed on its face that it was "in all respects subject to and governed by the terms and provisions" of The Federal Farm Loan Act of the Congress of the United States of America. That Act required the mortgaged premises to be insured and gave the mortgagor, Eason, the privilege of using the insurance money resulting from the

fire for reconstruction of the buildings destroyed; and the petition not stating that the portion of the insurance money turned over to Eason by said Bank was so turned over to him for any illegal or improper purpose, the irresistible legal conclusion is that the Bank turned the money over to Eason for the purpose specified in the statute.

Fourth, the petitioner being a junior lienor had constructive notice of the terms of the mortgage and equity will not allow it to change the original contract between the mortgagor and the mortgagee, The Federal Land Bank of Baltimore.

Fifth, the mortgage showed that the loan was made pursuant to the provisions of The Federal Farm Loan Act and that Act shows that in the making of the loan neither G. A. Harris nor the National Farm Loan Association of Nansemond County, nor any of its officers or agents was the agent of The Federal Land Bank of Baltimore.

Sixth, even if for the purpose of this motion it be conceded that in making the loan, the National Farm Loan Association of Nansemond and its officers and agents and G. A. Harris, the abstractor, were the agents of the said Land Bank, such an agency was only for the purpose of making the loan and knowledge by any of such agents of the execution of the deed of trust relied on by the petitioner did not amount to notice to said Land Bank and so much the less did it entail any duty on said Land Bank to see that said deed of trust still constituted a lien at the time the insurance money was collected.

Seventh, under no circumstances did said Land Bank owe any positive duty in the premises to The Gates Supply Company; on the contrary if The Gates Supply Company wanted to assert any right or claim resulting from the destruction of the

premises by fire, it should have taken steps to that end before the insurance money was distributed.

Eighth, the petition does not set up any equity that would entitle the petitioner to relief.

J.P. Whitehead
Wm. B. Baskley

Counsel

Respectfully submitted,

THE FEDERAL LAND BANK OF BALTIMORE

By Counsel

IN THE CIRCUIT COURT FOR THE
COUNTY OF NAHEMOND

THE FEDERAL LAND BANK OF BALTIMORE

VS

ABNER EASON

DEMURRER AND MOTION
TO DISMISS

1927 July 30. Filed. *AM*

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v.

Abner Eason and Gates Supply Company,
Incorporated.

The answer of Gates Supply Company, Incorporated, to a bill of complaint filed by the Federal Land Bank of Baltimore against Abner Eason in the Circuit Court of Nansemond County, Virginia, to which suit this respondent has been made a party.

This respondent reserving unto itself the benefit of all just exceptions to the said bill of complaint, for answer thereto, or to so much thereof as it is advised that it is material it should answer, answers and says:

(1) This respondent doth neither deny nor admit the allegations contained in Paragraphs 1, 2 and 3 of complainant's bill, but calls for strict proof of same.

(2) This respondent denies and puts into issue each and every allegation contained in Paragraphs 4, 5, 6, 7, 8 and 9 of complainant's bill.

(3) That by deed dated November 12th, 1919, and duly of record in the Clerk's Office of the Circuit Court of Nansemond County, in Deed Book 91, page 55, Abner Eason conveyed to John K. Hutton, Trustee, the property described in the complainant's bill filed in this cause, in trust to secure to P. B. Williams the payment of the sum of THREE THOUSAND FIVE HUNDRED (\$3,500.00) DOLLARS, evidenced by five (5) bonds.

(4) That by deed dated April 7th, 1921, and duly of record in the Clerk's Office of the Circuit Court of Nansemond County, in Deed Book 95, page 68, Abner Eason conveyed to T. O. Knight, Trustee, the property described in the complainant's

bill filed in this cause, in trust to secure to the Gates Supply Company, Incorporated, the sum of NINE HUNDRED AND THIRTY SIX (\$936.00) DOLLARS, and evidenced by one bond.

(5) That after making the foregoing conveyances and prior to the 28th day of July, 1922, Abner Eason applied to the Federal Land Bank of Baltimore for a loan on the aforesaid property for the purpose of paying off the sum of THREE THOUSAND (\$3,000.00) DOLLARS then due upon the deed of trust to John K. Hutton, Trustee, as above set out; that said application was made through Jesse Whitley, Secretary and Treasurer of the Mansemond County National Farm Loan Association, which said Association is agent for the Federal Land Bank of Baltimore; that the Federal Land Bank of Baltimore had its attorney, Mr. G. A. Harris, examine the title to the property of Abner Eason and that said attorney found the liens upon said property as hereinabove set out; that the Federal Land Bank of Baltimore agreed to lend to Abner Eason the sum of THREE THOUSAND (\$3,000.00) DOLLARS, provided it was given a first lien upon said property; that the Federal Land Bank of Baltimore, through its agents, employees and servants, requested your petitioner to release its aforesaid lien upon the said property of the said Abner Eason, and to obtain a new deed of trust, in order that the Federal Land Bank of Baltimore might acquire a first lien on said property and pay off the said deed of trust given by Abner Eason to John K. Hutton, Trustee, in trust to secure to P. B. Williams the payment of the sum of THREE THOUSAND FIVE HUNDRED (\$3,500.00) DOLLARS, and that your petitioner agreed with the agents, employees, servants and attorneys of the Federal Land Bank of Baltimore that it would release its deed of trust as aforesaid, provided a new deed of trust was executed to it, securing its debt.

(6) That by deed dated July 28th, 1922, and acknowledged and executed before Jesse Whitley, Notary Public, on August 8th, 1922, and recorded August 8th, 1922, at 12:30 o'clock, noon, Abner Eason conveyed, by mortgage, to the Federal Land Bank of Baltimore the property described in the complainant's bill filed in this cause; the said mortgage being to secure one note dated July 1st, 1922, for the sum of THREE THOUSAND (\$3,000.00) DOLLARS, with interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum, as set out in complainant's bill filed in this cause; that the said mortgage further provided that Abner Eason should insure, during the existence of the mortgage, and keep insured in some good company, the buildings on the mortgaged premises to the amount at least of TWO THOUSAND SEVEN HUNDRED (\$2,700.00) DOLLARS, and to cause the policy to be effected thereon to be so framed or endorsed as in the case of fire to insure to the benefit of the said Federal Land Bank of Baltimore, its successors or assigns, to the extent of its lien or claim hereunder.

(7) That by deed dated and executed August 8th, 1922, and duly recorded on the 8th day of August, 1922, at 12:30, noon, in the Clerk's Office of the Circuit Court of Hansemond County, in Deed Book 97, page 342, Abner Eason conveyed to L. P. Holland, Trustee, the aforesaid property described in the complainant's bill filed in this cause, in trust to secure to Gates Supply Company, Incorporated, the sum of ONE THOUSAND AND THIRTEEN (\$1,013.00) DOLLARS, and all interest that may accrue thereon, and evidenced by one negotiable note of even date with said deed, payable January 1st, 1923, at the Citizens Bank of Gates, Gates, North Carolina, and signed by Abner Eason; that the acknowledgment to this deed was taken by Jesse Whitley, Notary Public, August 8th, 1922, reference to which said deed is hereby made for all of its provisions and terms.

(8) That the aforesaid mortgage given by Abner Eason to the Federal Land Bank of Baltimore and the aforesaid deed of trust given by Abner Eason to L. P. Holland, Trustee, were prepared by the attorneys for the Federal Land Bank of Baltimore in the offices of said attorneys, which said attorneys also supervised the recordation of said mortgage and said deed; that at the same time the aforesaid mortgage to the Federal Land Bank of Baltimore and the aforesaid deed of trust given by Abner Eason to L. P. Holland, Trustee, were recorded, the former deeds of trust executed by Abner Eason unto John K. Hutton, Trustee, and T. O. Knight, Trustee, were released and cancelled.

(9) That the Nansemond County National Farm Loan Association is agent for the Federal Land Bank of Baltimore for the purpose of securing loans, transacting business of the Federal Land Bank of Baltimore, closing loans and generally attending to the business of the Federal Land Bank of Baltimore that is transacted within the County of Nansemond; that Jesse Whitley, who took the acknowledgments to the aforesaid deeds of trust, is the Secretary and Treasurer of the Nansemond County National Farm Loan Association, and knew of the existence of the aforesaid mortgage to the Federal Land Bank of Baltimore and of the aforesaid deed of trust to L. P. Holland, Trustee, for your petitioner; that the attorney for the Federal Land Bank of Baltimore had knowledge of all of the aforesaid transactions as set out in this answer.

(10) That pursuant to and in accordance with the terms of the aforesaid mortgage given by Abner Eason to the Federal Land Bank of Baltimore, the said Abner Eason insured the buildings on the aforesaid mortgaged premises to the amount of TWO THOUSAND SEVEN HUNDRED (\$2,700.00) DOLLARS; TWO THOUSAND (\$2,000.00) DOLLARS upon the dwelling house and SEVEN HUNDRED

(\\$700.00) Dollars upon the other buildings upon said premises; that said insurance was taken out in The Petersburg^{Fire}/Insurance Company, Incorporated, under Policy #27101, with a loss and payable clause to The Federal Land Bank of Baltimore, which loss and payable clause provided as follows: "Loss or damage, if any, under this Policy shall be payable to the Federal Land Bank of Baltimore as first mortgage as interest may appear".

(11) That in February, 1923, the dwelling house situated on the aforesaid property described in the complainant's bill filed in this cause, was burned, consumed and totally destroyed by fire, and that pursuant to the terms of the aforesaid Policy of insurance, on March 12th, 1923, The Petersburg^{Fire}/Insurance Company, Incorporated, delivered to their agents, Woodward & Elam, a check in the amount of TWO THOUSAND (\\$2,000.00) DOLLARS, payable to the order of Abner Eason and the Federal Land Bank of Baltimore; that Abner Eason endorsed the said check for TWO THOUSAND (\\$2,000.00) DOLLARS, and that Woodward & Elam, agents as aforesaid, on April 11th, 1923, forwarded said check in the amount of TWO THOUSAND (\\$2,000.00) DOLLARS, to the Federal Land Bank of Baltimore, to be applied upon the payment of the note of the complainant in the amount of Three Thousand (\\$3,000.00) Dollars, as described in Paragraph One of complainant's bill, and according to the terms of the aforesaid mortgage given by Abner Eason to the Federal Land Bank of Baltimore, and in accordance with the terms of Policy #27101, The Petersburg Fire Insurance Company, Incorporated.

(12) That the Federal Land Bank of Baltimore, with knowledge of the aforesaid deed of trust given by Abner Eason to L. P. Holland, Trustee, in trust to secure this respondent as aforesaid, received and accepted as first mortgagee the said sum of TWO THOUSAND (\\$2,000.00) Dollars from The Petersburg Fire Insurance Company, Incorporated, to be applied on the payment of said note of Abner Eason secured by the aforesaid mortgage.

(13) That Abner Eason does not owe to the Federal Land Bank of Baltimore the sum of ONE THOUSAND NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$1,930.98), with interest thereon at five and one-half per cent (5½%) per annum from the 1st day of July, 1924, until paid; that Abner Eason on or before the 1st day of July, 1924, paid on the principal of the note held by the Federal Land Bank of Baltimore and secured by mortgage as aforesaid, the sum of SIXTY NINE DOLLARS AND TWO CENTS (\$69.02); that on or about the 11th day of April, 1923, The Petersburg Fire Insurance Company, Incorporated, paid unto the Federal Land Bank of Baltimore the sum of TWO THOUSAND (\$2,000.00) DOLLARS, as first mortgagee, to be applied upon the payment of said note of Abner Eason held by the complainant and secured by said mortgage; that Abner Eason does not owe on said note held by the Federal Land Bank of Baltimore and secured by mortgage as aforesaid, any greater amount than NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$930.98), with interest thereon at five and one-half per cent (5½%) per annum from the 1st day of July, 1924, until paid.

(14) That this respondent is advised and so believes that the Federal Land Bank of Baltimore, as first mortgagee, after receiving and accepting the said check of The Petersburg Fire Insurance Company, Incorporated, in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, to be applied on the payment of the said note of Abner Eason, secured by said mortgage, loaned unto Abner Eason the sum of ONE THOUSAND (\$1,000.00) DOLLARS, without security, for the purpose of building a home on the property described in complainant's bill; that said home, nor any part of it has been built upon said property; that the said sum of ONE THOUSAND (\$1,000.00) DOLLARS so loaned to Abner Eason, without security, is included in the sum of ONE THOUSAND NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$1,930.98), the

amount claimed to be due the complainant by Abner Eason.

(15) That the lien of the mortgage of the Federal Land Bank of Baltimore upon the property of Abner Eason described in complainant's bill and the said note secured thereby, has been released, terminated, cancelled, waived and paid to the extent of the payments made to the Federal Land Bank of Baltimore, as first mortgagee, by Abner Eason and The Petersburg Fire Insurance Company, Incorporated.

(16) That the Federal Land Bank of Baltimore is estopped from claiming and demanding any greater amount than NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$930.98) from Abner Eason on the said note of Abner Eason in the amount of THREE THOUSAND (\$3,000.00) DOLLARS, and secured by said mortgage; and that the lien of the mortgage held by the Federal Land Bank of Baltimore upon the property of Abner Eason as described in complainant's bill is a lien upon the said property of Abner Eason only to the extent of NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$930.98), and that the Federal Land Bank of Baltimore is estopped to claim that it is a lien upon any greater amount.

(17) That after the payment of the costs of this suit, and the sum of NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$930.98) to the Federal Land Bank of Baltimore, with interest thereon at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum, from the 1st of July, 1924, until paid, the balance should be paid unto this respondent as second lienor.

(18) This respondent is advised and so believes that there are liens upon the property of Abner Eason other than the lien of the Federal Land Bank of Baltimore and the lien of this respondent, and believes that this matter should be referred to a Commissioner in Chancery to report to this Court all taxes and liens owing upon the property of Abner Eason described in

the complainant's bill, their priorities and the amounts due and owing upon said liens.

And now, having fully answered the complainant's bill, this respondent prays to be hence dismissed with its reasonable costs by it in this behalf expended.

GATES SUPPLY COMPANY, INCORPORATED

By

John L. Enure
President

Chr B Godwin J.
Counsel

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY:

Federal Land Bank of
Baltimore

v. ANSWER

Abner Eason and Gates Supply
Company, Incorporated.

Filed April 14, 1927

L. M.

VIRGINIA - IN THE CIRCUIT COURT of NANSEMOND COUNTY

THE FEDERAL LAND BANK OF BALTIMORE, a corporation,-----PLAINTIFF

VS.

ABNER EASON.-----DEFENDANT.

To the Judge of the Circuit Court for Nansemond County, Virginia.

YOUR COMPLAINANT, The Federal Land Bank of Baltimore, a corporation, sheweth unto your Honor the following facts:

1. THAT on the first day of July, 1922, one ABNER EASON, of the County of Nansemond, made and delivered unto your Complainant his promissory note, whereby he promised to pay to your Complainant the principal sum of THREE THOUSAND DOLLARS (\$3,000.00) with interest thereon at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum, the principal and interest payable in sixty - eight (68) semi-annual payments of NINETY SEVEN DOLLARS AND FIFTY CENTS (\$97.50) each, on the first day of January and July and each and every year, and a final payment of NINETY SEVEN DOLLARS AND TWENTY ONE CENTS (\$97.21) on the first day of January, 1957, as will appear from the original of the said note herewith filed, and designated "Plaintiff's Exhibit A", and asked to be taken and read as a part of this Bill of Complaint.
2. THAT to secure the payment of the said debt (note) and the interest to accrue thereon, the said Abner Eason, on the 28th day of July, 1922, by his certain deed, commonly called a MORTGAGE, conveyed unto your Complainant in fee simple two certain tracts of land situate, lying and being in Cypress Magisterial District of Nansemond County in the State of Virginia, containing in the aggregate 169 acres, more or less.
3. THAT the said mortgage was duly admitted to record in the Clerk's Office of the said County of Nansemond, in the State of Virginia, in Book No. 1, Page 29 &c., the original of which is designated "Plaintiff's Exhibit B", and asked to be taken and read as a part of this Bill of Complaint.
4. THAT the said Abner Eason made the payments that became due on the said note up to and including the payment for \$97.50 which became due and payable on the first day of

July, 1924, which payments were duly applied on account of the principal and interest on the said note, leaving a balance due to your Complainant on the first day of July, 1924, of \$1930.98, with interest thereon at $5\frac{1}{2}\%$ from the said first day of July, 1924.

5. THAT payments which became due and payable on the first days of January and July, 1925, are still WHOLLY UNPAID and IN DEFAULT.
6. THAT it is specifically provided in the said mortgage, if any of the payments set out in the said mortgage and promissory note, be not paid when due, then the WHOLE of the said debt secured to be paid by the said mortgage, shall, at the option of your Complainant, become immediately due and demandable, with the right vested in your Complainant at any time after such default to institute proceedings for the foreclosure of the said mortgage, and to have a sale of the mortgaged land to satisfy and pay off the said debt, with the interest accrued thereon, and all costs incurred in making such sale.
7. THAT since the default has been made in making the said payments which became due on the first days of January, 1925, and July, 1925, your Complainant has exercised its option aforesaid, and has demanded of the said Abner Eason, payment of the WHOLE of the said debt, principal and interest, and now demands the payment of the same IN FULL, as well as all the costs that may be incurred in the prosecution of this suit.
8. Your Complainant is advised that by reason of the default aforesaid, of the said Abner Eason in the payment of the said sums shown to be justly due by him to your Complainant, the said mortgaged property has become forfeited and that your Complainant has the right to apply to a Court of Equity to have the said land sold under proper decree of Court, and the proceeds thereof applied to the payment of its debt, with the interest due thereon and the costs and charges incurred in the prosecution of this suit.
9. THAT the amount now due to your Complainant from the said Defendant is the sum of \$1930.98, with interest thereon at the rate of $5\frac{1}{2}\%$ per annum from the said first day of July, 1924.

IN CONSIDERATION WHEREOF, and as your Complainant is without adequate remedy, save in a Court of Equity, where matters of such

nature are properly and alone cognizable, YOUR COMPLAINANT PRAYS that the said ABNER EASON, be made Party Defendant to this suit, and be required to answer the allegations of this Bill of Complaint; but answer under oath from him is hereby and herein expressly waived; that the said Defendant, Abner Eason, be ordered and decreed to pay to your Complainant the aforesaid sum of \$1930.98, with interest thereon at 5½% from July 1st, 1924, and all of the costs and charges incident to the prosecution of this suit, and in default of such payment that the said land be sold to pay off and satisfy the aforesaid debts and demands; and that all necessary accounts be ordered and taken, and such further general and special relief be granted as the case of your Complainant requires, and to equity may seem meet.

AND as in duty bound, Your Complainant will ever pray &c.

THE FEDERAL LAND BANK OF BALTIMORE

BY.....

Counsel.

J. P. Whithead
.....

.....
Attorneys for Plaintiff.

Application No. 69 1

Association No. V-83

VIRGINIA

\$ 3000.00

AMORTIZATION FIRST MORTGAGE NOTE

NO. 9917

Dated at the FIRST day of JULY 19 22

For Value Received, I promise to pay to the order of THE FEDERAL LAND BANK OF BALTIMORE at its office in the CITY OF BALTIMORE, IN THE STATE OF MARYLAND, the principal sum of

THREE THOUSAND

Dollars, lawful money of the United States of America, with interest on the whole of said principal sum from time to time remaining unpaid, from date hereof until paid, at the rate of FIVE AND ONE HALF per centum per annum, payable semi-annually, both principal and interest being payable on an amortization plan and in accordance with amortization tables provided

by the FEDERAL FARM LOAN BOARD, in manner and form as follows: in SIXTY EIGHT semi-annual payments of NINETY SEVEN Dollars and FIFTY Cents

each, beginning on the FIRST day of JANUARY 19 23, and payable on the

FIRST day of JANUARY and JULY in each and every year, and a final payment of

NINETY SEVEN Dollars and TWENTY ONE Cents

payable on the FIRST day of JANUARY 1957, unless this note be sooner matured as herein provided.

At any payment period after five years from date hereof, any maker of this note, shall have the privilege of paying on the principal hereof sums of Twenty-five (\$25.00) Dollars, or any multiple thereof, or the entire amount then due. Such additional payments, if any, shall not reduce thereafter the periodical payments herein contracted to be made, but shall operate to discharge this debt at an earlier date, by reducing the percentage applicable to interest and increasing the percentage applicable to principal.

All payments not made when due shall thereafter bear interest until paid at the highest rate allowable under the laws of this State not exceeding eight per centum per annum. If any default be made in any of such payments or in case of failure to comply with any of the requirements or covenants contained in the mortgage given by the makers to secure the payment of this note, then at the election of the holder of this note, without presentment or demand, the principal sum thereof, and all accrued interest thereon, shall at once become due and payable, including a collection fee of five per cent. and costs.

Each and every maker and endorser of this note does hereby expressly waive the benefit of all exemptions, homestead or otherwise, under the laws of this State, and agrees to pay same without any offset whatsoever.

This note is secured by a first mortgage of ~~XXXXXX~~ conveying certain real estate in the County of

NANSEMOND

State of Virginia.

Abner Eason

Name ABNER EASON,

Postoffice WHALEYVILLE, VIRGINIA.

E 7-27-22

PRINCIPAL \$3,000.00

RATE 5½%

SEMI-ANNUAL INSTALLMENTS \$97.50

FINAL INSTALLMENT \$97.21

AMORTIZATION TABLE

YEAR DUE	NO.	INTEREST	PRINCIPAL	DATE PAID	INITIAL	BALANCE
1923	1	82.50	15.00	1/5/23	S	2985.00
1923	2	82.09	15.41	7/16/23	L	2969.59
19	3	81.67	15.83	7-16		2953.76
19	4	81.23	16.27	7-16		2937.49
19	5	80.78	16.72	7-16		2920.77
19	6	80.32	17.18	7-16		2903.59
19	7	79.85	17.65	7-16		2885.94
19	8	79.36	18.14	7-16		2867.80
19	9	78.87	18.63	7-16		2849.17
19	10	78.35	19.15	7-16		2830.02
19	11	77.82	19.68	7-16		2810.34
19	12	77.29	20.21	7-16		2790.13
19	13	76.73	20.77	7-16		2769.36
19	14	76.15	21.35	7-16		2748.01
19	15	75.57	21.93	7-16		2726.08
19	16	74.97	22.53	7-16		2703.55
19	17	74.34	23.16	7-16		2680.39
19	18	73.71	23.79	7-16		2656.60
19	19	73.06	24.44	7-16		2632.16
19	20	72.38	25.12	7-16		2607.04
19	21	71.70	25.80	7-16		2581.24
19	22	70.98	26.52	7-16		2554.72
19	23	70.26	27.24	7-16		2527.48
19	24	69.50	28.00	7-16		2499.48
19	25	68.74	28.76	7-16		2470.72
19	26	67.94	29.56	7-16		2441.16
19	27	67.13	30.37	7-16		2410.79
19	28	66.30	31.20	7-16		2379.59
19	29	65.44	32.06	7-16		2347.53
19	30	64.55	32.95	7-16		2314.58
19	31	63.65	33.85	7-16		2280.73
19	32	62.72	34.78	7-16		2245.95
19	33	61.77	35.73	7-16		2210.22
19	34	60.78	36.72	7-16		2173.50
19	35	59.77	37.73	7-16		2135.77
19	36	58.73	38.77	7-16		2097.00
19	37	57.67	39.83	7-16		2057.17
1923	38	56.57	40.93	7/16/23	L	2016.24
1924	39	55.45	42.05	1/2	L	1974.19
1924	40	54.29	43.21	8/8	m	1930.98

AMORTIZATION TABLE

YEAR DUE	NO.	INTEREST	PRINCIPAL	DATE PAID	INITIAL	BALANCE
19	41	53.10	44.40			1886.58
19	42	51.88	45.62			1840.96
19	43	50.62	46.88			1794.08
19	44	49.34	48.16			1745.92
19	45	48.01	49.49			1696.43
19	46	46.65	50.85			1645.58
19	47	45.26	52.24			1593.34
19	48	43.81	53.69			1539.65
19	49	42.34	55.16			1484.49
19	50	40.83	56.67			1427.82
19	51	39.26	58.24			1369.58
19	52	37.67	59.83			1309.75
19	53	36.02	61.48			1248.27
19	54	34.32	63.18			1185.09
19	55	32.59	64.91			1120.18
19	56	30.81	66.69			1053.49
19	57	28.97	68.53			984.96
19	58	27.08	70.42			914.54
19	59	25.15	72.35			842.19
19	60	23.16	74.34			767.85
19	61	21.12	76.38			691.47
19	62	19.01	78.49			612.98
19	63	16.86	80.64			532.34
19	64	14.64	82.86			449.48
19	65	12.36	85.14			364.34
19	66	10.02	87.48			276.86
19	67	7.61	89.89			186.97
19	68	5.14	92.36			94.61
19	69	2.60	94.61			

(Interest payments ruled out are not paid.)

....., 19.....

For value received we hereby guarantee the payment of the within note, according to the terms thereof, both as to principal and as to interest.

NANSEMOND CO. NATIONAL FARM LOAN ASSOCIATION.

By Jesse Whitley, Sec.-Treas.

By Paul H. Shufford, President.

1

VIRGINIA

AMORTIZATION MORTGAGE

2-7-27-22

This Mortgage made this TWENTY EIGHTH day of JULY
in the year One Thousand Nine Hundred and TWENTY TWO, by and between

ABNER EASON, a widower,

of NANSEMOND County, in the State of Virginia, hereinafter referred to as party of
the first part, and THE FEDERAL LAND BANK OF BALTIMORE, of Baltimore, Maryland, a body corporate,
hereinafter mentioned as the Bank:

WHEREAS, The said party of the first part is justly indebted to and unto the said THE FEDERAL LAND
BANK OF BALTIMORE in the full and just principal sum of THREE THOUSAND Dollars
(\$ 3000.00), current money, this day loaned the said party of the first part by said Bank, the receipt
whereof is hereby duly acknowledged; and,

WHEREAS, The said party of the first part has executed and delivered unto the said Bank, a promissory
note, dated on the FIRST day of JULY, 1922, for said
principal sum of THREE THOUSAND Dollars,
with interest thereon at the rate of FIVE AND ONE HALF per centum, per annum, payable to the
order of said Bank in SIXTY EIGHT semi-annual payments of NINETY SEVEN Dollars and FIFTY
NINETY SEVEN Cents each and a
final payment of NINETY SEVEN Dollars and TWENTY ONE Cents,
said payments beginning six months from the date thereof; which said payments are on the amortization plan, to better
secure the payment of which said principal sum and the interest thereon as above set forth, as and when each of said
payments shall become due and legally demandable, these presents are executed:

NOW, THEREFORE, This Mortgage Witnesseth: That for and in consideration of the premises and the
sum of One Dollar, the said party of the first part does hereby bargain and sell, grant and convey unto the said
THE FEDERAL LAND BANK OF BALTIMORE, its successors and assigns, with general warranty of title, the
following described property, to wit:—

All of two tracts or parcels of land aggregating one hundred
and sixty-nine (169) acres, more or less, situate in Cypress Magisterial
District, Nansemond County, in State of Virginia, bounded and described
as follows:

Bounded by the lands of Asa Warrenton, Charles Parker, the
County Road leading from Somerton to Suffolk, Virginia, and also by the
land conveyed to the said Abner Eason by John K. Hutton, Special Com-
missioner. Being the same land that was conveyed to said Abner Eason by
deed from Susie Williams and husband, dated November 12, 1919, and re-
corded in the clerk's office of said county in deed book 92, page 295.

Tract No. 2-- BEGINNING at a black gum stump, corner on road
leading to Somerton; thence South with said road toward Somerton to a
point opposite the second persimmon tree; thence an Easterly course a
straight line across the field to the back fence; thence a straight line
to a Rosemary Pine between a post oak and a white oak in Asa Warrenton's
line; thence a Northerly course with the line of the said Warrenton and
J. W. Bagget, a line of marked trees, to the first station, containing
TWENTY FIVE (25) acres, more or less.

Being the same land that was conveyed to said Abner Eason by
deed from John K. Hutton, Special Commissioner, dated November 12, 1919,
and recorded in said office in deed book 92, page 296.

TOGETHER with all buildings and improvements thereon and all rights, roads, ways, waters, privileges, appurtenances and advantages thereto belonging or in any wise appertaining.

TO HAVE AND TO HOLD the aforesaid parcel of ground and premises to and unto the proper use and benefit of the said Bank, its successors and assigns forever.

AND IT IS HEREBY covenanted and agreed with said Bank that said party of the first part is lawfully seized of said premises; that said party of the first part has a good right to sell or convey the same, and that the same are free and clear of all encumbrances.

PROVIDED that if the said party of the first part, or the heirs, personal representatives or assigns of said party of the first part, shall well and truly pay or cause to be paid the aforesaid principal sum and all interest thereon accrued, in accordance with the provisions for payment herein set forth, as and when the same may be due and payable, and shall perform all the covenants herein to be performed, then this mortgage shall be void.

The said party of the first part in the application for this loan, has made certain representations to said Bank as to the purpose or purposes for which the money loaned on this mortgage was borrowed. Such representations are hereby specifically referred to and made part of this mortgage.

This mortgage is made to said Bank as a Federal Land Bank doing business under the "Federal Farm Loan Act," approved July 17th, 1916, and amendments thereof, and is hereby agreed to be in all respects subject to and governed by the terms and provisions of same.

The party of the first part shall pay simple interest on all defaulted or overdue semi-annual payments, at the highest rate allowed by this State, not to exceed eight per cent. per annum, accounting from the date of such default.

In the event that party of the first part shall fail to pay any taxes, liens, judgments, or assessments against said premises when due, or to maintain insurance as herein provided for, the Bank may make such payments, or maintain such insurance, and the amount paid therefor shall become subject to the lien of this mortgage and bear interest from date of payment at the highest rate allowed by this State, not exceeding eight per cent. per annum.

At any payment period after five years from date hereof, the party of the first part shall have the privilege of paying on the principal of the debt hereby secured, the sum of Twenty-five Dollars, or any multiple thereof, or the entire amount then due. Such additional payments, if any, shall not reduce thereafter the periodical payments herein contracted to be made, but shall operate to discharge this debt at an earlier date, by reducing the percentage applicable to interest and increasing the percentage applicable to principal.

And it is agreed that, until default be made in the premises, the said party of the first part shall possess the aforesaid property upon paying in the meantime all taxes, liens, judgments and assessments, public debts and charges of every kind, levied, assessed, or to be levied or assessed on said hereby mortgaged property, which taxes, liens, judgments or assessments, public dues, charges, mortgage debt and interest, the said party of the first part individually, and on behalf of heirs, personal representatives and assigns, does hereby duly covenant to pay when legally demandable. But if any of the payments in the above described note as herein provided to be made, be not paid when due, or if the party of the first part shall permit any taxes, liens, judgments or assessments on said land to become delinquent, or fail to keep the buildings insured as herein provided, or apply the proceeds of this loan to substantially different purposes from those for which it was obtained, or shall by neglect permit any unreasonable depreciation in value of said premises or the buildings thereon, or do, or permit to be done, any act in respect to said lands which will reduce or impair the value of said lands as security for the loan hereby made, or make default in any of the conditions or covenants of this mortgage, then the whole debt hereby secured shall at the option of the Bank become due and demandable; and it shall be lawful for the said Bank, its successors or assigns at any time after such default to institute proceedings for a foreclosure of said mortgage and to have sale of the property hereby mortgaged for cash to satisfy and pay said debt, interest and all cost incurred in making said sale, including an attorney's fee of Twenty-five Dollars, and a commission of five per cent. on the amount of the debt, which said fee and commission shall be due and payable immediately upon the institution of foreclosure proceedings as above mentioned; and if at any time after the execution, delivery and recordation of this mortgage, the Bank shall be impleaded or made a party to any suit or legal proceeding of any kind whatsoever, to subject the land hereby conveyed to the payment of liens or charges of any kind thereon, and in such proceeding it becomes necessary in the discretion of the Bank to retain and employ an attorney for the proper representation and protection of its interests, the said Bank shall be entitled to recover of the mortgagor the attorney's fee and commissions herein above provided for, fixed and allowed in cases of foreclosure by the Bank, which said attorney's fee and commissions shall attach and become immediately due upon the institution of such proceedings and retention and employment of an attorney by the Bank, and in either case shall become a part of the debt and demand secured to be paid by this mortgage and fully covered and protected by the lien thereby created.

It is further covenanted and agreed that if the said party of the first part has heretofore given, made or granted to any person or corporation any option, lease, right or privilege for any mineral, coal, oil or other sub-surface, or surface right or rights, or for any right or privilege other than for agricultural purposes, in any way affecting or appertaining to the lands conveyed by this indenture, or the property is in any way subject to any such option, lease, right or privilege, the rents, profits, royalties and revenues at any time arising from such option, lease, right or privilege during the continuance of this mortgage, and accruing to party of the first part, whether said option, lease, right or privilege be operated or exercised or not, at the time of the execution hereof, shall be paid over to said Bank and by it applied to the reduction of the principal of this mortgage, and this agreement shall serve as a full and sufficient assignment of the said mortgagors' interest in said option, lease, right or privilege for the purpose aforesaid; provided that in all cases where said option, lease, right or privilege has not been exercised or operated before the making of this indenture, but is thereafter exercised or operated, thereupon the party of the second part shall, at its election, have the right to demand of the party of the first part, payment in full of the debt secured to be paid by this indenture; provided, that before any proceedings for foreclosure shall be commenced or had the party of the second part shall give 30 days' notice in writing to the party of the first part of such election and demand for payment of the said debt; and no such option, lease, right or privilege for any mineral, coal, oil or other sub-surface or surface right shall be made or granted upon, to or in connection with said lands herein described, subsequent to the execution of this indenture, without the consent of the said Bank having been first obtained in writing.

And the said party of the first part individually, and on behalf of personal representatives and assigns, does further covenant to insure, and pending the existence of this Mortgage, to keep insured in some good company satisfactory to the said Bank, its successors or assigns, the improvements on the hereby mortgaged property to the amount of at least TWENTY SEVEN HUNDRED Dollars and to cause the policy to be affected thereon to be so framed or endorsed as in the case of fire to enure to the benefit of the said Bank, its successors or assigns, to the extent of their lien or claim hereunder, and to deliver said policy to the said Bank, its successors or assigns.

And it is further agreed by the parties hereto and those claiming through, by or under them, that an assignment of this mortgage shall carry with it an assignment of the amortization note which it is given to secure.

When the debt herein secured has been fully paid and the obligations herein assumed fully complied with, then this indenture shall be released at the cost of the party of the first part.

WITNESS the hand and seal of the said Mortgagor.

TESTE:

Abner Eason [SEAL]
[SEAL]
[SEAL]
[SEAL]
[SEAL]
[SEAL]

STATE OF VIRGINIA,

County of Suffolk

NANSEMOND

to wit:

I, Jesse Whitley, a Notary Public for the County of Suffolk aforesaid, in the State of Virginia, do certify that

ABNER EASON, a widower,

whose name is signed to the foregoing mortgage bearing date on the TWENTY EIGHTH day of JULY, 1922, has acknowledged the same before me in my County aforesaid.

Given under my hand this 8th day of August, 1922

Jesse Whitley
Notary Public.

My commission expires June 21st 1926

VIRGINIA:

In the office of the Clerk of the Circuit Court for the County of Anne Arundel in the State aforesaid, the 8th day of August, 1922

The foregoing mortgage was this day presented in said office, and together with the certificate of acknowledgment thereto annexed was duly admitted, to record at 11:30 o'clock A. M., and indexed according to law.

TESTE:

[Signature] Clerk

VIRGINIA MORTGAGE

NO. FROM

ABNER EASON

TO

THE FEDERAL LAND BANK OF BALTIMORE

Application No. 69 Association No. V-83

The NANSEMOND County

National Farm Loan Association of

SUFFOLK

Virginia

The within mortgage is recorded in

Book No. 1 P. 29

and examined. at 11:30 o'clock A.M.

Aug. 8, 1922

[Signature] Clerk.

Clerk.

Tax, - - - \$ 300

Cost of Record, \$ 250

350 To the Clerk

Please record this mortgage promptly and immediately thereafter mail same direct to

THE FEDERAL LAND BANK of Baltimore, BALTIMORE, MD.

DO NOT RECORD

Upon
Annexed to
Presented with } the original mortgage was the following release:—

For value received, THE FEDERAL LAND BANK OF BALTIMORE, does hereby release the lien of the within and foregoing mortgage, the loan secured thereby having been fully paid and satisfied, and the same described therein duly cancelled; and..... is hereby designated as the authorized agent of the said Bank, to enter payment and make release of the said lien on the record book in which the said mortgage is recorded.

AS WITNESS the hand of the PRESIDENT of THE FEDERAL LAND BANK OF BALTIMORE, with the corporate seal affixed, duly attested by the Secretary this..... day of..... in the year.....

ATTEST:

President.

Secretary.

STATE OF MARYLAND,

CITY OF BALTIMORE, to wit:—

I, ..., a Notary Public, in and for the State and City aforesaid, do certify that..... and..... whose names are signed to the writing above, bearing date on the..... day of....., 192....., have acknowledged the same before me in my State and City aforesaid.

Given under my hand and official seal, this..... day of..... 192.....

Notary Public.

Commission Expires.....

CIRC'T COURT of NANSEMOND CO-VA.

FEDERAL LAND BANK of BALTIMORE

VS: B I L L
&
EXHIBITS.

ABNER EASON.

-----x-----

Filed Dec. 7, 1925

*W. B. M. B. Co.,
Clerk*

CIRCUIT COURT

SECOND MONDAY IN JANUARY, MAY,
JULY, AND OCTOBER

HON. JAMES L. McLEMORE, JUDGE
GEO. E. BUNTING, CLERK
S. E. EVERETT, COMMONWEALTHS' ATT'Y.
E. B. RAWLES, SHERIFF
C. R. FULGHAM, COUNTY TREASURER
LEE BRITT, COMMISSIONER OF ACCOUNTS

Nansemond County Clerk's Office

SUFFOLK, VA.

Rulr Notes:

The Federal Land Bank of Baltimore, a corporation

V

Abner Eason

November 14, 1925-Process issued, returnable to December Rules, 1st Monday, 1925.

December Rules, 1st Monday, 1925, process returned unexecuted, Bill filed, and
alias process issued, returnable to December Rules, 3rd Monday, 1925

December Rules, 3rd Monday, 1925, alias process returned unexecuted;

Pluries process issued, returnable to January Rules, 1st Monday, 1926

January Rules, 1st Monday, 1926, ~~Pluries~~ process returned unexecuted.

October 12, 1926 Affidavit of non resident filed, order of publication
posted at C.M. door, copy to Suffolk Herald and copy mailed to last known
address of Abner Eason, (Whaleyville, Va.)

-----Clerk

To Gates Supply Company, Incorporated:

You are hereby notified that the undersigned, The Federal Land Bank of Baltimore, will on *Saturday December 1st 1928 at Eleven o'clock (11) AM* at the office of The Federal Land Bank of Baltimore, 24th and St. Paul Streets, in the City of Baltimore, in the State of Maryland, proceed to take the depositions of Vulosko Vaiden and others, to be read as evidence in behalf of the undersigned in a certain suit in equity pending in the circuit court for the county of Nansemond, in the state of Virginia, wherein The Federal Land Bank of Baltimore is plaintiff and Abner Eason is defendant and particularly to be read as evidence in behalf of the undersigned touching the matters raised by said Gates Supply Company, Incorporated, in a petition and other pleadings heretofore filed by it in said suit.

And if from any cause, the taking of said depositions be not commenced, or if commenced, they be not completed on that day, the taking of the same will be adjourned from time to time at the same place and between the same hours until completed.

The Federal Land Bank of Baltimore

By

W. M. Bensley

Counsel

Due Supplemental
License with
Notice of hearing accepted
by me, Nov 19th 1928

Chas B. Graham Jr
Acting Sec. Supp. Comm.

The depositions of Vulosko Vaiden and others, taken before me, M. Grace Williams, a Notary Public for the State of Maryland, in and for the City of Baltimore, pursuant to notice hereto annexed, at the office of The Federal Land Bank of Baltimore, 24th and St. Paul Streets, in the City of Baltimore, State of Maryland, on the first day of December, 1928, beginning at eleven o'clock A. M. of that day, to be read as evidence in behalf of The Federal Land Bank of Baltimore in a certain suit in equity, pending in the Circuit Court for the County of Nansemond, in the State of Virginia, wherein The Federal Land Bank of Baltimore is plaintiff and Abner Eason and Gates Supply Company, Incorporated, are defendants.

Present, William Beasley, Esquire, Counsel for The Federal Land Bank of Baltimore.

No appearance for either of the defendants.

On motion of The Federal Land Bank of Baltimore, by counsel, the taking of these depositions is continued until Monday, December 3rd, 1928, at the same place and beginning at the same hour.

M. Grace Williams
Notary Public

Office of The Federal Land Bank of Baltimore
24th and St. Paul Streets,
Baltimore, Maryland
Monday, December 3rd, 1928

Taking of depositions resumed pursuant to foregoing
adjournment.

Present: I. P. Whitehead, Esquire
William Beasley, Esquire
Counsel for The Federal Land Bank of Baltimore
Charles B. Godwin, Junior, Esquire
Counsel for Gates Supply Company, Inc.

Vulosko Vaiden, a witness of lawful age being first duly sworn
deposes as follows:

Questioned by Mr. Beasley

Q.-1 Please state your residence and occupation.

A. Baltimore, Maryland. President of The Federal Land Bank of
Baltimore.

Q.-2 This was originally a suit by your Bank to foreclose the loan
covered by mortgage made ^{to} Abner Eason of Nansemond County, Virginia.
The Gates Supply Company, Incorporated, has filed an answer in
that suit, and in that answer it calls for proof of all of the
allegations of the Bank's bill and denies outright most of the
allegations. Will you kindly read the bill filed by the Bank
in this case and state whether or not, to the best of your
knowledge and belief the allegations set out therein, each and
all of them, are true.

A. The allegations are true to the best of my knowledge and be-
lief.

Q.-3 The note to secure which this mortgage was made is filed as an exhibit in the bill. Has any other payment been made on that note since the suit was instituted?

A. No.

Q-4 You have already testified as a witness in this case. Please state whether the statements made by you in that deposition are true and show the present status of the debt.

A. Yes.

Q-5 Will you kindly state in brief the routine steps taken in case of the granting by the Bank of an amortization loan to a borrower?

A. An application for the loan would be filed with the local National Farm Loan Association and by them sent into the Bank. After examination by the local appraisal committee and action by the Board of Directors of the National Farm Loan Association, together with the report of the Federal appraiser, it is then considered by the Executive Committee and passed upon by them. The Association and applicant are notified of the action of the Bank. If the applicant accepts the amount approved by the Bank he employs an attorney to prepare the abstract of title to the land that is to be mortgaged. Then the papers to close same are sent to the Secretary-Treasurer of the National Farm Loan Association and the money turned over to the applicant.

Q-6 In the answer of the Gates Supply Company it is stated that the National Farm Loan Association of Nansemond County and the Secretary-Treasurer of that Association were the agents of The Federal Land Bank of Baltimore. In closing this Eason loan please state whether this is a fact.

Mr. Godwin, counsel for the Gates Supply Company objects to the foregoing question and any answer thereto upon the ground that it is asking of the

witness his conclusion of the law as to the agency.

A. The Nansemond County National Farm Loan Association is not considered by us as an agent for this Bank.

Q-7 Is there any authorization among the files of your Bank making the National Farm Loan Association of Nansemond County the Bank's agent in closing this loan?

A. No.

Q-8 Unless then such agency is determined by the Farm Loan Act or by the rules and regulations of the Farm Loan Board or by the writings, correspondence, etc., which are parts of this record, was there any agency created by the Bank in the closing of this loan?

A. We closed this loan as we usually do every other loan under the provisions of the Farm Loan Act. There was no extraordinary or unusual condition or precedent in connection with this particular loan.

