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Building and Loan Associations

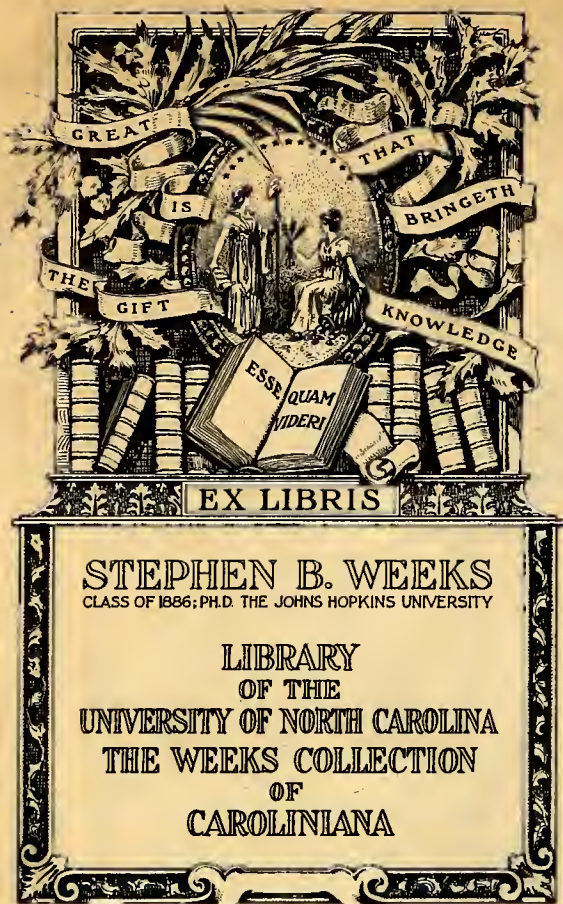
THE MEANS FOR CO-OPERATIVE
SAVINGS BY SOUTHERN
WORKING PEOPLE



BY

D. A. TOMPKINS OF CHARLOTTE, N. C.

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PREFACE

That country is always the most prosperous whose workpeople have the most and best home life. The most and best home life conduces to the highest wages, the best education and training and the greatest prosperity of a nation and of all its people.

I have worked as a machinist, as a designer of machinery in the drafting-room, as master machinist, and in conducting a business of constructing industrial works on my own account. In each of these occupations I have found the "home" or "local" building and loan association of invaluable service, and its exacting but fair requirements have been of inestimable advantage to me.

When I was a machinist, the building and loan association made for me an opportunity for regularly saving a portion of my pay. While working for wages, and later, when receiving a salary, I accumulated some little capital, and was always getting an enforced training in economy and promptness. The condition imposed by the association, of regular and prompt payment of dues or submission to a fine, made just enough coercion to enforce upon me the habit of regular savings and prompt payments. Since I entered upon business for my own account the shares which I have carried in the building and loan associations have ever given me a feeling of security, in the consciousness of holding a reserve fund. Once or twice I have had occasion to make use of this resource at times when I might otherwise have been more or less embarrassed.

Being much impressed with the advantages of the building and loan system for the people of any community, I have in this monograph endeavored to exhibit these advantages as I have seen them, for the benefit of other working people.

D. A. TOMPKINS.

Charlotte, N. C.

BUILDING AND LOAN ASSOCIATIONS

CHAPTER I.

Co-operative Saving.

For working people, the difference between prosperity and poverty may depend upon slight differences in the systems of education, labor or savings which have been afforded them.

The object of this writing is to discuss the best system of savings institutions which has been devised, and to show how to use it.

The most successful and most advantageous system for working people is that of co-operative institutions, whereby working people may help themselves and make their own way to prosperity.

The most important conditions which I conceive to be necessary for the maintenance of a successful co-operative savings institution are these :

(1). The development of a high respect for Christian principles. This work is naturally, to a large extent, in the hands of the ministers of the different Christian denominations.

