National Association of Rural Rehabilitation Corporations NARRC

A Brief History

The following is a brief history of America's Rural Rehabilitation Corporations and the Founding of the National Association of Rural Rehabilitation Corporations taken from the State-to-State Awareness Notebooks. This information is available in its original format in a **Word Document** *for saving and printing.*

A Brief History of America's Rural Rehabilitation Corporations and A Brief History of the Founding of the National Association of Rural Rehabilitation Corporations

Edited/revised by the Florida Rural Rehabilitation Corporation and includes the mission statement adopted at 1997 Annual Meeting in Orlando, Florida
Updated by the NARRC Secretary/Treasurer – October, 2010

A Brief History of America's Rural Rehabilitation Corporations

Compiled by Leland Beatty, General Manager (Texas Rural Communities, Inc.)

When Congress convened in 1933, the first order of business was to work with the new Roosevelt administration to craft a program which would aid the millions of Americans displaced by the Great Depression. At that time, the federal bureaucracy was small and largely concerned with minor industry regulations, complicating this task to a degree we cannot understand today. Before 1933, the federal government had responded to the economic crisis only with offers of loans to state governments which had historically shouldered the responsibility for the welfare of the citizens.

An innovative approach adopted by the 1933 Congress was contained in the Federal Emergency Relief Act of 1933. Rejecting proposals to create new federal bureaucracies to provide assistance to the masses as simply too slow, Congress approved a joint federal-state relief effort. An appropriation of $500 million was set aside for the relief effort, with $250 million of that money designated for use by the states.

This money, according to the Federal Emergency Relief Act, was to be used "to make grants to the several states to aid in meeting the costs of furnishing relief and in relieving the hardship and suffering caused by unemployment in the form of money, service, materials, and/or commodities to provide the necessities of life to persons in need as a result of the present emergency, and/or their dependents, whether resident, transient, or homeless," as well as to "aid in assisting cooperative and self-help associations for the barter of goods and services."

To facilitate the administration of this new emergency relief program, the Federal Emergency Relief Administration (FERA) established a State Emergency Relief Administration (SERA) in each state. At first, the SERA's carried on the urban and rural relief assistance together and generally in two ways: 1) through direct relief grants, or 2) employment of individuals on work relief projects. However, the needs of the rural areas were obviously different from their urban counterparts. The rural areas wanted a rehabilitation program rather than a relief program.

Accordingly, in April, 1934, a Rural Rehabilitation Division was established in the FERA, and funds were designated for use only in rural areas.

The states went to work. Rural relief camps were established across the nation, and were immortalized in the photographs of Walker Evans and John Steinbeck's novel, Grapes of Wrath. These camps were intended to give the families, made homeless by the economic catastrophe of that day, a place to stay until times improved.

Still, more modification was needed. However, segregating the rural and urban programs still did not allow rural rehabilitation programs to reach their full potential. The states needed the power to make loans; to take, service, and enforce notes and security instruments; to purchase, hold title to, develop, and dispose of lands; to execute leases and various other contracts; and to handle a myriad of additional functions involved in the operation of a diversified rural rehabilitation effort.

To provide this authority, FERA authorized the establishment of legal entities in each of the states: not-for-profit organizations known as rural rehabilitation corporations.

Forty-five rural rehabilitation corporations were formed by 1935. Only Connecticut, Delaware, and Rhode Island did not form such a corporation; although the corporations formed in Maryland and Massachusetts never functioned. Similar corporations were also formed in the territories of Alaska, Hawaii, and Puerto Rico.

The rural rehabilitation corporations began to buy huge tracts of farmland which they subdivided into 40- and 60-acre plots, then mortgaged those plots to displaced farm families. Acting through rural rehabilitation corporations, FERA completed four communities: Dyess Colony, Arkansas; Cherry Lake, Florida; Pine Mountain Valley Resettlement Community, Georgia; and Matanuska Valley Colony at Palmer, Alaska. Other such communities were completed in subsequent years. In one such project—the Ropesville Community in Texas—families could take possession with no down payment. The only requirements were that a four-room house with a sanitary toilet be constructed on the property and that the family farming the land lives on it. Ropesville became a thriving community and no foreclosures occurred there until the mid-1980s.