Q-9 Do I understand that this Eason loan was one of the routine cases of amortization loans made by your Bank, and that no special authorization was given to any one in connection therewith over and above the regular course of such loans?

A. There was not.

Q-10 In the answer of the Gates Supply Company it is stated that Mr. G. A. Harris, the attorney ~~who~~ who prepared the abstract for Eason, was the agent of The Federal Land Bank of Baltimore in this transaction. What is your answer as to this feature?

A. He was not.

Q-11 Was there any special agency created by the Bank in this Eason transaction other than the customary and usual method of closing loans?

A-12 With reference to the local abstractor, there was not.

Q-13 So can you say Mr. Harris was not the agent of the Bank in this matter, unless such agency is shown by the Farm Loan

Act or by some rule or regulation of the Farm Loan Board?

A. I can say that in my opinion Mr. Harris -

Questioned by Mr. Whitehead

Q-14 No employee or member of the Bank would have authority to appoint anybody an agent of the Bank, would they, unless such authority had been granted by the Board of Directors or the Executive Committee of the Bank?

A. No.

Questions resumed by Mr. Beasley

Q-15 Are you prepared to say that no resolution of the Board of Directors or the Executive Committee of this Bank was ever passed designating Mr. Whitley or Mr. Harris as agents of this Bank in connection with this Eason loan?

A. No such agency was ever created or such authority was ever granted to either of these parties.

Q-16 Do you know whether the rules and regulations of the Federal Farm Loan Board have anything touching the question of agency of the National Farm Loan Associations or of the local abstractors in the matter of these loans?

A. In reply I desire to quote Section 23 of Rulings and Regulations of the Federal Farm Loan Board, circular No. 10:

23. Attorney for associations to make abstracts.-In answer to an inquiry whether or not an association has the right to appoint an attorney to draw up abstracts and pay him out of its official funds, the board rules that each borrower is required to furnish his own abstract of title, and the applicant must stand the expense of preparing this abstract. An association has no right to employ any of its funds to pay for the preparation of abstracts for its members. This must be an individual charge, and if member of an association club together to have this work jointly done, they must do it as individuals and not as an association. Each borrower is free to make his own choice in the selection of an attorney or abstractor, subject to the approval of the Federal land bank of his district.

Q-17 I hand you copy of a resolution passed by the Executive

Committee on the 15th of October, 1925, in connection with this Eason loan. If this is a true copy of such resolution please file it as a part of your deposition.

A. In answer to this question I file a certified copy of the resolution passed by the Executive Committee of this Bank on October 15, 1925.

COPY OF RESOLUTION FILED MARKED "EXHIBIT "A"

CROSS EXAMINATION BY MR. GODWIN

Q-1 Mr. Vaiden will you please give me the date that this Abner Eason mortgage was made?

A. July 1, 1922.

Q-2 Mr. Vaiden, the Rules and Regulations which you read from a moment ago were passed July 1, 1923, one year after that loan was made?

A. No, these rules and regulations were in effect before that date.

Q-3 When this loan was made was this regulation in effect in reference to attorneys making abstracts?

A- I do not know whether it was in effect when this loan was made or not, I cannot say positively.

Q-4. Mr. Vaiden, in reference to attorneys - each attorney making an abstract has to be approved by your Bank doesn't he?

A- Yes, after he is approved by the bonding company.

Q-5 Is Mr. Harris bonded for the benefit of your Bank?

A- I cannot answer that without seeing the bond.

Q-6 I would like to call for the production of the bond and have it made an exhibit in this case.

A- I will file a copy of the bond and mark it "Exhibit "B"

(COPY OF BOND FILED AND MARKED "EXHIBIT "B"

Q-7 Mr. Vaiden, Abner Eason never owed this Bank anything

except what he owed under the notes secured by mortgage, did he?

A- No, that is his only obligation.

Q-8 The Federal Farm Loan System is governed by the Federal Farm Loan Board, is it not?

A- The Federal Farm Loan System is created under an act of Congress. The Farm Loan Board is located in Washington which has certain powers as enumerated in said Act. The Farm Loan Board chartered in Washington the Federal Land Bank of Baltimore.

Q-9 The Federal Farm Loan Board charters all federal land banks and all farm loan associations, does it not?

A- Yes sir.

Q-10 Now, this land bank is the land bank for what district?

A- No. 2.

Q-11 Nansemond County, Virginia is in that district, is it not?

A- Yes sir.

Q-12 Now, doesn't the Potomac Land Bank also cover a portion of that district?

A- The Potomac Joint Stock Land Bank may do business in this section.

Q-13 Each member of the National Farm Loan Associations in District No. 2 are stock holders in your bank?

A- No, each National Farm Loan Association is a stock holder in the Federal Land Bank of Baltimore and each individual borrower is a stock holder in the National Farm Loan Association through which he gets his loan.

Q-14 Can the Nansemond County National Farm Loan Association give its business to any other bank besides the Federal Land Bank of Baltimore?

A- Applications for loans through the Nansemond County

National Farm Loan Association must be sent to The Federal Land Bank of Baltimore.

Q-15 A party desiring to secure a loan cannot apply to that association for a loan through any individual bank or National Farm Loan bank other than your bank, can they?

A- No.

Q-16 The National Farm Loan Association in Nansemond County is a part of the general scheme of making loans to farmers, is it not?

A- Yes.

Q-17 They secure all of the business from your Bank that is done in Nansemond County, do they?

A- Yes.

Q-18 They prepare all of the applications, do they not?

A- No, individuals prepare the applications, but the applications must come through the Nansemond County National Farm Loan Association.

Q-19 They do all of their business on forms furnished by this Bank, do they not?

A- Yes.

Q-20 They close all of the loans made through the Nansemond County National Farm Loan Association by this Bank, do they not?

A- Yes.

Q-21 It is your duty to record a mortgage after it is given to you, is it not?

A- We do have them recorded.

Q-22 Who does that for you?

A- The Secretary-Treasurer of the National Farm Loan Association usually sees that the mortgage is recorded and a certificate from the bonded abstractor that our mortgage is a first lien upon the farm.

Q-23 Who secures the insurance for you?

A- The insurance is furnished by the applicant and sent in with the papers, usually when the loan is closed.

Q-24 Who sees to the property being insured for you?

A- We check the insurance policy when it comes in to see that proper coverage required by us is made.

Q-25 Is it not one of the duties of the Secretary-Treasurer of the National Farm Loan Association to see that insurance is taken on the buildings and the policy forwarded to your Bank?

A- Yes, he gets the insurance and sends it along with the papers when the loan is closed.

Q-26 Who keeps up with these loans and the in reference to the payment of taxes on the properties covered by mortgages held by your Bank?

A- We do. We send a list to the local Secretary-Treasurer to find out whether a borrower is delinquent or not and if there are delinquent taxes we send a special man from the Bank to look into the matter to get them paid.

Q-27 Then the National Farm Loan Associations cannot deal in a competitive way in business? They have to deal directly with your Bank?

A- The National Farm Loan Associations have to send all their applications for loans to this Bank.

Q-28 How are the bonded attorneys approved and selected?

A- The National Farm Loan Association usually selects a local lawyer as abstractor for the loans made through their association and their selection is reported to the Bank. We forward same to the bonding company for their examination and approval or rejection.

Q-29 Do you know whether or not that Mr. Harris is an attorney for the Nansemond County National Farm Loan Association?

A- I do not know, the records will show that.

Q-30 Who represents your Bank in the appraisals of property in Nansemond County?

A- Federal appraisers.

Q-31 Are any other appraisements made in conjunction with loans?

A- By the local association.

Q-32 What compensation does the National Farm Loan Associations receive for their services in securing loans for your Bank?

A- Under the law they cannot charge in excess of one per cent of the amount of the loan.

Q-33 What does that one percent go to?

A- The Association.

Q-34 Is the Secretary-Treasurer of the National Farm Loan Associations bonded for the benefit of your Bank?

A- Yes sir.

Q-35 I call for the copy of the bond to be made for Mr. Whitley. Please file as part of your deposition a copy of the bond covering the actions protecting the Bank in regard to Jesse M. Whitley, the Secretary-Treasurer of the Nansemond County National Farm Loan Association.

A- I will

No bond covering the Secy-Treas. of Nansemond county. Va. can be found among the files of the Bank. Wm. B. Bradley -
(COPY OF BOND FILED AND MARKED "EXHIBIT "C")

Q-36 Mr. Vaiden, your Bank received on March 27, 1923, a draft from Woodward and Elam, Insurance Agents, in the amount of \$2000.00, for buildings burned on the property of Abner Eason, did it not?

A- The treasurer handles these matters and I would rather have him testify as to that.

Q-37 Who selects the Board of Directors of this Bank?

A- There are three appointed by the Farm Loan Board in Washington, there are three known as local directors, elected

by the National Farm Loan Associations, and the seventh member is known as a Director at Large, nominated by all of the associations in the District and elected by the Farm Loan Board in Washington.

Q-38 Did you have any correspondence with Mr. Eason relative to his request that \$1000.00 of his insurance money be turned back to him?

A- I know of none.

RE DIRECT EXAMINATION

BY MR. WHITEHEAD

Q-1 Mr. Vaiden, just for the purpose of clarity, to show in connection with the relation of the Farm Loan Associations to the Bank in the application for a loan and closing of a loan I wish to ask if this is not what takes place? When a farmer wishes to obtain a loan through this system he files his application with the farm loan association of the county in which he lives. The farm loan association, under an Act of Congress is required, through its local committee, known as the Local Loan Committee, to examine the property and make a report to the Board of Directors of the Association, recommending the loan, if they approve it, to the Bank. When the application, recommended by the local Association's Board of Directors, reaches the Bank it is then referred to a Federal appraiser who makes the appraisement and makes his report directly to the Bank. This Federal appraiser is an appointee of the Farm Loan Board in Washington and assigned to the Bank. When the Federal Appraiser's report comes in, if the loan is approved by him, the report is then examined along with the application and the recommendation of the Association and the Executive Committee of the Bank either approves same or rejects it. If the loan is approved, the borrower is notified and upon the coming in of his acceptance card he is directed to have one of the local bonded

abstractors prepare the abstract of title. If the abstract of title is approved by the Bank's legal department, the loan papers are drafted and together with the draft which is made payable to the Secretary-Treasurer and the borrower is sent to the Association to be closed. The Association endorses the borrower's note and the mortgage thereby guaranteeing its payment and the Association sees to the closing of the loan and that the title continuation certificate showing that the mortgage is a first lien on the property is prepared by the local abstractor, and any insurance policy which is required is secured. Now, all of these papers, including the insurance, the title continuation certificate, and the note evidencing the debt, duly endorsed, signed by the borrower and by the Association, are attached to the draft on The Federal Land Bank of Baltimore for the amount of money called for in the draft to cover and liquidate the loan. Please state whether or not that is the practice of closing a loan?

OBJECTION BY MR. GODWIN ON ACCOUNT OF
BEING LEADING AND PLACING THE ANSWER IN
THE WITNESS' MOUTH.

A- Yes.

~~XXXXXXXXXXXX~~

Q-2 Some reference has been made to the one percent of the loans coming to the Association. State whether or not this one per cent is deducted from the loan so that the borrower himself pays it?

A- The borrower himself pays the one per cent, not the Bank.

Q-3 Mr. Godwin has asked about the Secretary-Treasurer reporting on delinquent taxes. You of course know that the

Farm Loan Act makes this a part of the Secretary-Treasurer's duties to report on delinquent taxes. This Bank also looks up this question of taxes, as you testified. State whether it is a fact or not that this Bank pays the Secretary-Treasurer as compensation for the actual work done in looking up these delinquent taxes a fee.

A. Under Section 7 of the Farm Loan Act one of the duties of the Secretary-Treasurer is to ascertain and report to the Bank the amount of any delinquent taxes on lands mortgaged to said bank and in the name of the delinquent we get that report from the Secretary-Treasurer, for which we pay him a fee of \$5.00.

BY MR. BEASLEY

Q-1 Does the Bank directly or indirectly pay the Association any fees for securing loans for it?

A. No.

Q-2 Does this bank pay the attorney who makes the abstract any fee for making the abstract?

A. No.

Q-3 As a matter of fact, does this bank pay the local attorney for any services in connection with making a loan?

A. No.

Q-4 Section 12, paragraph 8, of the Farm Loan Act requires that applications for loans shall be made out on the form furnished by the Farm Loan Board. The Bank does not prepare this form, does it?

A. Forms of applications for loans are prepared by the Federal Farm Loan Board.

Q-5 Has your bank authorized the Secretary-Treasurer of the local associations to act for your bank in any way other than set out in the Farm Loan Act?

A. No.

Q-6 The Secretary-Treasurer is bonded in favor of your Bank owing to the fact that he handles under the Farm Loan Act funds sent him by your Bank - is this so?

A. Yes, the provisions of the bond will set out the matter.

Q-7. ^{filed} State whether or not this bond - Exhibit "B" - which you have ^{filed} or will file, is the only bond that protects your Bank with reference to the acts of the local abstractor in connection with a loan?

A. We have only one bond.

BY MR. GODWIN

Q. 1 Mr. Vaiden, The National Farm Loan Association of Nansemond County is an arm of this Bank is it not?

A. The Nansemond County National Farm Loan Association is the avenue through which we make loans to farmers in said county under the provisions of the Farm Loan Act.

Q. 2 In the event a borrower's buildings burn that are insured for this Bank's benefit, what is done with the insurance money upon receipt of same by the Bank?

A. Several things are done with it. Sometimes we apply the full amount to the loan; sometimes we advance a portion of it for rebuilding purposes; sometimes we return the whole amount to the borrower.

Q. 3 Now, Mr. Vaiden the insurance money in this case was turned over to your Bank on March 27, 1923. Nearly one month later, April 17, 1923, the money -- approximately \$1000.00 of this money was returned to Eason, and on July 16, 1923 Mr. Eason's note was credited with the balance. What disposition was made of the draft when received on March 27, 1923?

A. The Treasurer will testify to that.

Q-4 What is the policy of your Bank in reference to the receipt of insurance money until it is disbursed?

A We hold it until it is disbursed.

Q-5 In what account?

A I do not know the technical word, but it is held. I do not know how it is shown on the books, the Treasurer can testify to these facts. We keep the insurance money in a special account for that purpose.

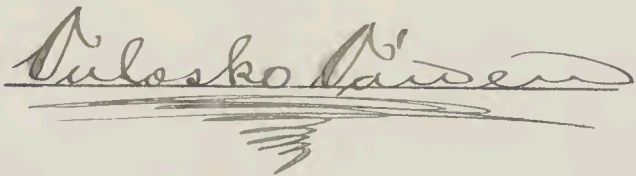
Q-6 How is this special fund earmarked so that you can tell from which people it came or to whose account it should be applied?

A Why the Insurance Department keeps a ledger account.

Q-7 In other words, in this Abner Eason matter, when your Bank received the \$2000.00 it credited that to his account and then charged the disbursements against it?

A We have an insurance account that is kept covering each transaction in connection with the collection of insurance money by the Bank.

And further this deponent saith not.

A handwritten signature in dark ink, appearing to read "G. A. Harris", with a horizontal line drawn underneath it.

G. A. Harris, a witness of lawful age, first duly sworn deposes and says:

BY MR. BEASLEY

Q-1 You are a practicing lawyer of Nansemond County, Virginia?

A Yes sir.

Q-2 Did you take any part in the examination of the abstract in the matter of a loan made to Abner Eason by The Federal Land Bank of Baltimore several years ago?

A I abstracted the title, yes sir.

Q-3 Who employed you to abstract that title?

A I was employed and paid by Mr. Eason.

Q-4 Did the Bank pay you anything in connection with your services in this transaction?

A No sir.

Q-5 Is there any contractual relation between you and The Federal Land Bank of Baltimore in regard to this loan?

A None

Q-6 Has the Bank done anything other than is shown by the record in this case making you its agent for this transaction?

A I know of none, no Sir.

Q-7 Please state whether this Abner Eason loan was conducted in the regular and customary manner covering such loans.

A It was handled in the same manner that all other loans made through the Nansemond County National Farm Loan Association are made in cases where I make abstracts.

Q-8 Did you fill out and sign what is known as the Title Continuation Certificate in this loan?

A My recollection is that I did.

CROSS EXAMINED BY MR. GODWIN

Q-1 Mr. Harris, Mr. John Hutton was the counsel for Mr. Eason generally, was he not?

A I really do not know.

Q-2 You of course examined this title because you were the approved attorney, did you not, Mr. Harris?

A Mr. Godwin, if you will permit me, I will answer that question by explaining my connection with all matters in regard to loans made by The Federal Land Bank. Soon after the Nansemond County National Farm Loan Association was organized I was advised

by some one of the officers - I do not remember who it was, one of the Directors or probably the Secretary - that they would like to have me make abstracts for this Association. I told him that I would be very glad to do it for them and in some

I recall it was two or three weeks after that I received notice from the local Association that abstracts made by me would be approved by The Federal Land Bank of Baltimore and from then on it was the practice of the Nansemond County National Farm Loan Association to turn over to me what they called, I believe, acceptance cards, giving the names of the borrower and the amount of the loan and the number of acres in the tract of land that was to secure the loan. The Federal Land Bank furnished me with forms to use in abstracting; then I would make the abstracts using the forms and forward them direct to the Bank. After the loan had been approved by the Federal Land Bank I usually received notice from the Secretary-Treasurer of the Nansemond County National Farm Loan Association that they had received draft covering the loan and asked me then to furnish what is known as the continuation of title certificate showing that nothing had happened to affect title in the land of the borrower since the abstract was made. I would usually go to the Nansemond County National Farm Loan Association's office, get the deed of trust, the title continuation certificate and the certificate to be signed by the clerk certifying that the mortgage had been recorded. I would take them all to the clerk's office, look at the **indexes to see if any deeds of trust, judgments or other liens** had been obtained against the property. Then when I found that nothing had affected the title I would present the mortgage to be recorded, have the clerk sign the certificate certifying that it has been recorded and execute the title continuation certificate, return them to the Secretary-

Treasurer of the Nansemond County National Farm Loan Association, and then he would make settlement with the borrower. In most cases, at my request, he would deduct my fee from the check of the borrower and in some cases the borrower himself would pay me with his own check.

Q-3 Mr. Harris would you usually see the borrower before the examination of the title, or would you examine it on the authority?

A I did not see very many of them - some of them I did - but in most cases the Secretary-Treasurer would ask who they wanted to make the examination of the title, furnish them with the names of the approved abstractors and if they expressed a preference, the Secretary-Treasurer usually sent the acceptance card to the attorney whom they wanted to make the examination.

Q-4 When this loan was made there was only one abstractor and that was you?

A No, Mr. L. P. Holland was also local abstractor for the Association.

Q-5 Mr. Harris, you are the attorney for the Nansemond County National Farm Loan Association, are you not?

A I am the approved abstractor for the Nansemond County National Farm Loan Association.

Q-6 Mr. Harris, do you also represent The Federal Land Bank in its liquidations in Nansemond County?

A So far as I am advised I have never been appointed by The Federal Land Bank to represent them in any transactions other than that I have been associated with the General Counsel in making foreclosures of mortgages subsequent to the Eason transaction.

Q-7 Mr. Harris, when you say "duly released of record" in your certificate, you mean that the ^{old} deed of trust had been released

and make no mention of the new deed of trust that was taken and recorded at the same time the mortgage was recorded, do you?

A- No, I mean that the record has been cleared for the purpose of this abstract and for the purpose of this loan, not dealing with what happened to the title at any subsequent date.

Q-8 As a matter of fact the deed of trust given by Abner Eason to the Gates Supply Company in place of this one that was released was recorded at the same as the mortgage, was it not?

A- To be perfectly frank, I cannot say from memory that there was even a second deed of trust given. I think the records show that there was and I find from referring to my files in this matter that there was a second deed of trust given that is, I have some correspondence with reference to existing liens at the time that I made the abstract and also find that I drew a deed of trust covering same property to secure certain creditors of Eason and it was probably recorded the same day, or the next day after The Federal Land Bank's mortgage was recorded.

Q-9 One of these was Gates Supply Company, was it not?

A I think it was.

Q-10 Mr. Harris, did you have a talk with Mr. Eason before you examined this title?

A I cannot say, Mr. Godwin, whether I did or not. I have no recollection of the transaction other than that I get by referring to my files.

Q-11 Mr. Harris, these titles that you examine come to you, many of them, on account of being abstractor for the Nansemond County National Farm Loan Association and not by reason of the fact that the borrowers are clients of yours?

A I cannot say Mr. Godwin, whether they did or not. It was understood by the borrowers, that is I have reason to believe

it was, I am satisfied that it was that they could select any attorney that they saw fit to make the examination of title, if his qualifications for the work had been approved by the Nansemond County National Farm Loan Association.

Q-12 Was that understood or was it understood that there were only two approved attorneys?

A At that time I do not think there were but two attorneys but my understanding is that they could have either one of these attorneys, however, before the loan would be approved the Nansemond County National Farm Loan Association would have to accept his work.

REDIRECT EXAMINATION
BY MR. BEASLEY

Q-1 I hand you what purports to be the original of the Title Continuation Certificate in this Abner Eason loan and also the original of the Settlement Record in this loan, marked respectively "G. A. H. Exhibits 1 and 2" . Please examine the first and state whether that is your signature.

A Yes sir.

Q-2 Please examine the second and state whether you had anything to do with that. In other words, you did not handle any funds of this Bank in connection with this loan did you?

A No

Q-3 All your role was, was to see that the title was all right?

A That was all.

Q-4 If you represented the Bank in any subsequent liquidation after the loan was made was that in consequence of any general authority from the Bank, or was it the subject of a special contract that you had?

A- Mr. Beasley, I do not think I ever represented the Bank in any matter - I know I did not - up to the time this loan

1

was made I had been associated with Mr. Whitehead, who is General Counsel for The Federal Land Bank, in the foreclosures of some mortgages subsequent to this transaction, which of course, was a matter of special contract. I have been associated with Mr. Whitehead, General Counsel, in foreclosing some two or three mortgages within the last year. Other than that I have not done anything for The Federal Land Bank.

Q-5 I hand you, marked "G.A.H. Exhibit 3", the form of application for appointment as attorney for the National Farm Loan Association. Please state whether you filled out a form of this character applying for the appointment of attorney for the National Farm Loan Association of Nansemond County?

A- Mr. Beasley, it has been some six or seven years ago since I signed an application, but to the best of my knowledge, I believe this is a copy of the form that I signed.

Q-6 Some mention has been made of the recordation of a deed of trust by Abner Eason on the land in question, subsequent to the recordation of the Bank's mortgage. Did you report to the Bank the recordation or the execution of this subsequent Eason deed of trust?

A- No.

Q-7 And so far as you know, the Bank never knew anything about it?

A- Certainly not through me.

IT IS AGREED BETWEEN COUNSEL THAT THE CERTIFICATE OF THE SECRETARY OF THE FEDERAL FARM LOAN BOARD SHALL BE CONCLUSIVE AS TO THE DATE OF THE PASSAGE OF THE REGULATION, PARAGRAPH NO. 23 OF THE RULINGS AND REGULATIONS OF THE FEDERAL FARM LOAN BOARD, CIRCULAR NO. 10, REVISED, IN REFERENCE TO ATTORNEYS MAKING ABSTRACTS AND THAT SUCH CERTIFICATE SHALL BE ACCEPTED AS EVIDENCE OF THE DATE OF THE PASSAGE OF THE SAME.

FILED HERewith AS "EXHIBIT G. A. H. NO. 4"

Q-8 Do you authorize the Notary to sign your name to

10

this deposition?

A- Yes sir.

SIGNATURE WAIVED BY CONSENT OF COUNSEL

STATE OF MARYLAND,

CITY OF BALTIMORE, to wit:

I, M. Grace Williams, a Notary Public in and for the city and state aforesaid, hereby certify that the foregoing depositions of Vulosko Vaiden and G. A. Harris were duly taken, sworn to and subscribed before me at the times and place and for the purpose set out in the caption hereto; the signature of the witness, G. A. Harris, having been waived by consent of counsel.

GIVEN UNDER MY HAND this 14th day of December, 1928.

M. Grace Williams
Notary Public

Notary's fee for taking these depositions and making copies of exhibits \$12.00, charged to The Federal Land Bank of Baltimore

M. Grace Williams

Blanche Bond

Oct 1 Dec 1, 1924

1111y. Oct 1, 1922.

Ins. off on Oct 27, 1923

Indiana Nat Co bond
returned to N. F. Waters
reg. to

1111y. 1111y.

2/26/1919

December 3, 1928.

The following is a copy of a resolution passed by the Executive Committee of the Federal Land Bank of Baltimore, at a meeting held on the 15th day of October, 1925, in the offices of said Bank:-

*Exhibit A.
filed with deposition
of Walter R. Vaiden*

"On motion duly passed it was ordered that the loan of Abner Eason, of the Nansemond County National Farm Loan Association of Virginia, in accordance with special resolution passed by the local association, be called, and that the legal department be instructed to institute foreclosure proceedings on the mortgage of \$ 3000.00 held against him. "

I hereby certify that the above is a correct and true copy of a resolution as taken from the minutes of the Executive Committee of the Federal Land Bank of Baltimore.

W. E. Armiger
Assistant Secretary

(Copy)

BOND

of

NATIONAL SURETY COMPANY

AMERICAN SURETY COMPANY OF NEW YORK

~~THE FIDELITY AND CASUALTY COMPANY OF NEW YORK~~
FIDELITY & DEPOSIT COMPANY OF MARYLAND

in favor of

THE FEDERAL LAND BANK OF BALTIMORE

KNOW ALL MEN BY THESE PRESENTS, That

WHEREAS, THE FEDERAL LAND BANK OF BALTIMORE, a body corporate, has received and will from time to time receive from members of the National Farm Loan Associations in Federal Land Bank District No. 2, comprising the States of Pennsylvania, Delaware, Maryland, Virginia, West Virginia and the District of Columbia, applications for loans to be secured by mortgages on farm lands, and

Paragraph 1. WHEREAS, the said Bank, in order to save time and expense in the examination and approval of titles and in consummating loans, desires to procure, in lieu of an abstract of title in each case covering the entire chain of title or covering a long period of time as is now required, only an abstract of title, or, in those States where such title is registered under an approved system of registration, a certificate of title, covering a period of not less than twenty-one years; and in order to fully protect itself and the National Farm Loan Associations against possible loss because of any defects in said title, whether shown or disclosed by the official records or not, errors or omissions in the abstracts of title or errors on the part of a member of the Legal Department of said Bank having in charge the passing upon of titles, or the severance of gas, oil or mineral rights, desires to have a bond to guarantee the repayment of the whole or any part of any such loan that may, in consequence of any of the hereinafter enumerated causes be uncollectible, from the mortgagor, his heirs or assigns, out of the mortgaged property as hereinafter provided, and has applied to the National Surety Company, the American Surety Company Fidelity & Deposit Company of Maryland of New York and ~~The Fidelity & Casualty Company of New York~~ for such bond.

Paragraph 2. NOW, THEREFORE, in consideration of an agreed premium at the rate of twenty-five cents, per one hundred dollars of loan, ~~minimum M premium two dollars and fifty cents \$2.50~~, to be paid as hereinafter provided, the National Surety Company, the American Surety Company of Fidelity & Deposit Company of Maryland New York and ~~The Fidelity & Casualty Company of New York~~, bodies and corporate, duly incorporated under the laws of the states of New York/ Maryland hereinafter referred to as the Sureties, do hereby jointly and severally guarantee, subject to the terms, limitations and conditions hereinafter stated, the repayment of the whole or any part of any loan made by said Bank and secured by mortgage as aforesaid, that may be uncollectible from the mortgagor in consequence of-

- a-Any defect of any kind in the title of the mortgagor to the mortgaged property;
- b-Any conveyance or lease of coal, oil, gas, mineral or other surface or subsurface right, right of way, or other right or privilege, affecting the mortgaged property;
- c-Any defect in said title, whether shown or disclosed by the

Exhibit B-
filed with deposition
of Dulock's witness

official records or not, as well as errors or omission in said official records.

d-Any error, omission or misstatement of fact in the original abstract of title, or any information subsequently furnished or supplied by an approved abstractor, which subsequent information shall be deemed a part of said abstract of title, when attached thereto;

e-Any mistake, misjudgment, or misconstruction of law, as well as any mistake or error of any kind on the part of any member of the Legal Department of said Bank.

Paragraph 3. AND IT IS FURTHER COVENANTED AND AGREED, that for the purpose of determining when liability has attached hereunder, the Bank shall submit its claim in writing to one of said Sureties, setting forth the amount of the loss to said Bank, one of the causes to which said loss is attributable, as provided for in sections a, b, c, d or e, above set forth, said cause being of such a nature as would have caused a rejection of the title to the land upon which said loss has been sustained, by the Legal Department of said Bank, had it had knowledge thereof at the time the loan was made; and when such claim is accompanied by an affidavit made by the Chief Counsel of said Bank, or Attorney finally passing upon the titles for said Bank, that he would have rejected the title to the land covered by the mortgage on which such loss has been sustained, had he known of the objection or defect at the time said loan was made, such affidavit being conclusive as to the facts therein and binding as to the parties thereto, it having been set out in said affidavit that some one of the objections enumerated in sections a, b, c, d or e, did exist in connection with the title upon which loss has been sustained, it shall be conclusively presumed that such loss is due to the cause thus set forth, and the amount of loss sustained by said Bank shall become due and payable by said Sureties after, and as determined by, a foreclosure of the mortgage or attempt to foreclose the same shall have been had, or a foreclosure prevented or rendered useless through the establishment by judgment, decree or otherwise of an adverse claim, right or title.

If the defect in title, error or omission or other objection to which loss is attributable hereunder is not accompanied by an affidavit of the Chief Counsel or Attorney, as aforesaid, the said Sureties may have the question as to whether such loss was in consequence of such defect in title, error or omission or other objection, determined by reference to a Board of Arbitration, to be composed of three members, one to be appointed by said Bank, one by said Sureties and the third by the two thus appointed, and the decision of said Board shall be final as to the cause of loss and amount of liability. The cost of such arbitration shall be borne by the party against whom the decision of the Board is rendered.

Any claim for the repayment of any part of any loan must be made within ninety days after the Bank shall have offered the mortgaged property for sale under foreclosure or other proceedings, or been prevented from so doing as herein provided.

Paragraph 4. This guarantee is subject to the following express conditions:

FIRST, - Each abstractor, the correctness and accuracy of whose abstract is to be guaranteed hereunder, is to be first approved in writing by one of the said Sureties before any guarantee of any abstract made by him shall become effective and a list of approved attorneys shall be attached to and shall form a part of this bond. When additional

abstractors shall be approved, their names shall be added to such list.

The Sureties shall have the right to cancel this guarantee, for cause, as to any abstractor, upon giving thirty days written notice to the Bank accompanied by the cause of such cancellation, provided such cancellation shall not release the obligation of the Sureties hereunder as to any abstract submitted by said Abstractor prior to the date on which said cancellation becomes effective.

SECOND - The Bank shall, before making any loan, obtain through an approved abstractor (and those heretofore accepted by the United States Fidelity and Guaranty Company and approved by this Bank, are hereby accepted by said Sureties) an abstract or certificate of title to the property to be mortgaged, beginning with a will, conveyance or other method of acquisition of title, prior to a date, which will carry the title back over a period of at least twenty-one years, accounting from the date of the abstractors first certificate, said abstract to be continued to and including the date of the recording of the Bank's mortgage; and the said loan shall not be made unless and until, in the opinion of a member of the Legal Department of the Bank, the abstract shows, assuming a fee simple title in the first grantor or holder of title in the abstract, that the applicant has such a title to the property as would justify the Bank in making a loan thereon, and until all those shown by the abstract to have an interest in the property have duly executed the Bank's mortgage or conveyed said interest to those who do execute said mortgage, provided that in event loss occur from a mistake, misjudgment, misconception, of the law or error on the part of any member of said Legal Department in the examination of said abstract, the said Sureties will save harmless the said Bank from such loss.

THIRD, - This obligation shall become effective, as to each abstract and each loan, from the date the loan on the property covered by such abstract is made, and shall continue throughout the life of said loan, provided the abstract shall be made by an abstractor approved as aforesaid. Within fifteen days after the expiration of each calendar month, the said Bank shall file with one of the said Sureties a list of loans, to be protected hereunder, made and consummated during the preceding calendar month, accompanied by a remittance of the premium computed at the rate aforesaid; it being understood that there shall be no liability hereunder because of any loan not included in such list. Said list shall contain the name and address of the borrower, the Association of which he is a member, and the date and amount of the loan. The Bank may, however, within six months, include in a subsequent list any loan inadvertently omitted from a prior list, after which listing and payment of premium as aforesaid, liability shall attach as of the date said loan was made.

FOURTH, - There shall be no liability hereunder on the part of said Sureties with respect to any given loan, until the Bank shall have taken such action as is sufficient to sell whatever interest the mortgagor has in the mortgaged property and the same has been sold, after which sale and payment of loss by the Sureties, said Sureties shall be subrogated to the rights and remedies of the Bank against the mortgagor, and the Bank shall execute such papers as are necessary to such subrogation. In determining the amount of the Sureties' liability, if any, the costs and expenses incurred by the Bank in proceeding against the mortgaged property may first be charged against the amount realized, providing the liability of the Surety with respect to any loss shall not in any event exceed the amount of that loan plus the interest accrued at the time of settlement by the said Sureties,

costs and expenses as aforesaid. Attorneys' fees and commissions shall be considered a part of the costs.

FIFTH, - Whenever the Bank shall undertake to foreclose any mortgage, if it has knowledge or reason to believe that there is any defect in the title to the property covered by said mortgage, or that there is any prior incumbrance thereon, and that a loss may occur, it shall give notice to one of said Sureties, furnishing such particulars as it may have.

SIXTH, - In event of claim being made hereunder for the repayment of any loan or any part of any loan, the Surety shall be given the privilege of examining the abstract of title to the property securing said loan and the records of said Bank relating to said loan. Said loss shall be payable within sixty days after written demand is made by said Bank upon one of said Sureties.

SEVENTH, - The Sureties may at any time, upon six months notice to the Bank, and the Bank may upon fifteen days notice to one of the Sureties, cancel this bond as to future loans - without prejudice, however, to the rights of the Bank with respect to any loan made at any time prior to the expiration of said six months, or abstract received by said Bank prior to said date of expiration.

EIGHTH, - It is further understood and agreed that ^{those} these abstracts ^M already or hereafter received by said Federal Land Bank carrying the title back of the twenty-one year period and which have been, or are submitted by approved abstractors as above provided for, but which have not yet been examined by the Legal Department, need not be examined back of a will, conveyance or other method of acquisition of title, therein bearing date twenty-one years prior to the date of said abstract, and when any of such abstracts have been examined for a period of twenty-one years back, irrespective of what may be shown therein prior to said period, and are approved and a loan is made thereon, such loan shall be as fully protected by the provisions of this bond, as though the abstract upon which it is based had been submitted subsequent to the date hereof and made only for the twenty-one year period provided for herein.

NINTH, - It is further understood and agreed that the abstractors heretofore accepted by the United States Fidelity and Guaranty Company and approved by said Bank are hereby accepted as approved abstractors under the terms of this bond, and that all abstracts heretofore or are hereafter submitted by them and upon which loans are hereafter made/ ^M within the requirements hereof and protected hereby.

Paragraph 5. NOW, THEREFORE, if the aforesaid Sureties shall well and truly perform all the conditions and obligations of this agreement, then this obligation to be void, otherwise to remain in full force and virtue in Law.

This bond shall be effective from the first day of June, A.D. 1918.

Signed, sealed and dated this 3rd. day of May, 1918.

NATIONAL SURETY COMPANY,

By Joel Rathbone
Vice-President.

Attest: Robert M. Nugent
Assistant Secretary.

AMERICAN SURETY COMPANY OF NEW YORK

By J. C. Inthill
Resident Vice President.

Attest: C. S. Waterbury
Resident Assistant Secretary.

~~THE FIDELITY & CASUALTY COMPANY OF NEW YORK~~
FIDELITY & DEPOSIT COMPANY OF MARYLAND

By field
t.

shop
At Secretary.

The name of the Fidelity & Deposit Company
of Maryland was substituted for The Fidelity
& Casualty Company of New York before execution.

J. C. I.
E. W.

The erasures in lines 22 and 23, and the corrections
and additions in lines 25, 129 and 142 were made before
the final execution of this bond.

E. W.

Insertion of the date of June 1st, 1918 in lines 147 and 148,
made after the execution of the bond by the undersigned

FEDERAL LAND BANK OF BALTIMORE

BY J. B. Finley, Secretary

FIDELITY AND DEPOSIT COMPANY OF
MARYLAND

BY W. W. Bishop, Asst. Secretary.

The Federal Land Bank of Baltimore

State of VIRGINIAApplication No. 69Association No. V-83

TITLE CONTINUATION CERTIFICATE

I hereby certify that I have examined the public records of the County of NANSEMOND
State of VIRGINIA, from and including the 17th day of JULY 19 22,
that being the date of the abstract of title to lands of _____

ABNER EASON in said County, previously
submitted to the Federal Land Bank of Baltimore, by G. A. HARRIS

the undersigned Attorney, to and including the date upon which a mortgage on said lands to said
Bank was duly admitted to record in said County as hereinafter shown, and find no changes affecting
the sufficiency or validity of the record title to said lands, as shown in said abstract, except as follows:

Mortgage from said ABNER EASON to the Federal Land Bank of
Baltimore, for \$ 3000.00 dated 28th day of JULY 19 22, duly admitted to record
on the 8th day of Aug 19 22

Deed of Trust Abner Eason to John K. Hutton, Tr., 11-12-19,
DB 91, Page 55, duly released of record.

Deed of Trust Abner Eason to T. O. Knight, Tr., 4-7-21,
DB 95, Page 68, duly released of record.

*Exhibit 4A H. no. 1,
filed with deposition
of G.A. Harris*

E 8-10-22

The records therefore show that there are now no prior liens of record on the lands mortgaged
to the Federal Land Bank of Baltimore in the above described mortgage, and that full fee simple
title to the said lands is vested in said mortgagors subject to the lien of said mortgage to the Federal
Land Bank of Baltimore, which is a valid first lien thereon.

G.A. Harris
Approved Attorney for the NANSEMOND County, N. F. L. A.

(N. B.—If changes or liens other than those set out are found affecting said title, such changes or liens should be noted in space provided above and the
loan withheld, unless it can be used in releasing such liens of record simultaneously with the recording of the Bank's mortgage—so as to make said mortgage a
first lien on the property therein described.)

P. F.

NANSEMOND COUNTY

N. F. L. A.

The Federal Land Bank of Baltimore

W. O. COLLIER
SETTLEMENT RECORD

of SUFFOLK V-83, State of VA.

Application No. 69 Loan No. 9917

Abstractors No. 338

MORTGAGOR ABNER EASON,
Address: WHALEYVILLE? VA.

Insurance	Date of Note	Loan Closed	Rebate of Int.
\$2700.00	7-1-22.		

SETTLEMENT—The Federal Land Bank of Baltimore with Secretary-Treasurer of above Association

To full amount of loan granted.....						\$3000.00
By deductions by Bank.....	5% Capital Stock	Abstract Bond Fee	Bank Fee	(Interest Rate)	\$169.00	
	\$150.00	\$9.00	\$10.00	5½%		
By amount for which draft will be honored.....					\$2831.00	
					\$3000.00	\$3000.00

SETTLEMENT—Secretary-Treasurer of the above Association with Mortgagor

Amount of proceeds of draft		\$ 2831.00
Amount of fees deducted by the Association	\$ 20.00	
By amount Paid to release of record the following liens according to law;		
1. Deed of Trust Abner Eason to John K. Hutton, Tr., 11-12-19, DB 91, Page 55.	2812.50	
2. Deed of Trust Abner Eason to T. O. Knight, Tr., 4-7-21, DB 95, Page 68. Settled by Abner Eason	1.00	
Balance paid to Mortgagor	\$298.50	
	\$2831.00	\$2831.00

Total Cost to Borrower in Securing Loan

Bank charges deducted (see above)		\$19.00
Initial fee previously collected for the Bank		\$ 5.00
Association fee deducted (see above)	\$ 20.00	
Initial fee previously collected for the Association	\$ 5.00	
Returned to applicant (unexpended portion of initial fee)		\$ 25.00
Total paid the Association		\$149.00
Total paid in connection with this loan		
Cost of Appraisal by the Association (to be reported if collected in addition to one per cent. of the loan)		
Salary of Loan Committee on account of this loan	\$ 5.00	
Expenses of Loan Committee on account of this loan	\$ 5.00	

Received settlement as above this 8th day of August 1922

Attest:

Jesse W. Hittley

Abner Eason

Sec'y-Treas. NANSEMOND COUNTY N. F. L. A.

100-1000000

1

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

100-1000000

PAY TO ANY BANK OR BANKER
ON ORDER
NATIONAL BANK OF SUFFOLK
SUFFOLK, VA.
W. WOLFORD, Cashier

National Surety Company
NEW YORK, N. Y.

American Surety Company
NEW YORK, N. Y.

AND

Fidelity and Deposit Company of Maryland
BALTIMORE, MARYLAND.

40 Harris
#3
Hansmann & NFA
338

I hereby make application to the National Surety Company, the American Surety Company and the Fidelity and Deposit Company of Maryland, to be added to their bond No.

(Nat. Surety Co.
Amer. Sur. Co.
Fid. & Dep. Co. of Md.)

covering attorneys in favor of the Federal Land Bank of
and do hereby guarantee to them that the abstract of the record of the title of each piece of property examined by me for the NATIONAL FARM LOAN ASSOCIATION of which I am an attorney, shall be a true and perfect abstract of the record of the title to said property.

As a basis of investigation, I make the following statements:-

1. Name Address
(Give number, Street, City and State)
2. Age years. Place of residence for the past ten years
3. I have practiced law years
(State where)
4. If you have not been in active practice during all of the past ten years, give names of your former employers.

5.	Name of last Employer	Address	Party under whom you worked	Occupation	Reasons for leaving

6. I own real estate valued at approximately \$ encumbered for \$
and personalty consisting of
valued at approximately \$ encumbered for \$, and have no
other debts except as follows:

7.	Name of nearest relatives	Relationship	P. O. Address

8. I have had experience in making abstracts of title to lands as follows:
9. No abstracts made by me have been found defective except as follows:

Dated and Signed at this day of 19

In presence of

Witness

Signature of Applicant

LEGAL DEPARTMENT
 ASSOCIATION ATTORNEY'S RECORD FORM
 THE FEDERAL LAND BANK OF BALTIMORE
 DISTRICT NO. 2

State of _____

Association No. _____

NOTICE OF APPOINTMENT OF ATTORNEY OR ABTRACTOR

I hereby certify that _____
 (NAME)

of _____, Attorney, has been duly appointed by
 (POST OFFICE ADDRESS)

The _____ National Farm Loan Association, of _____

County, State of _____, to furnish the official abstracts of title for the members of this Association, subject to the approval of The Federal Land Bank of Baltimore.

SECRETARY-TREASURER

Have any other attorneys been appointed? _____ If so, how many? _____ Give names on separate blank. How many members in your Association? _____

N. B. Do not appoint more than one attorney for an association of 25 members or less; adding one attorney (up to five) for each additional 25 members or fractional part thereof, who become members prior to the granting of Charter, if so desired. Fill in this certificate, sign and return at once to Legal Department, Federal Land Bank, Baltimore, Md.