(2). The development of intelligence and skill by education and training. The development of intelligence rests upon the system of education provided by the State. The execution of the system is in the hands of the teachers. The development of skill rests upon the system of industry or labor fostered by the State. The execution of the system rests, in industrial pursuits, with the employer and the workman ; in agricultural pursuits, with the farmer.

These preliminary conditions are fairly well fulfilled in almost all communities in the United States. Wherever they are well fulfilled human labor, when aggregated, is a most excellent basis of credit.

At some time in the past somebody discovered that human life, when taken in the aggregate, is a good collateral—an excellent basis of credit. Upon this theory, with proper regard for surroundings of industry and economy, life insurance companies have been formed, and from very small beginnings have accumulated vast wealth. Nothing is more uncertain than the life of one individual. Nothing in human affairs is more certain than the average life of 5000 men having normal surroundings.

So also an agreement with one workingman is an uncertain basis of credit. One workingman might be dishonest, might lose his job, might get sick, or might die. Five hundred or a thousand workingmen together, however, have a certain average condition of continued work and pay. If one drops out, another can take his place. This makes the very best basis of credit, superior to all other forms of security.

All accumulated property, except land, is the result of past labor. Even land would have no value except for labor. Buildings depreciate. They become old and obsolete. Corporate securities are uncertain and hazardous. Even land itself depre-

ciates under changed conditions. But the labor of a country is always in the most modern form and of the fullest value. Current labor—the labor of today—labor in the aggregate—when its uncertainties are eliminated, ranks, as a basis of credit, above the very best of other forms of collateral.

A building and loan association is an institution for aggregating and averaging the net results of labor and establishing it as a basis of credit. To illustrate its operations, assume that 500 people form an association. They may be machinists, bricklayers, merchants, clerks, telegraph operators, etc., all working people, and all having fair prospects of regular employment for wages or salaries. If each member pays in \$1 a month, these 500 people will save an aggregate of \$500 a month. In two months the association will have \$1000. This may be used to build a house for one of the members. The house is deeded to the member for whom it is built. The association retains a mortgage on it to insure payment of dues and interest until each other member, in turn, gets a house. This usually requires regular payment for about six and one-half years.

The member moves into his new house. The rent formerly paid is now saved, to be applied as part of the dues and interest payable to the building and loan association. In some cases, when rent is high, the rent alone will pay dues and interest. In such cases rent money literally buys a home. In all cases the rent money pays a large portion of the instalments. At the worst, a very small additional outlay is required for a home of comparatively high value.

Where houses are rented, in half the cases the rent money will pay half the cost of the house in about six and one-half years. In a quarter of the cases the rent money will pay three-quarters of the cost. In a quarter of the cases the rent money will pay all the cost. These differences depend on the cost of building, the rates of rent and the discretion and taste of the member who builds.

CHAPTER II.

Building and Loan Associations in the United States and England.

The membership of these associations has been mainly drawn from industrial wage-workers. It is, however, by no means confined to this class. The membership of most associations includes also merchants, professional men, teachers, preachers, and in some cases also capitalists and farmers. Building and loan associations have had their greatest development in Philadelphia and adjoining towns in Pennsylvania. They have been notably successful, however, in and near Baltimore, Md., and in Charlotte, N. C. They have also succeeded in the principal cities of the States just north of the Ohio river, and in many other parts of the United States. The plan of organization is briefly as follows :

A charter is obtained and by-laws are prepared.

A subscription list or subscription blanks are provided ; sometimes both.

An admission fee of 25 to 50 cents per share is usually charged to pay for charter, cost of books, stationery and expenses connected with organization.

The payments are usually fixed at 25 cents a week or \$1 a month per share. It is best to make the payments by the week, with provision for those who prefer to pay by the month.

In most cases from 500 to 1000 shares are subscribed before business is begun. Associations are sometimes organized and put into operation with no more than 100 shares subscribed. This would give an income of about \$100 a month. To accumulate \$600 to lend to a member to build a modest house would require six months. It would be necessary in such a case for officers to serve practically without pay. Yet a small beginning like this has in many cases been made, and the organization, under careful management, has grown into a large and important institution. Indeed, it would seem that in most cases of starting a new business small beginnings are advantageous.

