

politicians, having all of the difficulties that it does have, there is a possibility that this loan, would be carried to the letter . . .

The proposed loan restrictions included such requirements as FHA participation in all meetings of the board of directors, weekly and monthly reports on specific accounts, a ban on demonstration plot farming and loans by SWAFCA to members, all sales on a 30-day cash basis to members, and a number of others relating to reserve accounts and security. The State Director of FHA is authorized to require additional security or to release security as well as to make other important decisions within his discretion to determine "that such action will not be to the financial detriment of the FHA."<sup>10</sup>

Mr. Bamberg, State FHA Director, who is responsible for administering the FHA loan to SWAFCA, testified that supervised credit "is one of the successes of the Farmers Home Administration." He added:

Of course you can see this, it takes less supervision with certain intelligent people than others. You have got that, it doesn't take as much with some people as it does with another one.

Mr. Bamberg did not think SWAFCA's chances for success were great. He said:

The chairman here [Dr. Hannah] knows the ingredients that are necessary for a successful co-op, and if they haven't the ingredients, I see no reason. All I can say is that we, that are employed in FHA are dedicated to try and make it a successful venture if and when the funds are funded.

Mr. Bamberg's position on the requirement of supervised credit and the total involvement of FHA in all management decisions of the board of directors is shared by FHA officials in the Department of Agriculture. Thus FHA, which is not reaching many poor black farmers with its programs, also is imposing restrictions which probably will inhibit aid to black farmers who seize the initiative and join together to help themselves.

<sup>10</sup> FHA Instruction 451.3, Sheet 1, Pt. III, U.S. Department of Agriculture, Farmers Home Administration (5-25-65).