

3. A Farm Loan Board, consisting of the State Advances Board, supplemented by three representatives of agricultural and pastoral interests, two of whom shall represent the long-term borrowers and one the users of the proposed intermediate credit, should be the executive body to inaugurate and control the extended system of rural credit.
4. Registered co-operative societies, the sum of whose capital and reserves is not less than £2,500 and whose membership shall not be less than thirty, may, on hypothecation of their securities, if the Farm Loan Board so decides, be eligible to receive advances for the purpose of intermediate credit of not more than 80 per cent. of the value of such securities.
5. Bodies of *bona fide* farmers of not less than twenty in number who form registered co-operative rural intermediate-credit associations with a capital of not less than £500 may, upon pooling their securities, obtain such advances, not exceeding 80 per cent. of the value of the securities, as the Board may decide.
6. The amount of advance granted and the margin of security should be decided by the Board in each individual case.
7. The system and method of valuation adopted by the State Advances Office should be followed for long-term loans, but that the valuation should be based on the productive value of the land ascertained over a period of at least five years, and the amount advanced should not exceed two-thirds of the valuation.
8. It should be the function of the Farm Loan Board to classify the securities offered, and to establish the maxima amounts per acre in the respective classes beyond which advances may not be made.
9. For the purpose of establishing intermediate credit and extending long-term rural credit, the Hon. the Minister of Finance be given power to expend a sum not exceeding £20,000 for preliminary expenses, also to make advances of public moneys to the Farm Loans Branch for terms of not less than ten nor more than twenty years, upon which no interest shall be payable for the first ten years, but thereafter interest to be paid at the rate of 5 per cent. per annum: Provided that the aggregate amount so advanced for both purposes shall not exceed £500,000.
10. Local Advisory committees be established in connection with long-term loans when and where the Farm Loan Board may deem it advisable.
11. In the case of any divergence of views regarding the value of securities between such advisory committee and the Valuer-General, the decision of the Farm Loan Board should be final.
12. Provision should be made for loans to be increased on a basis of the improved condition of the property or in recognition of instalments already paid.
13. In order to facilitate land-settlement the Farm Loan Board should have power to grant applicants for selection in the case of land which is offered for closer settlement an additional 10 per cent. based on the Board's valuation of the land.
14. A borrower from the Farm Loan Board on long-term mortgage should submit evidence that he is twenty-one years of age, a British subject, and has been resident in New Zealand for three years; that he has had three years' experience of farming and that he possesses average ability and capacity, is of good character, and that he is actually in *bona fide* occupation, or intends to occupy the land upon which the loan is to be made; also that his application must be favourably reported upon. Where an applicant submits sufficient evidence that he has had three years' experience of farming in the British Empire the Board may reduce the term of residence to one year.
15. The amount advanced to each borrower should not exceed £7,000.
16. Preference be given to applicants for loans of £1,000 and under.
17. The rate of interest on bonds or stock should not exceed $5\frac{1}{2}$ per cent.