Other states were even more ambitious. Arkansas, for example, provided adult education, day care for children (a very progressive effort in 1933), a school lunch program, public libraries, and other efforts which preceded the Great Society programs considered new thirty years later.

Dyess Colony—named for W.R. Dyess, the first WPA administrator in Arkansas—was founded in 1934 as an agricultural project. The colony consisted of 500 individually-operated farms: each farm contained about 20 to 40 acres (totaling 15,144 acres) and used a lease-mortgage arrangement. Business and public services were cooperatively owned and operated by the community. Originally home to 300 families, it also served at one time as the childhood home to singer Johnny Cash.

Florida's Cherry Lake Colony—approximately 18,000 acres—set up a canning plant (American Handcraft Products) as well as 2640 acres of community farm. Florida imported 25 indigent families from the Chicago area, 25 families from Gary, Indiana, as well as others from within the state. According to records, a two-bedroom one-bath house cost $527.10 in 1935. Many of those houses are still standing. In 1967, the Florida Rural Rehabilitation Corporation (FRRC) deeded the last of its holdings at Cherry Lake to the 4-H Clubs of Florida. That parcel, 12.34 acres on Cherry Lake, is currently being used as a 4-H Youth Camp. Financial support for the camp from FRRC has included a grant for building construction and scholarship funds to help rural youth attend camp.

Pine Mountain Valley Resettlement Community located near President Roosevelt's Little White House in Warm Springs, Georgia, was one of the most extensive and well-funded projects of this type. Originally home to over 200 families, the community operated until 1945. Now known as the gateway to Callaway Gardens, the area has evolved into a primary tourism location greatly due to the efforts of Roosevelt and Calloway Gardens' Cason Calloway.

Matanuska Valley Colony at Palmer, Alaska, originally consisted of 203 families/colonists who drew for tracts of land from 260,000 acres. Families from Minnesota, Wisconsin and Michigan were recruited because of the similarity in climate and the extremely high percentage of residents on social assistance programs. Within five years, over half the colonists had left the valley. And by 1965, only twenty of the original families were still in the valley. Short growing seasons, high freight prices and distant markets all contributed to the difficulties.

These federally-funded, but state-sponsored programs, were only barely underway when Congress made a major change in the federal effort.

The Emergency Relief Act of 1935 authorized $525 million for relief activities specifically to benefit agricultural areas, a larger amount than the combined urban and rural effort approved two years before. These funds were specifically intended for this sort of buy, subdivide, and mortgage approach generally adopted by the rural rehabilitation corporations. However, the 1935 Act did not include any provision for grants to the states or the corporations. The apparent intent was to conduct the relief and rehabilitation effort only on the federal level—supervised, controlled, and operated by the newly created Resettlement Administration.

In the absence of future federal grants, the corporations were left with notes, mortgages, land, and other assets, but insufficient administrative and program funds to continue operation. The corporations began to transfer the management of their assets to the Resettlement Administration, and by 1936, the Resettlement Administration had assumed control of virtually all corporation assets. After the transfers were complete, some of the corporations began to dissolve, generally transferring the assets to a state agency.

The Resettlement Administration itself did not exist long. Created in 1935, it expired in 1937 and was replaced by the Farm Security Administration, which then managed the corporation's assets for the next nine years. The Farmers Home Administration (FmHA) Act of 1946 replaced the Farm Security Administration both in general responsibilities and in the management of corporation assets.