DO NOT FILL THIS IN

RECORD OF ACCEPTANCE AND APPROVAL OF ATTORNEY OR ABTRACTOR

Above attorney accepted this date by _____ as

Surety _____ Item No. _____
 (DATE)

Above attorney approved by The Legal Department of The Federal Land Bank of Baltimore _____
 (DATE)

O. K. _____
 ATTORNEY IN CHARGE

PRESIDENT

Notice mailed Secretary-Treasurer _____
 (DATE)

Above approval revoked by The Legal Department of The Federal Land Bank of Baltimore, to take effect

(DATE)

ATTORNEY IN CHARGE

O. K. _____
 PRESIDENT

Notice mailed Secretary-Treasurer _____
 (DATE)

Above Attorney resigned _____
 (DATE)

Above Attorney removed by said Association _____
 (DATE)

4.24.4

EXCERPT FROM
FEDERAL FARM LOAN BOARD CIRCULAR
NO. 10

*Exhibit 2A no. 4
filed with deposition
of H.A. Harris*

"Attorney for associations to make abstracts. -
In answer to an inquiry whether or not an association has
the right to appoint an attorney to draw up abstracts and
pay him out of its official funds, the Board rules that
each borrower is required to furnish his own abstract of
title, and the applicant must stand the expense of prepar-
ing this abstract. An association has no right to employ
any of its funds to pay for the preparation of abstracts
for its members. This must be an individual charge, and
if members of an association club together to have this
work jointly done, they must do it as individuals and not
as an association. Each borrower is free to make his own
choice in the selection of an attorney or abstractor,
subject to the approval of the Federal land bank of his
district."

I, L. C. O'Brien, Assistant Secretary of the
Federal Farm Loan Board, do hereby certify that the above
is a true and correct excerpt from Circular No. 10 issued
by the Federal Farm Loan Board in July, 1919, containing
RULINGS AND REGULATIONS of the FEDERAL FARM LOAN BOARD To
June 30, 1919.

IN WITNESS WHEREOF I have hereunto set my hand
and the seal of the Federal Farm Loan Board this 10th
day of December, 1928.

L. C. O'Brien
Assistant Secretary.

944 14

EXCERPT FROM MINUTES
OF THE FEDERAL FARM LOAN BOARD

"Each borrower is required to furnish his own abstract and the applicant must stand the expense of preparing this abstract. An association has no right to employ any of its corporate funds to pay for the preparation of abstracts for its members. This must be an individual charge, and if members of an association club together to have this work jointly done they must do it as individuals and not as an association. Each borrower is free to make his own choice in the selection of an attorney or abstractor."

I, L. C. O'Brien, Assistant Secretary of the Federal Farm Loan Board, do hereby certify that the above is a true and correct excerpt from a circular of the Farm Loan Bureau dated February 8, 1917, as embodied in the record of the minutes of the Federal Farm Loan Board.

IN WITNESS WHEREOF I have hereunto set my hand and the seal of the Federal Farm Loan Board this 10th day of December, 1928.

L C O'Brien
Assistant Secretary

CIRCUIT CT. NANSEMOND COUNTY, VA.

THE FEDERAL LAND BANK OF
BALTIMORE

(
(
Vs: (
(
(

ABNER EASON

Filed 12/17/28

Paul Jones clerk

Exhibit "C"

Statement showing the disbursement of the proceeds of a loan from the Federal Land Bank of Baltimore through the Nansemond County National Farm Loan Association by Jesse Whitley, secretary-treasurer of Nansemond County National Farm Loan Association.

July 22, 1922 Federal Land Bank proceeds of Abner Eason Loan ----- \$2851.00

Aug. 8	Amt. of fees deducted by the Asso	\$ 20.00	
" 8	Pd. Farmers Bank of Nansemond	1500.00	
" 8	" F.B. Williams	1012.50	
" 8	Woodward & Elam & (insurance)	68.00	
" 8	" G.A. Harris	50.00	
" 8	" Geo. Bunting - Clerk	11.50	
" 8	Notary fee	1.00	
" 8	Abner Eason	168.00	
		<u>\$ 2851.00</u>	<u>-2851.00</u>

I certify that this is a true statement of the amount received and paid out in closing the Abner Eason Loan

Suffolk Va
Sept, 15th, 1928

Jesse Whitley Sec Treas
Jesse Whitley Sec Treas

This Deed, Made this 8th day of August in the year
one thousand nine hundred and 22 between Abner Eason

of Nansemond County, Virginia

.....party.....of the first part
and L. P. Holland, chosen as Trustee for the purposes
hereinafter specified.

of Nansemond County, Virginia,.....party.....of the second part

WITNESSETH: That the said party.....of the first part do.....grant unto the said
part.....of the second part, with general warranty, the following property, to-wit:

, "All that certain piece, parcel or tract of land
situated in Cypress Magisterial District, Nan-
semond County, Virginia, containing One Hundred
and Sixty-nine (169) acres, more or less, and
bounded by the lands of Geo. T. Ellis, the
Boggett farm, County Road leading North from Som-
erton and others. The land hereby conveyed being
the same land conveyed to Abner Eason by P. B.
Williams, deed dated Nov. 12th, 1919, and duly
recorded in Nansemond County Clerk's Office."

IN TRUST. to secure to Gates Supply Company, Incorporated
~~XXXXXXXXXXXX~~ the payment of the sum of

One Thousand and Thirteen Dollars (\$1013.00) as evidenced by One (1) note bearing even date herewith for that sum and executed by the said Abner Eason, and payable on January 1, 1923, at the Citizens Bank of Gates. to the order of Gates Supply Company, Inc., Gates, N. C.

Also to secure any note or notes, bond or bonds given in renewal, curtail or continuation of the said debt.

It is mutually understood and agreed that this deed of trust is a second lien on the property hereinabove described, and subject to the payment of the mortgage of the Federal Land Bank of Baltimore for the sum of ~~\$13000.00~~ ^{In event} that default shall be made in the payment of the said debt, principal or any installments of interest, when due and payable, then the Trustee on being required so to do by the said Gates Supply Company, Incorporated or its
Successors or
~~executors, administrators or assigns,~~ shall sell the property hereby conveyed.

And it is covenanted and agreed between the parties aforesaid, that in case of a sale the same shall be made after first advertising the time, place and terms thereof for Fifteen (15) days in such manner as the said Trustee may see
fit,

and upon the following terms, to-wit; for cash as to so much of the proceeds as may be necessary to defray the expenses of executing this trust, including a trustee's commission of 5 per centum, the fees for drawing and recording this deed, if then unpaid, and to discharge the amount of the money then payable upon the said debt, and if there be any residue of said purchase money the same shall be made payable at such time; and secured in such manner, as the said party of the first part his executors, administrators or assigns shall prescribe and direct, or in case of his failure to give such directions, at such time and in such manner as the said Trustee shall see fit.

The said party of the first part covenant..... to pay all taxes, assessments, dues and charges upon the said property hereby conveyed so long as he.....or his..... heirs or assigns shall hold the same; and further covenant.....and agree.....to keep the buildings on the property hereby conveyed insured for the full amount of \$ 2000.00..... for the further protection of the said beneficiary.....or assigns; and in the event of his.....failure to do so, then the Trustee, or the beneficiary under this deed, may effect or renew such insurance from time to time so long as the said debt or any part thereof remains unpaid; and the insurance premiums shall constitute a part of the lien created by this deed, to be paid out of the proceeds of the property if sold, or to be recoverable by all the remedies in law or equity by which the debt aforesaid may be recoverable.

If no default shall be made in the payment of the said debt or insurance premiums, then, upon the request of the part. 4 of the first part, a good and sufficient deed of release shall be executed to him at his own proper cost and charges.

Witness the following signature.....and seal.....

.....Abner Eason.....(SEAL)
.....(SEAL)
.....(SEAL)
.....(SEAL)

STATE OF VIRGINIA

City OF Supper } TO-WIT

I, Jesse Whitley a Notary Public
in and for the city aforesaid, in the State of Virginia do hereby
certify that Abner Eason

whose name..... signed to the writing hereto annexed, bearing date the 8th
..... day of August 1922, has acknowledged the same be-
fore me in my city aforesaid.

Given under my hand this 8th day of August, 1922

My term of office expires 21st day of June 1926.

MEMO—To be acknowledged before a Justice, Notary Public or Commissioner in Chancery

VIRGINIA:

In the Clerk's Office of the Circuit Court of Nansemond County
the 8th day of August, 1922 at 12:30 P.M.

This Deed was presented, and, with the certificate annexed,
admitted to record.

Teste:

.....W. B. Smith....., Clerk
By Jesse Whitley D. C.

INDEXED

Almer Esen
To J. Head of Trust
R. P. Holland, Trustee
(G. H. D.)

Admitted to record
this 8th day of August
1852 at 12:30 P.M.
this
N.B. 97-342
79.

300
200
500

LEWIS & HARRIS
COUNSELLORS AT LAW
NATIONAL BANK OF SUFFOLK BLDG.
SUFFOLK, VIRGINIA

Made in England
IMPORTANT

SIGN AND RETURN IMMEDIATELY TO THE SECRETARY-
TREASURER OF YOUR NATIONAL FARM
LOAN ASSOCIATION

M. Jesse Whitley

, Secretary-Treasurer.

App'l No.

69

I ~~We~~ acknowledge receipt of the Banks' notice that ^{my} ~~our~~ loan has been approved for
\$ 3000 . The accompanying card has been signed and is returned
herewith. In accordance with the understanding at the time ^I ~~We~~ made application for loan,
you are hereby authorized to instruct the approved attorney for this Association to prepare an
abstract of title for The Federal Land Bank covering title to property on which I am
applying for a loan. This is 169 acres acquired by ^{me} ~~us~~ by ~~We~~ are
from P B Williams

in year 1919

I agree to co-operate with attorney in perfecting ^{my} ~~our~~ title.

Abner Eason

SIGNATURE OF APPLICANT

Date June 13, 1922

SIGNATURE OF APPLICANT

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

The Federal Land Bank of Baltimore Complainant
v.

Abner Eason and Gates Supply Company,
Incorporated Defendants.

The depositions of G. T. Ellis, Jesse Whitley, and others, taken before me, William M. Birdsong, Commissioner in Chancery for the Circuit Court of Nansemond County, in the State of Virginia, pursuant to notice by publication to Abner Eason and the annexed notice with service accepted by The Federal Land Bank of Baltimore, at my office, 207 National Bank of Suffolk building, Suffolk, Virginia, on the 31st day of August, 1923, at 10:30 P. M., to be read as evidence on behalf of Gates Supply Company, Incorporated, in a certain suit in equity depending in the Circuit Court of Nansemond County, in the State of Virginia, wherein The Federal Land Bank of Baltimore is complainant, and Abner Eason and Gates Supply Company, Incorporated, are defendants.

PRESENT: W. M. Beasley, attorney for the complainant.

Chas. B. Godwin, Jr., attorney for Gates Supply Company, Incorporated, defendant.

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Federal Land Bank of Baltimore Complainant
v.

Abner Eason and Gates Supply Company,
Incorporated , , ... Defendants.

You and each of you are hereby notified that the Gates Supply Company, Incorporated, will on Friday, the 31st day of August, 1928, between the hours of ten o'clock A. M. and six o'clock P. M. of that day at the office of William M. Birdsong, Commissioner in Chancery, in the National Bank of Suffolk building, Suffolk, Virginia, in the State of Virginia, proceed to take the depositions of George E. Bunting, R. L. Woodward, and others, to be read as evidence in behalf of the Gates Supply Company, Incorporated, in a certain suit pending in the Circuit Court of Nansemond County in the State of Virginia, wherein Federal Land Bank of Baltimore is complainant, and Abner Eason and Gates Supply Company, Incorporated, are defendants. And if for any reason the taking of the said depositions be not commenced, or if commenced be not completed on that day, the same will be continued and adjourned from day to day and from time to time at the same place and between the same hours until the same shall be completed.

GATES SUPPLY COMPANY, INCORPORATED

By

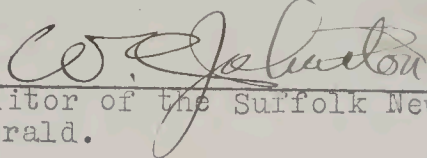
Chas B Godwin Jr.
Its counsel.

Legal & timely service
of the within notice
is hereby accepted

The Federal Land
Bank of Baltimore

by *Wm. H. Haxley*
counsel

I, W. C. Johnston, the editor of the Suffolk News-Herald, a newspaper printed in the City of Suffolk, in the County of Nansemond, do hereby certify that the foregoing order of publication was duly published in the said newspaper for four successive weeks from and after the 2nd day of May, 1928.


Editor of the Suffolk News-Herald.

MR. G. T. ELLIS, being duly sworn, deposes and says as follows:

Examined by Mr. Godwin:-

Q. Mr. Ellis do you know Mr. Abner Eason?

A. Yes sir.

Q. How close did Mr. Abner Eason live to you?

A. A little less than a mile.

Q. Do you remember when the dwelling on Mr. Eason's place burned?

A. I know about the time, but I don't remember the date.

Q. After the dwelling on Mr. Eason's place burned, what became of Mr. Eason?

A. Mr. Eason lived with his son on the other side of the road.

Q. For how long?

A. I don't remember. In fact he lived with him all of the time. He never lived at the place that was burned; it was rented.

Q. Did Mr. Eason ever rebuild any building on the premises after his dwelling burned?

A. No sir none at all.

Q. Did Mr. Eason do anything after the burning of the dwelling to increase the value of his farm in the way of any buildings of any sort?

A. No sir he did not.

Q. Do you remember approximately the time that Mr. Eason received some money from the insurance company in reference to the burning of his dwelling?

A. I remember about the time that they said he got it.

Q. Do you know what he did with this money?

A. After he got this money I understood he bought two or three loads of scantling and hauled on the place that the house was burned.

Q. What did he do with the remainder of the money?

A. Mr. Godwin I really don't know, but I think he spent it. He owed me a store account around about that time and he paid me up what he owed me and looked like he was living pretty well. He didn't seem to have any before that.

And further this deponent saith not.

MR. T. V. ARTHUR, being duly sworn, deposes and says as follows:

Examined by Mr. Godwin:-

Q. Mr. Arthur where do you live?

A. Somerton.

Q. Do you know Abner Eason?

A. Yes.

Q.. Are you familiar with his property?

A. Yes.

Q. What would you say was a fair price of the dwelling house of Mr. Eason's before it was burned?

A. About \$2500.00 I would judge it to be worth.

Q. Has any dwelling house been put back on his premises since his dwelling burned?

A. No.

Q. Has any building been put there at all?

A. No.

Q. Mr. Arthur do you know what became of the insurance money that Mr. Eason got?

A. I suppose he lived on it from appearances.

Q. Do you know as a matter of fact that none of the money he received went for improvements on the place?

A. There have been no improvements put on the place since the fire.

And further this deponent saith not.

MR. JESSE WHITLEY, being duly sworn, deposes and says as follows:

Examined by Mr. Godwin:-

DIRECT EXAMINATION

Q. Mr. Whitley what is your occupation?

A. I am Secretary of the Suffolk Building & Loan Association, and also Secretary and Treasurer of the Nansemond County National Farm Loan Association.

Q. Were you Secretary and Treasurer of the Nansemond County National Farm Loan Association at the time the Abner Eason loan was applied for and made?

A. I was when it was made, but I don't remember whether that application had been filed before I was Secretary and Treasurer or not. I am not absolutely sure about that, but when the Association was being organized Mr. G. A. Harris was Secretary and Treasurer.

Q. When were you made Secretary and Treasurer of the Nansemond National Farm Loan Association?

A. I was elected

Q. Mr. Whitley as Secretary and Treasurer of the Nansemond National Farm Loan Association what are your duties?

A. Receiving the application from the borrower and transmitting it to the bank. I also copy the minutes of the meetings of the Association and close the loans. The draft is sent down by the bank, and I generally see to having all of the papers executed and pay the parties the proceeds of the loan.

Q. Have you any duties as to respect of seeing about the insurance?

A. Yes I am required to get the insurance policy before the loan is closed.

Q. Payable to whom?

A. With loss clause payable to the Federal Land Bank of Baltimore.

Q. Have you any duties as to seeing to the proper recordation of papers?

A. No sir. The abstractor or attorney has to see to the papers being properly recorded.

Q. Mr. Whitley I understood you to say that you closed the loans and the mortgages for the Federal Land Bank?

A. Yes sir.

Q. What is the relation between the Nansemond County National Farm Loan Association and the Federal Land Bank?

A. I don't know whether I can define that or not.

Q. Does the Nansemond County National Farm Loan Association loan any money at all?

A. No sir.

Q. It has no money to loan?

A. No sir.

Q. Do they loan any money for the Federal Land Bank of Baltimore?

A. I presume they do. The drafts are all made out by the Federal Land Bank of Baltimore.

Q. Then your Association is an Association of borrowers from the Federal Land Bank of Baltimore?

A. Yes under the Federal Farm Loan Act.

Q. For the purpose of securing and making loans for the Federal Land Bank of Baltimore?

A. Yes sir.

Q. These applications are made through your Association to the Federal Land Bank of Baltimore are they not?

A. Yes.

Q. The applications are forwarded by you to the Federal Land Bank are they not?

A. Yes.

Q. For their rejection or approval?

A. Yes.

Q. Mr. Whitley after these are forwarded to the Federal Land Bank of Baltimore has your Association anything to do with the granting or the refusal of the loan?

A. Yes.

Q. In what respect?

A. In passing on that loan as to the value of the property and taking somewhat into consideration the moral risk also.

Q. Then your Association in practice is simply an advisory board to the Federal Land Bank of Baltimore in respect to the value of property and the moral fitness of the applicant?

A. Yes.

- Q. Mr. Whitley if anyone applies to your Association can you forward an application to any other bank than the Federal Land Bank of Baltimore?
- A. No sir we don't represent any other bank.
- Q. Then does the Nansemond County National Farm Loan Association represent here locally the Federal Land Bank of Baltimore?
- A. I think so.
- Q. Mr. Whitley when these loans are approved all of the papers, the mortgage and the notes are forwarded to you are they not?
- A. Yes.
- Q. What then are your duties in reference to the closing of the loan?
- A. The borrower comes in I have him to sign the note and also the mortgage. Then I get in touch with the abstractor and he comes down and takes the papers to the clerk's office; has the mortgage recorded, brings that receipt back to me and also the continuation certificate. The check is no good until I get all of the papers back from the clerk's office with the insurance policy and deposit them in the bank to my credit.
- Q. Who is the check payable to when it comes to Suffolk?
- A. It is made payable to me as Secretary and Treasurer, and the borrower. I endorse it and the borrower endorses. I have an account with the bank and give them my check as treasurer of the Nansemond County Farm Loan Association.
- Q. Mr. Whitley then it is your duty to pay out the funds that are sent to borrowers?
- A. Yes.
- Q. Do you represent the Federal Land Bank in paying out these funds to the various borrowers?
- A. I represent both I presume.
- Q. Has the Federal Land Bank any other party here in Suffolk who

represents them in the closing of loans?

A. No sir. Every county has its own association.

Q. Mr. Whitley what you say in reference to your duties applies to the case of Abner Eason does it not?

A. Yes sir, they are under the same duties.

Q. Have you any further duties in reference to loans after the papers have been closed and the parties received their money?

A. I don't know that I really know all of the requirements of the Secretary and treasurer.

Q. Is it your duty to keep up with these loans and to see that the interest, taxes, and insurance is kept up on these loans, and that the payments are made according to the plan set forth in the mortgage?

A. It is the association's duty. They are responsible to the Federal Land Bank.

Q. Well do you do that?

A. No sir, I don't do any collecting. They usually send a party down when we have a delinquent. The association is notified of all of the delinquents by the bank. They are required to call the board of directors together to take some action in reference to same, but in every instance we don't call them together, because it is just like a note in the bank here - we presume they are going to take it up maybe in a few days.

Q. In respect to this particular loan, do you remember who held a deed of trust on the property of Abner Eason before the Federal Land Bank made its loan?

A. No sir, I don't remember that, but I looked over my settlement sheet this morning, and Mr. John K. Hutton was trustee, but I don't know who held the mortgage.

MR. GODWIN:

I want to introduce in this record copy of deed of trust from Abner Eason to John K. Hutton, Trustee, dated November 12th, 1919, and recorded in Deed Book 91, page 55 in the Clerk's Office of the Circuit Court of Nansemond County, in trust to secure P. B. Williams \$3500.00, marked Exhibit "A".

And wish further to introduce in this record copy of deed of trust dated April 7th, 1921, from Abner Eason to T. O. Knight, Trustee, in trust to secure the Gates Supply Company the sum of \$936.00, marked Exhibit "B".

I wish to introduce Settlement Sheet in this record, marked Exhibit "C".

Q. Mr. Whitley here is the original mortgage filed with the bill of the Federal Land Bank of Baltimore, where was that mortgage executed by Abner Eason?

A. At 143 South Main Street.

Q. In whose presence?

A. Certainly in mine, but to tell you who else was there I cannot.

Q. Who took the acknowledgment?

A. I took the acknowledgment.

Q. What day was that acknowledgment taken?

A. On the 8th day of August, 1922.

Q. I hand you here the original deed of trust from Abner Eason to L. P. Holland, Trustee, in trust to secure the Gates Supply Company the sum of \$1013.00, dated the 8th day of August, 1922, which deed of trust I wish to introduce in evidence, marked

Exhibit "D", where was that deed of trust executed?

A. I think that was executed at the same place. I didn't go anywhere else.

Q. What time was that deed of trust executed do you remember, in respect to the time that the mortgage was executed?

A. They were executed the same day.

Q. Who took the acknowledgment to that?

A. I took it.

Q. As a matter of fact, the Gates Supply Company was to release its deed of trust and you were to pay off the Williams deed of trust and the Gates Supply Company was to have another deed of trust written, which was to be subject to the Federal Land Bank's mortgage was it not?

COUNSEL for Federal Land Bank of Baltimore
objects to the foregoing question and any
answer thereto.

Q. Mr. Whitley why was the Gates Supply Company to have a new deed of trust written in this matter?

A. I don't know. I know nothing in the world about it. Mr. Harris was the man looking after the titles and putting those things on the record. I have a faint recollection of Mr. Harris putting in there a paper from the Gates Supply Company when I took the acknowledgments, but so far as knowing anything about the terms of the transaction I knew nothing.

Q. You knew that the Gates Supply Company had a deed of trust second to Williams didn't you?

A. No sir, I didn't know a thing about it. I would presume that they had one from these papers, but so far as absolutely knowing, I knew nothing about it.

Q. Mr. Whitley you received this letter dated July 29th, 1922, from Mr. Vaiden, who was President of the Federal Land Bank, did you not?

MR. GODWIN:

I wish to introduce in this record letter dated July 28th, 1922, from Mr. Vaiden, President of the Federal Land Bank of Baltimore, to Mr. Jesse Whitley, Secretary and Treasurer of Nansemond County National Farm Loan Association, marked Exhibit "E".

A. Yes sir.

Q. In that letter does he tell you that "We note that abstractor shows lien on the property in question amounting to more than the amount of our mortgage"?

A. Yes.

Q. And requests that in the event it is necessary to have a second mortgage, same must be dated and recorded on a subsequent date to that of the Federal Land Bank's mortgage?

A. Yes, a letter of that form comes with every loan that the amount of the draft is less than the mortgage.

Q. You would not get those unless there was a second mortgage on the property would you?

A. No sir.

Q. Mr. Whitley you say you don't remember when this was brought to your office?

A. I presume it was brought there that day. The date on it and my signature is the only thing I have to go by.

Q. Do you remember who took these to the clerk's office?

A. I am satisfied that Mr. Harris took one.

Q. Didn't Mr. Harris take both of them to the Clerk's office?

A. I cannot say about that, because I think somebody was there with Mr. Harris.

Q. Mr. Whitley this mortgage shows that it was brought into the clerk's office at 11:30 A. M., but you will notice that a one has been drawn through a two, and looks like some figure has been drawn through it. This one also shows that it was brought to the clerk's office at the same time doesn't it?

A. Yes the same day.

Q. But so far as when they were executed you don't know the exact time in relation to each other?

A. No sir I do not.

Q. This was executed at your office was it not?

A. Yes sir.

Q. In connection with the closing of this particular Abner Eason loan wasn't it?

A. Yes sir.

Q. Mr. Whitley when this paper was executed in reference to this loan, you, of course, knew that there was a deed of trust didn't you?

A. Yes sir.

Q. I hand you herewith the original abstract sheet of Mr. Harris, approved abstractor for the Mansemond County National Farm Loan Association, is that the original from your records?

A. I don't have anything in the world to do with these Mr. Godwin.

Conceded by counsel that this is the original abstract of title received by the Federal Land Bank of Baltimore, which is introduced in the evidence, marked Exhibit "F".

Q. That is the original authorization for the examination of title is it not?

A. Yes sir.

MR. GODWIN:

I wish to introduce in the evidence original authorization for the examination of title, marked Exhibit "G".

I also wish to introduce in the evidence two letters both dated August 5th, 1922, as Exhibits "H" and "I", one addressed to the Gates Supply Company, Gates, N. C., and the other to Mr. Job G. Holland, Holland, Va., and written by Mr. G. A. Harris.

COUNSEL for the Federal Land Bank of Baltimore objects to the introduction of the two foregoing letters in evidence, upon the ground that they are irrelevant to any issue raised in the pleadings in this case, and were not written by the writer, Mr. Harris, as agent or by the authority of the Federal Land Bank of Baltimore, nor have the same been approved by the said Bank in any way.

Q. How long has Mr. Harris been connected with the Nansemond County National Farm Loan Association?

A. I don't know that I can answer that, but he acted as Secretary and Treasurer until the Association was organized and they obtained their charter, but as soon as they obtained their charter I was elected and appointed Secretary and Treasurer, and Mr. Harris then acted as bonded abstractor.

Q. And Mr. Harris has been bonded abstractor ever since?

A. Yes.

Q. What attorney represents the Federal Land Bank here locally Mr. Whitley?

A. We have two - G. A. Harris and Hugh L. Holland.

Q. Is Mr. Harris bonded?

A. I cannot answer that, but I presume that he is. I don't think the Federal Land Bank would accept his abstracts unless he was.

Q. Is he bonded on behalf of the Federal Land Bank or the Nansemond County National Farm Loan Association?

A. The Nansemond County Farm Loan Association has no bonded officers.

Q. Then if he is bonded, he is bonded as an officer or attorney for the Federal Land Bank?

A. Yes sir.

Q. What are Mr. Harris' duties in reference to loans made by the Federal Land Bank of Baltimore?

A. Not any unless he was required to examine the title and furnish an abstract.

Q. Isn't he required in every instance to do that?

A. No sir. We have two, and of course, it is really discretionary with the borrower as to who does that, because the borrower pays for it.

Q. You will not accept any abstract unless it is done by one of those two parties will you?

A. No sir.

Q. After the abstract is made has the bonded abstractor any duties in reference to the closing of this loan?

A. Yes it is his duty to execute that continuation certificate and generally takes all of the papers to the clerk's office.

Q. After these loans are made and closed do you make a report to the Federal Land Bank?

A. I send the executed papers to the bank, all except the mortgage.

Q. Do you tell them of the final disposition of the matter?

A. I send them a settlement sheet to show for itself. There are three settlement sheets with each loan. One is forwarded to the bank with the executed papers, the other is delivered to the borrower when the loan is closed, and I retain one in my office in my files.

Q. In this particular case Mr. Whitley where there were second mortgages outstanding, and in reference to their instructions to you about the second mortgages, what report did you make to them?

A. I didn't make any.

Q. The attorney did that?

A. Not if the loan was closed, but that was I presume in his abstract showing that there was a second deed of trust.

Q. But that is your duty as Secretary and Treasurer to see that that was done?

A. The attorney attends to all of that.

Q. As Secretary and Treasurer of the Nansemond County Farm Loan Association you knew of all of the proceedings had in connection with the closing of this loan in order to give the Federal Land Bank a first mortgage, didn't you?

A. Yes sir.

CROSS EXAMINATION

Examined by Mr. Beasley:-

Q. Your duties as Secretary and Treasurer are outlined by the provisions of the Farm Loan Act are they not?

A. Yes.

Q. Any act that you do in connection with the loan is covered by the provisions of that act isn't it?

A. Yes sir, it should be. I try not to violate the law.

Q. In this Eason loan you did not receive any specific instructions from the Federal Land Bank of Baltimore, or any of its officers in any way different from such instructions in connection with every loan closed by you, did you?

A. Not in the least.

Q. You are then prepared to say that as far as this Eason matter goes, the Land Bank did not make you its agent in any particular way other than is set out and prescribed by the Farm Loan Act and by the regulations and laws of the Land Bank and the Farm Loan Board?

A. Not in the least. They were all the same.

Q. In other words, this Eason loan was closed in the regular way?

A. The regular way.

Q. And unless the Farm Loan Act created you as a agent of the Federal Land Bank of Baltimore you were not the Bank's agent in this transaction were you?

A. No, not unless it was in compliance with the laws of the Federal Land Bank.

Q. In the same way, all relations between your local Association and the Land Bank are covered by the Statutes and by the rules of the Bank and the Farm Loan Board, are they not?

A. Yes.

Q. And as far as you can now recall, are you prepared to say that you complied with every requirement of the law and of the rules of the Land Bank and of the Farm Loan Board in connection with this Eason transaction?

A. I so endeavored to do.

Q. You said in an answer under your direct examination that Mr. Harris was a bonded attorney of the Association, you do not know that of your own knowledge?

A. No I have not ever seen Mr. Harris' credentials or anything of that kind, but the Bank has been accepting the papers and therefore I presumed that he was.

Q. The three settlement sheets or settlement records that you mentioned in your direct examination were made out in triplicate were they not?

A. Yes sir. I didn't have any carbon sheet. I made every one separate, but one is a duplicate of the other.

Q. As a matter of fact, if you will refresh your memory, and I ask you please to do so, will you not find that these three settlement sheets were sent to you by the Bank?

A. Yes sir.

Q. And they were made out as far as you know by the Bank?

A. Yes.

Q. As Secretary and Treasurer of the Nansemond County National Farm Loan Association you have nothing whatever to do with the title to this property have you?

A. No sir.

Q. All you have to do is to see to the proper distribution of the money that is sent through your hands by the Bank?

A. Yes sir, and see that the papers are executed.

REDIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Whitley could you see to the proper distribution of funds sent you unless you investigated close enough to know that the Federal Land Bank was receiving absolutely a first mortgage?

A. Yes sir, I must see that the mortgage is executed, but so far as taking it to the clerk's office is concerned I don't do that. The attorney does that. He takes it there and gets the clerk's receipt for that mortgage and the continuation certificate and brings them back to me. You might call that seeing to it.

Q. In this particular case you knew that Abner Eason on the 8th day of August, 1922, in your office had executed the mortgage and note to the Federal Land Bank?

A. I know it by the dates and my signature.

Q. And you knew on that same day that he had executed a deed of trust to L. P. Holland, Trustee, for \$3,000.00, to secure the Gates Supply Company, and you took that acknowledgment, didn't you?

A. Yes sir I acknowledged that.

Q. You knew that this deed of trust was executed by Eason didn't you, and took the acknowledgment to it?

A. Yes.

Q. Now Mr. Whitley things arise in one case lots of times of course, that don't arise in other cases in the closing of loans don't they?

A. Yes. In some loans there are no liens.

Q. And it is your duty to do everything that is necessary and incidental to the closing of these particular loans is it not?

A. Yes, as far as executing the papers is concerned and disbursing the funds.

Q. Mr. Whitley whatever you did in this particular case the Federal Land Bank has ratified, has lent money, has accepted the mortgage, and now is foreclosing under the mortgage that you had issued isn't it?

A. Yes sir.

RECROSS EXAMINATION

Examined by Mr. Beasley:-

Q. What you did however, in this particular Eason transaction was to receive the settlement record with the check from the Bank was was transmitted with it, and to disburse the money covered by that check in the manner set out in the settlement sheet, is not that a fact?

A. Yes sir.

Q. In a former answer you said something about its being your duty to see that the Bank got a good title, I understand you to mean that if you knew positively of your own knowledge that there was some lien outstanding against the Bank's title, you would consider it your duty to call the Bank's attention to that before you disbursed the money, but I do not understand you to say that you attempt in the case of any of these loans and that you did attempt in the case of the Eason loan, to pass upon the title in any way?

A. No sir. I don't pass upon titles. I accept the papers of the bonded abstractor.

And further this deponent saith not.

MR. R. L. WOODWARD, being duly sworn, deposes and says as follows:

DIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Woodward did your company have occasion to execute a

fire insurance policy on the dwelling of Abner Eason?

A. We executed a fire insurance policy to Abner Eason.

Q. What policy and in what company was this insurance taken Mr. Woodward?

A. It was taken in the Petersburg Insurance Company, Policy No. 27101.

Q. How much insurance was on the dwelling?

A. There was \$2200.00 on the dwellings; \$2000.00 on one and \$200.00 on another.

Q. How much was on the dwelling that burned?

A. \$2000.00.

Q. Who was this insurance payable to in the event of fire?

A. Federal Land Bank of Baltimore with the standard mortgagee clause attached.

Q. The Federal Land Bank's mortgagee clause was attached?

A. Yes.

Q.. Is that a copy of the mortgagee clause as used by the Federal Land Bank?

A. Yes.

MR. GODWIN:

I wish to introduce the copy of the mortgagee clause as used by the Federal Land Bank of Baltimore, as Exhibit "J".

Q. Mr. Woodward what happened to the building of Abner Eason?

A. I presume it was burned.

Q. Did you send an investigator out there?

A. We sent an adjuster out there.

Q. Did Abner Eason's dwelling which you insured for \$2000.00 burn down?

A. I reckon it did. We paid the loss on it.

Q. Did you receive from the Petersburg Insurance Company a draft for \$2000.00 for this loss?

A. Yes.

Q. Who was that draft payable to?

A. Abner Eason and Federal Land Bank of Baltimore as mortgagee.

Q. Did Mr. Eason endorse this draft?

A. Yes.

Q. Then what was done with the draft?

A. Sent to the Federal Land Bank of Baltimore; that is not a part of our duty, but a service that we render to facilitate the payment of the claim.

Q. Do you know what became of that \$2000.00?

A. No I do not. I know what we did with it. We sent it to the Federal Land Bank after getting the endorsement of Mr. Eason.

Q. Did you receive a letter from the Federal Land Bank of Baltimore under date of April 17th, 1923, which I hand you herewith and is to be filed as Exhibit "K", stating that they had returned \$1000.00 of this money to Mr. Abner Eason?

A. Yes.

Q. Mr. Woodward do you know the value of Abner Eason's building?

A. No I do not. I would presume that it would have been worth not less than \$2700.00.

Q. That is as high as you would have gone on a \$2000.00 limit?

A. It must have been shown by the adjustment to have been worth at least \$2700.00, because the policy had a three-quarter value clause, and to have paid \$2000.00 it would have had to have had a \$2700.00 value.

CROSS EXAMINATION

Examined by Mr. Beasley:-

Q. In other words you settled this loss upon the report of the adjuster representing your company?

A. When it was reported to us we reported it to the company and they sent their general manager down here to adjust the loss.

Q. And it was adjusted accordingly?

A. Yes.

Q. Your agency wrote only one policy on the Eason property?

A. That was all.

Q. And this policy contained the standard mortgagee clause in favor of the Federal Land Bank of Baltimore?

A. Yes.

And further this deponent saith not.

MR. C. B. MILTEER, being duly sworn, deposes and says as follows:

DIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Milteer during the month of August, 1922, what was your official connection with the Gates Supply Company of North Carolina?

A. Manager.

Q. Was this whole transaction in reference to Abner Eason's property consummated at the time you were manager of the Gates Supply Company?

A. Yes.

Q. Mr. Milteer tell in your own words the whole facts leading up to your taking a second mortgage behind the Federal Land Bank of Baltimore?

A. Mr. Eason owed some money and went to the Federal Land Bank to get it to pay off a deed of trust that Mr. P. B. Williams had against him. At the same time we had a second deed of trust, and to obtain this money why we had to release our trust, so we did so, and took the one behind the Federal Land Bank.

Q. Mr. Milteer I hand you a letter here which has been introduced as an Exhibit, to the Gates Supply Company, did you receive that letter as manager of the Gates Supply Company?

A. Yes sir, it should be in the files of the Gates Supply Company's office.

Q. Why did you give up the deed of trust that you first held and have a new deed of trust executed?

A. To help Mr. Eason get the money, and by the influence of Mr. Harris' letter stating that it would be the thing to do.

Q. Were you advised by Mr. Harris that it would be to your best interest to do it?

A. In that letter, yes sir.

Q. Were you advised that it would be the means of your getting paid sooner?

A. Yes sir.

Q. This letter was sent to you on August 5th was it not?

A. Yes.

Q. At what time did you come to Suffolk to attend to this transaction?

A. Just a few days after, about two or three days.

Q. Mr. Milteer when you came to Suffolk in reference to this transaction, who did you meet, where did you go, and what did you do?

A. I met Mr. Eason here for the purpose of acknowledging the papers, and we met with Mr. Lewis over there near the Piedmont's office. We walked to the clerk's office. Mr. Lewis stated that he was acting for Mr. Harris, because Mr. Harris was sick.

Q. Who went to the clerk's office with you?

A. Mr. Lewis, Mr. Eason and myself.

Q. Did Mr. Whitley go with you?

A. Mr. Whitley was there when I got there.

Q. Where were these papers signed by Mr. Eason - this deed of trust to the Gates Supply Company and the mortgage to the Federal Land Bank?

A. In the clerk's office.

Q. Do you know who took the acknowledgments to them?

A. Mr. Whitley I think.

Q. All of you sitting right there discussing this matter?

A. Yes.

Q. Was the matter of your deed of trust discussed at that time?

A. Yes.

Q. Before all of them?

A. Yes, and at the same time I called to Mr. Pretlow Holland and told him I was making him trustee.

Q. Did you have this deed of trust prepared yourself?

A. No.

Q. Who had it prepared?

A. Mr. Eason and his attorneys had all of the papers prepared and ready for signatures when I got there, and they were in the hands of Mr. Lewis and Mr. Whitley.

Q. And you say that the deed of trust and the mortgage were executed at the same time?

A. At the same time.

Q. Right in the clerk's office?

A. Yes.

Q. And that the matter of the execution of these papers was discussed there in the crowd?

A. Yes.

Q. When were the former deeds of trust to Williams and to the Gates Supply Company released?

A. They were released that day - the same day.

Q. In other words the deed of trust and the mortgage were executed, and the old deed of trust were released down there at the same time with everybody present, you and Mr. Whitley and Mr.

Lewis and Mr. Eason?

A. Yes sir.

CROSS EXAMINATION

Examined by Mr. Beasley:-

Q. How long after this transaction did your connection with the Gates Supply Company continue?

A. Two years or more.

Q. So when the fire occurred you were connected with the Gates Supply Company in the capacity above stated?

A. Yes.

Q. Where do you live?

A. Gates County, North Carolina.

Q. Do you live there now?

A. Yes.

Q. You lived there at that time?

A. Yes.

Q. How far is this Eason property from Gates, North Carolina?

A. Some six or six and a half miles.

Q. So you were acquainted with the property?

A. Yes.

Q. You knew when it burned?

A. Yes I knew.

Q. You knew when the bank collected the insurance money?

A. No sir I didn't know that.

Q. When did you first learn that?

A. I heard that he had collected the insurance. Of course, I had nothing to do with that, that was between him and the government, because that deed of trust was ahead of ours and the insurance money wouldn't pay off the claims.

Q. Are you connected with the Gates Company now?

A. No.

Q. When you were connected with the Gates Company you made no claim to any of that insurance money did you?

A. No sir.

Q. Did you say that you knew when the fire occurred?

A. Yes.

Q. Did your company require Eason to take out any insurance?

A. No sir.

Q. Eason never took out any insurance for the benefit of your company?

A. The Government had the first claim on it, so, of course, we didn't take out any.

Q. You never had any policy from Eason that is called for in your deed of trust from Eason to L. P. Holland, did you?

A. No.

REDIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Milteer you say that you were connected with the Gates Supply Company for two years after this transaction. Mr. Pittman succeeded you as manager in September 1922, didn't he?

A. I was manager and knew the fire when it happened regardless of dates.

Q. Mr. Milteer you knew that the Federal Land Bank had insurance didn't you?

A. Yes I knew it.

Q. Did you ever know or expect that the Federal Land Bank had turned any of this insurance money back to Eason?

A. No sir.

Q. Did it ever enter your mind, were you ever told, or did you ever hear that they were going to turn back any of this money to Eason?

A. Well I was told later that they were going to turn back so much to build a home on the property.

Q. When was that?

A. It was the latter part of the year after it burned.

Q. You had no objection then to Eason's putting the building back on the place?

A. No I had no objection if the money was going back into improvements.

Q. You heard that you say along about the latter part of the year?

A. Yes.

Q. What part of the year would you say that you heard that - about that time?

A. I don't remember just exactly. The home burned sometime in

the spring or summer and he moved in another tenant house over on the John Eason side of the road, and I was told that the Bank was going to let him have money to rebuild sometime during that year.

RECROSS EXAMINATION

Examined by Mr. Beasley:-

Q. You never had any communication either personally or as an officer of the Gates Supply Company with the Federal Land Bank of Baltimore about this insurance money did you?

A. No sir.

Q. Do you recall when the note of Eason's secured by the Holland deed of trust was due?

A. No I don't remember the dates of the notes.

Q. What did your company do with that note when you took it?

A. That note remained there in the files. It is in the Gates Supply Company's files now I suppose.

Q. It remained in the files of the Gates Supply Company as long as you remained connected with that Company?

A. Yes.

Q. Then you didn't make any effort to collect that note at all from Eason did you?

A. No, Of course I would see Mr. Eason and would ask him about it and he would say he would pay as soon as he could. He had nothing to pay with.

And further this deponent saith not.

MR. W. H. PITTMAN, being duly sworn, deposes and says as follows:

DIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Pittman what is your occupation?

A. Manager of the Gates Supply Company.

Q. When were you made manager of the Gates Supply Company?

A. September, 1922.

Q. Do you remember when this fire occurred?

A. I do not. I don't remember just the time the fire occurred. When I knew anything about it the house had been burned, and I made the investigation.

Q. Is there any misunderstanding between you and Mr. Milteer as to who was manager at the time of the fire?

A. I cannot say about that, but I was elected manager September, 1922.

Q. You say you don't remember what time of the year it was when this house was burned?

A. I do not.

Q. Mr. Pittman did you have any notice of any sort that they were going to turn any money back to Abner Eason?

A. No sir, I didn't know anything about it.

Q. When you first knew of it or heard of it, what did you do?

A. I proceeded to make an investigation. I went to Mr. Bunting's office and he went through and showed me the old deed of trust and a copy of the Federal Land Bank's mortgage. I asked him if he could tell me anything in regard to it, and he referred me to Woodward and Elam, and if my memory serves me correctly, he gave me a letter of introduction to Woodward & Elam, and I went up there to their office and went through their files in regard to the insurance, and

their turning the \$1000.00 back to Mr. Eason. That was my first official knowledge of the transaction.

Q. Then what did you do?

A. I came up and asked your advice about it.

Q. When was the first that you knew that the Federal Land Bank had brought a suit and was going to sell this property?

A. It was just before they sold the property I think.

Q. Was it at the time that your petition was filed requesting that your rights be adjudicated in this matter?

A. Yes sir.

Q. Mr. Pittman how much does Mr. Eason owe you today?

A. \$1013.00, at 6% interest from the date of the mortgage.

Q. Has any of that been paid?

A. Not a cent of it.

CROSS EXAMINATION

Examined by Mr. Beasley:-

Q. Where do you live Mr. Pittman?

A. Nansemond County.

Q. How far from Eason's property?

A. About six miles.

Q. Are you familiar with the property, its location, etc.?

A. Yes.

Q. I suppose you, like Mr. Milteer, didn't take any steps to collect this money due on Eason's note?

A. Yes sir, I made a trip to Fountain to see Mr. Eason to see if he would make a payment on this note.

Q. When was that?

A. That was just after he left. I can't give you the exact

date, but it was in the spring after he left near Somerton.

Q. After who left?

A. Mr. Eason left the State.

Q. Why didn't you make Eason take out a policy to protect your debt?

A. When I became manager of the Gates Supply Company it was too late for that.

Q. You became manager, as I understand it, before the fire occurred?

A. September, 1922. I couldn't say whether the fire had occurred or not, but when it came to my knowledge the fire had occurred.