In all cases the money is loaned to members as fast as it is accumulated in such sums as they may desire, and on the approval of the board of directors, or of a credit committee of the board. A first mortgage is taken on the property on which the borrowed money is spent. Loans to the extent of about two-thirds to three-fourths the value of the property are usually considered safe. If the borrower owns a lot he can generally get enough money to build the house. If a member has no lot he may find somebody willing to sell one on long time and take a second mortgage, provided the first mortgage is given to the building and loan association to secure a loan for building a house on the lot.

Land companies and individuals trading in land are often willing to sell a lot on these terms. When the payments to the building and loan association are completed, say in six and one-half years, its debt and mortgage are cancelled, and then the second mortgage, made for the cost of the lot, becomes the first. But if desired money may now be borrowed from the building and loan association on a new series to pay off this original debt on the lot. The advantage of this is that the debt is finally cancelled by the easy payments to the building and loan association, whereas it might be irksome to pay it all off at one time.

There are many variations in the details of plans for building and loan payments, loans, premiums, discounts, etc. These are fully discussed in another chapter.

Land loan banks are co-operative savings and loan associations, made up chiefly of farmers. They originated in Germany, and have their highest development there, though they are now extending over many parts of Europe. They are the application to a farming population of exactly the same principle which has been so successful in the United States in building and loan associations for industrial populations. In the building and loan association payments are made at periods that suit the manner of income of most of its members. This is naturally by the week or by the month. For an association of farmers the payments must be made to coincide substantially with the marketing of the crops. For the United States, such an association of farmers in the Northwest would naturally fix the payments to coincide with the marketing of wheat, in Kansas with the marketing of corn, and in the



\$1000 HOUSES. PAID FOR IN 6½ YEARS. DUES, PER MONTH, \$10; INTEREST, \$5; TOTAL \$15. LOT NOT INCLUDED.

South with the marketing of cotton. Thus, instead of paying by the week, 52 times a year, or by the month, which would be impracticable for a farmer, the payments would be made in about three instalments, one month apart, as crops mature and are marketed.

For the organization of a land loan bank among cotton farmers, for example, the charter and by-laws are prepared and the subscription or membership list is completed. Suppose shares are made \$100 each, and payments are fixed at \$13 a year a share. Cotton matures all through the fall months, beginning about September 1 and ending about December 15. The marketing begins about September 15 and

ends about January 1. To suit these conditions, the instalment dates for cotton farmers might be made October 1, November 1, December 1 and January 1. This would make four instalments each year. For a farmer carrying two shares (\$200) the yearly payments would be \$26, or \$6.50 on each of these dates.

Assuming that we have an organization of 100 farmers, and that the shares carried by the members (some with one, some with two, some with five, some ten, etc.) should average \$300 each, then the annual aggregate savings would be \$3900. The board of directors would lend out this money to the members. One member having five shares may borrow \$500 to lift a mortgage on his farm. The association or land bank takes the mortgage to secure regular payment of future dues and interest by the borrower. Every payment of dues cancels so much of the debt, and when, in from six to seven years, the instalments paid, together with the interest or profit credited, equal the face value of the stock, the mortgage is given up and cancelled, and the debt is at an end.

When the first building and loan associations were established, more than 50 years ago, those who were most sanguine never indulged the expectation that they could ever approximate the vast accumulations of money which have actually been made. Working people, most of whom had little or no accumulated capital, formed a class among whom past experience justified no hope of great savings. The results which have actually been accompanied by these people could not possibly have been conceived in the early days of these organizations.