In 1950, another law began a change that took over twenty years to take effect. That year, Congress passed the Rural Rehabilitation Corporation Trust Liquidation Act, which directed the Secretary of Agriculture to liquidate the corporation trusts in an expeditious fashion. The Secretary complied, but virtually all of the states that year signed new trust agreements with the Farmers Home Administration, generally allowing FmHA to use the assets for insured operating and farm ownership loans and such other rural rehabilitation purposes permissible under the corporation’s charter as may from time to time be agreed upon between the corporation and the government.

In the 1960s, however, interest grew in re-establishing state control over the assets. Texas Rural Communities, for example, filed legal action against FmHA seeking to reassert its control over the assets. A federal appeals court ruled in 1964 that FmHA must allow states to manage their own assets.

Still, progress was slow. States negotiated with FmHA on the parameters under which assets would be returned. Primarily at issue, was how the states would cover the cost of administrating the assets. Other issues concerned the purposes for which the assets could be used.

The negotiations culminated in 1973 with adoption by FmHA of a model trust agreement, allowing states, who requested it, the right to administer their own assets. FmHA and the corporations signed agreements: ensuring that corporation funds are used in compliance with their current “Use Agreements” and the corporation’s articles of incorporation; that the corporation complete reports on their use of assets on a yearly basis; and that corporations do not exceed a three percent (3%) administrative limitation per year. Most states still operate under a similar agreement with the notable exception of New Jersey.

Under the new agreements, only eighteen of the original corporations remained private corporations. The remainder had been succeeded by state agencies—generally state departments of agriculture.

Participation loans with FmHA became the major activity of most of the re-established state organizations. These loans were similar to the insured farm ownership loans made by FmHA while the assets were under their administration and provided ample security to the organizations' investments.

But most states also adopted additional purposes. Guaranteed student loan programs were popular in many states and many states began youth loan programs targeted at assisting in the financing of 4-H and FFA projects. Rural development programs became popular during the rural economic crisis which began in the early 1980s with states adopting programs as diverse as personal computer purchase loans and rural medical education grants.

Rural rehabilitation programs that performed so brilliantly during the worst economic days of the 1930s are again poised to make a striking difference in the economic well being of rural America. The genius of the original concept is still alive: allow states to craft rehabilitation programs that meet their own needs and abilities. We can measure our success by how well we fulfill that mandate.

A Brief History of the Founding of the National Association of Rural Rehabilitation Corporations

Compiled by Kyle Stephens, Administrator (Rural Rehabilitation Loan Fund of Utah)

The year was 1971 and for a few years prior to that time, several persons involved with the administration of Rural Rehabilitation assets had expressed a desire to organize a meeting of all Rural Rehabilitation organizations and representatives. These individuals conceived the idea of a meeting at a central location to discuss matters of mutual interest and concern; some of which were as follows:

- Method of handling assets.
- Uses of assets.
- Possible uses of assets.
- Need for exchange of ideas among state groups.
- Desirability for informal national organization.

On February 22, 1971, Mr. Drew Cloud, Executive Secretary of the New Mexico Rural Rehabilitation Corporation announced a meeting to be held in Biloxi, Mississippi, March 11 and 12, and invited representatives from each of the state corporations.

On March 11, representatives from fifteen state corporations met at Biloxi. Those in attendance were as follows: Marvis B. Roberts (Florida); Col. E. P. Scott (Florida); Bryon Kirkland (Georgia); Joe Gillman (Iowa); Jim Rowen (Iowa); Nyle L. Katz (Michigan); Joe Pensien (Michigan); T. B. Fatheree (Mississippi); Vyvian Walker (Mississippi); Robert L. Fowler (Missouri); Roger Sandman (Nebraska); Drew Cloud (New Mexico); Henry R. Sink (North Carolina); O. Leonard Orvedal (North Dakota); T. G. Stratton (Oklahoma); John L. Neely, Jr. (Tennessee); Walter T. McKay (Texas); Joseph H. Francis (Utah); and Walter H. Ebling (Wisconsin).

Representatives of the following states expressed an interest, but could not attend: Arkansas, Colorado, New Jersey, Nevada, and Montana. Jesse T. Hobson, from Farmers Home Administration, was also present and participated in all meetings.