Q. Were you connected in any official way with the Gates Supply Company before you succeeded to the office of manager?

A. No sir not at that time. I had been in 1916. I was co-manager from 1916 to 1919.

Q. You were a stockholder all of that time?

A. No sir I was not. I sold out.

Q. What in a general way is the business of the Gates Supply Company?

A. It is buyers of farm products and sellers of fertilizer, seeds, bags, twine, etc. We buy cotton and peanuts and run a cotton gin.

REDIRECT EXAMINATION

Examined by Mr. Golwin:-

Q. Mr. Pittman did Abner Eason own anything besides this piece of land?

A. Nothing that I know of.

Q. Was Abner Eason insolvent or not?

A. Yes.

And further this deponent saith not.

MR. C. B. MILTEER, recalled, deposes and says as follows:

Examined by Mr. Beasley:-

Q. The Eason note secured by the Holland deed of trust is for an appreciably larger amount than the original Eason note secured by the Knight deed of trust, why is this?

A. The difference in that was the interest. That was what raised the note - interest had accrued on this paper.

Q. No additional indebtedness was embraced in the later note?

A. No.

Q. I would like to know Mr. Milteer, knowing Mr. Eason as you did, why you made no more effort than you say you did to collect this note?

A. For this reason - there was nothing on earth we could get out of him. He really had nothing but this land. I would see him and speak to him about it, but he would only promise what he was going to do.

Q. I am not quite clear, why, when you heard of the fire, you didn't show more interest in trying to protect yourself?

A. Well because I knew the Government's money would come first. Our deed of trust was second. We expected our money after the Government got theirs.

Q. Have you any interest financially or otherwise in the Gates Supply Company now?

A. No sir.

And further this deponent saith not.

MR. W. H. PITTMAN, recalled, deposes and says as follows:

Examined by Mr. Beasley:-

Q. Mr. Pittman will you tell me in your own words what is the claim of your company in this suit? What are you contending and what are you trying to get?

A. We asked that Mr. Eason be credited for the full and just amount of the insurance policy made payable to the Federal Land Bank of Baltimore as their interest might appear.

Q. Upon what grounds do you base that demand?

A. We base it upon the grounds that the property was insured and the premiums on the insurance policy paid to secure the Federal Land Bank of Baltimore, provided a fire should come, and then our second mortgage would have been o.k.

Q. You don't make any claim in behalf of your company for any of that insurance money do you?

A. No sir, we don't ask for any of it, but we asked that Abner Eason be credited according to the papers that were recorded in the clerk's office.

Q. If you knew that under Abner Eason's contract with the Bank, as set out in the Bank's mortgage, Abner Eason had a right to have that money or a portion of it returned for the purpose of rebuilding, would you still maintain that position?

MR. GODWIN:

I object to that question.

And further this deponent saith not.

MR. C. B. MILTEER, recalled, deposes and says as follows:

Examined by Mr. Godwin:-

Q. Did you ever have occasion to see, know, or hear about, before

this case arose, of any mortgagee turning money back to the man whose property had a mortgage on it when the building burned down?

A. No.

Q. Did you have any reason to believe that the Federal Land Bank was going to jeopardize the security which you held?

A. Certainly not.

Q. In turning this money back to Abner Eason did they jeopardize your security?

A. Yes.

Q. If they had not have turned back the \$1000.00 to Abner Eason would your deed of trust have been safe today?

A. Yes.

Examined by Mr. Beasley:-

Q. What I want to know is why you didn't protect the interest of your company by following up this insurance and seeing what was done with it?

A. Simply because, as I stated before, the entire thing was up to the Government to collect their claim first, and as I stated, when I heard they were letting him have money to rebuild, it would have increased the value of the property, so I didn't say anything, but they haven't done that.

Q. But although you heard that the Government was going to let him have some of this money back to rebuild, you still didn't take any steps whatever to see that Eason rebuilt did you?

A. No.

Examined by Mr. Godwin:-

Q. Mr. Milteer do you know how you heard that?

A. It was from a tenant who lived on the place. Said Mr. Eason told him that the Government was going to let him have some of the

money back to put the buildings back on the place.

Q. Did you have any idea that the Government would turn over to him money in spot cash?

A. No I thought they would get somebody to rebuild for him. I never had an idea of anything else.

Examined by Mr. Beasley:-

Q. You have just said that you made no claim to that insurance money for your company?

A. No sir.

Q. What interest or right in the insurance money did your company have then?

A. So far as the right of insurance we didn't have any, but we had a right in the value of that farm. When the property was burned off and the insurance company would take the insurance and put it back, why that increased the value.

MR. W. H. PITTMAN, recalled, deposes and says as follows:

Examined by Mr. Godwin:-

Q. Has the Government by collecting this insurance money and then turning it back to Mr. Eason jeopardized your rights and your security?

MR. BEASLEY:

This question and any answer thereto is objected to by counsel for the Federal Land Bank of Baltimore upon the grounds that it is irrelevant, has no pertinency upon the issues involved, and in fact is asking not only for a legal conclusion on the part of the witness, but for his opinion also.

A. Yes.

Q. Mr. Pittman, without going into any legal conclusions, what I want to know is whether or not as a matter of fact, your company has been jeopardized by turing this money back?

MR. BEASLEY:

Same objection as stated on page

-33-.

A. Yes.

Q. How?

A. Because the Federal Land Bank of Baltimore had the first mortgage on this property with the dwelling house on it. We had the second mortgage on this property with the dwelling house on it. The dwelling house was burned and only half of the value of dwelling house been paid, I presume, to the Federal Land Bank of Baltimore, and it only deducted \$1,000.00 from the debt of Abner Eason, when there was \$2000.00 value there.

Q. Mr. Pittman, had the Federal Land Bank of Baltimore kept the \$2000.00, which they were paid by the insurance company, or had they seen to it that Abner Eason built a house on this property before they turned their money over to him, would your deed of trust have been safe?

MR. BEASLEY:

Same objection as stated on page

-33-.

A. Yes.

Q. Mr. Pittman, Mr. Beasley has asked you in your own words whether you were after the insurance money; is there any way that you know of that you could collect any insurance money out of Ab-

-34-

ner Eason or out of the Federal Land Bank that has been paid as long as this had been paid?

A. I don't know of any.

Q. This property has been sold hasn't it?

A. Yes.

Q. Are you seeking to recover yours out of the sale price of this property, or out of the insurance money?

A. Out of the sale price of the property.

Q. Mr. Pittman you say that you were familiar with the property of Abner Eason, what would you say is the value of the dwelling house on the property at the time of the fire?

A. At the price of real estate at that time I presume it would have been worth \$2500.00 or \$2700.00.

Q. Under a three-quarter value clause in an insurance policy what good would it have done you to have taken out any insurance on it?

A. It would not have been worth a penny.

And further this deponent saith not.

MR. R. L. WOODWARD, recalled, deposes and says as follows:

Examined by Mr. Godwin:-

Q. Mr. Woodward do you know what date the dwelling house of Abner Eason burned?

A. Our record shows it was burned on the 19th day of February, 1923.

Q. Mr. Woodward it has been estimated here by Mr. Arthur, by

Mr. Ellis, and Mr. Pittman that the dwelling house of Abner Eason was worth approximately \$2500.00, what good would it have done to have had insurance on that above \$2000.00?

A. If it wasn't worth but \$2500.00, \$2000.00 was too much. I didn't see the loss report that our adjuster made up, but about \$2700.00 has to be the value of a house in order to collect \$2000.00 under the three-quarter value clause. Had an additional policy been put on it without the written consent of the Petersburg Insurance Company, it would have voided all of the insurance, except as to the interest of the Federal Land Bank, and the Petersburg Insurance Company would then be entitled to subrogation for their payment from the Federal Land Bank.

Q. Then Mr. Woodward had the Gates Supply Company taken an insurance policy in addition to the policy to the Federal Land Bank, it would have worked to the detriment of the Gates Supply Company in paying premiums and getting nothing in return, and also complicating the policy which the Federal Land Bank held?

A. Very much so. It would have taken the value out and the mortgage which this was applied to, would have been assigned to the Petersburg Insurance Company, and would have still been in effect as against the property.

And further this deponent saith not. ,

MR. GEORGE E. BUNTING, being duly sworn, deposes and says as follows:

DIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Bunting do you remember the time that the mortgage of Abner Eason to the Federal Land Bank was brought to your office to

be recorded, also the deed of trust from Abner Eason to the Gates Supply Company?

A. Yes sir, they were brought together on August 8th, 1922.

Q. Mr. Bunting were those brought at the same time?

A. Yes sir, they were handed to me together.

Q. Well you see that one there is at 11:30 and one at 12:30, state just why that happened?

A. Sometime after these deeds were admitted to record, my attention was called to the fact that both had been recorded at the same hour. After my attention was called to the fact, and having remembered that both deeds were handed to me at the same our, and when handed to me by Mr. Harris he stated that the deed of trust, or mortgage to the Federal Land Bank should be admitted to record first, I then went to my records and found that the deed to the Gates Supply Company stated in its deed that the Federal Land Bank's mortgage was prior to it. Then having recalled what Mr. Harris stated, I changed my record to show one at 12:30 and one at 11:30.

Q. Mr. Bunting they were handed to you, you say, at the same time by one person?

A. They were.

Q. What date were the two former deeds of trust held on Abner Eason's property released, do you remember?

A. The same date, August 8th. They were released and these were admitted to record.

CROSS EXAMINATION

Examined by Mr. Beasley:-

Q. Mr. Milteer was present when the Bank's mortgage and the Holland deed of trust were handed to you, was he not?

A. Mr. Beasley I don't recall. I remember Mr. Harris being

present and giving me the deeds.

Q. And Mr. Harris told you that the Bank's mortgage should be admitted to record first?

A. Yes he did.

RE DIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Do you know who represents the Federal Land Bank here?

A. I think Mr. G. A. Harris.

Q. Who usually brings the suits here for the purpose of foreclosures?

A. Most memorandums of the Federal Land Bank are filed by Mr. Whitehead and Mr. Harris, but Mr. Harris is the man who brings them down to me.

Q. Mr. Bunting how many suits have been brought by the Federal Land Bank here in which Mr. Harris did not appear?

A. I don't recall any, yet he might have.

And further this deponent saith not.

MR. GODWIN:-

I wish to introduce in the evidence two letters; one from G. A. Harris to C. B. Godwin, Jr., dated April 25th, 1927, and also a letter from Mr. G. A. Harris to Mr. Irvin Whitehead, dated June 20th, 1927, marked Exhibits "L" and "M".

MR. C. B. MILTEER, recalled, deposes and says as follows:

DIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Mr. Milteer the deed of trust to the Gates Supply Company provided that Mr. Mason should keep the buildings on the property conveyed insured for \$2000.00 for the benefit of the Gates Supply Company, did you ever try to get any insurance on this building?

A. No sir.

Q. Mr. Milteer why did you not try to protect your loan with insurance also?

A. Because the Government loan had all of the insurance the property would bear. Our insurance, if we had gotten any, would have been worthless.

Q. You knew then that the Government had insurance on it?

A. Yes for all the property was worth.

CROSS EXAMINATION

Examined by Mr. Beasley:-

Q. If you knew the Government had insurance on the property under its mortgage, you read or had read to you that provision of the mortgage didn't you?

A. I don't remember about that.

Q. But the fact remains that you did know at the time that the Land Bank was protected by insurance?

A. Certainly.

Q. And the fact remains that when the loss occurred you didn't

make any effort to get that insurance, or to see to its application, because you considered that your company had no rights in the insurance?

A. In making my statement in regard to the year or more that I was manager after the fire, that was a mistake that I made. I was manager a year or more after this deed of trust was taken. Mr. Pittman was manager at the time of the fire. I was not manager after the fire.

REDIRECT EXAMINATION

Examined by Mr. Godwin:-

Q. Then has a matter of fact Mr. Pittman has been manager for six years?

A. Yes, and was manager at the time of the fire, not me.

Q. Then Mr. Pittman was manager prior to the fire wasn't he?

A. Yes.

Q. Mr. Milteer do you own any stock in this company now?

A. No.

Q. When you left as manager you sold all of the stock you had in it, didn't you?

A. Yes.

Q. At the time of the fire you had no interest in the company?

A. No sir.

And further this deponent saith not.

STATE OF VIRGINIA,

CITY OF SUFFOLK, to-wit:

I, W. M. Birdsong, Commissioner in Chancery for the Circuit Court of the City of Suffolk, in the State of Virginia, do certify that the foregoing depositions were duly taken and reduced to writing, ^{and the signature waived} at the time and place above mentioned, pursuant to the annexed notice.

In witness whereof, I have hereto set my hand and seal at Suffolk, Virginia, aforesaid, this 31st day of August, 1928.

William M. Birdsong
Commissioner in Chancery for the
Circuit Court of Nansemond County.

THIS DEED, Made this 12th day of November, 1919, between Abner Eason (widower), of Pitt County, North Carolina, party of the first part, and John K. Hutton, chosen as trustee, of the City of Suffolk, Virginia, party of the second part--

WITNESSETH: That the said party of the first part doth grant unto the said party of the second part, with General Warranty, the following property, to-wit:

FIRST: All that certain tract of land containing one hundred and forty-four (144) acres, more or less, although the same is sold in gross and not by the acres, situated in Cypress Magisterial District, Nansemond County, Virginia, and bounded by the lands of Asa Warrenton, Charles Parker, the County Road leading from Somerton to Suffolk, Virginia, and also by the land this day conveyed to the said Abner Eason by John K. Hutton Special Commissioner; it being the same property this day conveyed to the grantor herein by Susie Williams and P. B. Williams, her husband.

SECOND: All that certain tract of land in Nansemond County, Virginia, beginning at a black gum stump, corner on road leading to Somerton; thence South with said road toward Somerton to a point opposite the second persimmon tree, which is across the said road; thence an Easterly course, a straight line across the field, to the back fence; thence in a straight line to a Rosemary Pine, between a post oak and a white oak in Asa Warrenton's line, thence a Northerly course with the line of the said Warrenton and J. W. Baggett, a line of marked trees, to the first station, containing twenty-five (25) acres, more or less; it being the same property this day conveyed to the grantor herein by John K. Hutton, Special Commissioner.

In trust to secure to P. B. Williams the payment of the sum of THIRTY-FIVE HUNDRED (\$3500.00) DOLLARS evidenced by five (5) certain bonds, executed by the grantor herein, bearing even date with this deed of trust, four (4) of said bonds being for FIVE HUNDRED (\$500.00) DOLLARS each and payable to the said P. B. Williams, one (1), two (2), three (3), and four (4) years from January 1, 1920, respectively, and one (1) of said bonds being for the sum of FIFTEEN HUNDRED (\$1500.00) DOLLARS and payable to the said P. B. Williams five (5) years from January 1, 1920, bearing interest

at the rate of 6% per annum, payable annually, and containing waivers of homestead exemption.

The grantor herein reserves the right and privilege of anticipating the payment of any and all of said bonds by paying the principal sum and the interest accrued to the date of payment.

In the event that default shall be made in the payment of the said debt, principal or any installment of interest, when due and payable, then the Trustee, on being required so to do by the beneficiary, his executors, administrators, or assigns, shall sell the property hereby conveyed.

And it is covenanted and agreed between the parties aforesaid, that in case of a sale the same shall be made after first advertising the time, place and terms thereof for ten days in such manner as the said Trustee shall see fit, and upon the following terms, to-wit: for cash as to so much of the proceeds as may be necessary to defray the expenses of executing this trust, including a trustee's commission of five per centum, the fees for drawing and recording this deed, if then unpaid and to discharge the amount of money then payable upon the said debt; and if there be any residue of said purchase money the same shall be made payable at such time, and secured in such manner, as the said party of the first part, his executors, administrators or assigns shall prescribe and direct, or in case of his failure to give such directions, at such time and in such manner as the said Trustee shall think fit.

The said party of the first part covenants to pay all taxes, assessments, dues and charges upon the said property hereby conveyed so long as he or his heirs or assigns shall hold the same; and further covenant and agree to keep the buildings on the property hereby conveyed insured for the full amount of \$1500.00 for the further protection of the said beneficiary or assigns; and in the event of his failure to do so, then the Trustee, or the beneficiary under this deed, may effect or renew such insurance from time to time, so long as the said debt, or any part thereof, remains unpaid; and the insurance premiums shall constitute a part of the lien created by this deed, to be paid out of the proceeds of the property, if sold, or to be recoverable by all the remedies in law or equity by which the debt aforesaid may be

recoverable.

If no default shall be made in the payment of the said debt oe insurance premiums, then upon the request of the party of the first part, a good and sufficient deed of release shall be executed to him at his own proper cost and charges.

Witness the following signature and seal:

Abner Eason (SEAL)

STATE OF VIRGINIA,

City of Suffolk, to-wit:

I, Ray Lavine, a Notary Public for the City aforesaid in the State of Virginia, do certify that Abner Eason (widower) whose name is signed to the writing hereto annexed, bearing date the 12th day of November, 1919, has acknowledged the same before me in my City aforesaid.

Given under my hand this 25th day of November, 1919.

My commission expires on the 11th day of July, 1923.

Ray Lavine, Notary Public.

VIRGINIA:

In the Clerk's Office of the Circuit Court of Nansemond County the 25th day of November, 1919.

This Deed was presented, and, with the certificate annexed, admitted to record.

Teste:

G. E. Bunting, Clerk.

By Ruby V. Benton, D. C.

A true copy.

Teste:

G. E. Bunting, Clerk.
By M. H. Laffner D. C.

Copy
Abner Essau
To (Deed of D.)
John K. Hutton
Trustee

Exhibit "A"

Feb 1. 1915

IN W. H. H.
OF PAGE

THIS DEED, Made this 7th day of April in the year one thousand nine hundred and twenty one between Abner Eason of Nansemond Co. Va., party of the first part, and T. O. Knight, chosen as Trustee of Nansemond Co., Va., part_ of the second part.

WITNESSETH: That said party of the first part do grant unto the said party of the second part, with general warranty, the following property, to-wit:

All that certain piece, parcel or tract of land situated in Cypress Magisterial District, Nansemond County, Virginia, containing one hundred sixty-nine acres, more or less, and bounded by the lands of Geo. T. Ellis, the Baggett farm, county road leading north from Somerton and others. The land hereby conveyed being the same land conveyed to Abner Eason by P. B. Williams, deed dated Nov. 12th, 1919 and duly recorded in Nansemond County Clerk's Office.

IN TRUST to secure to Gates Supply Co. of Gates Co. N. C., the payment of the sum of Nine Hundred thirty six \$936.00, Dollars as evidenced by a bond on even date for that sum and executed by the grantor with this deed of trust as security payable on April 7th, 1922 with legal interest payable annually. This deed of trust is given to secure any bond or bonds given in curtail or renewal of said bond. This deed of trust is given subject to one given to John K. Hutton, Trustee, dated Nov. 12th, 1919, and recorded in D. B. 91 at page 55 for \$3500.00.

In the event that default shall be made in the payment of the said debt, principal or any installment of interest, when due and payable, then the Trustee, on being required so to do by Gates Supply -- their executors, administrators or assigns, shall sell the property hereby conveyed.

And it is covenanted and agreed between the parties aforesaid, that in case of a sale the same shall be made after first advertising the time, place and terms thereof for fifteen ----- and upon the following terms, to-wit: for cash as to so much of the proceeds as may be necessary to defray the expenses of executing this trust, including a trustee's commission of five per centum, the fees for drawing and recording this deed, if then unpaid, and to discharge the amount of money then payable upon the said debt; and if

there be any residue of said purchase money the same shall be made payable at such time, and secured in such manner, as the said party of the first part his executors, administrators or assigns shall prescribe and direct, or in case of ----- failure to give such directions, at such time and in such manner as the said Trustee shall think fit.

The said party of the first part covenants to pay all taxes, assessments, dues and charges upon the said property hereby conveyed so long as he or his heirs or assigns shall hold the same; and further covenant and agree to keep the buildings on the property hereby conveyed insured for the full amount of \$..... for the further protection of the said or assigns; and in the event of failure to do so, then the Trustee, or the beneficiary under this deed, may effect or renew such insurance from time to time, so long as the said debt, or any part thereof, remains unpaid; and the insurance premiums shall constitute a part of the lien created by this deed, to be paid out of the proceeds of the property, if sold, or to be recoverable by all the remedies in law or equity by which the debt aforesaid may be recoverable.

If no default shall be made in the payment of the said debt or insurance premiums, then upon the request of the party of the first part, a good and sufficient deed of release shall be executed to him at his own proper cost and charges.

Witness the following signature and seal

Abner Eason (SEAL)

STATE OF VIRGINIA,

County of Nansemond, To-wit:

I, T. V. Arthur, a Justice of the Peace for the County aforesaid, in the State of Virginia, do certify that Abner Eason whose name is signed to the writing hereto annexed, bearing date the 7th day of April, 1921, has acknowledged the same before me in my County aforesaid.

Given under my hand this 7th day of April, 1921.

T. V. Arthur, J. P.

VIRGINIA:

In the Clerk's Office of the Circuit Court of Nansemond County the

19th day of April, 1921:

This deed was presented, and, with the certificate annexed,
admitted to record.

Teste: G. E. Bunting, Clerk.
By Ruby V. Benton, D. C.

A true copy.

Teste:

G. E. Bunting, Clerk.
By, M. K. Landreth D. C.

D.B.95
Page 68

1921
April 19
G. E. Bunting
M. K. Landreth
D. C.

Copy
Abner Eason
to (Deed of T.)
J. O. Knight
Trustee

Exhibit "B"

Fee # 1.75

ST. L. S.
RECEIVED

RECEIVED
JAN 19 1915

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

RECEIVED

VIRGINIA:

IN THE CLERK'S OFFICE OF THE
CIRCUIT COURT OF NANSE-
MOND COUNTY, ON THE 30TH
DAY OF APRIL, 1928.

Petition of Gates Supply Company
in the matter of

Federal Land Bank of Baltimore,

v.

Abner Eason.

The object of the above styled pe-
tition is for the purpose of making
the Gates Supply Company a defend-
ant in the above entitled action, now
pending in the Circuit Court of
Nansemond County, and for the fur-
ther purpose of submitting and ap-
plying the proceeds of the sale of the
property of Abner Eason to the pay-
ment of the indebtedness of Abner
Eason to the petitioner, which in-
debtedness is secured by a lien upon
the property of Abner Eason.

And it appears by affidavit, filed
according to law, that Abner Eason,
the above named defendant, is not a
resident of this state, it is therefore
ordered and required that the said Ab-
ner Eason appear within ten (10) days
after due publication of this order and
do what is necessary to protect his
interests.

And it is further ordered that this
order be published once a week for
four (4) successive weeks in the Suf-
folk News-Herald, a newspaper print-
ed in the City of Suffolk.

A true copy—Teste: 1928

G. E. BUNTING, Clerk.

CHAS. B. GODWIN, Jr.,

Counsel.

May 27, 1928.

Exhibit "E"

THE FEDERAL LAND BANK OF BALTIMORE

Officers and Directors

Fidelity Building

DISTRICT NO.2

Vulosko Vaiden, President
C. R. Titlow, Secretary
Edward E. Jones, Treasurer
John H. Murray

Address all communications
to the Bank

Pennsylvania,
Delaware,
Maryland,
Virginia,
West Virginia, and
District of Colum-
bia

Robert Catlett, Registrar and Counsel

Baltimore, Md.

July 28, 1922.

Mr. Jesse Whitley, Secty-Treas.,
NANSEMOND Co. N. F. L. A.
SUFFOLK, VIRGINIA.

IN RE: LOAN OF ABNER EASON

Dear Sir:

Attached hereto you will find check and the necessary papers to be used in closing the loan applied for by the above named applicant.

Kindly give your immediate attention to the closing of this loan, and return the executed papers to this Bank at the earliest possible date.

Very truly yours,

V. Vaiden
President/

VV/F GET INSURANCE BEFORE CLOSING.

P. S. We note that the abstract shows liens on the property in question amounting to more than the amount of our mortgage. No subjugation of any of the liens in question to the lien of this Bank's mortgage can be permitted without first obtaining the written consent of this Bank as to the method to be adopted for such subjugation. We prefer that all liens be absolutely released and our lien made a first lien of record. In the event it is necessary to have a second mortgage, same must be dated

#2.

Mr. L. V. Thompson-

and recorded on a subsequent date to that of our mortgage.

Your attention is also called to the fact that the dated on mortgages and notes are not to be changed, as interest on same will be adjusted after the loans are closed.

PLEASE RUSH THE CLOSING OF THIS LOAN.

VV.

THE FEDERAL LAND BANK OF BALTIMORE

(On This Form Give Summary of All Liens and Defects in Title as Shown By the Records, Together With Reference to the Items in the Abstract Where the Same Appear)

Page 16

(ITEM...2/...)

SUMMARY

I find fee simple title to the 169 acres of land, the subject of this abstract, to be vested in

Abner Eason

subject to the following and no other liens and defects, as shown by the records :

NATURE OF LIEN	DATE	IN FAVOR OF	AGAINST	ITEM	AMOUNT
Deed of Trust	11/12/1919	P. B. Williams	Abner Eason	18	\$3500.00
Deed of Trust	4/7/1921	Gates Supply Company	Abner Eason	19	\$936.00
Judgments	12/31/21	Bank of Gates	Abner Eason & J.T. Eason	20	\$312.80
Judgment	12/16/21	Bank of Gates	Abner Eason & J. E. Flemming	20	\$1010.00

Defects other than the above mentioned liens ;

I hereby certify that the foregoing is a true abstract of the title to the above described lands, for the period therein indicated, as shown by the records of Clerk's Office, Nansemond County, in the State of Virginia

Given under my hand this 17th day of July 19 22

[Signature]

Approved Abstractor for the Nansemond

National Farm Loan Association of Nansemond in the State of Virginia.

Exhibit H

August 5, 1922

Gates Supply Company,
Gates, North Carolina.

Gentlemen:

Mr. Abner Eason of Whaleyville, Virginia, has applied to the Federal Land Bank of Baltimore for a loan of \$3000.00, which amount is now in the hands of the secretary of the Nansemond Farm Loan Association in Suffolk, and we find from the records, and I have also been informed by Mr. Eason that he is indebted to you for something over \$900.00, which amount is secured by a second deed of trust. There is, as you, no doubt, are aware, a deed of trust for \$3500.00 which is to secure Mr. P. B. Williams, as a certain debt for the purchase price of the property.

Mr. Eason will have to pay 5-1/2% interest and 1% curtail annually which amounts to \$195.00 per annum, but before the mortgage of the Federal Land Bank can be admitted to the records, it will be necessary that you cancel your deed of trust, and take from Mr. Eason a new deed of trust after the Federal Land Bank's mortgage has been recorded. It will be very much to your interest to do this since it will give Mr. Eason an opportunity to pay off your debt much more quickly than he could otherwise, as the amount he will have to pay to the Federal Land Bank is very much less than the amount he would have to pay Mr. Williams. In addition to this advantage, there will only be a \$3000.00 first deed of trust, whereas, as the deed of trust now stands it is \$3500.00.

It is necessary that this matter receive prompt attention, as the check from the Federal Land Bank is in the hands of the secretary of the Nansemond Farm Loan Association, Mr. Whitley, of Suffolk, and unless same receives prompt attention, he will have to return the check to Baltimore, therefore, I am writing to request that you let Mr. Eason know at once what disposition you will make in the matter. Personally, I have no interest in the matter, however, I feel it will be to the best interest of all parties concerned.

I saw our mutual friend Mr. T. H. Birdsong of Suffolk and fully explained the matter to him, and Mr. Birdsong stated that by all means the Gates Supply Company should comply to Mr. Eason's request, as it would be to the Company's best interest. I will thank you to call Mr. Birdsong over telephone and get his views with reference to this matter, as the matter must receive prompt attention.

Yours very truly,

GAH:L

24 Libby "D"

August 5, 1922

Mr. Job G. Holland,
Holland, Virginia.

Dear Doctor:

I understand you are largely interested in the Gates Supply Company, Gates, North Carolina, and I am writing to request that you recommend to Mr. Milteer, the manager, that he allow Mr. Abner Eason, who is indebted to the Gates Supply Company for something over \$900.00, to borrow from the Federal Land Bank of Baltimore, the sum of \$3000.00 to be secured by a first deed of trust on Mr. Eason's property.

The Gates Supply Company's debt is now secured by a second deed of trust, the first deed of trust being for \$3500.00, and I am requesting that the Gates Supply Company cancel the deed of trust, and allow Mr. Eason to mortgage his property to the Federal Land Bank for \$3000.00, which will place Mr. Eason in a position where he will be able to pay the Gates Supply Company the amount of their deed of trust much more quickly than he will be able to pay as the matter now stands.

Mr. Eason will not have to pay but 5-1/2% interest for the money which he will borrow from the land bank, plus 1% extra per annum. As the matter now stands Mr. Eason is having to meet large payments on the first deed of trust, and therefore, he will not be able to pay anything on the Gates Supply Company's debt for some time, unless he is allowed to borrow the money from the Federal Land Bank.

I have fully explained this matter to Mr. T. H. - Bidsong, who I believe is interest in the Gates Supply Company, and Mr. Bidsong stated to the writer that by all means the Gates Supply Company should comply with Mr. Eason's request.

The Federal Land Bank will have to know within the next two or three days what disposition has been made in the matter, otherwise they will have to withdraw their loan of \$3000.00. Personally, I have no interest in the matter, however, I feel that it would be to the best interest of all parties concerned, to comply with Mr. Eason's request.

I will thank you to let Mr. Milteer know your views in the premises by telephone if possible, and oblige

Yours very truly,

Mortgagee Clause with Full Contribution

Loss or damage, if any, under this policy, shall be payable to *The Federal Land Bank of Baltimore*, as first mortgagee, as interest may appear and this insurance, as to the interest of the mortgagee only therein shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy.

Provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy the mortgagee shall, on demand, pay the same.

Provided, also, that the mortgagee shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee, and unless permitted by this policy it shall be noted hereon, and the mortgagee shall on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

This Company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagee for ten days after notice to the mortgagee of such cancellation and shall then cease, and this Company shall have the right, on like notice, to cancel this agreement.

In case of any other insurance upon the within described property, this Company shall not be liable under this policy for a greater proportion of any loss or damage sustained than the sum hereby insured bears to the whole amount of insurance on said property, issued to or held by any party or parties having an insurable interest therein, whether as owner, mortgagee or otherwise.

Whenever this Company shall pay the mortgagee any sum for loss or damage under this policy and shall claim that, as to the mortgagor or owner, no liability therefore existed, this Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the mortgagee the whole principal due, or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee to recover the full amount of its claim.

Attached to Policy No. 27101 of the Petersburg Fire Insurance Co.

Insurance Company of _____

Dated _____

Woodward and Elam

Agent.

Name of Policy holder Abner Eason

Address Whalleyville, Va.

Exhibit "g"

ABNER EASON.

\$2000—On the two story, frame, shingle roof building and additions, including foundations and all fixed heating and lighting apparatus, occupied as dwelling and situate about four miles west of Whaleyville, in Hansemond County, Virginia.

\$ 200—On the single story, frame, shingle roof building and additions, including foundations and all fixed heating and lighting apparatus, occupied by tenant as dwelling.

\$ 300—On the two story, frame, shingle roof building and additions, occupied as barn, and

\$ 200—On the single story, frame, shingle roof building and additions, occupied as barn.

All of the above described buildings situate on the farm of assured about four miles west of Whaleyville, in Hansemond County, Virginia.

Loss, if any, payable to the Federal Land Bank of Baltimore, as its interest may appear as per Mortgagee Clause attached.

Brick-on-edge, tile, cement or ~~xxxxx~~ metal flue warranty attached.

\$.....total concurrent insurance permitted.

2700.

Three-Fourths Value Clause—It is understood and agreed to be a condition of this insurance, that in the event of loss or damage by fire to the property insured under this policy, this Company shall not be liable for an amount greater than three-fourths of the actual cash value of each item of property insured by this policy (not exceeding the amount insured on each such item), at the time immediately preceding such loss or damage; and in the event of additional insurance—if any is permitted hereon—then this Company shall be liable for its proportion only of three-fourths such cash value of each item insured at the time of the fire, not exceeding the amount insured on each such item.

Lightning Clause—This policy shall cover any direct loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term Lightning, and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property, this Company shall be liable only *pro rata* with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by lightning or not.

Electric Light and Power Permit.—Privilege is hereby granted to use Electric Lights and Power in the premises mentioned herein when the electric equipment is in full compliance with the National Electrical Code. If dynamos, excitors, lamps, switches or motors are insured by this policy, this insurance excludes any loss or damage to them such as may be caused by electric currents, whether artificial or natural, and will be liable only for such loss or damage to them which may occur in consequence of fire in the building herein described, and originating outside of the machines themselves.

Attached to and made a part of Policy No. 27101

Petersburg
WOODWARD & ELAM
INSURANCE
SUFFOLK, - VA.

Insurance Company of Petersburg, Va.
Agents

THE FEDERAL LAND BANK OF BALTIMORE

OFFICERS AND DIRECTORS

FIDELITY BUILDING

DISTRICT No 2

VULOSKO VAIDEN, PRESIDENT
DAVID G. HARRY, VICE-PRESIDENT
C. R. TITLOW, SECRETARY
EDWARD E. JONES, TREASURER
JOHN H. MURRAY

ADDRESS ALL COMMUNICATIONS TO THE BANK

PENNSYLVANIA,
DELAWARE,
MARYLAND,
VIRGINIA,
WEST VIRGINIA,
DISTRICT OF COLUMBIA,
PORTO RICO

ROBERT CATLETT, REGISTRAR AND COUNSEL

BALTIMORE, Md. April 17, 1923.

Exhibit 15

NANSEMOND

Messrs. Woodward & Elam,
Suffolk, Va.

Re: Policy #27101 - Abner Eason

Gentlemen:-

Complying with your requests of March 26th and April 11th, we are returning the above policy herewith.

We regret that there has been so much delay in this matter, due to the absence of one of our officers from the bank, and in view of this, we have sent check for the balance of the \$2000 after crediting approximately \$1000 on his loan, to Mr. Eason direct, in order to save time.

We assume that the enclosed policy will be returned to us after the \$2000 has been deducted, as there will still be \$700 on the remaining buildings.

Very truly yours,

E. E. Jones

Treasurer.

MEH
Enc.

Exhibit "L"

G. A. HARRIS
ATTORNEY AND COUNSELLOR AT LAW
SUFFOLK, VIRGINIA

April 25, 1927.

Mr. C. B. Godwin, Jr.,
Attorney-at-Law,
Suffolk, Virginia.

Dear Sir:

In Re: The Federal Land Bank vs. Abner Eason.

I hand you herewith copy of motion to dismiss
the petition filed by you in the above styled suit.

Mr. Whitehead, general counsel for the bank,
has requested me to make an engagement with you and
Judge McLemore for some convenient date for a hearing.
Should Judge McLemore fail to dismiss your petition,
Mr. Whitehead will then file some additional pleadings.
At your convenience, we will see Judge McLemore with
reference to a date to hear this case.

Yours very truly,

G. A. Harris

gah-1

Exhibit "on"

June 20th, 1927.

Mr. Irving Whitehead, General Counsel,
The Federal Land Bank of Baltimore,
Baltimore, Maryland.

Dear Mr. Whitehead:

In Re: Federal Land Bank vs. Mason.

Supplementing my letter to you of a few days ago,
in re the above, I beg to advise that I saw Judge McLamore
Saturday and he stated that he would be in Southampton
County on Friday, the 24th, but that he could hear you and
Mr. Godwin on the debarment on Saturday, the 25th, at ten
o'clock A. M., in the City of Suffolk.

If you find that you cannot be in Suffolk on the
25th, advise me.

Yours very truly,

G. A. Harris

gah-1

c.c. Judge Jas. L. McLamore

Mr. C. B. Godwin, Jr.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY,

FEDERAL LAND BANK OF
BALTIMORE

V.

ABNER EASON AND GATES
SUPPLY COMPANY, INC.

DEPOSITIONS

October 1st
Filed ~~1928~~, 1928,

G. E. Bunting Clerk
By M. K. Gaudin D. C.

CHARLES B. GODWIN
ATTORNEY AND COUNSELLOR AT LAW
SUFFOLK, VIRGINIA

In the Clerk's Office of the
Circuit Court of the County
of Nansemond, on the 12th
Day of October, 1926

The Federal Land Bank of Baltimore
..... Plaintiff

against

Abner Eason *Oct 27 1926* Defendant

The object of this suit is to fore-
close a certain mortgage given by
Abner Eason to the Federal Land
Bank of Baltimore, and recorded in
the Clerk's Office of Nansemond
County, Virginia, in Federal Farm
Loan Mortgage Book No. 1, page 29,
and to have sale of the land in said
mortgage conveyed, and to have the
proceeds of said sale applied to the
discharge of said mortgage debt.

And an affidavit having been made
and filed that the defendant, Abner
Eason, is not resident of the State of
Virginia, it is ordered that he do ap-
pear within ten days after due pub-
lication hereof, and do what may be
necessary to protect his interest in
this suit. And it is further ordered
that a copy hereof be published once
a week for four successive weeks in
the Suffolk News, a newspaper pub-
lished in the city of Suffolk, and that
a copy be posted at the front door of
the courthouse of this county on or
before the 18th day of October, 1926,
that being the next succeeding Rule
day after this order was entered.

A Copy—Teste:

G. E. BUNTING, Clerk.

I. P. Whitehead, p. q.

1w for 4 wks. Oct. 13

In the Clerk's Office of the
Circuit Court of the County
of Nansemond, on the 12th
Day of October, 1926

The Federal Land Bank of Baltimore

..... Plaintiff

against

Abner Eason Defendant

The object of this suit is to fore-
close a certain mortgage given by
Abner Eason to the Federal Land
Bank of Baltimore, and recorded in
the Clerk's Office of Nansemond
County, Virginia, in Federal Farm
Loan Mortgage Book No. 1, page 29,
and to have sale of the land in said
mortgage conveyed, and to have the
proceeds of said sale applied to the
discharge of said mortgage debt.

And an affidavit having been made
and filed that the defendant, Abner
Eason, is not resident of the State of
Virginia, it is ordered that he do ap-
pear within ten days after due pub-
lication hereof, and do what may be
necessary to protect his interest in
this suit. And it is further ordered
that a copy hereof be published once
a week for four successive weeks in
the Suffolk News, a newspaper pub-
lished in the city of Suffolk, and that
a copy be posted at the front door of
the courthouse of this county on or
before the 18th day of October, 1926,
that being the next succeeding Rule
day after this order was entered.

A Copy—Teste:

G. E. BUNTING, Clerk.

I. P. Whitehead, p. q.

1w for 4 wks. Oct. 13

In the Clerk's Office of the
Circuit Court of the County
of Nansemond, on the 12th
Day of October, 1926

The Federal Land Bank of Baltimore

..... Plaintiff

against

Abner Eason Defendant

The object of this suit is to fore-
close a certain mortgage given by
Abner Eason to the Federal Land
Bank of Baltimore, and recorded in
the Clerk's Office of Nansemond
County, Virginia, in Federal Farm
Loan Mortgage Book No. 1, page 29,
and to have sale of the land in said
mortgage conveyed, and to have the
proceeds of said sale applied to the
discharge of said mortgage debt.

And an affidavit having been made
and filed that the defendant, Abner
Eason, is not resident of the State of
Virginia, it is ordered that he do ap-
pear within ten days after due pub-
lication hereof, and do what may be
necessary to protect his interest in
this suit. And it is further ordered
that a copy hereof be published once
a week for four successive weeks in
the Suffolk News, a newspaper pub-
lished in the city of Suffolk, and that
a copy be posted at the front door of
the courthouse of this county on or
before the 18th day of October, 1926,
that being the next succeeding Rule
day after this order was entered.

A Copy—Teste:

G. E. BUNTING, Clerk.

I. P. Whitehead, p. q.

1w for 4 wks. Oct. 13

Look for order about Dec 1927 or
Jan 1928 or from July or
Order Entered ^{March} April 14. 1927

The Cause Came on to be heard again
on the papers ^{filed and answered} filed and answered, upon the
amended answer of the ~~Int. Supply Co~~
Federal Land Bank of Baltimore and
answer to the petition of the Int. Supply
Company. ^{petition} The amended answer of the
Int. Supply Co. Definition + argument.

And it appearing to the Court that

Set out all facts

92-

96.

134 - In 30.1928 order summer
summer and giving 30-+60
days to answer

18 60
4
29 81
10 00
74 00
- 00 00
20 00
80 08
12
12
11 19
12 02
20 02
21 18
21 18
560

Suffolk, Va., Oct. 31 1926
Geo. E. Bunting, Clerk
City

To SUFFOLK NEWS COMPANY, Inc. Dr.

153 S. Main Street

Publishers THE SUFFOLK NEWS

MONTH
Oct. 1926

Date	Inches	Words	Lines
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13	6		
14			
15			
16			
17			
18			
19			
20	6		
21			
22			
23			
24			
25			
26			
27	6		
28			
29			
30			
31			
Totals	18		

To Balance \$
 To Inches 18 @ 50 \$ 9.00
 To Words @ \$
 To Lines @ \$
 TOTAL \$

VIRGINIA:

IN THE CIRCUIT COURT OF THE COUNTY OF NANSEMOND.

Petition of Gates Supply Company
In the Matter of

Federal Land Bank of Baltimore

v.

Abner Eason.

State of Virginia,

CITY OF SUFFOLK, to-wit:

This day Chas. B. Godwin, Jr., agent and attorney
for the above named complainant, personally appeared before me,
Anne Jones Crocker, a Notary Public in and for the State aforesaid,
in the city aforesaid, and made oath that the defendant, Abner
Eason, is not a resident of this State, and that the last known
post office address of said defendant is unknown to the affiant.

Chas B. Godwin Jr

Subscribed and sworn to before me this 28th day
of April, 1928. In testimony whereof, I have hereunto set my hand
the day, month and year aforesaid.

My Commission expires the 22nd day of November, 1928.

Anne Jones Crocker
Notary Public.

(I was commissioned as Anne Jones).

VIRGINIA:
IN THE CIRCUIT COURT OF,
NANSEMOND COUNTY/

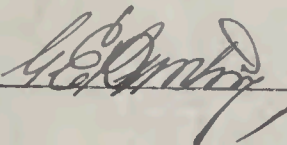
Petition of Gates Supply Com-
pany In The matter of

Federal Land Bank of Baltimore

v. AFFIDAVIT

Abner Eason.

Filed April 30th, 1928.


Clerk

VIRGINIA:

In the Clerk's Office of the Circuit Court of the County of Nansemond.

The ~~Federal Land Bank of Baltimore~~ Pltff.)

vs.)

In Chaacery

Abner Eason

Df't)

I hereby certify that on the 12th day of October, 1926.

I posted a copy of the order of publication entered herein, at the front door of the Courthouse of the County of Nansemond; that being on or before the next succeeding rule day after said

order was entered, and I further certify that I have mailed a copy to the said Abner Eason, Whaleyville, Va. that being the last known address of the said Abner Eason

Given under my hand this 12th day of October, 1926.

J. C. Smith

, Clerk,

By *[Signature]*

, Deputy Clerk.

VIRGINIA:

IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF NANSEMOND
COUNTY, ON THE 30th DAY OF APRIL, 1928.

Petition of Gates Supply Company
In the Matter of

Federal Land Bank of Baltimore

v.

Abner Eason.

The object of the above styled petition is for the purpose of making the Gates Supply Company a defendant in the above entitled action, now pending in the Circuit Court of Nansemond County, and for the further purpose of subjecting and applying the receipt of the sale of the property of Abner Eason to the payment of the indebtedness of Abner Eason to the petitioner, which indebtedness is secured by a lien upon the property of Abner Eason.

And it appearing by affidavit, filed according to law, that Abner Eason, the above named defendant, is not a resident of this State, it is, therefore, ordered and required that the said Abner Eason appear within ten (10) days after due publication of this order and do what is necessary to protect his interests.

And it is further ordered that this order be published once a week for four (4) successive weeks in the Suffolk News-Herald, a newspaper printed in the City of Suffolk.

