

Intermediate Loans.—Loans of this category are reserved for the management and reorganization of farming-lands. This form of credit perfects usefully the short-term credit. It is more particularly for the purpose of enabling farmers to pledge their outlay, which by their nature or their worth require a certain extension of time for their amortization. Among the expenses of this class may be cited those sums which may be utilized for the purchase of animals, necessary plant for the cultivation of the soil, or the raising of stock, improvements on the farm, and for expansion or improvements of farm buildings.

The maximum amount of these intermediate loans is not fixed by law. The local bank, having been made cognizant of the demand, determines what loan to authorize, having taken into consideration the various heads of the valuation with which it has been supplied.

These loans are redeemable by annual amortization. Their longest duration is for ten years. When they have been granted to a tenant farmer their maturity must be dated at least three months before the expiration of his lease, or, in default of lease, three months before the cessation of payment of interest. The repayment of the loan becomes at once due if the tenant farmer quits the work on behalf of which the loan had been made.

The rate of interest on intermediate loans cannot be less than the interest paid on the associated shares of the lending bank, nor more than 1 per cent. higher than the rate of discount of the Bank of France, which is at present 5 per cent.

The securities furnished by the borrower may be the same as for short-term loans—guarantee, warrant, deposit of title-deeds, &c. They can likewise be raised by a registered mortgage in favour of the lending bank. For the conversion of these intermediate loans into money the local banks point out to their borrowers the special contracts which determine the conditions of the loan, the securities required, and the terms of repayment.

Individual Long-term Loans for facilitating the Purchase of a small Estate.—Individual long-term loans are for the sole purpose of facilitating the purchase, the parcelling-out, the conversion, and the resettlement of small farms which the borrowers undertake in writing to cultivate themselves or with the help of their families. They allow the farm worker to have access to the land, and thus help to establish manual labour in that district. They offer the small farmer who is already established and whose family is increasing the chance of extending his property which has become too small, or of building stables, stalls, or pigsties, barns, &c., necessitating a relatively considerable expense.

Here it is necessary to point out that long-term loans on the death of the parent furnish the means to avoid the sale of the family property to strangers, in order to apportion the estate between the children. One of the latter can in fact buy back the property by the help of a long-term loan, of which the amount is used by him to buy out his co-inheritors.

Individual long-term loans are for 40,000 francs at the outside, exclusive of the charges. In reality, the moneys lent are generally less than this figure, which is only granted to forward an undertaking which presents exceptional opportunities.

These loans are payable by annual amortization. The longest term is twenty-five years, but that is only allowed under exceptional conditions. The average length of these loans is from fifteen to twenty years. At the time of the final amortization the borrower's age must not be less than sixty years. The debtor can pay off in advance, and in that way the reduction of the interest yet to run can be used to his own advantage.

The interest on individual long-term loans is fixed by the law at 2 per cent. It is reduced to 1 per cent. if the recipient is a military pensioner or civil victim of the war. Moreover, in this last case a bonus of 50 francs for 100 francs is deposited annually by the State in reduction of the annual payments to the lending society of the borrower in proportion to each living legitimate child of his who is under sixteen years of age at the time of the falling due of each annual payment of the amortization.* It is an interesting encouragement to the birth-rate. Having the result of entirely freeing the debtor from the payment of the interest on his loan, reckoning from the second child upwards of two children, the bonus put in charge of the State goes towards the repayment of the principal.

The debtor must have an understanding with the bank responsible for the transaction on the subject of the guarantees he can offer, whether these are hypothecated scrip or a life insurance underwritten by the National Bank of Life Insurance, 56 Rue de Lille, Paris, or, better still, both of these guarantees. The lending society can, besides, demand all other collateral securities which they deem indispensable. The costs of contracts of hypothecation and life insurances (*d'assurances décès*), as well as the cost of the first premium of insurance, can be incorporated in the loan. When the borrower asks to insure his life, and, for example, is not eligible on account of the state of his health, the insurance can be endorsed by his wife or a third party if one of these pledges himself jointly or severally with the borrower for the repayment of the loan, and it guarantees in case of the death of the wife or of this third party the payment of the remaining annuities due at this period.

It should be noted here that individual long-term loans can be granted not only by agricultural credit banks, but also by credit societies lending on personal property.

Whatever may be the nature of the loan that he wishes to obtain, the borrower should address a carefully-drawn-up request to the local bank of which he is a client, or to the district bank of his province. The agricultural credit banks provide elsewhere printed forms for this purpose, which the applicant fills in, giving his Christian name and surname, his address, the number of his family, the object of the loan, its duration, and the guarantees offered in order to ensure repayment. The obviousness and the precision of these directions offer great advantages, seeing that they facilitate the scrutiny of the request and allow the lending bank to make a decision in the quickest possible time.

* The law of 7th December, 1922.