A committee consisting of T. B. Fatheree, Drew Cloud, Nyle Katz, Bryon Kirkland, and Bob Fowler was appointed to meet and draft bylaws in order to form a national organization, as well as to set up an annual meeting. This committee met on July 23, 1971, and undertook the above mentioned assignment. The first meeting to officially form a national association was scheduled and planned for October at Memphis, Tennessee.

Representatives from twenty rural rehabilitation corporations met at the Sheridan-Peabody Hotel in Memphis, Tennessee, on October 18-19, 1971. After some preliminary discussion, the organization committee presented a set of proposed bylaws. The bylaws were read and each section was discussed, with several changes and amendments being proposed. At the conclusion of the considerations, a motion was made by Marvis Roberts, seconded by Bryon Kirkland, and approved unanimously that the bylaws be adopted as amended. The new bylaws called for the organization to be known as the National Association of Rural Rehabilitation Corporations.

The following officers and directors were elected as outlined in the new bylaws of the Association: President: T. B. Fatheree of Jackson, Mississippi; Vice President: Drew Cloud of Albuquerque, New Mexico; Secretary/Treasurer: Vyvian Walker of Jackson, Mississippi; Directors: Robert Fowler of Jefferson City, Missouri (two-year term); George Lackman of Helena, Montana (two-year term); Bryon Kirkland of Atlanta, Georgia (one-year term); and Marvis Roberts of Gainesville, Florida (one-year term).

In 1981, at Dearborn, Michigan, Articles of Association were adopted.

Thus, the National Association of Rural Rehabilitation Corporations came into being. In the ensuing years, the Association has had many challenges and opportunities and has met annually to discuss these issues.

The following mission statement was adopted during the 1997 annual meeting in Orlando, Florida:

"The National Association of Rural Rehabilitation Corporations (NARRC) was established with the following mission in mind:

1. **To assist members in their efforts to more efficiently manage their assets;**
2. **To share information on successful innovative programs; and**
3. **To further the achievement of excellence in addressing rural America's needs."**

This mission has been and continues to be accomplished as the meetings are held each year.

For further information regarding the National Association of Rural Rehabilitation Corporations, contact:

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Annual Meeting Sites

March 1971: Biloxi, Mississippi - Organizational Meeting
October 1971: Memphis, Tennessee - National Association Founded
1972: New Orleans, Louisiana - First Annual Meeting
1973: Washington, DC
1974: Orlando, Florida
1975: Denver, Colorado
1976: Williamsburg, Virginia
1977: Jefferson City, Missouri
1978: Albuquerque, New Mexico
1979: Spearfish, South Dakota
1980: Charleston, South Carolina
1981: Dearborn, Michigan
1982: Boise, Idaho
1983: Bismarck, North Dakota
1984: Oklahoma City, Oklahoma
1985: Little Rock, Arkansas
1986: Atlantic City, New Jersey
1987: Savannah, Georgia
1988: Lincoln, Nebraska
1989: Salt Lake City, Utah
1990: San Antonio, Texas
1991: Rapid City, South Dakota
1992: Fargo, North Dakota
1993: Columbus, Ohio
1994: Billings, Montana
1995: Lansing, Michigan
1996: Cheyenne, Wyoming
1997: Orlando, Florida
1998: Colorado Springs, Colorado
1999: Colchester, Vermont
2000: Manhattan, Kansas
2001: Charleston, South Carolina
2002: Albuquerque, New Mexico
2003: South Portland, Maine
2004: Salt Lake City, Utah
2005: Little Rock, Arkansas
2006: Great Falls, Montana
2007: Point Clear, Alabama
2008: Fargo, North Dakota
2009: Traverse City, Michigan
2010: Olive Branch, Mississippi
2011: Anchorage, Alaska
2012: San Antonio, Texas
2013: Des Moines, Iowa

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