GEORGE E. BUNTING,
Clerk.

CHAS. B. GODWIN, JR.,
Counsel.

VIRGINIA:
IN THE CLERK'S OFFICE OF THE
CIRCUIT COURT OF NANCYMOND
COUNTY.

Petition of Gates Supply Com-
pany IN The Matter of

Federal Land Bank of Baltimore

v. ORDER OF PUBLICATION

Abner Eason.

Enclaved
~~Filed~~ April 30th, 1928.

[Signature]
Clerk.

In the Clerk's Office of the Circuit Court of the County of
Nansemond on the 12th day of October 1926

The Federal Land Bank of Baltimore
Plaintiff

against

Abner Eason Defendant

The object of this suit is to foreclose a certain mortgage given by Abner Eason to the Federal Land Bank of Baltimore and recorded in the Clerk's Office of Nansemond County, Virginia, in Federal Farm Loan Mortgage Book No. 1, page 29 and to have sale of the land in said mortgage conveyed, and to have the proceeds of said sale applied to the discharge of said mortgage debt

And an affidavit having been made and filed that the defendant

Abner Eason

not resident of the State of Virginia, it is ordered that he do appear within ~~ten~~ ten days after due publication hereof, and do what may be necessary to protect his interest in this suit. And it is further ordered that a copy hereof be published once a week for four successive weeks in the **Suffolk News**, a newspaper published in the **City** of **Suffolk**, and that a copy be posted at the front door of the Court-house of this County on or before the **13th** day of **October 1926**, that being the next succeeding Rule day after this order was entered.

A copy—Teste:

I. P. Whitehead

p. q.

G. E. [Signature]

Clerk.

FORM NO. 301.

The Federal Land Bank of Baltimore

18. }

ORDER OF
PUBLICATION.

Abner Eason

The Federal Land Bank of Baltimore.

v { —
Abner Eason

The object of this suit is to foreclose
a certain mortgage given by Abner Eason
to the Federal Land Bank of Baltimore &
recorded in the Clerk's office of Newsemond
County in Book 1 page 29 & to have
sale of the land in said mortgage
caused to ^{have} ~~apply~~ the proceeds of said
sale ^{applied} to the discharge of said mortgage
debt.

10-12-29

J. P. Whitford
atty for The Federal Land
Bank of Baltimore

Va in the Clerk's office of Newsemond Co
J. P. Whitford being first duly sworn
says that he is atty for The Federal Land
Bank of Baltimore, the plaintiff in the
above styled suit, that diligence has
been used to ascertain in what county
or Corporation Abner Eason, ^{the defendant} is without
effect other than the best of affiants
belief said Abner Eason is & not
a resident of the State of Virginia
and that the last known Post Office
address of said Abner Eason was
Whaleyville Va

The Commonwealth of Virginia,

To the Sheriff of the County of Nansemond *, Greeting:*

WE COMMAND YOU, That you summon Abner Eason

to appear at the Clerk's office of the Circuit Court of the County of Nansemond
at the rules to be held for the said Court on the Third Monday in April, 1927,
to answer a bill in chancery, exhibited against him in our said Court by
Gates Supply Company, Incorporated

And have then there this writ. Witness G.E. Bunting, Clerk of our said
Court, at the court-house, the 15th day of April, 19 27, and in the
151st year of the Commonwealth.

G.E. Bunting

Clerk

No. 300

vs. }

SUBPOENA IN CHANCERY

p. q.

To Rules,

..... Circuit Court.

Not found
in my County
of Hampshire
Ed B Rawls
Sheriff
4/16/27

The Commonwealth of Virginia,

To the Sheriff of the County of Nansemond, Greeting:

WE COMMAND YOU, That you summon Abner Eason

to appear at the Clerk's office of the Circuit Court of the County of Nansemond
at the rules to be held for the said Court on the Third Monday in April, 1927,
to answer a bill in chancery, exhibited against him in our said Court by
Gates Supply Company, Incorporated

And have then there this writ. Witness G.E. Bunting, Clerk of our said
Court, at the court-house, the 15th day of April, 19 27, and in the
151st year of the Commonwealth.

Attest: G.E. Bunting Clerk
G.E. Bunting

Orig for

No. 300

Abner Esom

vs.

SUBPOENA IN CHANCERY

p. q.

To.....Rules,

Circuit Court.

VIRGINIA:

IN THE CIRCUIT COURT OF HANSEMOND COUNTY.

Petition of Gates Supply Company, Incorporated
in the matter of Federal Land Bank of Baltimore

v.

Abner Eason.

To George E. Bunting, Clerk:-

Kindly issue subpoena in chancery against the
Federal Land Bank of Baltimore, returnable to Second April
Rules, 1927.

Chas. B. Groves
Solicitor.

The Commonwealth of Virginia, The Sheriff of the County of Nansemond, Greeti
TO THE SERGEANT OF THE CITY OF SUFFOLK, GREETING:
as at another time we have commanded you
WE COMMAND YOU, /that you summon Abner Eason

to appear at the Clerk's Office of the Circuit Court of Nansemond County, at the rules to be
held for the said Court on the ~~Third~~ Monday in December 19 25, to answer
a Bill in Chancery, exhibited against them
in our said Court by The Federal Land Bank of Baltimore, a corporation

And have then there this writ. Witness, G.E. Bunting, , Clerk of our said
Court, at the Court House thereof, in the said ~~city~~ County, the 7th day of December, 19 25,
and in the ~~one hundred and thirty~~ 150th year of the Commonwealth.

} p. q.

G.E. Bunting,

CLERK.

Alias

CIRCUIT COURT

The Federal Land Bank of Baltimore

a corporation
Spa. in Chancery

vs. { Returnable to 3rd Monday
in December 1925

Abner Eason

Serve on

*Not Served in my
County of Nansemond*

E. B. Rawles

12/7/25. Sheriff

The Commonwealth of Virginia, ~~TO THE SHERIFF OF THE CITY OF NORFOLK~~ The Sheriff of the County of Nansemond, Greet
as at another time we have commanded you
WE COMMAND YOU, that you summon Abner Eason

to appear at the Clerk's Office of the Circuit Court of Nansemond County, at the rules to be
held for the said Court on the Third Monday in December 19 25, to answer
a Bill in Chancery, exhibited against them
in our said Court by The Federal Land Bank of Baltimore, a corporation

And have then there this writ. Witness, G.E. Bunting, County, Clerk of our said
Court, at the Court House thereof, in the said city, the 7th day of December, 19 25,
and in the one hundred and thirty 150th year of the Commonwealth.

} p. q.

A true copy: Test: H.E. Bunting, Clerk

CLERK.

a copy for
Abner Eason

CIRCUIT COURT

Spa. in Chancery
vs. { Returnable to _____ Monday
in _____ 19

Serve on

The Commonwealth of Virginia,

~~TO THE SERGEANT OF THE CITY OF SUFFOLK, GREETING:~~

~~To the Sheriff of the County of Nansemond, Greeting~~

WE COMMAND YOU, that you summon ~~Abner Eason~~

County of Nansemond

to appear at the Clerk's Office of the Circuit Court for the ~~City of Suffolk~~, at the rules to be held for the said Court on the ~~First~~ Monday in ~~December~~ 19 ~~25~~, to answer a Bill in Chancery, exhibited against ~~him~~ in our said Court by ~~The Federal Land Bank of Baltimore, a corporation~~

And have then there this writ. Witness, ~~G. E. Bunting~~, Clerk of our said Court, at the Court House thereof, in the said city, the ~~14th~~ day of ~~November~~, 19 ~~25~~, and in the one hundred and thirty ~~150th~~ year of the Commonwealth.

Robert Catlett

} p. q.

a true copy: test:

G. E. Bunting, Clerk

CLERK.

Copy for
Abner Eason
CIRCUIT COURT

vs. { Spa. in Chancery
Returnable to _____ Monday
in _____ 19

Serve on

The Commonwealth of Virginia,

~~TO THE SHERIFF OF THE CITY OF SUFFOLK, GREETING:~~

To the Sheriff of the County of Nansemond, Greeting

WE COMMAND YOU, that you summon Abner Eason

County of Nansemond

to appear at the Clerk's Office of the Circuit Court for the ~~City of Suffolk~~, at the rules to be held for the said Court on the First Monday in December 19 25, to answer a Bill in Chancery, exhibited against him in our said Court by The Federal Land Bank of Baltimore, a corporation

And have then there this writ. Witness, G.E. Bunting, Clerk of our said Court, at the Court House thereof, in the said city, the 14th day of November, 19 25, and in the ~~one hundred and thirty~~ 150th year of the Commonwealth.

Robert Catlett

} p. q.



CLERK.

CIRCUIT COURT

*The Federal Trust Bank &
Baltimore, Md.*
Spa. in Chancery

vs. { Returnable to 18th Monday
in 10th 1925-

Abner Gosson

Serve on

*Not found in my
County of Harsemond*

E. B. Rawley Sheriff

Nov 27 1925-

*This party has left the
County. Information from
T. V. Arthur J.P.*

In the Circuit Court of Nansemond County, Virginia.

The Federal Land Bank of Baltimore, a corporation,-----Plaintiff.

VS.

Abner Eason,-----Defendant.

SUMMONS in CHANCERY to first December Rules, 1925.

J. P. Whitehead
.....
Attorney for Plaintiff.

Robert A. H. H. H.
.....
Counsel for Federal Land Bank
of Baltimore.

To the Clerk of the Circuit Court:

Please issue process in the suit above styled, as per memorandum, and place in the Sheriff's hands for service on the Defendant. I enclose herewith check for \$10.00 deposit for costs of Sheriff and Clerk, that being the amount of deposit generally required by the Clerks in Virginia. Please sign and mail the slip to be found in the return envelope acknowledging receipt of this enclosure.

Very truly yours,

Robert A. H. H. H.
Attorney

October 13, 1925.

Know All Men by These Presents, That we, *Gates Supply Company, Incorporated and United State Fidelity and Guaranty Co.*

are held and firmly bound unto the COMMONWEALTH OF VIRGINIA in the just and full sum of *One Hundred and Fifty* Dollars to the payment whereof, well and truly to be made to the Commonwealth of Virginia, we bind ourselves, our heirs; executors, and administrators, jointly and severely, firmly by these presents.

And we waive the benefit of our exemption as to this obligation, and also waive any claim or right to discharge any liability to the Commonwealth arising under this bond, or by virtue of the office, post or trusts herein mentioned, with coupons detached from bonds of said State.

Sealed with our seals, and dated this day of in the year of our Lord one thousand nine hundred and, and in the year of the Commonwealth.

In Testimony Whereof, the said *Gates Supply Company, Incorporated* has hereto set his hand and seal, and the said *United State Fidelity and Guaranty Company* have caused ~~its~~ ^{their} corporate name to be hereto signed and ~~its~~ ^{their} corporate seal to be hereto affixed, this *7th* day of *April* in the year of our Lord one thousand nine hundred and *28*, and in the *1928* year of the Commonwealth.

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That if the above bound *Gates Supply Company, Incorporated*, shall well and truly pay the costs and damages which may be awarded the Federal Land Bank of Baltimore, and the fees due, or to become due in the suit of the Federal Land Bank of Baltimore against Abner Eason and the *Gates Supply Company, Inc.*, to the officers of the court, then this obligation to be void, otherwise to remain in full force and virtue.

Gates Supply Company, Incorporated (Seal)
J. J. Haynes (Seal)
Vice President (Seal)

United State Fidelity and Guaranty Company (Seal)
Richard L. Woodward (Seal)
Attorney in fact

VIRGINIA:

In the Clerk's Office of the Circuit Court of the County of Nansemond, on the day of, 192.....

The above bond was executed and acknowledged before me by the obligors to the same (the securit justifying), and ordered to be recorded.

Teste:

.....Clerk

To }

The Commonwealth

Rec'd Apr. 7, 1828
H. W. W. W.
Clerk

Know all Men by these Presents, That we G. A. Harris and
Fidelity and Deposit Company of Md.
are held and firmly bound unto the Commonwealth of Virginia in the sum of
Fifty Two thousand and no/100 Dollars
to the payment whereof, well and truly to be made to the said Commonwealth of Virginia, we
bind ourselves, our heirs, executors and administrators, jointly and severally, firmly by these
presents, hereby waiving the benefit of our Homestead Exemptions as to this obligation.
Sealed with our seals, and dated this 8th day of December,
one thousand nine hundred and 27

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That if the above bound
G. A. Harris, Special Commissioner
shall faithfully discharge duties as Special Commissioner....., under decree of the Circuit
Court of the County of Frederick
pronounced on the 7th day of November 1927; in the suit
therein depending under the name and style of The Federal Bond Bank of
Baltimore vs John Thomas Osborn

and shall account for and pay over, as the Court may direct, all money that may come into
his hands as such Commissioner.....,
then this obligation to be void, otherwise to remain in full force and virtue.

Signed, scaled and acknowledged in
the presence of

G. A. Harris [SEAL]
Fidelity & Deposit Co. of Md. [SEAL]
By J. B. Harris, atty in fact. [SEAL]

In the Clerk's Office of the Circuit Court of the County of Frederick
This day 8th of December 1927,
suret 7 on the above bond, made oath before me G. A. Harris, Spec. Com. & Fidelity & Deposit Co. of Md., Clerk
of the Circuit Court of the County of Frederick
that estate, after the payment of all just debts and those for which
bound as securit for others and expect to have to pay worth the sum of
dollars.

Given under my hand, this 8th day of December 1927
G. A. Harris Clerk.

Form No. 309.

to } SPECIAL
COMMISSIONER'S BOND

Commonwealth

THE FEDERAL LAND BANK OF BALTIMORE

OFFICERS AND DIRECTORS

ST. PAUL AND TWENTY FOURTH STREETS

DISTRICT N^o 2

VULOSKO VAIDEN, PRESIDENT
DAVID G. HARRY, VICE-PRESIDENT
CALVIN R. TITLOW, SECRETARY
HORACE S. WYNN, TREASURER
JOHN H. MURRAY
IRVING P. WHITEHEAD
JOHN H. JOHNSON

IRVING P. WHITEHEAD, ACTING GENERAL COUNSEL
WILLIAM BEASLEY, ATTORNEY
CHAS. W. HELD, ATTORNEY

BALTIMORE, MD.

January 12, 1927.

Clerk of the Circuit Court of
Nansemond County, Virginia.
Suffolk, Virginia.

Dear Sir:

Herewith is enclosed depositions taken by me in
the suit of Federal Land Bank of Baltimore Vs. Abner
Eason, which I am transmitting to you to be filed in said
cause.

Very truly yours,

Viola L. Rollins

Notary Public.

IPW:FH

57
AFTER 3 DAYS RETURN TO
THE FEDERAL LAND BANK OF BALTIMORE
ST. PAUL AND TWENTY FOURTH STS.
BALTIMORE, MD.



Clerk of Circuit Court of Nansemond County,

Suffolk,

Virginia.

Quest

VIO LA L ROLLINS

AFTER 8 DAYS RETURN TO
THE FEDERAL LAND BANK OF BALTIMORE
ST. PAUL AND TWENTY FOURTH STS.
BALTIMORE, MD.

Federal Land Bank of Baltimore.

VS. Depositions.

Abner Eason.

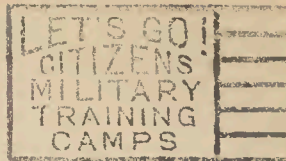
Recd. May 10, 1926
H. B. [unclear]
[unclear]

Clerk Circuit Court of Nansemond County.

SUFFOLK.

VIRGINIA.

025
246
236



-----*Viola L. Rollins*-----N. P.

Baltimore. Md.

COMMISSIONER'S SALE OF VALU-
ABLE REAL ESTATE SITUATED IN
WHALEYVILLE MAGISTERIAL DIS-
TRICT, NANSEMOND COUNTY, VA.,
ABOUT ONE MILE NORTH OF
SOMERTON,

By virtue of authority vested in me
under a decree of the Circuit Court of
Nansemond County, Va., entered on
the 22nd day of January, 1927, in the
chancery cause therein pending, gen-
erally styled: The Federal Land Bank
of Baltimore, complainant, vs. Abner
Eason, defendant, the undersigned as
Special Commissioner appointed by said
decree will on

THURSDAY, MARCH 10, 1927, AT
12 O'CLOCK NOON, in front of the
NATIONAL BANK OF SUFFOLK,
SUFFOLK, VA.,

proceed to sell at public auction to
the highest bidder the following de-
scribed real estate, to-wit:

"All of two tracts or parcels of land
aggregating one hundred and sixty-
nine (169) acres, more or less, situated
in Cypress Magisterial District (now
Whaleyville Magisterial District), Nanse-
mond County, in the State of Virginia,
bounded and described as follows:

Bounded by the lands of Asa War-
renton, Charles Parker, the County
road leading from Somerton to Suf-
folk, Va., and also by the land con-
veyed to the said Abner Eason by John
K. Hutton, Special Commissioner. Be-
ing the same land that was conveyed
to said Abner Eason by deed from Su-
sle Williams and husband, dated No-
vember 12, 1919, and recorded in the
Clerk's Office of said County in Deed
Book 92, page 295.

Tract No. 2. Beginning at a black
gum stump, corner on road leading to
Somerton; thence south with said road
toward Somerton to a point opposite
the second persimmon tree; thence an
easterly course a straight line across
the field to the back fence; thence a
straight line to a Rosemary pine be-
tween a post oak and a white oak in
Asa Warrenton's line; thence a north-
erly course with the line of the said
Warrenton and J. W. Bagget, a line
of marked trees, to the first station,
containing twenty-five (25) acres, more
or less.

Being the same land that was con-
veyed to said Abner Eason by deed
from John K. Hutton, Special Com-
missioner, dated November 12, 1919,
and recorded in said office in Deed
Book 92, page 296."

TERMS OF SALE:

For cash as to one-third of the pur-
chase money, and the balance upon
a credit of one and two years, payable
in equal installments and to be evi-
denced by notes executed by the pur-
chaser or purchasers, payable to the
Commissioner in this cause, bearing
interest from day of sale, and con-
taining a waiver of the homestead ex-
emption, title to said land to be re-
tained by the said Commissioners un-
til the whole of the purchase money
shall be paid, or for all cash, at the
option of the purchaser.

G. H. HARRIS,
Special Commissioner.

VIRGINIA: IN THE CIRCUIT COURT
OF NANSEMOND COUNTY.

Federal Land Bank of Baltimore
..... Complainant
vs.

Abner Eason Defendant
I, George E. Bunting, Clerk of said
Court, do hereby certify that the bond
required of said Special Commissioner
by the decree entered in this cause on
the 22nd day of January, 1927, has
been duly given.

Given under my hand as Clerk of
said Circuit Court this 23rd day of
February, 1927.

Teste: G. E. BUNTING, Clerk, Cir-
cuit Court Nansemond County,
Va. fe26,mh2,8-3t

In the Clerk's Office of the
Circuit Court of the County
of Nansemond, on the 12th
Day of October, 1926

The Federal Land Bank of Baltimore

..... Plaintiff

against

Abner Eason Defendant

The object of this suit is to fore-
close a certain mortgage given by
Abner Eason to the Federal Land
Bank of Baltimore, and recorded in
the Clerk's Office of Nansemond
County, Virginia, in Federal Farm
Loan Mortgage Book No. 1, page 29,
and to have sale of the land in said
mortgage conveyed, and to have the
proceeds of said sale applied to the
discharge of said mortgage debt.

And an affidavit having been made
and filed that the defendant, Abner
Eason, is not resident of the State of
Virginia, it is ordered that he do ap-
pear within ten days after due pub-
lication hereof, and do what may be
necessary to protect his interest in
this suit. And it is further ordered
that a copy hereof be published once
a week for four successive weeks in
the Suffolk News, a newspaper pub-
lished in the city of Suffolk, and that
a copy be posted at the front door of
the courthouse of this county on or
before the 18th day of October, 1926,
that being the next succeeding Rule
day after this order was entered.

A Copy—Teste:

G. E. BUNTING, Clerk.

I. P. Whitehead, p. q.

lw for 4 wks. Oct. 18

Trustee's Sale

T
H

By

THUR

A day
change is
well as the
der the p
in opposit
be a ver
upheaval
though th
menace, l
and possi
be advanc
stability
Saturn se
sisted by
enterprises

Those v
prepare fo
cal and i
prospect.
to advan
managemen
negotiation
tion and s
personal a
this day.
tumultuous
fond of cha
did stabiliz
subtle cleve
difficulties.

It

STATEMENT

Suffolk, Va., Feb. 25, 192 7.M. G. A. Harris, Atty..Suffolk, Virginia.

SUFFOLK NEWS COMPANY

Incorporated

10 31 To advertising

Federal Land Bank
against
Abner Eason.

12.00

Paid Suffolk News Co. Jan
C. R. Eason Jr.
2/16/27
C. R. Eason

Folio

102

From

TO

Feb 26 -

Mar. 2-8

M

G. A. Harris

Norfolk, Va.,

March 17

1927

Special Commissioner

To Virginian and Pilot Publishing Company, Dr.

ADVERTISING

9 in 3 ts - alt -

Adner Eason Lead Sale

17 55

Received Payment, VIRGINIAN AND PILOT PUBLISHING CO.

Per

Wesley H. H. H.

MR. S. A. Harris, Atty. Specia Commissioner
TO PAUL J. POWELL, CLERK CIRCUIT COURT
OF NANSEMOND COUNTY
SUFFOLK, VA.

1930

Sept. 17

~~TAX, \$~~

~~TRANSFER, \$~~

~~FEE, \$~~

~~RECORDING~~

~~DEED FROM~~

Abner Eason TO

Delinquent tax - 1924; \$56.17 - 1925, 144 acres; \$56.67

1925, 25 acres; \$6.23 - 1926, 144 acres; \$43.06 - 1926, 25 acres,
\$6.44

Total \$168.57

Paid

Sept. 17

1930

Oliver Whitburn, Deputy

Clerk

By

D.C.

Copy of Costs
Taxed in the Suit of:

S. A. Harris

p. *¢*

The Federal Land Bank of Baltimore
vs. *Chauncy*

Abner Eason

IN THE CIRCUIT COURT OF NANSEMOND COUNTY, VIRGINIA

Writ Tax

Clerk *Amt. due on Bill-suit*

10-65

Sheriff

Attorney

15 0 0

Commissioner *Sept*

Printer, for Order of Publication, etc.

Deposit

10 0 0

Date of Judgment or Final Decree *Sept. 17* 19*30*

35 65

Paid *Sept. 17* 19*30*

Olivera Whithurst, Deputy Clerk

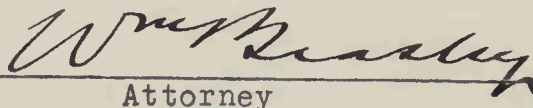
\$10.00 Received of G. A. Harris, Special Commissioner in the suit depending in the Circuit Court of Nansemond County, Virginia, under the style of The Federal Land Bank of Baltimore vs. Abner Eason, the sum of \$10.00, covering fee for drawing Special Commissioner's deed in the said proceedings.

Given under my hand this 8th day of September, 1930.

G. A. Harris

\$22.00

Received, September 9, 1930, of G. A. Harris, Special Commissioner in the chancery cause depending in the Circuit Court for the County of Nansemond under the style of The Federal Land Bank of Baltimore vs. Abner Eason, \$22.00, to cover fee of \$10.00 going to Viola L. Rollins and fee of \$12.00 going to M. Grace Williams for taking depositions for the plaintiff in said cause.



Attorney

\$5.00 Received of G. A. Harris, Special Commissioner in the suit depending in the Circuit Court of Nansemond County, Virginia, under the style of The Federal Land Bank of Baltimore vs. Abner Eason, the sum of \$5.00 covering fee for crying sale of property described in the bill in the aforesaid proceedings.

Given under my hand this 8th day of September, 1930.

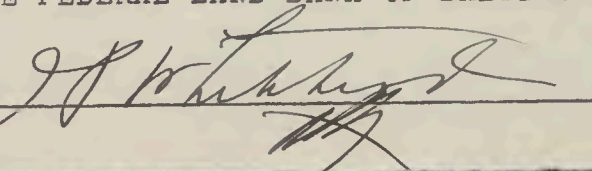
W. B. Eason

\$1215.06

Received, September 9, 1930, of G. A. Harris, Special Commissioner in the chancery suit depending in the Circuit Court for the County of Nansemond under the style of The Federal Land Bank of Baltimore vs. Abner Eason, \$1215.06, in full of distributive share of the funds in the hands of said commissioner coming to The Federal Land Bank of Baltimore under decree of March 20, 1930, entered in said cause.

THE FEDERAL LAND BANK OF BALTIMORE

By



\$831.57 RECEIVED this 25th day of August, 1930, of G. A. Harris, Special Commissioner in the suit of The Federal Land Bank of Baltimore vs. Abner Eason et als, the sum of \$831.57, representing the amount ascertained to be due the Gates Supply Company under a decree entered by the Circuit Court of Hansemond County on the 20th day of March, 1930.

GATES SUPPLY COMPANY,

By

Chas. B. Hedden Jr
Its Attorney.

VIRGINIA:

IN THE CIRCUIT COURT OF HANSMOND COUNTY.

THE FEDERAL LAND BANK OF BALTIMORE.....PLAINTIFF

vs.

ABNER LASON et als.....DEFENDANTS

TO THE HON. JAMES L. McLEMORE, JUDGE OF SAID COURT:

The undersigned, who was one of the Commissioners appointed in this cause

Asy the Circuit Court of Hansmond County, Virginia, on January 22, 1937, begs to report to the Court that, in pursuance of a decree entered in this cause on the 22nd day of March, 1930, he has received and disbursed the following amounts, to-wit:

To purchase price received from
F. F. Harrell, purchaser of property..... \$2325.10

To accrued interest on same..... 249.47

By amount paid Paul J. Powell, Clerk,
covering Court costs.....\$35.65

By amount paid Paul J. Powell, Clerk,
covering delinquent taxes.....165.57 ✓

By amount paid Suffolk Printing Company
for advertising sale of property..... 12.00 ✓

By amount paid West & Withers, premium
on Commissioners' bond..... 33.50 ✓

By amount paid Virginian-Pilot Publishing
Company for advertising sale of property..... 17.35 ✓

By amount paid H. W. Clann, Auctioneer..... 5.00 ✓

By amount paid G. L. Harris, attorney, for
drawing Special Commissioner's deed..... 10.00 ✓

By amount paid Mr. W. B. Beasley, attorney,
representing notary and stenographer fees
for taking depositions by Miss Williams
and others..... 22.00 ✓

By Special Commissioners' commission on
purchase price of \$2325.10 and interest
of \$249.47.....125.57

By amount paid the Federal Land Bank of
Baltimore, representing its distributive
share under decree entered in this cause
on the 20th day of March, 1930.....1215.06 ✓
\$1642.90 \$2474.47

To amount brought forward
By amount brought forward

\$1642.50

\$2474.47

By amount paid C. B. Codrin, Jr., attorney
for Gates Supply Company as per said decree
of March 20, 1930.....

\$831.57 ✓
\$2474.47

\$2474.47

Respectfully submitted this 25th day of August, 1930.

G. M. Harris

Special Commissioner.

VIRGINIA: IN THE CIRCUIT COURT
OF NANSEMOND COUNTY.

THE FEDERAL LAND BANK OF BALTIMORE

vs.

ABNER EASON.

.....
R E P O R T
.....

Filed this 24 day of ~~September~~ *January*,
1930.

J. L. M.

Judge.

THE FEDERAL LAND BANK OF BALTIMORE

OFFICERS AND DIRECTORS

ST. PAUL AND TWENTY FOURTH STREETS

DISTRICT NO 2

VULOSKO VAIDEN, PRESIDENT
DAVID G. HARRY, VICE-PRESIDENT
CHAS. S. JACKSON, SECRETARY
HORACE S. WYNN, TREASURER
JOHN H. MURRAY
IRVING P. WHITEHEAD
JOHN H. JOHNSON

IRVING P. WHITEHEAD, GENERAL COUNSEL
WILLIAM BEASLEY, ATTORNEY
CHARLES W. HELD, ATTORNEY
CHARLES C. SEYMOUR, ATTORNEY

Nansemond County, Virginia

BALTIMORE, MD.

March 20, 1930

Charles B. Godwin, Jr., Esq.,
National Bank of Suffolk Bldg.,
Suffolk, Virginia

Dear Mr. Godwin:

The Federal Land Bank of Baltimore
vs.
Abner Eason

I have your favor of the 14th enclosing note for decree
which you say the Judge is willing to enter.

I showed your letter and the decree to Mr. Whitehead
and we have concluded to make no objection to the entry of
the same. So I enclose the decree herewith and as far as
we are concerned it may be entered as a final decree and
when so entered, we shall not attempt to appeal the case.

With kind regards, I am

Yours very truly,


William Beasley

WB:S

Attorney

Encl.

1930 .98
949.15
981.83

VIRGINIA:

IN THE CIRCUIT COURT OF THE COUNTY OF NANSEMOND.

The Federal Land Bank of Baltimore.....Complainant

v. ORDER

Abner Eason.....Defendant

This cause came on this day to be further heard on the papers formerly read and on the depositions of witnesses taken respectively in behalf of the Gates Supply Company and of The Federal Land Bank of Baltimore, and was argued by counsel.

On consideration whereof, the Court is of the opinion that it was the duty of said The Federal Land Bank of Baltimore to credit the mortgage debt of the mortgagor, Abner Eason, with the entire sum of \$2000.00 received by it for the fire loss on the property located on the mortgaged premises, or to obtain from the Federal Farm Loan Board authority to use such of said insurance money as was not so credited for the purpose of paying for the reconstruction of the building so destroyed; and it further appearing that said The Federal Land Bank of Baltimore failed to so credit on said mortgage debt \$949.15 of such insurance money and also failed to obtain from said Federal Farm Loan Board such authority and that said sum was never applied to the reconstruction of the building so destroyed;

The court doth adjudge, order and decree that said The Federal Land Bank of Baltimore do credit said mortgage

debt with said sum of \$949.15 as of the 17th day of April, 1923, and that G. A. Harris, Special Commissioner, do apply the funds received by him from the sale of the mortgaged land with all earned interest on such funds, in the following order:

First, to the costs of the suit and sale and any unpaid taxes with which such fund is chargeable;

Second, to the balance of principal and interest remaining unpaid on said mortgage debt after crediting the same with \$949.15 as of April 17, 1923. In determining the amount to be so paid to The Federal Land Bank of Baltimore on said mortgage debt, the commissioner shall add to the sum of \$1,930.98, which is the balance of principal ascertained by a former decree to be unpaid on said mortgage debt as of July 1, 1924, interest on said sum at the rate of five and one-half per centum per annum from said 1st day of July, 1924, and he shall deduct from the amount so ascertained \$949.15 of principal with interest thereon at the rate of six per centum per annum from April 17, 1923, and the balance so found and paid shall be in full, principal and interest, of said mortgage debt.

Third, to the claim of said Gates Supply Company against said Abner Eason as shown by the papers in the cause.

Fourth, and the balance, if any, to said Abner Eason, his personal representatives or assigns.

AND said commissioner shall report to court the manner in which he has executed this decree,

And, it is further adjudged, ordered and decreed that said The Federal Land Bank of Baltimore do pay to said Gates Supply Company its costs by it in this behalf expended.

Civil. Cl. Halsemond &

The Federal Land
Bank of Baltimore

3 } Note for
Dollars } decree

Abner Gason

we have read this
decree -

J. J. Whitworth
Wm. Beasley,
attorneys for the Federal
Land Bank of Baltimore
20 March, 1930 -

Enter March 22, 1930
J. L. McMane

Chancery Order Book
No. 6 Page 317

IN THE CIRCUIT COURT FOR THE COUNTY OF NANSEMOND

The Federal Land Bank
of Baltimore, a corporation

Vs.

Abner Eason & *Gates Supply Co. Inc.*

On motion of The Federal Land Bank of Baltimore, by counsel, leave is given it to file its answer to the petition of the Gates Supply Company, Incorporated, heretofore filed herein; and said answer is accordingly so filed, *but the defendant Gates Supply Co. Inc. excepts to the filing of said answer, and the hearing on said exception is continued.*

It being this day suggested by The Federal Land Bank of Baltimore, that the Gates Supply Company, Incorporated, is not a resident of this state and that security is required of it,

It is ordered that said ^{*and The Federal Land Bank of Baltimore, Maryland.*} Gates Supply Company, Incorporated, ^{*or The Gates Supply Co. Inc.*} do within sixty days from the date of such suggestion give security before this court or the clerk thereof for the payment of all costs and damages which may be awarded said The Federal Land Bank of Baltimore, ^{*or The Gates Supply Co. Inc.*} by reason of the issues raised in the petition of said Gates Supply Company, Incorporated, heretofore filed herein; and of the fees due or to become due by reason of such issues, to the officers of the court.

Crier. et. Hanscombs Co.

The Federal Land
Bank of Baltimore

3 Note for
rs. 3 Order

Abner Eason

Enter March 26 1920
J. W. Eason

Chauncy Order Book
No. 6 Page 148

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v.

Abner Eason and Gates Supply Company,
Incorporated.

This day came the defendant, the Gates Supply Company, Incorporated, and asked leave to file its amended answer to the bill of complaint, and the same is hereby accordingly filed.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v. ORDER

Abner Eason and the Gates
Supply Company, Inc.

Entered February 27th, 1928.

Joe S. M. Knore,

Chancery Order Book,

No. 6 Page 144

VIRGINIA:

IN THE CIRCUIT COURT OF THE COUNTY OF HANSEMOND.

The Federal Land Bank of Baltimore

v.

Abner Eason.

This cause came on this day to be heard upon the papers formerly read and on the motion, in writing, of The Federal Land Bank of Baltimore, and upon the demurrer to, and motion of The Federal Land Bank of Baltimore to dismiss and strike from the docket the petition of The Gates Supply Company, Incorporated, which demurrer and motion were filed herein on the 30th day of July, 1927, to the filing of which said motion and the hearing upon said motion, The Gates Supply Company, Incorporated objected and excepted, and was argued by counsel.

Upon consideration whereof, the court doth refuse to sustain the said motion of The Federal Land Bank of Baltimore, and doth hereby dismiss said motion and overrule said demurrer, to which ~~said entry~~ ^{action} of the court The Federal Land Bank of Baltimore excepted.

And The Gates Supply Company, Incorporated, is given thirty days in which to file such pleadings as it may be advised is necessary, and The Federal Land Bank of Baltimore is given sixty days from this date in which to answer by any proper pleadings such petition, or answer, or other paper, as may be filed by The Gates Supply Company, Incorporated, and this cause is continued.

Federal Land Bank
Abner Eason

Enter June 30, 1928
J. L. McLenore

Chaucery Order Book
No. 6 Page 134

IN THE CIRCUIT COURT FOR THE COUNTY OF NANSEMOND

The Federal Land Bank of Baltimore

vs.

Abner Eason

Grounds assigned by The Federal Land Bank of Baltimore of its demurrer to and motion to dismiss the petition of Gates Supply Company, Incorporated, heretofore filed in this cause, which grounds are prayed to be considered as being stated specifically in said demurrer and motion to dismiss;

I. Because the petition does not show,

(1) Whether or not the note for \$1013.00 secured by the Holland deed of trust, recorded August 8, 1922, was unpaid when the Bank distributed the insurance money or is now unpaid.

(2) Or if not then or now paid in full, what amount was then and is now due on it.

(3) Or what steps, if any, were taken by the holder of the note to collect the same.

(4) Or who, when the insurance money was so paid, and is now the legal holder of the same.

(5) Or what, at that time, was the address of the legal holder of said note.

(6) Or how the Land Bank could possibly, with the information disclosed by the records, have ascertained to whom it should give notice as to its contemplated distribution of the insurance money.

(7) Or what steps, if any, have been taken to foreclose said deed of trust; and why, if such be the fact, no such steps have been so taken.

(8) Or what is the "interest" of the petitioner that the Bank should show in its proposed amended bill asked for in the petition.

(9) Or what are the "rights" of the petitioner in the fund derived from the foreclosure sale.

II. Because, on the assumption that none of the defects suggested above was a fatal defect, or if fatal, that the same had been remedied by amendment, the petition would still be fatally defective, in that

(1) It would not even then show any equity in the petitioner by reason of the application of the principle of marshaling or of any other equity principle.

(2) The petition makes no charge of bad faith or fraud on the part of the Bank in disposing of the insurance money; and its action in so doing being bona fide and with no knowledge of the intention on the part of the petitioner or anyone else to make claim to any of the insurance money, and the assertion of such claim coming long after the Bank had bona fide made the distribution, the petitioner has lost all rights it might have had, if it had acted promptly in the premises, if any such rights it ever had.

(3) The mortgage of Eason to the Bank having been executed subject to the provisions of the Farm Loan Act and that Act providing that at the option of the mortgagor, the insurance money may be applied in whole or part for replacement of the destroyed buildings, and the petition not negating the distribution by the Bank in pursuance of this provision, the court must assume as matter of law that the mortgagor so exercised his option and that the Bank turned the money over to him in performance of its legal duty in the premises.

(4) The Bank, having at the time it distributed the insurance money had no notice of a claim by the petitioner or

any one else to the money and having acted in the premises in good faith, the petitioner has lost all right to make such claim, even assuming that it ever had any such right.

(5) The Bank owed no duty to the petitioner in the premises except the duty not to act to the petitioner's detriment wantonly and fraudulently.

III. Because the petition, by reason of the omission of essential allegations, does not state a valid case for the intervention of a court of equity.

IV. Because, regardless of such omissions, there is no affirmative statement in the petition of any equity in favor of the petitioner.

V. Because, assuming that the petition could be so amended as to meet all errors of omission or commission above relied on or that the same were waived and conceding the correctness of all allegations well pleaded in the petition in the form in which it now exists or will be when so amended, and in particular, assuming the truth of the allegations as to agency, still the petition would not show any equity.

VI. Because, as a matter of fact, the allegations of the petition, taken in conjunction with the terms of the mortgage contract, the provisions of the Farm Loan Act and the rulings of the Farm Loan Board, fail to show that either Harris, the abstractor, or any of the officers or agents of the National Farm Loan Association of Nansemond County, was an agent of the Bank in any of the transactions set out in the petition.

VII. Because the petition does not show who are the necessary and proper parties that should, by reason of the filing of the petition, be made parties defendant in the amended bill prayed for.

VIII. Because the petitioner has been guilty of inexcusable laches in the premises.

IX. Because on the broadest statement of the facts of which the petition is or could be made susceptible, the petitioner would be entitled to no relief.

THE FEDERAL LAND BANK OF BALTIMORE

BY COUNSEL

J. P. Whitaker

Wm B. Casby
COUNSEL

Cret. Cr. Nausemound.

The Federal Land
Bank of Baltimore

From
(13) Plh. formation
to Ramapo pth.

Abner Eason

1928 July 28. J.L.M.

IN THE CIRCUIT COURT FOR THE COUNTY OF NANSEMOND

THE FEDERAL LAND BANK OF BALTIMORE

vs.

ABNER EASON

On motion of The Federal Land Bank of Baltimore,
by counsel, leave is granted it to file its demurrer to,
and motion to dismiss, the petition of The Gates Supply
Company, heretofore filed against it in this cause; and
said demurrer and motion is accordingly so filed.

Circuit Ct. Hansonmont Co.

The Federal Land
Bank of Baltimore

to { Note for order
allowing pld.
to file answer to
motion to dismiss
petition of Sales
Supply Co. Inc.

Abner Eason

Enter July 30th. 1927
J. L. McInroe

Chancery Order Book
No. 6 Page 96

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

The Federal Land Bank of Baltimore

vs.

Abner Eason

This cause came on again to be heard on the papers formerly read and upon the report of G. A. Harris, who was appointed Special Commissioner in this cause by decree entered on the 22nd day of January, 1927, ^{this day filed} and it appearing from said report that the said Special Commissioner, after advertising the time, place and terms of sale, strictly in accordance with the terms of said decree, for more than fifteen days by hand-bills posted in three conspicuous places in the City of Suffolk, and by publication for three times in the Virginian-Pilot, a newspaper published in the City of Norfolk, Virginia, and having a general circulation in the City of Suffolk and Nansemond County, Virginia, and also in the Suffolk Herald, a newspaper published in the City of Suffolk, Virginia, and having a general circulation in the City of Suffolk and Nansemond County, Virginia, did, on the 10th day of March, 1927, at 12:00 O'clock M., in front of the National Bank of Suffolk, Suffolk, Virginia, offer for sale to the highest bidder the following property, to-wit:

"All of two tracts or parcels of land aggregating one hundred and sixty-nine (169) acres, more or less, situate in Cypress Magisterial District (now Whaleyville Magisterial District), Nansemond County, in the State of Virginia, bounded and described as follows:

Bounded by the lands of Asa Warrenton, Charles Parker, the County Road leading from Somerton to Suffolk, Virginia, and also by the land conveyed to the said Abner Eason by John K. Hutton, Special Commissioner. Being the same land that was conveyed to said Abner Eason by deed from Susie Williams and husband, dated November 12, 1919, and recorded in the clerk's office of said county in deed book 92, page 295.

Tract No. 2-BEGINNING at a black gum stump, corner on road leading to Somerton; thence South with said road toward Somerton to a point opposite the second persimmon tree; thence an Easterly course a straight line across the field to the back fence; thence a straight line to a Rosemary Pine between a post oak and a white oak in Asa Warrenton's line; thence a Northerly course with the line of the said Warrenton and J. W. Baggett, a line of marked trees, to the first station, containing TWENTY FIVE (25) acres, more or less.

Being the same land that was conveyed to said Abner Eason by deed from John K. Hutton, Special Commissioner, dated November 12, 1919, and recorded in said office in deed book 92, page 296";

And it also appearing from said report that F. F. Harrell bid the sum of Twenty Two Hundred and Twenty Five Dollars (\$2225.00), being the best bid offered for said property, and that the said F. F. Harrell has elected to pay all cash for said property;

On consideration whereof, it appearing from said report that the bid made by F. F. Harrell is fair and just, the Special Commissioner is ordered and directed to execute, upon the payment to him of the full amount of the purchase price of said property by F. F. Harrell, or some one for him, a good and sufficient deed, with Special Warranty of title, conveying said property, and the said Special Commissioner shall report to Court.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

The Federal Land Bank of
Baltimore

vs.

Abner Eason.

.....

D E C R E E

Entered July 28. 1927
Jas. L. McGinnis

Chancery Order Book
No. 6 Page 95

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

The Federal Land Bank of Baltimore

.vs.

Abner Eason.

TO THE HONORABLE JUDGE OF SAID COURT:

The undersigned Special Commissioner, who was appointed by decree entered in the above styled suit on the 22nd day of January, 1927, begs leave to report to the Court as follows:

That in pursuance of said decree he did, on the 10th day of March, 1927, at 12:00 o'clock M., in front of the National Bank of Suffolk, Suffolk, Virginia, after advertising the time, place and terms of sale, strictly in accordance with the terms of said decree, for more than fifteen days by hand-bills posted in three conspicuous places in the City of Suffolk, and by publication for three times in the Virginian Pilot, a newspaper published in the City of Norfolk, Virginia, and having a general circulation in the City of Suffolk and Nansemond County, Virginia, and also in the Suffolk Herald, a newspaper published in the City of Suffolk, Virginia, and having a general circulation in the City of Suffolk and Nansemond County, Virginia, offered for sale to the highest bidder the following property, to-wit:

"All of two tracts or parcels of land aggregating one hundred and sixty-nine (169) acres, more or less, situate in Cypress Magisterial District (now Whaleyville Magisterial District), Nansemond County, in the State of Virginia, bounded and described as follows:

Bounded by the lands of Asa Warrenton, Charles Parker, the County Road leading from Somerton to Suffolk, Virginia, and also by the land conveyed to the said Abner Eason by John K. Hutton, Special Commissioner. Being the same land that was conveyed to said Abner Eason by deed from Susie Williams and husband, dated November 12, 1919, and recorded in the Clerk's Office of said County in deed book 92, page 295.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

The Federal Land Bank
of Baltimore

vs.