The same is true also with the German land loan banks. These were organized originally (and remain even now) mainly amongst poor farmers. But the aggregate accumulations of these banks have become a financial power in Germany. Formerly these associations of farmers borrowed money from city banks to lend their members. They sometimes do this yet, especially the new ones; but the older ones now lend money to the city banks. The large commercial banks of Berlin now have vast sums on deposit belonging to the land loan banks. Some of these co-operative banks have as many as 1500 members. The co-operative instalment savings and loan principle has been worked out for the farming interests of Germany along the same lines as for the industrial workman in the United States.

These instances are sufficient to show what the workingman, mechanic or farmer can do if he has a chance. No reason is apparent why the German industrial workers should not adopt the American industrial savings system, nor why the American farmers should not adopt the German farmers' savings system with the greatest advantage to both classes.

Isolated and in debt to a city bank or merchant, the farmer often desponds. He sometimes first evades, then repudiates his debt. In an association of his own people, his neighbors, he could not afford to do this. His neighbors would not let him do it. In a land loan association he can borrow a reasonable sum, secured by land, live-stock or any other good collateral (the same which is now necessary to get advances), and pay off the debt by instalments. The instalment payment at any one time never seems to be an impossibility. The payments come in sums that are not discouraging. His neighbors, members of the same association, are interested to see him get along with his payments. The encouragement afforded by this interest on the part of his neighbors, and the knowledge that he will forfeit their esteem if he gives up, constrains every member to carry out all his promises, or at least to do his utmost. All these influences put together are enough to make the difference between success and failure. They are enough to change the farmers from a debtor class to

a creditor class. The farmer is the great producer, and with this system of being his own banker he can save for himself something of value out of each year's product.

Many Scotch banks practice with farmers a system called "cash credit." Four to twelve farmers, or even more, get together and form a sort of partnership to borrow money jointly. This is obviously the aggregation of farm labor as a basis of credit similar to that of the German land loan bank. The bank makes a contract with the aggregation. Suppose five neighboring farmers combine and jointly make a contract with the bank for "cash credits" to the extent of \$1000. They agree amongst themselves what part of the sum each man may draw. They are each and severally, however, responsible for the entire amount, or so much of the entire amount as may be drawn out. The bank opens an account with each member of the borrowing association, and for each, separately, cashes checks and credits deposits. Interest at 4 per cent. per annum is charged on the average balance. Thus each man pays a very low rate of interest, and pays only for the actual time the money is out of the bank.

What makes this feasible is that the Scotch banks are allowed by law to issue bank notes on their good assets. This privilege is coupled with the condition (among others) that the bank must redeem its notes in gold on demand. These conditions never give serious trouble. A Scotch bank is always in position to issue bank notes in the crop-producing season and cancel them in the crop-marketing season. This plan saves the bank from having to rediscount notes, and in cases of financial stress the bank can always save its own home people with its own notes.

This same feature of Scotch banking is also of great assistance to merchants and manufacturers. It is an elastic feature that has saved Scotland from many a panic, besides providing at all times cheap and sound money for farmers and merchants and manufacturers.

In American building and loan associations each stockholder is independent of all the others as to obligations, no one guaranteed for any other. In the land loan banks of Germany sometimes the stockholders individually guarantee the debts of the bank, and sometimes not. In Scotland the number of men in each separate set of borrowers from the note-issue bank is very small, generally five to ten. In these cases the parties do guarantee for each other all their indebtedness to the bank. This makes this system rank as one of the co-operative institutions.

Co-operative banks of Massachusetts are practically a form of the building and loan association, authorized and controlled by the State. The sums of money accumulated in them by the working and other people of Massachusetts are astonishingly large, and would be beyond belief except for the fact that while they have the features of good building and loan associations, they are treated by the State as banks. They are regularly examined, and are subject to regulation the same as other banks.

The building and loan associations of Ohio, like those of Massachusetts, are all subject to State banking laws.

There are other systems of co-operative savings, but these illustrations are enough to show the utility of the system when a proper plan for its application is worked out and put into operation. By the land loan bank system thousands of poor, despondent and debt-ridden farmers in Europe have paid off mortgages or bought land, live-stock and other equipment. They have changed their condition from one of depression to one of independence. They were formerly always debtors to the land-owners, merchants or banks. Their aggregate savings deposit, through co-operative associations, now make them large creditors of the commercial banks in financial centers.

