

Section 3.—Land Settlement and Home Construction

The Veterans' Land Act provides for the settlement of veterans of World War II and the Special (Korean) Force under five broad categories: farming as a full-time occupation; part-time farming in rural or semi-rural areas to supplement income from other employment; commercial fishing; land settlement, generally in pioneer areas, under agreements between the Federal Government and the provinces; and home building on city-size lots by veterans who have been approved for a loan under the National Housing Act and who act as their own contractors.

To keep pace with increases in the cost of land and house construction, and to provide a source of credit to veterans settled on small family farms, a number of important amendments of a financial nature were made to the Act in April 1962. These included provisions which increased the total assistance available, authorized additional loans under Part III to part-time farmers already settled, and extended the maximum repayment period to a uniform term of 30 years. Another major amendment provided authority for the Director to enter into a group life insurance contract on behalf of veterans desiring mortgage insurance coverage relative to their indebtedness to the Director.

The financial assistance available under Part II to veterans for the construction of their own homes on city-size lots was increased from \$10,000 to \$12,000 and the minimum initial equity required of each veteran was raised from \$800 to \$1,000. The ceiling on loans under Part III to veterans being settled as part-time farmers was increased from \$3,000 to \$4,800. To obtain a loan of this amount, a veteran must contribute in cash or equity, or both, the sum of \$1,200 calculated on the basis of \$1 for each \$4 borrowed; previously, the ratio was \$1 to \$3. These two changes provide a maximum expenditure under Parts I and III of \$12,000, an increase of \$2,000 over the former limit.

Prior to the amendments, Part III loans to part-time farming veterans were available only at the time of their establishment. It was found that this prohibition against the approval of additional financial assistance, for home improvement purposes subsequent to settlement, created problems for both the veterans and the Administration. As a result of the legislative change made in this connection, Part III loans of up to \$4,800 can now be made to part-time farming veterans on the same basis and terms as apply to such loans made to veterans being established.

The major amendments to the Act in 1959 provided that additional loans under Part III to full-time farming veterans could be made only where the funds were required for the development and proper operation of an economic farm unit. Although this provision was sound in principle, and a substantial number of loans have been made, it nevertheless served to preclude the extension of credit to veterans settled on small family farms. Such a unit is considered to be one which provides the owner and his family with an acceptable standard of living but which is not capable of producing a large enough gross and net income to be classed as an economic or commercial farm unit.

In recognition of the place which small family farms have in the agricultural industry of the country, and of the financial requirements of their operators, one of the amendments made in 1962 provided for fully repayable, 5-p.c. loans under Part III of up to \$6,000. The total assistance available to veterans established on this type of unit is now \$12,000, or 75 p.c. of the market value of the land, whichever is the lesser. This additional credit may be used for the purpose of acquiring land, effecting permanent improvements to land and buildings, the purchase of basic herd livestock, and the payment of debts that relate to or were reasonably incurred in the operation of the farm.

As a result of the above-mentioned financial changes and the reduction effected in 1961 of the minimum acreage requirement for part-time farming settlement down to one half of an acre, there was a further substantial increase in loaning operations during 1962. Financial assistance approved on behalf of veterans during the year totalled \$41,070,549 as compared with \$32,712,389 in 1961. There were 5,892 loans made during 1962, an increase of 1,842 over the number made in the preceding year.