Abner Eason.

.....

R E P O R T

Tract No. 2-BEGINNING at a black gum stump, corner on road leading to Somerton; thence South with said road toward Somerton to a point opposite the second persimmon tree; thence an Easterly course a straight line across the field to the back fence; thence a straight line to a Rosemary Pine between a post oak and a white oak in Asa Warrenton's line; thence a Northerly course with the line of the said Warrenton and J. W. Baggett, a line of marked trees, to the first station, containing TWENTY FIVE (25) acres, more or less.

Being the same land that was conveyed to said Abner Eason by deed from John K. Hutton, Special Commissioner, dated November 12, 1919, and recorded in said office in deed book 92, page 296";

That at said sale F. F. Harrell bid the sum of .Twenty Two Hundred and Twenty Five Dollars (\$2225.00), being the best bid offered for said property; and that the said F. F. Harrell has elected to pay all cash for said property, and now desires that the said property be conveyed to him by proper deed.

Your Special Commissioner is of the opinion that the offer made by the said F. F. Harrell is all that could be expected to be offered for said property at this time, and therefore recommends that said offer be accepted.

Respectfully submitted this 17th day of March, 1927.

G. A. Harris
Special Commissioner.

VIRGINIA:
IN THE CIRCUIT COURT
OF HANSEMOND COUNTY.

The Federal Land Bank of
Baltimore

vs.

Abner Eason

.....

R E P O R T

1927 July 28 filed
J.A.M.

VIRGINIA:

IN THE CIRCUIT COURT OF MANSEMOND COUNTY.

Federal Land Bank of Baltimore

v.

Abner Eason and Gates Supply Company,
Incorporated.

This day came the attorney for the Gates Supply Company, Incorporated, who has been made a party defendant to this suit, and asked leave to file its answer and special plea of payment, and the same is hereby accordingly filed.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v. ORDER

Abner Eason and Gates Supply
Company, Incorporated.

Entered April 14, 1924.

Jas. M. Lomax

Book # 6
Page
76

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Petition of the Gates Supply Company,
Incorporated, in the matter of The
Federal Land Bank of Baltimore

v.

Abner Eason.

This cause came on this day to be heard upon the petition of Gates Supply Company, Incorporated, and leave is hereby granted the said Gates Supply Company, Incorporated, to file its petition in this matter.

It is hereby further ordered, adjudged and decreed that the Gates Supply Company, Incorporated, be, and the same is hereby made a party defendant to this suit, and leave is hereby given it to file its answer to the bill of the complainant, and it is hereby further ordered, adjudged and decreed that G. A. Harris and I. T. Whitehead, Special Commissioners, be, and the same are hereby directed to hold the proceeds derived from the sale of the land described in the bill filed in this cause until the rights of the Gates Supply Company, Incorporated, in said funds have been fully determined. ~~and not to disburse any of the aforesaid funds until further order by this Court.~~

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

Petition of the Gates Supply
Company, Incorporated, in the
matter of The Federal Land Bank
of Baltimore

v. O R D E R

Abner Eason.

Entered March 14, 1927

J. L. McInnis

#6 page 70

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v.

Abner Eason and Gates Supply Company,
Incorporated.

The defendant, Gates Supply Company, Incorporated,
by its attorney, comes and says:

That before the commencement of this suit, to-wit,
on the 1st day of July, 1924, Abner Eason had paid upon the note
held by the complainants and described in their bill filed in
this cause, the sum of TWO THOUSAND AND SIXTY NINE DOLLARS AND
TWO CENTS (\$2,069.02), leaving a balance due the complainants of
NINE HUNDRED THIRTY DOLLARS AND NINETY EIGHT CENTS (\$930.98); that
SIXTY NINE DOLLARS AND TWO CENTS (\$69.02) of the aforesaid amount
was paid unto the Federal Land Bank by semi-annual installments
on January 1st, 1923, July 1st, 1923, and January 1st, 1924, and
July 1st, 1924; that on the 11th day of April, 1923, the Petersburg
Fire Insurance Company paid unto the Federal Land Bank as mortgagee
of Abner Eason and upon the said note of Abner Eason the sum of
TWO THOUSAND (\$2,000.00) DOLLARS; that as to ONE THOUSAND (\$1,000.00)
DOLLARS, a part of the said sum in the bill in this suit demanded,
the said complainants ought not to have or maintain their suit
against the property of the said Abner Eason, because this defen-
dant says that before the commencement of this suit, to-wit, on
the 1st day of July, 1924, the said Abner Eason had paid to the
said complainants the said sum of TWO THOUSAND AND SIXTY NINE
DOLLARS AND TWO CENTS (\$2,069.02), and this, the said defendant
is ready to verify.

Wherefore, this defendant prays judgment whether the said complainants, as to the said sum of ONE THOUSAND (\$1,000.00) DOLLARS, ought to have or maintain their action against the property of the said Abner Eason and against this defendant.

GATES SUPPLY COMPANY, INCORPORATED

By

John C. Euse president

Chas B. Gidwin Jr.
Counsel.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

Federal Land Bank of Baltimore

v. SPECIAL PLEA

Abner Eason and Gates Supply
Company, Incorporated.

Filed

April 14, 1927.

Jas. L. W. Moore

attache p 6
TREASURY DEPARTMENT
FEDERAL FARM LOAN BOARD

Circular No. 10

(Revised)

RULINGS AND REGULATIONS
of the
FEDERAL FARM LOAN BOARD

TO JULY 1, 1923

In Matters Pertaining to the
Federal Farm Loan Act

ISSUED BY THE
FEDERAL FARM LOAN BOARD

AUGUST, 1923



WASHINGTON
GOVERNMENT PRINTING OFFICE
1923

FEDERAL FARM LOAN BOARD.

ANDREW W. MELLON, *Secretary of the Treasury, Chairman.*
R. A. COOPER, *Farm Loan Commissioner.*
JOHN H. GUILL, JR.
ELMER S. LANDES.
MERTON L. COREY.
EDWARD E. JONES.
L. J. PETTIJOHN.

II

RULINGS AND REGULATIONS OF THE FEDERAL FARM LOAN BOARD

TO JULY 1, 1923,

IN MATTERS PERTAINING TO THE FEDERAL FARM LOAN ACT.

The Federal farm loan act requires the Farm Loan Board to define certain terms and to make rules and regulations for carrying out the provisions of the act. Since the establishment of the Federal farm loan system various questions have arisen which have required that the board make decisions thereon in addition to making definitions of certain terms in the act itself. These definitions and decisions affect directly or indirectly the Federal land banks, joint stock land banks, and national farm loan associations, which organizations are authorized under the law. In many cases these definitions and decisions are of particular importance to the members and officers of farm loan associations, as well as being of some interest to the general public. It has been deemed best, therefore, to present in circular form the definitions and decisions that have been thus far made by the Federal Farm Loan Board.

The definitions, rulings, and regulations hereby presented are classified under headings dealing particularly with some definite subject connected with the interpretation and operation of the provisions of the farm loan act.

DEFINITIONS.

1. *Equipment.*—Under the term equipment may be included the implements needed in the conduct of a farm to facilitate its operation. It may consist of teams, as well as machinery, tools, and like articles.

2. *Improvements.*—Under this term is included anything in the form of beneficial structure, or any useful, permanent, physical change tending to increase productive value, such as clearing, tiling, draining, fencing, buildings, etc.

3. *Actual farmer.*—An actual farmer is one who conducts the farm and directs its entire operation, cultivating the same with his own hands or by means of hired labor. An owner, to borrow under the farm loan act, must be responsible in every way, financially and otherwise, for the cultivation of his land. (See also rule No. 15, p. 9.)

4. *Area of farms.*—As a basis of determining what area constitutes a farm for loaning purposes the board requires the following test:

(1) Generally: The farm must be of sufficient area to yield at the hands of an ordinarily capable farmer, putting it to the use to which it is generally adapted and using average methods, an income sufficient to maintain the family of the applicant and discharge the interest and amortization payments on his loan.

(2) Specially: Where, through intensive farming or the practice of a specialty, a sufficient income has been regularly derived from a

tract deficient in area for ordinary farming, or where the application of the prospective borrower shows that he is by experience capable of producing such an income from such a tract, such area may be accepted as sufficient, provided the land has a stable and permanent market value sufficient to warrant the loan applied for. This ruling does not apply to fruit and orchard lands which have been subjects of definite rulings by the board.

FEDERAL LAND BANKS.

1. *Surety bonds of officials.*—The surety bond to be executed, as required by the Federal farm loan act by the president, secretary, and treasurer of each Federal land bank, is fixed at the sum of \$20,000 each; the bond required of the vice president is fixed at \$10,000; and the bond of the remaining director is fixed at \$2,000. The registrar shall be the custodian of the surety bonds given by the officers and directors of the Federal land banks.

2. *Qualifications of officials.*—Section 3 of the Federal farm loan act, in reference to the qualifications of registrars, land bank appraisers, and land bank examiners, means that no person who is a stockholder in any bank, or in any corporation making land mortgage loans or selling land mortgages, is eligible to any one of the above-named offices, except for temporary appointment.

3. *Rate of interest.*—In view of the change in interest rates as a result of post-war conditions, the Farm Loan Board recommended to the Federal land banks after the decision of the Supreme Court of the United States on February 28, 1921, sustaining the constitutionality of the farm loan act, that the interest rate on mortgages be increased to 6 per cent until such time as interest rates return to a more normal basis. This rate was temporarily adopted by the Federal land banks, but the present rate is $5\frac{1}{2}$ per cent.

4. *Kind of abstract.*—The Federal land banks must determine the nature of the abstracts which will be required with the applications for loans. The abstracts may be prepared by bonded abstractors, attorneys, or anyone competent to do this work. Any abstract of title sanctioned by ordinary sound business usage in a community where loans are made will be sufficient under the farm loan act.

5. *Charge for examining abstract.*—When abstracts are furnished by the borrower, the examination of the abstract will be made by the general attorney of each Federal land bank at its office. In districts where abstracts are not obtainable except by examination of the public records, then the borrower will have to bear the cost of examination. The board has permitted the Federal land banks to make a nominal charge for the determination of title from an abstract of title when presented to the bank with the application for a loan.

NATIONAL FARM LOAN ASSOCIATIONS.

1. *Condition for a charter.*—Where in the organization of a national farm loan association the accepted number of borrowers is less than 10, or the amount of approved loans is less than \$20,000, a charter will not be granted.

2. *Territory covered by an association.*—No farm loan association may operate in territory covering any part of two States. In defin-

ing the territory within which an association will do business said territory must be entirely within the boundary of a single State, but the overlapping of the territories of different national farm loan associations is permissible when confined within State lines. No monopoly of territory will be allowed.

3. *Oath of directors.*—The act provides that every national farm loan association shall elect in the manner prescribed for the election of directors of national banking associations a board of not less than five directors, who shall hold office for the same period as directors of national banking associations. In view of the fact that directors of national banks are required to be sworn, the question was raised whether or not directors of national farm loan associations should be sworn. The board believes that the directors of farm loan associations should be put to the least possible trouble; that no requirement should be made that is not legally necessary; and that the omission of the oath in their case is permissible.

4. *Officers as members of loan committees.*—Members of the board of directors of national farm loan associations are considered eligible to serve on loan committees, and where the secretary-treasurer is a member of the association he may also serve on the loan committee if elected to such position by the board of directors.

5. *Surety bond of the secretary-treasurer.*—The surety bond of each secretary-treasurer of a farm loan association shall be deposited with the Federal land bank of its district to be held as custodian, and all such bonds are to be written in favor of the farm loan association (of which said secretary-treasurer is an official) or the Federal land bank "as interest may appear." The condition of each surety bond has been prescribed and can be had on application.

The amount of the bond has been fixed on a sliding scale as follows: For associations with loans under \$50,000, bond of \$3,500; for each additional \$10,000 or fraction thereof, add \$600 up to a maximum of \$10,000, which will be the largest bond required of any secretary-treasurer.

6. *Compensation of a secretary-treasurer.*—In the judgment of the board the compensation of a secretary-treasurer of a farm loan association depends so much upon his relative duties as made necessary by the size of an association that it is difficult to name any definite amount as compensation for such services. The compensation should be based upon the time actually required to perform the work the secretary-treasurer is called upon to do.

7. *Voting of members in preliminary organizations.*—In view of the fact that prior to the approval of an application for a loan the amount of stock which each member will acquire is undetermined, the board is of the opinion that it would be the part of wisdom if each subscriber was limited to one vote in matters discussed and decided in the preliminary organization of a farm loan association.

8. *Basis of membership in an association.*—Where a person resides in one district or State and owns land in another district or State, the location of the land which is offered as security for the loan shall be the determining factor as to the eligibility for membership of an applicant; that is to say, an applicant for a loan must become a member of an association which includes within its territory the land offered as security.

9. *Membership as affected by residence.*—(1) If any part of a farm is within the territory of a chartered association the owner should be eligible to membership in that association no matter on which side of the line he may happen to live.

(2) Where a part of such farm lies within the territory of two chartered associations he should be permitted to choose which association he shall join, no matter on which side of the line he may live.

(3) Under the preceding paragraph where the lands are noncontiguous they will be considered as a farm only if under common management and situated in such proximity to each other as to constitute practically one operative agricultural unit.

(4) Where the line is a State line, as well as a county line, the borrower, if he wishes to make loans on lands on both sides of the line, must make separate loans and join separate associations, whether the lands are contiguous or not.

10. *Eligibility of guardians to membership.*—Guardians, executors, administrators, and trustees are not "natural persons," and are therefore excluded from membership in national farm loan associations by the provisions of section 7 of the Federal farm loan act, except where the guardian is father, mother, husband, wife, brother, or sister and has a joint interest in the property with the ward, in which case such loans may be made. Under these circumstances the guardian will, of course, sign the note and mortgage individually, as well as officially, and will act as member of the farm loan association.

11. *Eligibility of aliens to membership.*—Where State laws do not restrict the right of aliens to hold and convey real estate, alien residents of such State are eligible as members of national farm loan associations.

12. *Notice to stockholders of meetings.*—(1) Who is entitled to notice: In article 3 of the by-laws the secretary-treasurer is required to give notice to "the members for a prescribed period prior to the date of meeting." The board rules that a charter member who signs a charter is a stockholder from the date of his signature, and that a noncharter member is not a stockholder, and hence not entitled to notice, until his loan is approved and his stock has been issued.

(2) Form of notice: The articles of association for farm loan associations also provide that the directors thereof shall be selected at an annual meeting of the stockholders to be held on the second Tuesday in January at a place to be designated by the board of directors at least 30 days before such meeting. The board rules as a matter of practice that it would be well if written notice were given to all stockholders a reasonable time prior to the annual meeting.

13. *A quorum at stockholders' meeting.*—In view of the fact that in many national farm loan associations it has been found practically impossible to secure the attendance of a majority of the stockholders at annual meetings, the board rules that, where at least 10 days' written notice is given each stockholder of the time and place of such annual meeting, the stockholders who actually attend such meeting will constitute a quorum for the transaction of business.

14. *Disposition of member's stock in case of foreclosure.*—By section 2 of article 1 of the by-laws of farm loan associations it is provided that membership in the association shall terminate with the payment of the loan, but there appears to be no provision for the

termination of membership upon the sale of the borrower's property except by implication in subdivision 6, section 12 of the act, where it is stated that "in case of the sale of the mortgaged land, the Federal land bank may permit said mortgage and the stock interests of the vendor to be assumed by the purchaser."

In this connection the question has arisen as to the disposition of a borrower's stock in event of foreclosure. While the law is silent upon the question, the board believes that in the event of foreclosure the borrower's stock should be canceled and the money returned to him or applied on his debt, as exigencies of the situation might require.

15. *Joint owners of land.*—Any one of joint owners of land who is himself eligible as a member of a national farm loan association may sign articles of association and participate in preliminary organization; such person may be a director or a member of a loan committee, but the stock should be issued jointly to the joint owners who sign the mortgage, and after the issuance of stock the active member should have a voting proxy from the other joint owners of stock.

16. *Voting by proxy.*—(1) At the annual election of directors by national farm loan associations voting by proxy shall not be permitted, except as follows:

(2) Stockholders of a national farm loan association may vote by proxy where the proxy holder is a joint owner of the stock.

(3) A married woman who is a stockholder in a national farm loan association may give her husband a proxy authorizing him to represent her and vote her stock at shareholders' meetings of such association; but such proxy will not render the holder eligible to any office in the association.

17. *Duties of loan committee.*—The regular loan committee of a national farm loan association will be required to make appraisements, except where substitutes are provided under the law. It is the conclusion of the board that there can be but one regular loan committee for each association. (See also amendment to the farm loan act on page 5 of Circular No. 11, which permits the loan committee to designate one person to appraise an applicant's farm.)

18. *Substitute member of loan committee.*—A farm loan association may appoint a substitute member of a loan committee to act in any case where a regular member of the committee is incapacitated or otherwise unable to act.

19. *Compensation of loan committee.*—The compensation of a regular loan committee depends upon the size of the association and the work required. No fixed rule, therefore, can be laid down. The board believes that so far as possible the work should be done without expense, since this is a cooperative system by farmers and for farmers. In a small association the board believes that it is not necessary to pay the loan committee any fees, and that in very few cases will it be necessary to pay the loan committee more than its actual expenses. (See also note by the Farm Loan Board to an amendment to the farm loan act appearing on page 6 of Circular No. 11.)

20. *The basis for appraising lands.*—The appraisement of a farm should represent the best judgment of the members of the loan committee as to the value of the land in question, the principal factor being the productivity of the land when used for agricultural pur-

poses, but taking also into consideration the salability of the land and prevailing land prices in that community.

21. *Report of loan committee.*—Section 10 of the act provides that a loan committee, in addition to the appraisal of the land, shall give "such other information as may be required by rules and regulations to be prescribed by the Federal Farm Loan Board."

On this proposition the board feels that conditions vary so greatly in different localities that it is difficult to provide a general, uniform rule, and that the matter of furnishing such other information by the loan committee may better be left to the good judgment of each Federal land bank.

22. *Communications with farm loan associations.*—In dealing with farm loan associations, the Federal Farm Loan Board will conduct business through the secretary-treasurer and not through an attorney who may have been appointed by any particular farm loan association.

23. *Attorney for associations to make abstracts.*—In answer to an inquiry whether or not an association has the right to appoint an attorney to draw up abstracts and pay him out of its official funds, the board rules that each borrower is required to furnish his own abstract of title, and the applicant must stand the expense of preparing this abstract. An association has no right to employ any of its funds to pay for the preparation of abstracts for its members. This must be an individual charge, and if members of an association club together to have this work jointly done, they must do it as individuals and not as an association. Each borrower is free to make his own choice in the selection of an attorney or abstractor, subject to the approval of the Federal land bank of his district.

24. *Consolidation of associations.*—Where two or more national farm loan associations have been chartered, operating in territory which can legally be covered by one association, and desire to be consolidated into one association, the general result to be attained is that the liquidating association or associations shall turn over all assets to the nonliquidating association, the latter assuming all the liabilities of the former. To attain this result, the following steps are necessary:

(1) Where the name of an existing association is retained as the consolidated name and the others are to discontinue business.

(a) The association or associations retiring from business must call a meeting of shareholders, who must, by resolutions approved by two-thirds of its members, decide to go into voluntary liquidation and authorize its board of directors to take the necessary steps to render such resolution effective.

(b) The board of directors by proper resolution shall direct that the stock of the Federal land bank held by such liquidating association shall be transferred to the nonliquidating association which assumes its contingent liabilities as indorser on outstanding mortgages.

(c) All stock of the liquidating association shall be canceled, and if any certificates or evidences of ownership are outstanding in the hands of its members or elsewhere, such certificates shall be retired and other similar certificates of the nonliquidating association be substituted therefor.

(d) The Federal land bank of the district will require the indorsement for transfer of the liquidating association of its stock held by such association, and issue in substitution therefor similar stock in the name of the nonliquidating association.

(e) The board of directors of the nonliquidating association will, by resolution entered upon its minutes, assume the liabilities of the liquidating association as indorser on all mortgages held by the Federal land bank bearing such indorsement and certify the same to the Federal land bank.

(2) In case the consolidating associations desire to assume a new name the nonliquidating association will file application to amend its charter so as to assume the desired name and also to amend its charter as to territorial boundaries so as to include all of the desired territory.

When the necessary papers are executed they should be forwarded through the Federal land bank to the Farm Loan Board for approval, as required by section 29 of the farm loan act. The necessary blank forms for use in such cases will be forwarded without cost to associations by the Federal Farm Loan Bureau, Washington, D. C.

25. *Investment of reserves.*—The Farm Loan Board has approved the following methods of investing the reserves of national farm loan associations: (1) In Federal farm loan bonds; (2) in obligations of the United States Government; and (3) in certificates of deposit in a bank approved by the board of directors of an association.

BASIS FOR LOANS.

1. *On orchard lands.*—On orchards, where the lands have no substantial value except for orchard purposes, no loans shall be made; that where the lands have a basic agricultural value, such value shall be made the basis for the loans; and that orchards shall not be regarded as permanent improvements, but shall be taken into consideration as enhancing the general value of the land and in determining its productive value.

2. *On farm lands with underlying minerals.*—Loans will be made on lands which are primarily agricultural lands on which there are leases carrying the right to remove oils, gases, or other minerals, provided that the extent to which such right may interfere with the use of the land for agricultural purposes be taken into consideration, and that the land bank indemnify itself by requiring the borrower to include in his mortgage all rights under such leases and agree therein that the proceeds from such leases shall be applied to the payment of the mortgage.

3. *On lands under drainage projects.*—Where lands are offered as security for a loan which are subject to a fixed annual charge for the cost of a drainage project covering a given number of years, the existence of such a charge may be considered similar to a municipal or school district tax, which does not prevent the making of a loan on such land, but the existence of the charge must be taken into account in appraising the value of the land.

4. *On unimproved lands.*—It is not necessary that all the land included in a mortgage to a Federal land bank be under cultivation. One of the purposes for which money may be borrowed is to prepare land for cultivation; a reasonable amount of pasture land in con-

nection with a farm is desirable, and such pasture land, or land to be put under cultivation, may be appraised in connection with the land under cultivation at its actual value and serve as security to an amount equal to 50 per cent of such appraisal.

5. *On homestead lands.*—Where a homestead entryman on Government homestead has in good faith occupied the land for the requisite period and made final proof by virtue of such settlement, his land-office receipt may be accepted as evidence of basic title for the purpose of a loan under the Federal farm loan system.

Where homestead entrymen commute at the end of 14 months and pay for their land, the board will insist upon patent before a loan will be granted.

6. *Total of loans on more than one tract.*—A farmer may become a member of two or more associations if he has land lying within the territory of the said associations. Such a member may borrow on any number of pieces of property on first mortgage, but the total amount of his loans may not exceed \$25,000, the maximum fixed by amendment to the farm loan act.

7. *By partners.*—Partners in operating a farm may borrow if one or more are farmers and are engaged in the cultivation of the land mortgaged. But partners must join severally in executing the mortgage on the land, and all should give one the authority to represent the others in the farm loan association. Only one member of the partnership can become a member of the association.

8. *For the purchase of additional land.*—Where a mortgage is given on land which the applicant owns for the purpose of purchasing other land, it is not legally necessary that the land to be purchased be included in the mortgage or be contiguous to the mortgaged land, but it must be sufficiently close to the borrower's home to admit of proper supervision, and must be purchased for personal agricultural use and not for speculation or for rental.

9. *Loan in anticipation of improvements.*—Loans may be made for the erection of permanent insurable improvements, or for clearing, draining, and other kindred improvements, and the enhanced value of the farm by reason of such improvements may be taken into consideration in making the appraisal in the first instance, but where this is done extraordinary care must be exercised, and the bank should be absolutely sure—

(1) As to the amount the proposed improvements will add to the value of the land;

(2) That the sum borrowed is entirely sufficient to make the proposed improvements; and

(3) That no money is paid out on account of such improvements until all possibility of liens for labor, material, or other construction charges is eliminated, either by the lapse of time or by a bond against liens, by a waiver of the right to lien, or whatever other form may be provided by State laws.

10. *Loans on one tract to improve another tract.*—Loans may be made upon one tract of land for the purpose of making improvements upon another tract owned by the borrower, but such loans should not be regarded with favor and should not be made at all unless both tracts of land are under common management and are

situated in such proximity to each other as to constitute practically one operative agricultural unit.

11. *Loans on farms divided by county or State lines.*—Where a farm is divided by a State as well as a county line, if the borrower wishes to make loans on lands on both sides of the line, he must make separate loans and join separate associations, whether the lands are contiguous or not.

12. *No loans on worthless buildings.*—In making his recommendations for loans a Government appraiser is fully justified in refusing to consider, as a basis for a loan, buildings which are so run down that no reputable insurance company will write policies of insurance thereon. Where buildings are practically worthless, even though they may be carrying a small insurance in some insurance company, the appraiser should not consider them as part security for a loan, because at any time after the loan is made the policy is likely to be canceled.

13. *Loans to husband and wife.*—Husband and wife owning lands in severalty may each borrow on their respective lands, the limit to each being \$25,000.

14. *Eligibility of applicant for a loan.*—The question of the eligibility of a farm owner whose land is being cultivated by some one else depends upon whether the contract is one of tenancy or hire. If the relation between the landowner and cultivator is one of landlord and tenant, then the owner may not borrow. If it is one of master and servant, he may.

15. *Loans to actual farmers.*—The board believes that Congress intended loans under the farm loan act should be confined to farmers who were "actually engaged or soon to become engaged in the cultivation of the land mortgaged," and rules—

(1) That in determining the question of whether or not an applicant is a farmer the test shall be: Is farming his principal vocation and is his principal income derived from agriculture?

(2) In determining the question of whether or not the applicant is actually engaged in the cultivation of the land mortgaged, it shall be held that he is if he cultivates the land with his own or hired labor.

16. *Maximum loans upon undivided interests.*—(1) Loans may be made to individuals upon undivided interests, provided, of course, all such interests are included in the one mortgage.

(2) The aggregate of the loans made upon such undivided interests shall not exceed \$50,000 for any joint-stock land bank, nor \$25,000 for any Federal land bank. No mortgage from either class of banks, no matter how many interests are included, will be acceptable as a basis for a bond issue if the amount thereof exceeds these maximum limits.

(3) Loans should be denied to owners of lands in severalty, where such parties were recently owners of undivided interests in the same land and where the creation of the separate titles was for the purpose of avoiding the maximum loan limits. This rule is not intended to discourage the partition of the undivided interests of owners of large tracts of land. Where such division is made in good faith with the intention to work a permanent severance of the former undivided-interests relationship, such loans may, of course, be made.

MORTGAGED LANDS.

1. *Partial release.*—If an owner of a large tract of land borrows under the Federal farm loan system, a partial release may be properly made at any time where justice to the borrower demands and where the unreleased portion of the security is ample. This release may be procured within or after five years from the date of his loan. Subdivision 2 of section 12 of the farm loan act provides that such amounts are to be applied on the principal "as will extinguish the debt within an agreed period, not less than 5 years nor more than 40 years." This subdivision also provides that on any regular installment date "after five years from the date upon which a loan is made, additional payments or the payment of the entire principal may be made" by the borrower.

The above means that the original debt must subsist for a period of five years, less the regular installment payments, unless increased by reappraisal, but that the security for the same may be altered within said period so long as it remains ample.

2. *Method of executing partial releases.*—The following method of executing partial releases of mortgaged lands has been approved by the Farm Loan Board:

(1) As soon as any partial release is approved by the executive committee of a Federal or joint stock land bank, the note and mortgage securing such loan should be immediately withdrawn from the registrar.

(2) When approved mortgages or Government securities are not available, the registrar may temporarily approve farm mortgages which he deems satisfactory on any substitution assignment made to cover any withdrawals on account of partial or total payment.

(3) If the security has not been substantially affected, the executive committee should make written statement to that effect, one copy of which should be filed with the loan papers in the case and another sent to the Appraisal Division of the Farm Loan Bureau, after which such security will again be eligible for assignment to the registrar.

(4) If partial release desired would in the opinion of the executive committee substantially reduce the security, new application and reappraisal must be required, in which case all papers should be submitted to the Appraisal Division of the Farm Loan Bureau for approval, the same as if it were an original loan. After approval by the Appraisal Division, the loan may again be pledged with the registrar as collateral for bonds issued.

(5) The board of directors of each association should adopt appropriate resolutions approving on behalf of the association all partial releases granted by the banks on security which they have previously indorsed. This action is necessary in order that the guaranty of the association may not be waived.

(6) Each land bank should keep a register of all partial releases executed and should furnish a statement to the association that such releases have been executed, so that the approval of the action of the bank may be ratified by the association as above provided. The register of partial releases should provide space on which notation of the association's approval should be noted.

3. *Joint mortgage.*—When a husband and wife are joint owners of the property mortgaged one should give the other power of attorney to be his or her representative in the farm loan association. When husband and wife both sign a mortgage but one or the other is sole owner, the one in whose name the title stands is the one who is eligible to membership in the association.

4. *Depletion of security.*—Where standing timber has been taken into consideration in the appraisal of the farm and making of the loan, the removal of such timber is such a depletion of the security as to justify foreclosure or acceptance of payment on account of the principal of the loan at any time.

5. *Loans on reappraisal.*—Where additional loans are granted on reappraisal of lands already under mortgage, a new first mortgage should be executed for the full amount.

6. *Policies of mutual fire insurance companies.*—Where mutual fire insurance companies are authorized by State law and are under State supervision, the policies of such companies, where they are complying with State law and their conditions and policy forms are satisfactory to the Federal land bank of the district, will be acceptable to the Federal Farm Loan Board; such policies should, however, be fully paid for when deposited with the bank.

7. *Paying off a mortgage before five years.*—While the borrower has no right to pay off his mortgage within five years from its date, the board has held that the acceptance of such payment is not prohibited to either Federal or joint stock land banks where unforeseen circumstances arise making it to the interest of the borrower to pay. Should a land bank accept such payment, it may collect such a bonus as will fully reimburse the bank for the expense of making the loan in the first instance.

JOINT STOCK LAND BANKS.

1. *Conditions for a charter.*—With reference to the organization, chartering, and naming of joint stock land banks the board has ruled as follows:

(1) That no charter will be granted to any joint stock land bank in the organization of which there has been any expense for promotion.

(2) That the words "Joint stock land bank" shall appear in the name of every joint stock land bank chartered under the Federal farm loan act, and that no other words shall be used in the title of any such bank, except such as are necessary to distinguish it from any other bank or banks operating in the same territory.

(3) That there is nothing in the act to prevent a director of a joint stock land bank from holding a position with another banking institution.

2. *Amortized loans by joint stock land banks.*—All loans made by joint stock land banks must be made on the amortization plan, and no mortgage made on any other plan can be accepted as a basis for any issue of farm loan bonds.

3. *Maximum loan to one borrower.*—No loan to a single borrower made by any joint stock land bank in excess of 15 per cent of its capital and surplus will be approved as security for a bond issue, and

in no case will such approval be given of any loan in excess of \$50,000.

This rule limiting loans by joint stock land banks to a maximum of \$50,000 applies to the borrower as well as to the bank, and hereafter no mortgage will be approved as basis for bond issue if executed by a person who has already borrowed the maximum of \$50,000 through the Federal farm loan system.

4. *Increase of capital stock.*—To increase the capital stock of a joint stock land bank, an application by authority of its board of directors must first be submitted to the Farm Loan Board for approval of such increase. This must be followed by authority from the shareholders of said bank, two-thirds in amount approving, and by the payment of the amount of such increase in cash, both of which facts must be officially certified to the Farm Loan Board.

The board will, however, sanction no increase in excess of \$100,000 unless the stock provided for in the proposed increase has been actually subscribed and a list of the subscribers is transmitted with the application for increase, and there must accompany such application a certificate of the officers of the bank that no commission has been paid for the sale of such increased stock.

5. *Purposes of the loan.*—While joint stock land banks are exempted from the specific limitations imposed upon Federal land banks in reference to the purposes for which loans may be made, nevertheless the general purposes of the act are so clearly defined in the title, namely, "to provide capital for agricultural development," and this purpose is so generally understood and accepted, that the board feels it is inconsistent with the purposes of the act and sound public policy that loans should be made by joint stock land banks, except for the purposes enumerated in the act, or other purposes related to agricultural development. Joint stock land banks are, therefore, requested to confine their loans to such purposes, and are advised that the board can not approve loans which are made for the purpose of speculation or for other purposes entirely foreign to agricultural production.

6. *Commissions.*—It is proper for a joint stock land bank to pay a reasonable commission to its agents who procure applications for it, but it is a violation of the spirit and the letter of the law for joint stock land banks or their agents to charge a borrower any commission, fee, or bonus where the loan is made at the maximum rate of 6 per cent, except the authorized charge for appraisal and determination of title, which must not exceed the actual cost of such services. Joint stock land banks will be held by the board responsible for a rigid observance of this provision of the law.

BONDS AND BOND ISSUES.

1. *Rejected securities.*—Any securities which may from time to time be deposited with any farm loan registrar as collateral security for a proposed issue of farm loan bonds and be rejected by this board shall be by him reassigned to the institution depositing the same upon receipt of notice from this board of such rejection.

2. *Acknowledgments of transfers of bonds.*—Acknowledgments of transfers of registered farm loan bonds may be taken by any person authorized to take acknowledgments of United States Government

registered bonds or before any officer with a seal authorized under State laws to take acknowledgments of conveyances of real estate.

3. *Basis for approval of a bond issue.*—In order to have farm mortgages accepted as a basis for a bond issue the applications for loans and appraisals of farms must conform to the following conditions:

(1) Where loans are contemplated of Federal land banks, the farm loan act requires that the property shall first be appraised by the loan committee of a farm loan association, and that the loan itself shall be guaranteed by said association. A Federal land bank, therefore, is not at liberty to make a loan in excess of the amount recommended by the loan committee of an association unless the matter is specially called to the attention of the association and the association makes itself liable for the loan in the increased amount either by an express assumption or by an amendment of the report of the loan committee.

(2) The law forbids a loan in excess of 50 per cent of the value of the land and 20 per cent of the value of the insured improvements. Farm loan bonds issued by either Federal or joint stock land banks are sold to the public upon the assurance that these limits will not be exceeded, and for the information of bondholders this board preserves the schedule of mortgages to prove that these limits have not been exceeded. It is therefore absolutely essential that this schedule should show such valuations by a Federal appraiser of the land and the buildings, in the case of each loan, as will affirmatively demonstrate that in no case has the limit been exceeded.

(3) The law provides that the Farm Loan Board shall accept or reject applications for the issue of bonds after "such investigation and appraisal of the securities tendered as it shall deem wise." This means that, even after the loan committee, the Federal appraiser, the board of directors of a Federal or joint stock land bank, and the registrar have done their part, this board shall determine as to each mortgage whether it is or is not satisfactory security for an issue of bonds. To make this determination, the board must have not only the schedule but the original application papers, all of which must be examined to determine whether the law has been complied with in every particular at each stage of the transaction.

4. *Government bonds as temporary security.*—Government bonds tendered as temporary security for issues of farm loan bonds will hereafter be accepted at their par value when accompanied by evidence that the bank tendering the same secured them at par, as an original subscriber; otherwise they will be accepted only at their market value at the time of tender. Deficiencies now existing under this ruling must be supplied within 90 days.

5. *Method of calling bonds.*—Any Federal or joint stock land bank desiring to call any bond issued by such bank which is by its terms callable may make such call by filing at least 30 days prior to the date on which the call becomes effective, with the Federal Farm Loan Board, with each of the 12 Federal reserve banks, and with each of the Federal land banks a formal notice of such call, describing by number, the date of their issue, and date of maturity the bonds to be called, designating the place or places where the same will be paid and the date on which payment will be made. The giving of the

notices herein required shall be deemed a complete call, and the bank making the same will be relieved from paying any interest on the bonds called after the date of payment specified in such notice.

THE REGISTRARS.

1. *Surety bond of registrar.*—The surety bond of the registrar of each district is fixed at the sum of \$10,000 and runs to the Government of the United States and to the Federal land bank of the district, as their interests may appear. While such bond shall be forwarded to and held by the Farm Loan Board, each registrar must pay the premium on his own surety bond.

2. *Safe-keeping of securities by registrars.*—All notes and mortgages held by a registrar as collateral for farm loan bonds shall be by him deposited in some suitable vault or safe-deposit box, to which he shall at all times have access. All evidence of indebtedness, securities, and funds, title to which passes by delivery, which may come into his hands shall be kept by him in a safe-deposit box to which he shall have access only in the company of an officer or a representative, thereunto duly authorized in writing, of the bank which has pledged the same.

The rental of vault space necessary for the safe-keeping of securities in the hands of the registrars, other than those the title to which passes by delivery, shall be paid by the Federal land bank of the district, and a proportionate share of the cost of such vault space shall be borne by any joint stock land banks doing business in the district, the distribution of such cost to be made by the registrars. Each bank pledging evidences of indebtedness, securities, and funds title to which passes by delivery, shall maintain a separate deposit box for such securities in a bank or trust company designated by the registrar, rental of which is to be paid by the bank pledging the same.



Master copy

TREASURY DEPARTMENT
FEDERAL FARM LOAN BUREAU

Circular No. 20

The
Federal Farm Loan Act

As Amended to August 1, 1925

Exclusive of Amendment providing for
the Federal Intermediate Credit Banks

Inclusive of Amendments of March 4, 1925
Appearing as an Appendix to this Circular

ISSUED BY THE
FEDERAL FARM LOAN BOARD

AUGUST, 1925



WASHINGTON
GOVERNMENT PRINTING OFFICE
1925

FEDERAL FARM LOAN BOARD

ANDREW W. MELLON, *Secretary of the Treasury, Chairman*
R. A. COOPER, *Farm Loan Commissioner*
JOHN H. GUILL
ELMER S. LANDES
EDWARD E. JONES
L. J. PETTIJOHN
A. C. WILLIAMS

(II)

THE FEDERAL FARM LOAN ACT.

AS AMENDED TO JANUARY 1, 1924, EXCLUSIVE OF AMENDMENT PROVIDING FOR FEDERAL INTERMEDIATE CREDIT BANKS.

(See also Public No. 599, 68th Congress, further amending the Act, which appears as
an appendix at the end of this circular.)

[NOTE.—This circular contains all the provisions of the farm loan act and amendments thereto, relating to Federal land banks, joint-stock land banks and national farm loan associations, in effect on January 1, 1924. Our Circular No. 15 contains the law covering the Federal intermediate credit banks.]

AN ACT To provide capital for agricultural development, to create standard forms of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries 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.

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.

FEDERAL FARM LOAN BOARD.

¹ 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 seven members, including the Secretary of the Treasury, who shall be a member and chairman ex officio, and six members to be appointed by the President of the United States, by and with the advice and consent of the Senate. Of the six members to be appointed by the President, not more than three shall be appointed from one political party, and all six 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

¹ See Appendix for amendment to this section.

the additional members of the Federal Farm Loan Board, hereby provided for, shall be appointed for a term expiring August 6, 1929, and one for a term expiring August 6, 1931, and thereafter the terms of all members of the Federal Farm Loan Board shall be as in this section otherwise provided for.

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, and may appoint a deputy registrar, who shall during the unavoidable absence or disability of the registrar perform the duties of that office. 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, deputy 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.

¹ The salaries and expenses of the Federal Farm Loan Board and farm loan registrars and examiners authorized under this section shall, after June 30, 1923, be paid by the Federal and joint stock land banks in proportion to their gross assets, as follows:

¹ The Federal Farm Loan Board shall, prior to June 30, 1923, and each six months thereafter, estimate the expenses and salaries of the Federal Farm Loan Board, its officers and employees, farm loan registrars, deputy registrars, the examiners and reviewing appraisers, and apportion the same among the Federal and joint stock land

¹ See Appendix for amendment to this paragraph.

banks in proportion to their gross assets at the time of such apportionment and make an assessment upon each of such banks pursuant to such apportionment, payable on the 1st of July or January next ensuing. The funds collected pursuant to such assessments shall be deposited with the Treasurer of the United States to be disbursed in payment of such salaries and expenses on appropriations duly made by Congress for such purpose.

¹ If any deficiency shall occur in such fund during the half-year period for which it was estimated, the Federal Farm Loan Board shall have authority to make immediate assessment covering such deficiency against the Federal and joint stock land banks upon the same basis as the original assessment. If at the end of the six months' period there shall remain a surplus in such fund, it shall be deducted from the estimated expenses of the next ensuing six months' period when assessment is made for such period. 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.

¹ 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

¹ See Appendix for amendment to this paragraph.

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 instruction 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 recommendations 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 boundaries 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. Subject to the approval of the Federal Farm Loan Board and under such conditions as it may prescribe, the provisions of this Act are extended to the island of Porto Rico and the Territory of Alaska; and the Federal Farm Loan Board shall designate a Federal land bank which is hereby authorized to establish a branch bank in Porto Rico, and a Federal land bank, which is hereby authorized to establish a branch bank in the Territory of Alaska. Loans made by each such branch bank shall not exceed the sum of \$10,000 to any one borrower and shall be subject to the restrictions and provisions of this Act, except that each such branch bank may loan direct to borrowers, and subject to such regulations as the Federal Farm Loan Board may prescribe, the rate charged borrowers may be $1\frac{1}{2}$ per centum in excess of the rate borne by the last preceding issue of farm loan bonds of the Federal land bank with which such branch bank is connected: *Provided*, That no loan shall be made in Porto Rico or Alaska by such branch bank for a longer term than 20 years.

"Each borrower through such branch bank shall subscribe and pay for stock in the Federal land bank with which it is connected in the sum of \$5 for each \$100 or fraction thereof borrowed; such stock shall be held by such Federal land bank as collateral security for the loan of the borrower; shall participate in all dividends; and upon full payment of the loan shall be canceled at par and proceeds

paid to borrower, or the borrower may apply the same to the final payments on his loan."

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 compensation 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 empowered to employ such attorneys, experts, assistants, clerks, laborers, 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 acknowledgement 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.

The Federal Farm Loan Board is authorized to direct such changes in or additions to any such organization certificate, not inconsistent with this Act, as it may deem necessary or expedient.

Upon duly making and filing such organization certificate the bank shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power—

First. To adopt and use a corporate seal.

Second. To have succession until it is dissolved by Act of Congress or under the provisions of this Act.

Third. To make contracts.

Fourth. To sue and be sued, complain, interplead, and defend, in any court of law or equity, as fully as natural persons.

Fifth. To elect or appoint directors, and by its board of directors to elect a president and a vice president, appoint a secretary and a treasurer and other officers and employees, define their duties, require bonds of them, and fix the penalty thereof; by action of its board of directors dismiss such officers and employees, or any of them, at pleasure and appoint others to fill their places.

Sixth. To prescribe, by its board of directors, subject to the supervision and regulation of the Federal Farm Loan Board, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected, its officers elected or appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

Seventh. To exercise, by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business herein described.

After the subscriptions to stock in any Federal land bank by national farm loan associations, hereinafter authorized, shall have reached the sum of \$100,000, the officers and directors of said land bank shall be chosen as herein provided and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers selected under this section.

The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of seven members. Three of said directors shall be known as local directors and shall be chosen by and be representative of national farm loan associations and borrowers through agencies; three shall be known as district directors and shall be appointed by the Federal Farm Loan Board and represent the public interest. The term of office of local and district directors shall be three years.

Within 30 days from the date of passage of the Agricultural Credits Act of 1923 and thereafter, at least two months before each election, the Federal Farm Loan Board shall divide each land bank district into three divisions, as nearly equal as possible according to numbers of borrowers and the voting strength of national farm loan associations and borrowers through agencies, and the Farm Loan Commissioner shall thereupon notify each association and agency in writing that an election is to be held for one local director from each of said divisions and requesting each association and agency to nominate one candidate for each division. Within ten days of receipt of such notice each national farm loan association and borrower through agencies shall forward nominations of residents of their respective divisions for one director for such division to said Farm Loan Commissioner. The Farm Loan Commissioner shall then prepare a list of candidates for local directors, consisting of the ten persons receiving the highest number of votes from national farm loan associations and borrowers through agencies for each division.

At least one month before said election the Farm Loan Commissioner shall mail to each national farm loan association and to each borrower through agencies the list of candidates for their respective divisions. The directors of each national farm loan association shall cast the vote of said association for one of the candidates on said list and shall forward said vote to the said Farm Loan Commissioner within ten days after said list of candidates is received. In voting under this section each association shall be entitled to cast a number of votes equal to the total voting strength of the stockholders in association meetings, and each borrower through agencies shall be entitled to cast one vote for each share of stock held by him in the Federal land bank not exceeding twenty shares, and shall forward said vote to the said Farm Loan Commissioner within ten days after

said list of candidates is received. The candidates receiving the highest number of votes in his division shall be declared elected as local director of the Federal land bank district from his division. In case of a tie, the Farm Loan Commissioner shall determine the choice. The nominations from which the list of candidates is prepared, and the votes of the respective associations and borrowers through agencies for such candidates, as counted, shall be tabulated and preserved, subject to examination by any candidate, for at least one year after the result of the election is announced.

The Federal Farm Loan Board shall designate one of the district directors to serve until December 31, 1924, one to serve till December 31, 1925, and one to serve till December 31, 1926. After their first appointment each district director shall be appointed for a term of three years. At the first regular meeting of the board of directors of each Federal land bank the local directors shall designate one of their members to serve till December 31, 1924, one to serve till December 31, 1925, and one to serve till December 31, 1926. Thereafter each local director shall be chosen as hereinbefore provided and shall hold office for a term of three years. Any vacancies that may occur in the board of directors shall be filled for the unexpired term in the manner provided herein for the original selection of such directors. At the same time that the associations and borrowers through agencies nominate the candidates for the local directors, each association and each borrower through agencies shall also nominate one candidate for director at large for the entire district, and from the three persons having the greatest number of votes for nominee for director at large, the Federal Farm Loan Board shall select a director at large, whose term of office shall terminate on the 31st day of December, 1925, and every three years thereafter. Such seventh director may be removed by the Federal Farm Loan Board for neglect of duty, incapacity for the work, or malfeasance in office, after charges duly preferred and a hearing had thereon, and in such cases the associations of the district shall in like manner nominate candidates for another director at large, to fill the vacancy, for whom the Federal Farm Loan Board shall in same manner select a successor, but any person who is removed can not be nominated to succeed himself. The board of directors thus selected shall, upon qualification, immediately take over the management of each bank.

Directors of Federal land banks shall have been, for at least two years, residents of the district for which they are appointed or elected, and a local director shall be a resident of his division when elected. No district director of a Federal land bank shall, during his continuance in office, act as an officer, director, or employee of any other institution, association, or partnership engaged in banking or in the business of making or selling land mortgage loans.

Directors of the Federal land bank shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their boards to be paid by the respective Federal land banks. Any compensation that may be provided by boards of directors of the Federal land banks for directors, officers or employees shall be subject to the approval of the Federal Farm Loan Board.

CAPITAL STOCK OF FEDERAL LAND BANKS.

SEC. 5. That every Federal land bank shall have, before beginning business, a subscribed capital of not less than \$750,000. The Federal Farm Loan Board is authorized to prescribe the times and conditions of the payment of subscriptions to capital stock, to reject any subscription in its discretion, and to require subscribers to furnish adequate security for the payment thereof.

The capital stock of each Federal land bank shall be divided into shares of \$5 each, and may be subscribed for and held by any individual, firm, or corporation, or by the Government of any State or of the United States.

Stock held by national farm loan associations shall not be transferred or hypothecated, and the certificates therefor shall so state.

Stock owned by the Government of the United States in Federal land banks shall receive no dividends, but all other stock shall share in dividend distributions without preference. Each national farm loan association and the Government of the United States shall be entitled to one vote for each share of stock held by it in deciding all questions at meetings of shareholders, and no other shareholder shall be permitted to vote. Stock owned by the United States shall be voted by the Farm Loan Commissioner, as directed by the Federal Farm Loan Board.

It shall be the duty of the Federal Farm Loan Board, as soon as practicable after the passage of this Act, to open books of subscription for the capital stock of a Federal land bank in each Federal land bank district. If within thirty days after the opening of said books any part of the minimum capitalization of \$750,000 herein prescribed for Federal land banks shall remain unsubscribed, it shall be the duty of the Secretary of the Treasury to subscribe the balance thereof on behalf of the United States, said subscription to be subject to call in whole or in part by the board of directors of said land bank upon thirty days' notice with the approval of the Federal Farm Loan Board; and the Secretary of the Treasury is hereby authorized and directed to take out shares corresponding to the unsubscribed balance as called, and to pay for the same out of any moneys in the Treasury not otherwise appropriated. Thereafter no stock shall be issued except as hereinafter provided.

After the subscriptions to capital stock by national farm loan associations shall amount to \$750,000 in any Federal land bank, said bank shall apply semiannually to the payment and retirement of the shares of stock which were issued to represent the subscriptions to the original capital twenty-five per centum of all sums thereafter subscribed to capital stock until all such original capital stock is retired at par.

At least twenty-five per centum of that part of the capital of any Federal land bank for which stock is outstanding in the name of national farm loan associations shall be held in quick assets, and may consist of cash in the vaults of said land bank, or in deposits in member banks of the Federal reserve system, or in readily marketable securities which are approved under rules and regulations of the Federal Farm Loan Board: *Provided*, That not less than five per centum of such capital shall be invested in United States Government bonds.

GOVERNMENT DEPOSITARIES.

SEC. 6. That all Federal land banks and joint stock land banks organized under this Act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the Federal land banks and joint stock land banks thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government. No Government funds deposited under the provisions of this section shall be invested in mortgage loans or farm loan bonds.

NATIONAL FARM LOAN ASSOCIATIONS.

SEC. 7. That corporations, to be known as national farm loan associations, may be organized by persons desiring to borrow money on farm mortgage security under the terms of this Act. Such persons shall enter into articles of association which shall specify in general terms the object for which the association is formed and the territory within which its operations are to be carried on, and which may contain any other provision, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. Said articles shall be signed by the persons uniting to form the association, and a copy thereof shall be forwarded to the Federal land bank for the district, to be filed and preserved in its office.

Every national farm loan association shall elect, in the manner prescribed for the election of directors of national banking associations, a board of not less than five directors, who shall hold office for the same period as directors of national banking associations. It shall be the duty of said board of directors to choose in such manner as they may prefer a secretary-treasurer, who shall receive such compensation as said board of directors shall determine. The board of directors shall elect a president, a vice president, and a loan committee of three members.

The directors and all officers except the secretary-treasurer shall serve without compensation, unless the payment of salaries to them shall be approved by the Federal Farm Loan Board. All officers and directors except the secretary-treasurer shall, during their term of office, be bona fide residents of the territory within which the association is authorized to do business, and shall be shareholders of the association.

It shall be the duty of the secretary-treasurer of every national farm loan association to act as custodian of its funds and to deposit the same in such bank as the board of directors may designate, to pay over to borrowers all sums received for their account from the Fed-

eral land bank upon first mortgage as in this Act prescribed, and to meet all other obligations of the association, subject to the orders of the board of directors and in accordance with the by-laws of the association. It shall be the duty of the secretary-treasurer, acting under the direction of the national farm loan association, to collect, receipt for, and transmit to the Federal land bank payments of interest, amortization installments, or principal arising out of loans made through the association. He shall be the custodian of the securities, records, papers, certificates of stock, and all documents relating to or bearing upon the conduct of the affairs of the association. He shall furnish a suitable surety bond to be prescribed and approved by the Federal Farm Loan Board for the proper performance of the duties imposed upon him under this Act, which shall cover prompt collection and transmission of funds. He shall make a quarterly report to the Federal Farm Loan Board upon forms to be provided for that purpose. Upon request from said board said secretary-treasurer shall furnish information regarding the condition of the national farm loan association for which he is acting, and he shall carry out all duly authorized orders of said board. He shall assure himself from time to time that the loans made through the national farm loan association of which he is an officer are applied to the purposes set forth in the application of the borrower as approved, and shall forthwith report to the land bank of the district any failure of any borrower to comply with the terms of his application or mortgage. He shall also ascertain and report to said bank, the amount of any delinquent taxes on land mortgaged to said bank and the name of the delinquent.

No such secretary-treasurer shall engage in the making of land mortgage loans eligible at a Federal land bank through or for any other land mortgage company or agency, and the making of any such loan by any secretary-treasurer shall forthwith work a forfeiture of his office.

The reasonable expenses of the secretary-treasurer, the loan committee, and other officers and agents of national farm loan associations, and the salary of the secretary-treasurer, shall be paid from the general funds of the association, and the board of directors is authorized to set aside such sums as it shall deem requisite for that purpose and for other expenses of said association. When no such funds are available, the board of directors may levy an assessment on members in proportion to amount of stock held by each, which may be repaid as soon as funds are available, or it may secure an advance from the Federal land bank of the district, to be repaid with interest at the rate of six per centum per annum, from dividends belonging to the said association. Said Federal land bank is hereby authorized to make such advance and to deduct such repayment.

Ten or more natural persons who are the owners, or about to become the owners, of farm land qualified as security for a mortgage loan under section twelve of this Act, may unite to form a national farm loan association. They shall organize subject to the requirements and the conditions specified in this section and in section four of this Act, so far as the same may be applicable: *Provided*, That the board of directors may consist of five members only, and instead

of a secretary and treasurer there shall be a secretary-treasurer, who need not be a shareholder of the association.

When the articles of association are forwarded to the Federal land bank of the district as provided in this section, they shall be accompanied by the written report of the loan committee as required in section ten of this Act, and by an affidavit stating that each of the subscribers is the owner, or is about to become the owner, of farm land qualified under section twelve of this Act as the basis of a mortgage loan; that the loan desired by each person is not more than \$10,000, nor less than \$100, and that the aggregate of the desired loans is not less than \$20,000; that said affidavit is accompanied by a subscription to stock in the Federal land bank equal to five per centum of the aggregate sum desired on mortgage loans; and that a temporary organization of said association has been formed by the election of a board of directors, a loan committee, and a secretary-treasurer who subscribes to said affidavit, giving his residence and post-office address.

Upon receipt of such articles of association, with the accompanying affidavit and stock subscription, the directors of said Federal land bank shall send an appraiser to investigate the solvency and character of the applicants and the value of their lands, and shall then determine whether in their judgment a charter should be granted to such association. They shall forward such articles of association and the accompanying affidavit to the Federal Farm Loan Board with their recommendation. If said recommendation is unfavorable, the charter shall be refused.

If said recommendation is favorable, the Federal Farm Loan Board shall thereupon grant a charter to the applicants therefor, designating the territory in which such association may make loans, and shall forward said charter to said applicants through said Federal land bank: *Provided*, That said Federal Farm Loan Board may for good cause shown in any case refuse to grant a charter.

Upon receipt of its charter such national farm loan association shall be authorized and empowered to receive from the Federal land bank of the district sums to be loaned to its members under the terms and conditions of this Act.

Whenever any national farm loan association shall desire to secure for any member a loan on first mortgage from the Federal land bank of its district it shall subscribe for capital stock of said land bank to the amount of five per centum of such loan, such subscription to be paid in cash upon the granting of the loan by said land bank. Such capital stock shall be held by said land bank as collateral security for the payment of said loan, but said association shall be paid any dividends accruing and payable on said capital stock while it is outstanding. Such stock may, in the discretion of the directors, and with the approval of the Federal Farm Loan Board, be paid off at par and retired, and it shall be so paid off and retired upon full payment of the mortgage loan. In such case the national farm loan association shall pay off at par and retire the corresponding shares of its stock which were issued when said land bank stock was issued. The capital stock of a Federal land bank shall not be reduced to an amount less than five per centum of the principal of the outstanding farm loan bonds issued by it.

Ans. apt. for appl. - not for Bd.

CAPITAL STOCK OF NATIONAL FARM LOAN ASSOCIATIONS.

SEC. 8. That the shares in national farm loan associations shall be of the par value of \$5 each.

Every shareholder shall be entitled to one vote in each share of stock held by him at all elections of directors and in deciding all questions at meetings of shareholders: *Provided*, That the maximum number of votes which may be cast by any one shareholder shall be twenty.

No persons but borrowers on farm land mortgages shall be members or shareholders of national farm loan associations. Any person desiring to borrow on farm land mortgage through a national farm loan association shall make application for membership and shall subscribe for shares of stock in such farm loan association to an amount equal to five per centum of the face of the desired loan, said subscription to be paid in cash upon the granting of the loan. If the application for membership is accepted and the loan is granted, the applicant shall, upon full payment therefor, become the owner of one share of capital stock in said loan association for each \$100 of the face of his loan, or any major fractional part thereof. Said capital stock shall be paid off at par and retired upon full payment of said loan. Said capital stock shall be held by said association as collateral security for the payment of said loan, but said borrower shall be paid any dividends accruing and payable on said capital stock while it is outstanding.

Every national farm loan association formed under this Act shall by its articles of association provide for an increase of its capital stock from time to time for the purpose of securing additional loans for its members and providing for the issue of shares to borrowers in accordance with the provisions of this Act. Such increases shall be included in the quarterly reports to the Federal Farm Loan Board.

NATIONAL FARM LOAN ASSOCIATIONS—SPECIAL PROVISIONS.

SEC. 9. That any person whose application for membership is accepted by a national farm loan association shall be entitled to borrow money on farm land mortgage upon filing his application in accordance with section eight and otherwise complying with the terms of this Act whenever the Federal land bank of the district has funds available for that purpose, unless said land bank or the Federal Farm Loan Board shall, in its discretion, otherwise determine.

Any person desiring to secure a loan through a national farm loan association under the provisions of this Act may, at his option, borrow from the Federal land bank through such association the sum necessary to pay for shares of stock subscribed for by him in the national farm loan association, such sum to be made a part of the face of the loan and paid off in amortization payments: *Provided, however*, That such addition to the loan shall not be permitted to increase said loan above the limitation imposed in subsection fifth of section twelve.

Subject to rules and regulations prescribed by the Federal Farm Loan Board, any national farm loan association shall be entitled to retain as a commission from each interest payment on any loan indorsed by it an amount to be determined by said board not to exceed one-eighth of one per centum semiannually upon the unpaid principal of said loan, any amounts so retained as commissions to be deducted from dividends payable to such farm loan association by the Federal land bank, and to make application to the land bank of the district for loans not exceeding in the aggregate one-fourth of its total stock holdings in said land bank. The Federal land banks shall have power to make such loans to associations applying therefor and to charge interest at a rate not exceeding six per centum per annum.

Shareholders of every national farm loan association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

After a charter has been granted to a national farm loan association, any natural person who is the owner, or about to become the owner, of farm land qualified under section twelve of this Act as the basis of a mortgage loan, and who desires to borrow on a mortgage of such farm land, may become a member of the association by a two-thirds vote of the directors upon subscribing for one share of the capital stock of such association for each \$100 of the face of his proposed loan or any major fractional part thereof. He shall at the same time file with the secretary-treasurer his application for a mortgage loan, giving the particulars required by section twelve of this Act.

APPRAISAL.

SEC. 10. That whenever an application for a mortgage loan is made through a national farm loan association, the loan committee provided for in section 7 of this Act shall forthwith make, or cause to be made, such investigation as it may deem necessary as to the character and solvency of the applicant and the sufficiency of the security offered, and cause written report to be made of the result of such investigation, and shall, if it concurs in such report, approve the same in writing. No loan shall be made unless the report is favorable and the loan committee is unanimous in its approval thereof.

The written report required in the preceding paragraph shall be submitted to the Federal land bank, together with the application for the loan, and the directors of said land bank shall examine said written report when they pass on the loan application, which it accompanies, but they shall not be bound by said appraisal.

Before any mortgage loan is made by any Federal land bank, or joint stock land bank, it shall refer the application and written report of the loan committee to one or more of the land bank appraisers appointed under the authority of section three of this Act, and such appraiser or appraisers shall investigate and make a written report upon the land offered as security for said loan. No such

loan shall be made by said land bank unless said written report is favorable.

Forms for appraisal reports for farm loan associations and land banks shall be prescribed by the Federal Farm Loan Board.

Land bank appraisers shall make such examinations and appraisals and conduct such investigations, concerning farm loan bonds and first mortgages, as the Federal Farm Loan Board shall direct.

No borrower under this Act shall be eligible as an appraiser under this section, but borrowers may act as members of a loan committee in any case where they are not personally interested in the loan under consideration. When any member of a loan committee or of a board of directors is interested, directly or indirectly, in a loan, a majority of the board of directors of any national farm loan association shall appoint a substitute to act in his place in passing upon such loan.

POWERS OF NATIONAL FARM LOAN ASSOCIATIONS.

SEC. 11. That every national farm loan association shall have power:

First. To indorse, and thereby become liable for the payment of, mortgages taken from its shareholders by the Federal land bank of its district.

Second. To receive from the Federal land bank of its district funds advanced by said land bank, and to deliver said funds to its shareholders on receipt of first mortgages qualified under section twelve of this Act.

Third. To fix reasonable initial charges to be made against applicants for loans and to borrowers in order to meet the necessary expenses of the association: *Provided*, That such charges shall not exceed amounts to be fixed by the Farm Loan Board, and shall in no case exceed 1 per centum of the amount of the loan applied for; to acquire and dispose of property, real and personal, that may be necessary or convenient for the transaction of its business.

Fourth. To issue certificates against deposits of current funds bearing interest for not longer than one year at not to exceed four per centum per annum after six days from date, convertible into farm loan bonds when presented at the Federal land bank of the district in the amount of \$25 or any multiple thereof. Such deposits, when received, shall be forthwith transmitted to said land bank, and be invested by it in the purchase of farm loan bonds issued by a Federal land bank or in first mortgages as defined by this Act.

RESTRICTIONS ON LOANS BASED ON FIRST MORTGAGES.

SEC. 12. That no Federal land bank organized under this Act shall make loans except upon the following terms and conditions:

First. Said loans shall be secured by duly recorded first mortgages on farm land within the land bank district in which the bank is situated.

Second. Every such mortgage shall contain an agreement providing for the repayment of the loan on an amortization plan by

means of a fixed number of annual or semiannual installments sufficient to cover, first, a charge on the loan at a rate not exceeding the interest rate in the last series of farm loan bonds issued by the land bank making the loan; second, a charge for administration and profits at a rate not exceeding 1 per centum per annum on the unpaid principal, said two rates combined constituting the interest rate on the mortgage; and, third, such amounts to be applied on the principal as will extinguish the debt within an agreed period, not less than five years nor more than forty years: *Provided*, That after five years from the date upon which a loan is made the mortgagor may, upon any regular installment date, make in advance any number of payments or any portion thereof on account of the principal of his loan as provided by his contract, or pay the entire principal of such loan, under the rules and regulations of the Federal Farm Loan Board: *And provided further*, That before the first issues of farm loan bonds by any land bank the interest rate on mortgages may be determined in the discretion of said land bank, subject to the provisions and limitations of this Act.

Third. No loan on mortgage shall be made under this Act at a rate of interest exceeding six per centum per annum, exclusive of amortization payments.

Fourth. Such loans may be made for the following purposes and for no other:

(a) To provide for the purchase of land for agricultural uses.

(b) To provide for the purchase of equipment, fertilizers, and livestock necessary for the proper and reasonable operation of the mortgaged farm; the term "equipment" to be defined by the Federal Farm Loan Board.

(c) To provide buildings and for the improvement of farm land; the term "improvement" to be defined by the Federal Farm Loan Board.

(d) To liquidate indebtedness of the owner of the land mortgaged incurred for agricultural purposes, or incurred prior to January 1, 1922.

Fifth. No such loan shall exceed fifty per centum of the value of the land mortgaged and twenty per centum of the value of the permanent, insured improvements thereon, said value to be ascertained by appraisal, as provided in section ten of this Act. In making said appraisal the value of the land for agricultural purposes shall be the basis of appraisal and the earning power of said land shall be a principal factor.

A reappraisal may be permitted at any time in the discretion of the Federal land bank, and such additional loan may be granted as such reappraisal will warrant under the provisions of this paragraph. Whenever the amount of the loan applied for exceeds the amount that may be loaned under the appraisal as herein limited, such loan may be granted to the amount permitted under the terms of this paragraph without requiring a new application or appraisal.

Sixth. No such loan shall be made to any person who is not at the time, or shortly to become, engaged in the cultivation of the farm mortgaged. In case of the sale of the mortgaged land, the Federal land bank may permit said mortgage and the stock interests of the

vendor to be assumed by the purchaser. In case of the death of the mortgagor, his heir or heirs, or his legal representative or representatives, shall have the option, within sixty days of such death, to assume the mortgage and stock interests of the deceased.

Seventh. The amount of loans to any one borrower shall in no case exceed a maximum of \$25,000, nor shall any one loan be for a less sum than \$100, but preference shall be given to applications for loans of \$10,000 and under.

Eighth. Every applicant for a loan under the terms of this Act shall make application on a form to be prescribed for that purpose by the Federal Farm Loan Board, and such applicant shall state the objects to which the proceeds of said loan are to be applied, and shall afford such other information as may be required.

Ninth. 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.

Tenth. Every borrower who shall be granted a loan under the provisions of this Act shall enter into an agreement, in form and under conditions to be prescribed by the Federal Farm Loan Board, that if the whole or any portion of his loan shall be expended for purposes other than those specified in his original application, or if the borrower shall be in default in respect to any condition or covenant of the mortgage, the whole of said loan shall, at the option of the mortgagee, become due and payable forthwith: *Provided*, That the borrower may use part of said loan to pay for his stock in the farm loan association, and the land bank holding such mortgage may permit said loan to be used for any purpose specified in subsection fourth of this section.

Eleventh. That no loan or the mortgage securing the same shall be impaired or invalidated by reason of the exercise of any power by any Federal land bank or national farm loan association in excess of the powers herein granted or any limitations thereon.

Funds transmitted to farm loan associations by Federal land banks to be loaned to its members shall be in current funds, or farm loan bonds, at the option of the borrower.

POWERS OF FEDERAL LAND BANKS.

SEC. 13. That every Federal land bank shall have power, subject to the limitations and requirements of this Act—

First. To issue, subject to the approval of the Federal Farm Loan Board, and to sell farm loan bonds of the kinds authorized in this

Act, to buy the same for its own account, and to retire the same at or before maturity.

Second. To invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land bank district within which it is organized or for which it is acting.

Third. To receive and to deposit in trust with the farm loan registrar for the district, to be by him held as collateral security for farm loan bonds, first mortgages upon farm land qualified under section twelve of this Act, and to empower national farm loan associations, or duly authorized agents, to collect, and immediately pay over to said land banks the dues, interest, amortization installments and other sums payable under the terms, conditions, and covenants of the mortgages and of the bonds secured thereby.

Fourth. To acquire and dispose of—

(a) Such property, real or personal, as may be necessary or convenient for the transaction of its business, which, however, may be in part leased to others for revenue purposes.

(b) Parcels of land acquired in satisfaction of debts or purchased at sales under judgments, decrees, or mortgages held by it. But no such bank shall hold title and possession of any real estate purchased or acquired to secure any debt to it, for a longer period than five years, except with the special approval of the Federal Farm Loan Board in writing.

Fifth. To deposit its securities, and its current funds subject to check, with any member bank of the Federal Reserve System, and to receive interest on the same as may be agreed.

Sixth. To accept deposits of securities or of current funds from national farm loan associations holding its shares, but to pay no interest on such deposits.

Seventh. To borrow money, to give security therefor, and to pay interest thereon.

Eighth. To buy and sell United States bonds.

Ninth. To charge applicants for loans and borrowers, under rules and regulations promulgated by the Federal Farm Loan Board, reasonable fees not exceeding the actual cost of appraisal and determination of title. Legal fees and recording charges imposed by law in the State where the land to be mortgaged is located may also be included in the preliminary costs of negotiating mortgage loans. The borrower may pay such fees and charges or he may arrange with the Federal land bank making the loan to advance the same, in which case said expenses shall be made a part of the face of the loan and paid off in amortization payments. Such addition to the loan shall not be permitted to increase said loan above the limitations provided in section twelve.

RESTRICTIONS ON FEDERAL LAND BANKS.

SEC. 14. That no Federal land bank shall have power—

First. To accept deposits of current funds payable upon demand except from its own stockholders, or to transact any banking or other business not expressly authorized by the provisions of this Act.

Second. To loan on first mortgage except through national farm loan associations as provided in section seven and section eight of this Act, or through agents as provided in section fifteen.

Third. To accept any mortgages on real estate except first mortgages created subject to all limitations imposed by section twelve of this Act, and those taken as additional security for existing loans.

Fourth. To issue or obligate itself for outstanding farm loan bonds in excess of twenty times the amount of its capital and surplus, or to receive from any national farm loan association additional mortgages when the principal remaining unpaid upon mortgages already received from such association shall exceed twenty times the amount of its capital stock owned by such association.

Fifth. To demand or receive, under any form or pretense, any commission or charge not specifically authorized in this Act.

AGENTS OF FEDERAL LAND BANKS.

SEC. 15. That whenever, after this Act shall have been in effect one year, it shall appear to the Federal Farm Loan Board that national farm loan associations have not been formed, and are not likely to be formed, in any locality, because of peculiar local conditions, said board may, in its discretion, authorize Federal land banks to make loans on farm lands through agents approved by said board.

Such loans shall be subject to the same conditions and restrictions as if the same were made through national farm loan associations, and each borrower shall contribute five per centum of the amount of his loan to the capital of the Federal land bank, and shall become the owner of as much capital stock of the land bank as such contribution shall warrant.

No agent other than a duly incorporated bank, trust company, mortgage company, or savings institution, chartered by the State in which it has its principal office, shall be employed under the provisions of this section.

Federal land banks may pay to such agents the actual expense of appraising the land offered as security for a loan, examining and certifying the title thereof, and making, executing, and recording the mortgage papers; and in addition may allow said agents not to exceed one-half of one per centum per annum upon the unpaid principal of said loan, such commission to be deducted from dividends payable to the borrower on his stock in the Federal land bank.

Actual expenses paid to agents under the provisions of this section shall be added to the face of the loan and paid off in amortization payments subject to the limitations provided in subsection ninth of section thirteen of this Act.

Said agents, when required by the Federal land banks, shall collect and forward to such banks without charge all interest and amortization payments on loans indorsed by them.

Any agent negotiating any such loan shall indorse the same and become liable for the payment thereof, and for any default by the mortgagor, on the same terms and under the same penalties as if the loan had been originally made by said agent as principal and sold by said agent to said land bank, but the aggregate of the unpaid

principal of mortgage loans received from any such agents shall not exceed ten times its capital and surplus.

If at any time the district represented by any agent under the provisions of this section shall, in the judgment of the Federal Farm Loan Board, be adequately served by national farm loan associations, no further loans shall be negotiated therein by agents under this section.

JOINT STOCK LAND BANKS.

SEC. 16. That corporations, to be known as joint stock land banks, for carrying on the business of lending on farm mortgage security and issuing farm loan bonds, may be formed by any number of natural persons not less than ten. They shall be organized subject to the requirements and under the conditions set forth in section four of this Act, so far as the same may be applicable: *Provided*, That the board of directors of every joint stock land bank shall consist of not less than five members.

Shareholders of every joint stock land bank organized under this Act shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

Except as otherwise provided, joint stock land banks shall have the powers of, and be subject to all the restrictions and conditions imposed on, Federal land banks by this Act, so far as such restrictions and conditions are applicable: *Provided, however*, That the Government of the United States shall not purchase or subscribe for any of the capital stock of any such bank; and each shareholder of any such bank shall have the same voting privileges as holders of shares in national banking associations.

No joint stock land bank shall have power to issue or obligate itself for outstanding farm loan bonds in excess of fifteen times the amount of its capital and surplus, or to receive deposits or to transact any banking or other business not expressly authorized by the provisions of this Act.

No joint stock land bank shall be authorized to do business until capital stock to the amount of at least \$250,000 has been subscribed, one-half thereof paid in cash and the balance subject to call by the board of directors, and a charter has been issued to it by the Federal Farm Loan Board.

No joint stock land bank shall issue any bonds until after the capital stock is entirely paid up.

Farm loan bonds issued by joint stock land banks shall be so engraved as to be readily distinguished in form and color from farm loan bonds issued by Federal land banks, and shall otherwise bear such distinguishing marks as the Federal Farm Loan Board shall direct.

Joint stock land banks shall not be subject to the provisions of subsection (b) of section seventeen of this Act as to interest rates on mortgage loans or farm loan bonds, nor to the provisions of subsections first, fourth, sixth, seventh, and tenth of section twelve as to restriction on mortgage loans: *Provided, however*, That no loans

¹ See Appendix for amendment to this section.

shall be made which are not secured by first mortgages on farm lands within the State in which such joint stock land bank has its principal office, or within some one State contiguous to such State. Such joint stock land banks shall be subject to all other restrictions on mortgage loans imposed on Federal land banks in section twelve of this Act.

Joint stock land banks shall in no case charge a rate of interest on farm loans exceeding by more than one per centum the rate of interest established for the last series of farm loan bonds issued by them.

Joint stock land banks shall in no case demand or receive, under any form or pretense, any commission or charge not specifically authorized in this Act.

Each joint stock land bank organized under this Act shall have authority to issue bonds based upon mortgages taken by it in accordance with the terms of this Act. Such bonds shall be in form prescribed by the Federal Farm Loan Board, and it shall be stated in such bonds that such bank is organized under section sixteen of this Act, is under Federal supervision, and operates under the provisions of this Act.

Any joint stock land bank organized and doing business under the provisions of this Act may go into voluntary liquidation by making provision, to be approved by the Federal Farm Loan Board, for the payment of its liabilities: *Provided*, That such method of liquidation shall have been duly authorized by a vote of at least two-thirds of the shareholders of such joint stock land bank at a regular meeting, or at a special meeting called for that purpose, of which at least ten days' notice in writing shall have been given to stockholders.

¹ For the purpose of assisting in any such liquidation duly authorized as in the preceding paragraph provided, any Federal land bank may, with the approval of the Federal Farm Loan Board, acquire the assets and assume the liabilities of any joint stock land bank, and in such transaction may waive the provisions of this Act requiring such land bank to acquire its loans only through national farm loan associations or agents, and those relating to status of borrower, purposes of loan, and also the limitation as to the amount of individual loans.

¹ No Federal land bank shall assume the obligations of any joint stock land bank in such manner as to make its outstanding obligations more than twenty times its capital stock, except by the creation of a special reserve equal to one-twentieth of the amount of such additional obligations assumed.

POWERS OF FEDERAL FARM LOAN BOARD.

SEC. 17. That the Federal Farm Loan Board shall have power—

(a) To organize and charter Federal land banks, and to charter national farm loan associations and joint stock land banks subject to the provisions of this Act, and in its discretion to authorize them to increase their capital stock.

(b) To review and alter at its discretion the rate of interest to be charged by Federal land banks for loans made by them under the provisions of this Act, said rates to be uniform so far as practicable.

¹ See Appendix for amendment to this paragraph.

(c) To grant or refuse to Federal land banks, or joint stock land banks, authority to make any specific issue of farm loan bonds.

(d) To make rules and regulations respecting the charges made to borrowers on loans under this Act for expenses in appraisal, determination of title, and recording.

(e) To require reports and statements of condition and to make examinations of all banks or associations doing business under the provisions of this Act.

(f) To prescribe the form and terms of farm loan bonds, and the form, terms, and penal sums of all surety bonds required under this Act and of such other surety bonds as they shall deem necessary, such surety bonds to cover financial loss as well as faithful performance of duty.

(g) To require Federal land banks to pay forthwith to any Federal land bank their equitable proportion of any sums advanced by said land bank to pay the coupons of any other land bank, basing said required payments on the amount of farm loan bonds issued by each land bank and actually outstanding at the time of such requirement.

(h) To suspend or to remove for cause any district director or any registrar, appraiser, examiner, or other official appointed by said board under authority of section three of this Act, the cause of such suspension or removal to be communicated forthwith in writing by the Federal Farm Loan Board to the person suspended or removed, and in case of a district director to the proper Federal land bank.

(i) To exercise general supervisory authority over the Federal land banks, the national farm loan associations, and the joint stock land banks herein provided for.

(j) To exercise such incidental powers as shall be necessary or requisite to fulfill its duties and carry out the purposes of this Act.

APPLICATIONS FOR FARM LOAN BONDS.

SEC. 18. That any Federal land bank, or joint stock land bank, which shall have voted to issue farm loan bonds under this Act, shall make written application to the Federal Farm Loan Board, through the farm loan registrar of the district, for approval of such issue. With said application said land bank shall tender to said farm loan registrar as collateral security first mortgages on farm lands qualified under the provisions of section twelve, section fifteen, or section sixteen of this Act, or United States Government bonds, not less in aggregate amount than the sum of the bonds proposed to be issued. Said bank shall furnish with such mortgages a schedule containing a description thereof and such further information as may be prescribed by the Federal Farm Loan Board.

Upon receipt of such application said farm loan registrar shall verify said schedule and shall transmit said application and said schedule to the Federal Farm Loan Board, giving such further information pertaining thereto as he may possess. The Federal Farm Loan Board shall forthwith cause to be made such investigation and appraisal of the securities tendered as it shall deem wise, and it shall grant in whole or in part, or reject entirely, such application.

The Federal Farm Loan Board shall promptly transmit its decision as to any issue of farm loan bonds to the land bank applying

for the same and to the farm loan registrar of the district. Said registrar shall furnish, in writing, such information regarding any issue of farm loan bonds as the Federal Farm Loan Board may at any time require.

No issue of farm loan bonds shall be authorized unless the Federal Farm Loan Board shall approve such issue in writing.

ISSUE OF FARM LOAN BONDS.

SEC. 19. That whenever any farm loan registrar shall receive from the Federal Farm Loan Board notice that it has approved any issue of farm loan bonds under the provisions of section eighteen he shall forthwith take such steps as may be necessary, in accordance with the provisions of this Act, to insure the prompt execution of said bonds and the delivery of the same to the land bank applying therefor.

Whenever the Federal Farm Loan Board shall reject entirely any application for an issue of farm loan bonds, the first mortgages and bonds tendered to the farm loan registrar as collateral security therefor shall be forthwith returned to said land bank by him.

Whenever the Federal Farm Loan Board shall approve an issue of farm loan bonds, the farm loan registrar having the custody of the first mortgages and bonds tendered as collateral security for such issue of bonds shall retain in his custody those first mortgages and bonds which are to be held as collateral security, and shall return to the bank owning the same any of said mortgages and bonds which are not to be held by him as collateral security. The land bank which is to issue said farm loan bonds shall transfer to said registrar, by assignment, in trust, all first mortgages and bonds which are to be held by said registrar as collateral security, said assignment providing for the right of redemption at any time by payment as provided in this Act and reserving the right of substitution of other mortgages qualified under sections twelve, fifteen, and sixteen of this Act. Said mortgages and bonds shall be deposited in such deposit vault or bank as the Federal Farm Loan Board shall approve, subject to the control of said registrar and in his name as trustee for the bank issuing the farm loan bonds and for the prospective holders of said farm loan bonds.

No mortgage shall be accepted by a farm loan registrar from a land bank as part of an offering to secure an issue of farm loan bonds, either originally or by substitution, except first mortgages made subject to the conditions prescribed in said sections twelve, fifteen, and sixteen.

It shall be the duty of each farm loan registrar to see that the farm loan bonds delivered by him and outstanding do not exceed the amount of collateral security pledged therefor. Such registrar may, in his discretion, temporarily accept, in place of mortgages withdrawn, United States Government bonds or cash.

The Federal Farm Loan Board may, at any time, call upon any land bank for additional security to protect the bonds issued by it.

FORM OF FARM LOAN BONDS.

SEC. 20. That bonds provided for in this Act shall be issued in denominations of \$40, \$100, \$500, \$1,000, and such larger denominations as the Federal Farm Loan Board may authorize; they shall run for specified minimum and maximum periods, subject to payment and retirement, at the option of the land bank, at any time after the minimum period specified in the bonds, which shall not be longer than ten years from the date of their issue. They shall have interest coupons attached, payable semiannually, and shall be issued in series of not less than \$50,000, the amount and terms to be fixed by the Federal Farm Loan Board. They shall bear a rate of interest not to exceed $5\frac{1}{2}$ per centum per annum, but no bonds issued or sold after June 30, 1923, shall bear a rate of interest to exceed 5 per centum per annum.

The Federal Farm Loan Board shall prescribe rules and regulations concerning the circumstances and manner in which farm loan bonds shall be paid and retired under the provisions of this Act.

Farm loan bonds shall be delivered through the registrar of the district to the bank applying for the same.

In order to furnish farm loan bonds for delivery at the Federal land banks and joint stock land banks, the Secretary of the Treasury is hereby authorized to prepare suitable bonds in such form, subject to the provisions of this Act, as the Federal Farm Loan Board may approve, such bonds when prepared to be held in the Treasury subject to delivery upon order of the Federal Farm Loan Board. The engraved plates, dies, bed-pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. Any expenses incurred in the preparation, custody, and delivery of such farm loan bonds shall be paid by the Secretary of the Treasury from any funds in the Treasury not otherwise appropriated: *Provided, however,* That the Secretary shall be reimbursed for such expenditures by the Federal Farm Loan Board through assessment upon the farm land banks in proportion to the work executed. They may be exchanged into registered bonds of any amount, and reexchanged into coupon bonds, at the option of the holder, under rules and regulations to be prescribed by the Federal Farm Loan Board.

SPECIAL PROVISIONS OF FARM LOAN BONDS.

¹ SEC. 21. That each land bank shall be bound in all respects by the acts of its officers in signing and issuing farm loan bonds, and by the acts of the Federal Farm Loan Board in authorizing their issue.

Every Federal land bank issuing farm loan bonds shall be primarily liable therefor, and shall also be liable, upon presentation of farm loan bond coupons, for interest payments due upon any farm loan bonds issued by other Federal land banks and remaining unpaid in consequence of the default of such other land banks; and every such bank shall likewise be liable for such portion of the principal of farm loan bonds so issued as shall not be paid after the assets of any such other land banks shall have been liquidated and distributed: *Provided,* That such losses, if any, either of interest or of principal, shall be assessed by the Federal Farm Loan Board against solvent

¹ See Appendix for amendment to this section.

land banks liable therefor in proportion to the amount of farm loan bonds which each may have outstanding at the time of such assessment.

Every Federal land bank shall by appropriate action of its board of directors, duly recorded in its minutes, obligate itself to become liable on farm loan bonds as provided in this section.

Every farm loan bond issued by a Federal land bank shall be signed by its president or vice president and attested by its secretary or assistant secretary. For the purpose of signing such bonds the board of directors of any Federal land bank is authorized to select a vice president who need not be a member of the board of directors; such bonds shall also contain in the face thereof a certificate signed by the Farm Loan Commissioner to the effect that it is issued under the authority of the Federal Farm Loan Act, has the approval in form and issue of the Federal Farm Loan Board, and is legal and regular in all respects; that it is not taxable by National, State, municipal, or local authority; that it is issued against collateral security of United States Government bonds, or indorsed first mortgages on farm lands, at least equal in amount to the bonds issued; and that all Federal land banks are liable for the payment of each bond.

8. PROVIDING FOR CONSOLIDATED ISSUES OF FEDERAL LAND BANK BONDS.

Whenever it shall appear desirable to issue consolidated bonds of the twelve Federal land banks and to sell them through a common selling agency, and the Federal land banks shall, by resolution, consent to the same, the banks may issue and sell said bonds as herein-after provided.

Every bond so issued shall be signed by the Farm Loan Commissioner and attested by the secretary of the Federal Farm Loan Board, and their signatures may be either written or engraved thereon and shall recite in the face of the bond the fact that it is the joint and several obligation of the twelve Federal land banks, and shall in all respects be governed by the provisions of the Federal Farm Loan Act not inconsistent herewith.

The consolidated bonds issued under this provision shall be made payable at any Federal land bank, and may be made payable at any Federal reserve bank or banks designated in the face of the bond.

¹ Each Federal land bank on whose behalf consolidated bonds shall be issued under this provision shall in all respects be bound by the act of the Farm Loan Commissioner and the secretary of the Federal reserve bank or banks designated in the face of the bond.

Every Federal land bank, before participation in a consolidated issue, as herein provided, shall by appropriate action of its board of directors, duly recorded in its minutes, obligate itself to become liable on Federal farm loan bonds as provided in this section, and be bound by the action of the Farm Loan Commissioner and the secretary of the Federal Farm Loan Board in executing the same.

Every farm loan bond issued hereunder shall contain on the face thereof a certificate signed by the Farm Loan Commissioner to the effect that it is issued under the authority of Title I of the Federal Farm Loan Act, has the approval in form and issue of the Federal

¹ See Appendix for amendment to this paragraph.

Farm Loan Board, and is legal and regular in all respects; that it is not taxable by National, State, municipal, or local authority; that it is issued against collateral security consisting of obligations of the United States Government, or indorsed first mortgages on farm lands, at least equal in amount to the bonds issued; and that all Federal land banks are liable for the payment of each bond.

When any Federal land bank shall desire to participate in a consolidated issue of farm loan bonds it shall make application to the Federal Farm Loan Board for the approval on its behalf of such issue and tender to the registrar approved farm mortgages, or obligations of the United States Government, as security therefor, and no banks shall participate in such consolidated issue until such application has been approved by the Federal Farm Loan Board. Each bank shall pay when due, without notice, all bonds and coupons issued on its behalf hereunder.

If any Federal land bank shall fail to pay its proportion of interest or principal as herein prescribed, the Federal Farm Loan Board shall immediately call upon the other Federal land banks for the amount necessary to make said payment, the assessments to be made in proportion to the capital stock of each, which assessments shall be forthwith paid by said banks.

The presidents of the twelve Federal land banks shall constitute the bond committee of the Federal land banks and shall select a chairman from among their number. The vice president may act in place of the president on the president's request or in case he fails to act.

When an issue of consolidated bonds is contemplated, the bond committee shall determine the amount of such issue, the rate of interest which it is to bear, and the participation of the several banks therein, and submit their recommendations to the Federal Farm Loan Board for approval. When approved by the Federal Farm Loan Board the bonds shall be executed by the Farm Loan Commissioner and the secretary of the Federal Farm Loan Board, as herein provided.

The expenses of the bond committee and of the sale of bonds shall be charged against the several land banks in proportion to their participation in the proceeds.

The presidents of the Federal land banks shall receive no additional compensation for their services as members of the bond committee, but shall be paid necessary traveling expenses.

APPLICATION OF AMORTIZATION AND INTEREST PAYMENTS.

SEC. 22. That whenever any Federal land bank, or joint stock land bank, shall receive any interest, amortization or other payments upon any first mortgage or bond pledged as collateral security for the issue of farm loan bonds, it shall forthwith notify the farm loan registrar of the items so received. Said registrar shall forthwith cause such payment to be duly credited upon the mortgage entitled to such credit. Whenever any such mortgage is paid in full, said registrar shall cause the same to be canceled and delivered to the proper land bank, which shall promptly satisfy and discharge the lien of record and transmit such canceled mortgage to the original maker thereof, or his heirs, administrators, executors, or assigns.

Upon written application by any Federal land bank, or joint stock land bank, to the farm loan registrar, it may be permitted, in the discretion of said registrar, to withdraw any mortgages or bonds pledged as collateral security under this Act, and to substitute therefor other similar mortgages or United States Government bonds not less in amount than the mortgages or bonds desired to be withdrawn.

Whenever any farm loan bonds, or coupons or interest payments of such bonds, are due under their terms, they shall be payable at the land bank by which they were issued, in gold or lawful money, and upon payment shall be duly canceled by said bank. At the discretion of the Federal Farm Loan Board, payment of any farm loan bond or coupon or interest payment may, however, be authorized to be made at any Federal land bank, any joint stock land bank, or any other bank, under rules and regulations to be prescribed by the Federal Farm Loan Board.

When any land bank shall surrender to the proper farm loan registrar any farm loan bonds of any series, canceled or uncanceled, said land bank shall be entitled to withdraw first mortgages and bonds pledged as collateral security for any of said series of farm loan bonds to an amount equal to the farm loan bonds so surrendered and it shall be the duty of said registrar to permit and direct the delivery of such mortgages and bonds to such land bank.

Interest payments on hypothecated first mortgages shall be at the disposal of the land bank pledging the same, and shall be available for the payment of coupons and the interest of farm loan bonds as they become due.

Whenever any bond matures, or the interest on any registered bond is due, or the coupon on any coupon bond matures, and the same shall be presented for payment as provided in this Act, the full face value thereof shall be paid to the holder.

Amortization and other payments on the principal of first mortgages held by a farm loan registrar as collateral security for the issue of farm loan bonds shall constitute a trust fund in the hands of the Federal land bank or joint stock land bank receiving the same, and shall be applied or employed as follows:

In the case of a Federal land bank—

- (a) To pay off farm loan bonds issued by or in behalf of said bank as they mature.
- (b) To purchase at or below par Federal farm loan bonds.
- (c) To loan on first mortgages on farm lands within the land bank district, qualified under this Act as collateral security for an issue of farm loan bonds.

(d) To purchase United States Government bonds.

In the case of a joint stock land bank—

- (a) To pay off farm loan bonds issued by said bank as they mature.
- (b) To purchase at or below par farm loan bonds.
- (c) To loan on first mortgages qualified under section sixteen of this Act.

(d) To purchase United States Government bonds.

The farm loan bonds, first mortgages, United States Government bonds, or cash constituting the trust fund aforesaid, shall be forthwith deposited with the farm loan registrar as substituted collateral

security in place of the sums paid on the principal of indorsed mortgages held by him in trust.

Every Federal land bank, or joint stock land bank, shall notify the farm loan registrar of the disposition of all payments made on the principal of mortgages held as collateral security for an issue of farm loan bonds, and said registrar is authorized, at his discretion, to order any of such payments, or the proceeds thereof, wherever deposited or however invested, to be immediately transferred to his account as trustee aforesaid.

RESERVES AND DIVIDENDS OF LAND BANKS.

SEC. 23. That every Federal land bank, and every joint stock land bank, shall semiannually carry to reserve account twenty-five per centum of its net earnings until said reserve account shall show a credit balance equal to twenty per centum of the outstanding capital stock of said land bank. Whenever said reserve shall have been impaired, said balance of twenty per centum shall be fully restored before any dividends are paid. After said reserve has reached the sum of twenty per centum of the outstanding capital stock, five per centum of the net earnings shall be annually added thereto. For the period of two years from the date when any default occurs in the payment of the interest, amortization installments, or principal on any first mortgage, by both mortgagor and indorser, the amount so defaulted shall be carried to a suspense account, and at the end of the two-year period specified, unless collected, shall be debited to reserve account.

After deducting the twenty-five per centum or the five per centum hereinbefore directed to be deducted for credit to reserve account, any Federal land bank or joint stock land bank may declare a dividend to shareholders of the whole or any part of the balance of its net earnings. The reserves of land banks shall be invested in accordance with rules and regulations to be prescribed by the Federal Farm Loan Board.

RESERVE AND DIVIDENDS OF NATIONAL FARM LOAN ASSOCIATIONS.

SEC. 24. That every national farm loan association shall, out of its net earnings, semiannually carry to reserve account a sum not less than ten per centum of such net earnings until said reserve account shall show a credit balance equal to twenty per centum of the outstanding capital stock of said association.

Whenever said reserve shall have been impaired, said credit balance of twenty per centum shall be fully restored before any dividends are paid. After said reserve has reached said sum of twenty per centum, two per centum of the net earnings shall be annually added thereto.

After deducting the ten per centum or the two per centum hereinbefore directed to be credited to reserve account, said association may, at its discretion, declare a dividend to shareholders of the whole or any part of the balance of said net earnings.

The reserves of farm loan associations shall be invested in accordance with rules and regulations to be prescribed by the Federal Farm Loan Board.

Whenever any farm loan association shall be voluntarily liquidated a sum equal to its reserve account as herein required shall be paid to and become the property of the Federal land bank in which such loan association may be a shareholder.

DEFAULTED LOANS.

SEC. 25. That if there shall be default under the terms of any indorsed first mortgage held by a Federal land bank under the provisions of this title, the national farm loan association through which said mortgage was received by said Federal land bank shall be notified of said default. Said association may thereupon be required, within 30 days after such notice, to make good such default, either by payment of the amount unpaid thereon in cash or by the substitution of an equal amount of Federal farm loan bonds, with all unmatured coupons attached.

EXEMPTION FROM TAXATION.

SEC. 26. That every Federal land bank and every national farm loan association, including the capital and reserve or surplus therein and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation, except taxes upon real estate held, purchased, or taken by said bank or association under the provisions of section eleven and section thirteen of this Act. First mortgages executed to Federal land banks, or to joint stock land banks, and farm loan bonds issued under the provisions of this Act, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation.

Nothing herein shall prevent the shares in any joint stock land bank from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the bank is located; but such assessment and taxation shall be in manner and subject to the conditions and limitations contained in section fifty-two hundred and nineteen of the Revised Statutes with reference to the shares of national banking associations.

Nothing herein shall be construed to exempt the real property of Federal and joint stock land banks and national farm loan associations from either State, county, or municipal taxes, to the same extent, according to its value, as other real property is taxed.

INVESTMENT IN FARM LOAN BONDS.

SEC. 27. That farm loan bonds issued under the provisions of this Act by Federal land banks or joint land banks shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits.

Any member bank of the Federal Reserve System may buy and sell farm loan bonds issued under the authority of this Act.

Any Federal reserve bank may buy and sell farm loan bonds issued under this Act to the same extent and subject to the same limitations placed upon the purchase and sale by said banks of State, county, district, and municipal bonds under subsection (b) of section fourteen of the Federal Reserve Act approved December twenty-third, nineteen hundred and thirteen.

EXAMINATIONS.

SEC. 28. That the Federal Farm Loan Board shall appoint as many land bank examiners as in its judgment may be required to make careful examinations of the banks and associations permitted to do business under this Act.

Said examiners shall be subject to the same requirements, responsibilities and penalties as are applicable to national bank examiners under the national bank Act, the Federal Reserve Act and other provisions of law. Whenever directed by the Federal Farm Loan Board, said examiners shall examine the condition of any national farm loan association and report the same to the Farm Loan Commissioner. They shall examine and report the condition of every Federal land bank and joint stock land bank at least twice each year.

Said examiners shall receive salaries to be fixed by the Federal Farm Loan Board.

DISSOLUTION AND APPOINTMENT OF RECEIVERS.

SEC. 29. That upon receiving satisfactory evidence that any national farm loan association has failed to meet its outstanding obligations of any description the Federal Farm Loan Board may forthwith declare such association insolvent and appoint a receiver and require of him such bond and security as it deems proper: *Provided*, That no national farm loan association shall be declared insolvent by said board until the total amount of defaults of current interest and amortization installments on loans indorsed by national farm loan associations shall amount to at least \$150,000 in the Federal land bank district, unless such association shall have been in default for a period of two years. Such receiver, under the direction of the Federal Farm Loan Board, shall take possession of the books, records, and assets of every description of such association, collect all debts, dues, and claims belonging to it, and, with the approval of the Federal Farm Loan Board, or upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like approval or order, may sell all the real and personal property of such association on such terms as the Federal Farm Loan Board or said court shall direct.

Such receiver shall pay over all money so collected to the Treasurer of the United States subject to the order of the Federal Farm Loan Board and also make report to said board of all his acts and proceedings. The Secretary of the Treasury shall have authority to deposit at interest any money so received.

Upon default of any obligation, Federal land banks and joint stock land banks may be declared insolvent and placed in the hands of a receiver by the Federal Farm Loan Board, and proceedings shall

thereupon be had in accordance with the provisions of this section regarding national farm loan associations.

If any national farm loan association shall be declared insolvent and a receiver shall be appointed therefor by the Federal Farm Loan Board, the stock held by it in the Federal land bank of its district shall be canceled without impairment of its liability and all payments on such stock, with accrued dividends, if any, since the date of the last dividend shall be first applied to all debts of the insolvent farm loan association to the Federal land bank and the balance, if any, shall be paid to the receiver of said farm loan association: *Provided*, That in estimating said debts contingent liabilities incurred by national farm loan associations under the provisions of this Act on account of default of principal or interest of indorsed mortgages shall be estimated and included as a debt, and said contingent liabilities shall be determined by agreement between the receiver and the Federal land bank of the district, subject to the approval of the Federal Farm Loan Board, and if said receiver and said land bank can not agree, then by the decision of the Farm Loan Commissioner, and the amount thus ascertained shall be deducted in accordance with the provisions of this section from the amount otherwise due said national farm loan association for said canceled stock. Whenever the capital stock of a Federal land bank shall be reduced, the board of directors shall cause to be executed a certificate to the Federal Farm Loan Board, showing such reduction of capital stock, and, if said reduction shall be due to the insolvency of a national farm loan association, the amount repaid to such association.

No national farm loan association, Federal land bank or joint stock land bank shall go into voluntary liquidation without the written consent of the Federal Farm Loan Board, but national farm loan associations may consolidate under rules and regulations promulgated by the Federal Farm Loan Board.

DISPOSITION OF THE STOCK IN A FEDERAL LAND BANK OWNED BY A LIQUIDATED NATIONAL FARM LOAN ASSOCIATION.

That section 29 of the Federal Farm Loan Act is amended by adding at the end thereof a new paragraph to read as follows:

"Upon liquidation of any national farm loan association, the stock in the Federal land bank held by such association shall be canceled and the Federal land bank shall thereupon issue to the borrowers through such association an amount of stock in the Federal land bank equal to the amount of stock held by such borrowers in the liquidated association, such stock to be held by the bank as collateral to the loans of such borrowers and to be paid off and retired at par in the same manner as stock held by borrowers in farm loan associations, and the Federal land bank shall pay to the borrowers holding such stock the same dividends as are paid to national farm loan associations by such bank. The personal liability of the stockholders in such liquidated association to the association shall survive such liquidation and shall be vested in the bank in that district, which may enforce the same as fully as the association could if in existence."

STATE LEGISLATION.

SEC. 30. That it shall be the duty of the Farm Loan Commissioner to make examination of the laws of every State of the United States and to inform the Federal Farm Loan Board as rapidly as may be whether in his judgment the laws of each State relating to the conveying and recording of land titles, and the foreclosure of mortgages or other instruments securing loans, as well as providing homestead and other exemptions and granting the power to waive such exemptions as respects first mortgages, are such as to assure the holder thereof adequate safeguards against loss in the event of default on loans secured by any such mortgages.

Pending the making of such examination in the case of any State, the Federal Farm Loan Board may declare first mortgages on farm lands situated within such State ineligible as the basis for an issue of farm loan bonds; and if said examination shall show that the laws of any such State afford insufficient protection to the holder of first mortgages of the kinds provided in this Act, said Federal Farm Loan Board may declare said first mortgages on land situated in such State ineligible during the continuance of the laws in question. In making his examination of the laws of the several States and forming his conclusions thereon said Farm Loan Commissioner may call upon the office of the Attorney General of the United States for any needed legal advice or assistance, or may employ special counsel in any State where he considers such action necessary.

At the request of the Executive of any State the Federal Farm Loan Board shall prepare a statement setting forth in what respects the requirements of said board can not be complied with under the existing laws of such State.

PENALTIES.

SEC. 31. That any applicant for a loan under this Act who shall knowingly make any false statement in his application for such loan, and any member of a loan committee or any appraiser provided for in this Act who shall willfully overvalue any land offered as security for loans under this Act, shall be punished by a fine of not exceeding \$5,000, or by imprisonment not exceeding one year, or both. Any examiner appointed under this Act who shall accept a loan or gratuity from any land bank or national farm loan association examined by him, or from any person connected with any such bank or association in any capacity, shall be punished by a fine of not exceeding \$5,000, or by imprisonment not exceeding one year, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as an examiner under the provisions of this Act. No examiner, while holding such office, shall perform any other service for compensation for any bank or banking or loan association, or for any person connected therewith in any capacity.

Any person who shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting any bond,

coupon, or paper in imitation of, or purporting to be in imitation of, the bonds or coupons issued by any land bank or national farm loan association, now or hereafter authorized and acting under the laws of the United States; or any person who shall pass, utter, or publish, or attempt to pass, utter, or publish any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by any such bank or association, knowing the same to be falsely made, forged, or counterfeited; or whoever shall falsely alter, or cause or procure to be falsely altered, or shall willingly aid or assist in falsely altering any such bond, coupon, or paper, or shall pass, utter, or publish as true any falsely altered or spurious bond, coupon, or paper issued, or purporting to have been issued, by any such bank or association, knowing the same to be falsely altered or spurious, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding five years, or both.

Other than the usual salary or director's fee paid to any officer, director, or employee of a national farm loan association, a Federal land bank, or a joint stock land bank, and other than a reasonable fee paid by such association or bank to any officer, director, attorney, or employee for services rendered, no officer, director, attorney, or employee of an association or bank organized under this Act shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of such association or bank. No land bank or national farm loan association organized under this Act shall charge or receive any fee, commission, bonus, gift, or other consideration not herein specifically authorized. No examiner, public or private, shall disclose the names of borrowers to other than the proper officers of a national farm loan association or land bank without first having obtained express permission in writing from the Farm Loan Commissioners or from the board of directors of such association or bank, except when ordered to do so by a court of competent jurisdiction or by direction of Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this paragraph shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

Any person connected in any capacity with any national farm loan association, Federal land bank, or joint stock land bank, who embezzles, abstracts, or willfully misapplies any moneys, funds, or credits thereof, or who without authority from the directors draws any order, assigns any note, bond, draft, mortgage, judgment, or decree thereof, or who makes any false entry in any book, report, or statement of such association or land bank with intent in either case to defraud such institution or any other company, body politic or corporate, or any individual person, or to deceive any officer of a national farm loan association or land bank or any agent appointed to examine into the affairs of any such association or bank, and every person who with like intent aids or abets any officer, clerk, or agent, in any violation of this section, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding five years, or both.

Any person who shall deceive, defraud, or impose upon, or who shall attempt to deceive, defraud, or impose upon, any person, firm,

or corporation by making any false pretense or representation regarding the character, issue, security, or terms of any farm loan bond or coupon, issued under the terms of this Act; or by falsely pretending or representing that any farm loan bond, or coupon, issued under the terms of this Act by one class of land banks is a farm loan bond, or coupon, issued by another class of banks; or by falsely pretending or representing that any farm loan bond, or coupon, issued under the terms of this Act, or anything contained in said farm loan bond, or coupon, is anything other than, or different from, what it purports to be on the face of said bond or coupon, shall be fined not exceeding \$500 or imprisoned not exceeding one year, or both.

The Secretary of the Treasury is hereby authorized to direct and use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into custody of the United States marshal having jurisdiction, any person or persons violating any of the provisions of this section.

GOVERNMENT DEPOSITS.

SEC. 32. That the Secretary of the Treasury is authorized, in his discretion, upon the request of the Federal Farm Loan Board, to make deposits for the temporary use of any Federal land bank, out of any money in the Treasury not otherwise appropriated. Such Federal land bank shall issue to the Secretary of the Treasury a certificate of indebtedness for any such deposit, bearing a rate of interest not to exceed the current rate charged for other Government deposits, to be secured by farm loan bonds or other collateral, to the satisfaction of the Secretary of the Treasury. Any such certificate shall be redeemed and paid by such land bank at the discretion of the Secretary of the Treasury. The aggregate of all sums so deposited by the Secretary of the Treasury shall not exceed the sum of \$6,000,000 at any one time.

Until such time as the aggregate paid-in capital stock of the twelve Federal land banks shall be \$50,000,000 or more, the Secretary of the Treasury may in his discretion make deposits in addition to those authorized by the preceding paragraph, to be secured, redeemed, and paid in the same manner as provided in such paragraph, except that any additional deposit made hereunder shall be called by the Secretary of the Treasury and redeemed by the bank or banks holding the same, within fifteen days after the conclusion of each general offering of farm loan bonds by such bank or banks. The aggregate of such additional deposits outstanding at any time shall not exceed the difference between the aggregate paid-in capital stock of the twelve Federal land banks on the last day of the preceding month, and the sum of \$50,000,000. The certificate of indebtedness issued to the Secretary of the Treasury by the Federal land bank for such additional deposits shall bear a rate of interest not exceeding by more than one-half of 1 per centum per annum the rate borne by the last bond issue of the land bank receiving such deposits.

The Secretary of the Treasury is further authorized, in his discretion, upon the request of the Federal Farm Loan Board, from time to time during the fiscal years ending June thirtieth, nineteen hundred and eighteen, and June thirtieth, nineteen hundred and

nineteen, respectively, to purchase at par and accrued interest with any funds in the Treasury not otherwise appropriated, from any Federal land bank, farm loan bonds issued by such bank.

Such purchases shall not exceed the sum of \$100,000,000 in either of such fiscal years. Any Federal land bank may at any time repurchase at par and accrued interest for the purpose of redemption or resale any bonds so purchased from it and held in the Treasury.

The bonds of any Federal land bank so purchased by the Secretary of the Treasury, and held in the Treasury under the provisions of this amendment one year after the termination of the pending war, shall upon thirty days' notice from the Secretary of the Treasury be redeemed or repurchased by such bank at par and accrued interest.

The temporary organization of any Federal land bank as provided in section four of said Federal Farm Loan Act shall be continued so long as any farm loan bonds purchased from it under the provisions of this amendment shall be held by the Treasury, and until the subscriptions to stock in such bank by national farm loan associations shall equal the amount of stock held in such bank by the Government of the United States.

ORGANIZATION EXPENSES.

SEC. 33. That the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Federal Farm Loan Board, for the purpose of carrying into effect the provisions of this Act, including the rent and equipment of necessary offices.

LIMITATION OF COURT DECISIONS.

SEC. 34. That if any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

REPEALING CLAUSE.

SEC. 35. That all Acts or parts of Acts inconsistent with this Act are hereby repealed, and this Act shall take effect upon its passage. The right to amend, alter, or repeal this Act is hereby expressly reserved.

APPENDIX.

[PUBLIC—No. 599—68TH CONGRESS]

[S. 3632]

An Act To amend the Federal Farm Loan Act and the Agricultural Credits Act of 1923

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph "a" of section 206 of the Agricultural Credits Act of 1923, as amended, be amended to read as follows:

"SEC. 206. (a) That the Federal Farm Loan Board shall equitably apportion the joint salaries and expenses incurred in behalf of the Federal land banks, joint-stock land banks, and Federal intermediate credit banks, and shall assess against each Federal intermediate credit bank its proportionate share of the salaries and expenses of the Federal Farm Loan Bureau made necessary in connection with the operation of this provision."

SEC. 2. That paragraph 1 of section 204 (a) of the Agricultural Credits Act of 1923 be amended by adding at the end thereof the following: "Provided, That the Federal Farm Loan Board may classify loans and debentures according to maturity, and if debentures of different classes sell at a different rate the Federal intermediate credit banks may differentiate in rates on like classes of loans in the same ratio."

SEC. 3. The eighth paragraph of section 3 of the Federal Farm Loan Act, as amended, be further amended to read as follows:

"The salaries and expenses of the Federal Farm Loan Board, its officers and employees, farm loan registrars, deputy registrars, examiners, and reviewing appraisers authorized under this Act, or any subsequent amendments thereof, shall be paid by the Federal land banks, joint-stock land banks, and the Federal intermediate credit banks, as follows:"

"The Federal Farm Loan Board shall, prior to the first days of January and July of each year, estimate the expenses and salaries of the Federal Farm Loan Board, its officers and employees, farm loan registrars and deputy registrars, examiners, and reviewing appraisers, and apportion the same among the Federal land banks, joint-stock land banks, and the Federal intermediate credit banks on such equitable basis as the Federal Farm Loan Board shall determine, giving due consideration to time and expense necessarily incident to the supervision of the operation of each type of bank, and make an assessment upon each of such banks pursuant to such apportionment, payable on the 1st days of January and July next ensuing. The funds collected pursuant to such assessments shall be deposited with the Treasurer of the United States under the miscellaneous receipts title 'Assessments on Federal and joint-stock land banks and Federal intermediate credit banks, salaries and expenses Federal Farm Loan Board,' to be disbursed in payment of such salaries and expenses on appropriations duly made by Congress: *Provided*, That the present legal status as to assessments against Federal intermediate

credit banks shall continue until June 30, 1926, without appropriations by Congress.

"If any deficiency shall occur in such fund during the half-year period for which it was estimated, the Federal Farm Loan Board shall have authority to make immediate assessment covering such deficiency against the Federal land banks, joint-stock land banks, and Federal intermediate credit banks upon the same basis as the original assessment. If at the end of the six months' period there shall remain a surplus in such fund, it shall be deducted from the estimated expenses of the next six months' period when assessment is made for such period.

"Federal land bank appraisers, and appraisers or inspectors of Federal intermediate credit banks, shall receive such compensation as the Federal Farm Loan Board shall fix and shall be paid by the Federal land banks, joint-stock land banks, and the Federal intermediate credit banks they serve, in such proportion and in such manner as the Federal Farm Loan Board shall order."

SEC. 4. That the ninth paragraph of section 3 of the Federal Farm Loan Act be amended by adding after the word "thereof" in the thirteenth line of said paragraph, the following: "and may be classified without regard to the Classification Act of 1923," so that the paragraph as amended shall read:

"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 16, 1883 (22 Stat., 403), and amendments thereto, or any rule or regulation made in pursuance thereof and may be classified without regard to the Classification Act of 1923: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service."

SEC. 5. The last two paragraphs of section 16 of the Federal Farm Loan Act as amended be stricken out and the following inserted in lieu thereof:

"For the purpose of assisting in any such liquidation authorized as in the preceding paragraph provided, any Federal land bank or joint-stock land bank may, with the approval of the Federal Farm Loan Board, acquire the assets and assume the liabilities of any joint-stock land bank, and in such transaction any Federal land bank may waive the provisions of this Act requiring such bank to acquire its loans only through national farm loan associations or agents, and those relating to status of borrower, purposes of loan, and also the limitation as to the amount of individual loans. No Federal land bank shall assume the obligations of any joint-stock land bank in such manner as to make its outstanding obligations more than twenty times its capital stock except by creation of a special reserve equal to one-twentieth of the amount of such additional obligations assumed. No joint-stock land bank shall assume the obligations of any other joint-stock land bank in such

manner as to make its outstanding obligations more than fifteen times the amount of its capital and surplus, except by creation of a special reserve equal to one-fifteenth of the amount of such additional obligations assumed."

SEC. 6. Paragraph 9 of section 21 of the Federal Farm Loan Act as amended be further amended to read as follows:

"Each Federal land bank on whose behalf consolidated bonds shall be issued under this provision shall in all respects be bound by the Act of the Farm Loan Commissioner and the Secretary of the Federal Farm Loan Board."

SEC. 7. That paragraph 1 of section 202 of the Agricultural Credits Act of 1923, approved March 4, 1923, be amended by inserting after the word "State" in line 5 of said paragraph the words "or of the Government of the United States," so that the paragraph as amended will read:

"(1) To discount for, or purchase from, any national bank, and/or any State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, cooperative bank, cooperative credit or marketing association of agricultural producers, organized under the laws of any State or of the Government of the United States, and/or any other Federal intermediate credit bank, with its indorsement, any note, draft, bill of exchange, debenture, or other such obligation the proceeds of which have been advanced or used in the first instance for any agricultural purpose or for the raising, breeding, fattening, or marketing of livestock."

SEC. 8. All Acts, or parts of Acts, inconsistent with this Act are hereby repealed.

Approved, March 4, 1925.

VIRGINIA:

IN THE CIRCUIT COURT OF NANSEMOND COUNTY.

Petition of the Gates Supply Company,
Incorporated, in the matter of The
Federal Land Bank of Baltimore

v.

Abner Eason.

To the Honorable James L. McLeMore, Judge of said Court:-

The undersigned, Gates Supply Company, Incorporated,
a corporation duly organized and existing under and by virtue of
the laws of the State of North Carolina, respectfully represents
unto your Honor:

(1) That by deed dated November 12th, 1919, and duly
of record in the Clerk's Office of the Circuit Court of Nansemond
County, in Deed Book 91, page 55, Abner Eason conveyed to John K.
Hutton, Trustee, one hundred and forty four (144) acres of land
situated in Cypress Magisterial District, and being the same land
conveyed to the said Abner Eason by P. B. Williams and Susie
Williams, in trust to secure to P. B. Williams the payment of the
sum of THREE THOUSAND FIVE HUNDRED (\$3,500.00) DOLLARS, evidenced
by five (5) bonds.

(2) That by deed dated April 7th, 1921, and duly of
record in the Clerk's Office of the Circuit Court of Nansemond
County, in Deed Book 95, page 68, Abner Eason conveyed to T. O.
Knight, trustee, one hundred and sixty nine (169) acres of land
situated in Cypress Magisterial District, it being the same land
conveyed unto Abner Eason by John K. Hutton, Special Commissioner,
and Susie Williams and P. B. Williams, in trust to secure to the
Gates Supply Company, Incorporated, the sum of NINE HUNDRED AND
THIRTY SIX (\$936.00) DOLLARS, and evidenced by one bond.

(3) That after making the foregoing conveyances and prior to the 28th day of July, 1922, Abner Eason applied to The Federal Land Bank of Baltimore for a loan on the aforesaid property for the purpose of paying off the sum of THREE THOUSAND (\$3,000.00) DOLLARS then due upon the deed of trust to John K. Hutton, Trustee, as above set out; that said application was made through Jesse Whitley, Secretary and Treasurer of the Nansemond County National Farm Loan Association, which said Association is agent for The Federal Land Bank of Baltimore; that The Federal Land Bank of Baltimore had its attorney, Mr. G. A. Harris, examine the title to the property of Abner Eason and that said Attorney found the liens upon said property as hereinabove set out; that The Federal Land Bank of Baltimore agreed to lend to Abner Eason the sum of THREE THOUSAND (\$3,000.00) DOLLARS, provided they were given a first deed of trust upon his property situated in Cypress Magisterial District, containing one hundred and sixty nine (169) acres, and being the same property upon which your petitioner held its lien with T. O. Knight, Trustee; that The Federal Land Bank of Baltimore, through its agents, employees and servants, requested your petitioner to release its aforesaid lien upon the property of Abner Eason, and to have executed a new deed of trust in order that The Federal Land Bank of Baltimore might pay off the said deed of trust given by Abner Eason to John K. Hutton, Trustee, in trust to secure to P. B. Williams the payment of the sum of THREE THOUSAND FIVE HUNDRED (\$3,500.00) DOLLARS, and that your petitioner agreed with the agents, employees and servants of The Federal Land Bank of Baltimore that it would release its deed of trust as aforesaid, provided a new deed of trust was executed to it, securing its debt.

(4) That by deed dated July 28th, 1922, and acknowledged before Jesse Whitley, Notary Public, and recorded August 8th, 1922, at 12:30 o'clock, noon, Abner Eason conveyed, by mortgage, to The Federal Land Bank of Baltimore one hundred and sixty

nine (169) acres of land in Cypress Magisterial District, bounded by the lands of Asa Warrenton, Charlie Parker, and others, and the County road leading from Somerton to Suffolk; the said mortgage being to secure one note dated July 1st, 1922, for the sum of THREE THOUSAND (\$3,000.00) DOLLARS, with interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum, as set out in complainant's bill filed in this cause; that the said mortgage further provides that Abner Eason shall insure, during the existance of the mortgage, and keep insured in some good company, the buildings on the mortgaged premises to the amount at least of TWO THOUSAND SEVEN HUNDRED (\$2,700.00) DOLLARS, and to cause the policy to be effected thereon to be so framed or endorsed as in the case of fire to inure to the benefit of the said The Federal Land Bank of Baltimore, its successors or assigns, to the extent of its lien or claim hereunder.

(5) That by deed dated August 8th, 1922, and duly of record in the Clerk's Office of the Circuit Court of Nansemond County, in Deed Book 97, page 342, Abner Eason conveyed to L. P. Holland, Trustee, the aforesaid property containing one hundred and sixty nine (169) acres situated in Cypress Magisterial District, and the same land conveyed to The Federal Land Bank of Baltimore by the aforesaid mortgage, in trust to secure to Gates Supply Company, Incorporated, the sum of ONE THOUSAND AND THIRTEEN (\$1,013.00) DOLLARS, and all interest that may accrue thereon, and evidenced by one negotiable note of even date with said deed, payable January 1st, 1923, at the Citizens Bank of Gates, North Carolina, and signed by Abner Eason; that the acknowledgment to this deed was taken by Jesse Whitley, Notary Public, August 8th, 1922, and recorded on August 8th, 1922, at 12:30 o'clock, noon, in the Clerk's Office, Deed Book and page aforesaid.

(6) That the Nansemond County National Farm Loan Association is agent for The Federal Land Bank of Baltimore for the purpose of securing loans, transacting business of The Federal Land Bank of Baltimore, closing loans and generally attending to the

business of The Federal Land Bank of Baltimore that is transacted within the County of Nansemond; that Jesse Whitley, who took the acknowledgments to the aforesaid deeds of trust, is the Secretary and Treasurer of the Nansemond County National Farm Loan Association, and knew of the existence of the aforesaid mortgage to The Federal Land Bank of Baltimore and of the aforesaid deed of trust to L. P. Holland, Trustee, for your petitioner; that the Attorney for The Federal Land Bank of Baltimore had knowledge of all of the aforesaid transactions as set out in this petition.

(7) That pursuant to and in accordance with the terms of the aforesaid mortgage given by Abner Eason to The Federal Land Bank of Baltimore, the said Abner Eason insured the buildings on the aforesaid mortgaged premises to the amount of TWO THOUSAND SEVEN HUNDRED (\$2,700.00) DOLLARS; TWO THOUSAND (\$2,000.00) DOLLARS being upon the dwelling house and SEVEN HUNDRED (\$700.00) DOLLARS upon the other buildings upon said premises; that said insurance was taken out in The Petersburg Insurance Company, Incorporated, under Policy #27101, with a loss and payable clause to The Federal Land Bank of Baltimore, which loss and payable clause provided as follows: "Loss or damage, if any, under this Policy shall be payable to The Federal Land Bank of Baltimore as first mortgagee as interest may appear".

(8) That in February, 1923, the dwelling house situated on the aforesaid property of Abner Eason mortgaged to The Federal Land Bank of Baltimore and conveyed to L. P. Holland, Trustee, was burned, consumed and destroyed by fire, and that pursuant to the terms of the aforesaid Policy of insurance, on March 12th, 1923, The Petersburg Fire Insurance Company, Incorporated, delivered to their agents, Woodward & Elam, a check in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, payable to the order of Abner Eason and The Federal Land Bank of Baltimore; that Abner Eason endorsed the said check for TWO THOUSAND (\$2,000.00) Dollars, and

Woodward & Egan, on April 11th, 1923, forwarded said check in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, to The Federal Land Bank of Baltimore, to be applied according to the terms of the aforesaid mortgage given by Abner Eason to The Federal Land Bank of Baltimore, and pursuant to the terms of Policy #27101, The Petersburg Fire Insurance Company, Incorporated.

(9) That The Federal Land Bank of Baltimore, with knowledge of the aforesaid deed of trust given by Abner Eason to L. P. Holland, Trustee, in trust to secure your petitioner the sum of ONE THOUSAND AND THIRTEEN (\$1,013.00) DOLLARS, and all interest thereon and evidenced by one negotiable note, accepted the aforesaid check in the amount of TWO THOUSAND (\$2,000.00) DOLLARS, and after accepting said check, credited ONE THOUSAND (\$1,000.00) DOLLARS on the aforesaid note of Abner Eason, and returned ONE THOUSAND (\$1,000.00) DOLLARS of said money derived through said check, to Abner Eason.

(10) That The Federal Land Bank of Baltimore in its bill filed in this suit, claims that Abner Eason owes to it the sum of ONE THOUSAND NINE HUNDRED AND THIRTY DOLLARS AND NINETY EIGHT CENTS (\$1,930.98), with interest thereon at five and one-half per cent ($5\frac{1}{2}\%$) from the 1st day of July, 1924, until paid.

(11) Your petitioner respectfully represents that Abner Eason does not owe the aforesaid amount under the said mortgage; that The Federal Land Bank of Baltimore has been paid TWO THOUSAND (\$2,000.00) DOLLARS by The Petersburg Fire Insurance Company, Incorporated, which said TWO THOUSAND (\$2,000.00) DOLLARS was the payment on the note of Abner Eason, pursuant to the terms of the mortgage and Policy of insurance, and that Abner Eason does not owe to The Federal Land Bank of Baltimore under said mortgage any greater amount than NINE HUNDRED AND THIRTY DOLLARS AND NINETY EIGHT CENTS (\$930.98), with interest thereon at five and one-half per cent ($5\frac{1}{2}\%$) from the 1st day of July, 1924, until paid; and that The Federal Land Bank of Baltimore has accepted the

sum of TWO THOUSAND (\$2,000.00) DOLLARS, payable on its note in the amount of THREE THOUSAND (\$3,000.00) DOLLARS, made by Abner Eason, and by turning over and delivering to Abner Eason ONE THOUSAND (\$1,000.00) DOLLARS of said insurance money, the said The Federal Land Bank of Baltimore has released its lien upon the said property to the extent of the ONE THOUSAND (\$1,000.00) DOLLARS so paid to Abner Eason.

(12) That on March 10th, 1927, G. A. Harris and I. T. Whitehead, Special Commissioners, sold the aforesaid property of Abner Eason unto Harrell, for the sum of TWO THOUSAND TWO HUNDRED AND TWENTY FIVE (\$2,225.00) DOLLARS.

Your petitioner, therefore, prays that it might be made a party to this suit, and that the plaintiff be required to amend his bill so as to show the petitioner's interest in the matter of the controversy in said suit, and so as to properly make this petitioner a defendant thereto; that G. A. Harris and I. T. Whitehead, Special Commissioners, be enjoined and restrained from disbursing the proceeds derived through sale of the aforesaid property on March 10th, 1927, until your petitioner's rights in the funds derived from said sale be definitely ascertained by this Court, and that your petitioner shall have such other and further relief as the nature of your petitioner's case may require.

GATES SUPPLY COMPANY, INCORPORATED

By Chas. B. Godwin, Jr.
Counsel.

VIRGINIA:
IN THE CIRCUIT COURT OF
NANSEMOND COUNTY.

Petition of the Gates Supply
Company, Incorporated, in the
matter of The Federal Land
Bank of Baltimore

v.

Abner Eason.

Filed March 14, 1927.

Chs. S. M. G. Moore

VIRGINIA - IN THE CIRCUIT COURT OF NANSEMOND COUNTY

THE FEDERAL LAND BANK OF BALTIMORE, a corporation,-----Plaintiff

VS.

ABNER EASON, -----Defendant

This cause, which has been matured by order of publication, regularly published, posted and mailed as the law directs, came on this day to be heard on the Plaintiff's bill and exhibits therewith filed, the depositions of witnesses and was argued by Counsel.

Upon consideration whereof, and it appearing to the Court that on the first day of July, 1922, Abner Eason executed and delivered to the Plaintiff, The Federal Land Bank of Baltimore, his promissory note, whereby he promised to pay to the Plaintiff the principal sum of Three Thousand Dollars (\$3,000.00) with interest thereon at the rate of five and one half per cent ($5\frac{1}{2}\%$) per annum, the said principal and interest being dischargeable in sixty-nine (69) semi-annual installments, and to secure the payment of the debt aforesaid, represented by the said note, and the interest to accrue thereon, the said Defendant, Abner Eason, on the 28th day of July, 1922, by his certain deed, commonly called a MORTGAGE, conveyed to the Plaintiff in fee simple two certain tracts of land situate in Cypress Magisterial District of Nansemond County, Virginia, containing in the aggregate 169 acres, more or less, and in said mortgage deed fully described, and in these proceedings mentioned, which said mortgage deed is of record in the Clerk's Office of Nansemond County, Virginia, in Book No. 1, Page 29 etc.

And it further appearing to the Court that the Defendant, Abner Eason, made default in the payments which became due and payable on the first days of January and July, 1925, and that there is now due to the Plaintiff on account of the said mortgage debt, the sum of \$1,930.98 (One Thousand Nine Hundred and Thirty Dollars and Ninety-Eight Cents) with interest thereon at the rate of $5\frac{1}{2}\%$ per annum from the first day of July, 1924.

And the Court being of opinion that under the terms, conditions and covenants of said mortgage, and of the note secured thereby, the Plaintiff hath the right to require of the Defendant the payment of the whole mortgage debt, principal and interest, and upon the failure of the Defendant to make such payment, to have the mortgaged land sold and to have the fund arising therefrom applied to the discharge of said mortgage debt, DOTH SO DECIDE.

And the Court doth adjudge, order and decree that unless the Defendant, Abner Eason, or someone for him, shall within thirty days from the entry of this decree, pay to the Plaintiff, The Federal Land Bank of Baltimore, the sum of \$1,930.98, with interest thereon at the rate of $5\frac{1}{2}\%$ per annum from the first day of July, 1924, and the costs of this suit, then G. A. Harris and I. P. Whitehead who are hereby appointed Special Commissioners for the purpose, either or both of whom may act, shall, after first advertising the time, terms and place of sale in such manner as will be most likely to attract bidders, sell the land in the bill and proceedings mentioned, and on which said Federal Land Bank of Baltimore holds its said mortgage, at public auction to the highest bidder in front of the ~~Court House of Nansemond~~ *National Bank of Suffolk* ~~County~~ *Suffolk* Virginia, or upon the premises, and upon the following

terms to wit: for cash as to one third of the purchase money, and the balance upon a credit of one and two years, payable in equal installments and to be evidenced by notes executed by the purchaser or purchasers, payable to the Commissioner in this cause, bearing interest from day of sale, and containing a waiver of the homestead exemption, title to said land to be retained by the said Commissioners until the whole of the purchase money shall be paid, or for ALL CASH, at the option of the purchaser.

But before acting under this decree, the said Commissioners, or the one acting, shall enter into bond with approved security before the Clerk of this Court in the penalty of \$4,500.00 conditioned for the faithful performance of his or their duties as such Commissioners, under this and any future decrees or orders which may be entered in this cause. Said Commissioners shall report to Court.

And this cause is continued.

IN THE CIRCUIT COURT OF NANSEMOND
COUNTY, VIRGINIA.

THE FEDERAL LAND BANK OF BALTIMORE

VS. (DECREE FOR SALE

ABNER EASON.

WE ASK FOR THIS DECREE

J. P. Whitehead
.....
Attorney for Plaintiff.

ENTER THIS:

July 22, 1927

Jas. L. McIsaac
.....

Judge.

IN THE CIRCUIT COURT OF NANSEMOND COUNTY, VIRGINIA.

THE FEDERAL LAND BANK OF BALTIMORE, a corporation,----Plaintiff
VS.

ABNER EASON, - - - - - Defendant

The deposition of Vulosko Vaiden, taken before me, Viola L. Rollins, a Notary Public in and for the City of Baltimore, in the State of Maryland, at the offices of The Federal Land Bank of Baltimore, to be read as evidence in behalf of the Plaintiff, The Federal Land Bank of Baltimore, in a suit pending in the Circuit Court of Nansemond County, Virginia, in which The Federal Land Bank of Baltimore is Plaintiff, and Abner Eason is the Defendant.

PRESENT:

I. P. Whitehead, of Counsel for the Plaintiff.

No one present for the Defendant.

(This suit having been matured by order of publication, no notice is required for the taking of these depositions.)

Vulosko Vaiden, the witness, being first duly sworn, in answer to certain interrogatories propounded by Counsel for The Federal Land Bank of Baltimore, says:

Ques 1. What position or office do you hold with or in The Federal Land Bank of Baltimore?

Ans. I am the President of The Federal Land Bank of Baltimore.

Ques. 2. State the amount now due to the said Bank from the Defendant, Abner Eason.

Ans. There is a balance due on the principal of the debt of this party to The Federal Land Bank of Baltimore of \$1,930.98, with interest thereon at the rate of 5½% per annum from the first day of July, 1924.

Ques. 3. Is there any default in the terms and conditions of the mortgage given by the said Abner Eason, to the said Federal Land Bank of Baltimore, to secure the payment of this debt?

Ans. The semi-annual payments due by this debtor, under the terms and conditions of the said mortgage on the first days of January and July, 1925, have not been paid and are wholly unpaid. This is a default in the terms and conditions of his said mortgage to the Federal Land Bank of Baltimore.

And further, this deponent sayeth not.

Vulosko Vaiden


STATE OF MARYLAND,
CITY OF BALTIMORE, to wit:

I, Viola L. Rollins, a Notary Public in and for the City of Baltimore, in the State of Maryland, do certify that the foregoing deposition of Vulosko Vaiden, was regularly taken, sworn to and subscribed before me at the time and place, and for the purposes set forth in the caption.

Given under my hand and official seal this the 11th day of January, 1927.

Viola L. Rollins
Notary Public.

My commission expires May 2nd, 1927.

IN THE CIRCUIT COURT OF
NANSEMOND COUNTY, VIRGINIA

THE FEDERAL LAND BANK OF BALTIMORE

VS. (DEPOSITIONS ^{# 2}

V Vaiden

ABNER EASON

Filed January 13, 1827

*H. E. Dunning,
Clerk*

IN THE CIRCUIT COURT OF NANSEMOND COUNTY, VIRGINIA

THE FEDERAL LAND BANK OF BALTIMORE,-----Plaintiff

VS.

ABNER EASON, - - - - -Defendant.

The deposition of H. S. Wynn, taken before me, Viola L. Rollins, a Notary Public, in and for the City of Baltimore, in the State of Maryland, at the offices of The Federal Land Bank of Baltimore, to be read as evidence in behalf of the Plaintiff, The Federal Land Bank of Baltimore, in a suit pending in the Circuit Court of Nansemond County, Virginia, in which The Federal Land Bank of Baltimore is Plaintiff, and Abner Eason, is Defendant.

H. S. Wynn, a witness of lawful age, being duly sworn, in answer to interrogatories by Counsel for The Federal Land Bank of Baltimore, deposes and says:

Ques. 1. What position or office do you hold with or in The Federal Land Bank of Baltimore?

Ans. I am the Treasurer of The Federal Land Bank of Baltimore.

Ques. 2. State the amount now due to the said Bank from the Defendant, Abner Eason.

Ans. There is a balance due on the principal debt of Abner Eason to The Federal Land Bank of Baltimore, of \$1,930.98, with interest thereon at 5½% per annum from the first day of July, 1924, and in addition, the sum of \$19.58, insurance premium paid by The Federal Land Bank of Baltimore on February 2nd, 1926, to Virginia Fire and Marine Insurance Company for insurance on the buildings, pending this suit.

Ques. 3. Is there any default in the terms and conditions of the mortgage given by the said Abner Eason to the said The Federal Land Bank of Baltimore to secure the payment of this debt?

Ans. The semi-annual payments which became due under the terms of the said mortgage, on the first day of January, 1925, on the first day of July, 1925 and on the first day of January, 1926, for the sum of \$97.50 each, are still wholly unpaid and in default, as well as the insurance paid by the said Bank. This is a default in the terms and conditions of the said Abner Eason's mortgage to The Federal

Land Bank of Baltimore.

And further this deponent sayeth not.

H. S. Wynn

I, Viola L. Rollins, a Notary Public in and for the City of Baltimore, in the State of Maryland, do certify that the foregoing deposition of H. S. Wynn, was taken by me as set out in the caption, and subscribed by the witness, this 7th day of May, 1926.

Viola L. Rollins
Notary Public.

My commission expires May 2nd, 1927.

CIRCUIT COURT of NANSEMOND CO-VA.

FEDERAL LAND BANK of BALTIMORE.

VS.

ABNER EASON.

D E P O S I T I O N.

For

The FEDERAL LAND BANK of BALTIMORE.