By the building and loan association thousands of wage-workers in the United States who formerly rented cheap houses at high rent have been enabled to build houses themselves, and in many cases to build other houses to rent to less thrifty people and to acquire other property besides. The great number of blocks of neat two-story brick houses belonging to workingmen in Philadelphia and Baltimore, and the rows of neat frame cottages on good large lots, with flower gardens in front and vegetable gardens in the rear, belonging to the working people of Charlotte, N. C., attest the value of the system.

If the American farmer would adopt the co-operative system, as German farmers have done in their land loan banks ; if the German mechanics would adopt it as the American mechanic has done in building and loan association, then the value of the system would be doubled in both countries.

CHAPTER III.

Essential Principles of Building and Loan Associations.

The first requisite of a savings institution is that it must be safe. In the discussion of these co-operative associations an effort will be made to exhibit on the one hand the conditions which are necessary for safety, and on the other hand those conditions which have contributed most to failures among so-called co-operative savings institutions.

The development of the life insurance business has led to many schemes, based apparently on the same general principles which govern life insurance, some of which were mistakes, and many of which were swindles. The beneficent features were always put in evidence, but the errors and cheats could not always be seen until it was too late. Life insurance has survived in spite of multitudinous mistakes and swindles perpetrated in the name of life insurance. It has survived because there was enough good in it to save the general principles under which it somewhat equalizes human burdens.

The building and loan association has been the victim of the same sort of vicissitudes. Many mistakes have been made, and many swindles have been perpetrated, but there are too many families living in their own homes, which have been bought through the building and loan associations, and which could not have been bought in other ways, to let the principle of the co-operative institution be driven out. Mistakes and swindles will tend to be eliminated, and the system will become still more extensively developed. No practical reason appears why American farmers should not adopt and apply the system, as well as American mechanics already do, and as well as German farmers already do.

The laws of the various States should classify and forbid what are known to be errors in the methods of co-operative associations. They should severely punish those who perpetrate or attempt to perpetrate swindles upon the people under the guise of operating a building and loan association. Sometimes an association is organized with the best intentions, but subsequently falls under incompetent or dishonest management. Therefore, it is important for the State to inspect and regulate the management of building and loan associations, just as it inspects and regulates the management of banks and life insurance companies.

Indeed, while the building and loan association is capable of bringing to a people the most beneficent results, the abuse of the name or of the appearance of the principle gives the best possible opportunity for fraud by extortion and otherwise.

The best form of association would seem to involve the following points :

First. It should be local.

Second. Its intervals of payment should be suited to the average usual manner of income of its members.

Third. Its rules as to prompt and regular payments should be rigid, and should be rigidly enforced.

Fourth. Its shares should be \$100 par value, and the interest rate 6 per cent.

Fifth. Loans should be made in the order of application for them, and should be made at the par value of \$100 a share, without discount, bidding, premium or reduction of any kind.

Close association is a sharp spur. People living in the country, where families are considerably separated, are rarely so careful about neatness as those who live in towns and cities. The influence of doing things jointly, too, is always strong. Association with a number of other people, many of whom one knows and is likely to meet at intervals in social life or in business, rarely fails to stimulate the individual to his best endeavors to do his part in any organization as well as the average, or better. Club members usually regard club dues as a first debt to be paid.

The moral influence of local and social association has its effect upon the officers of an organization, as well as on the members. Where the members have easy access to the officers, and meet them in daily life, the opportunity and the desire to do



A BLOCK OF CITY HOMES. \$3000 HOUSE. PAID FOR IN 6½ YEARS. DUES PER MONTH \$30; INTEREST \$15; TOTAL \$45. LOT NOT INCLUDED.

wrong are minimized. Here again is seen the effect of aggregated influences. The officers are encouraged and constrained to do right by the elbow touch of the entire membership.

The co-operative savings institution, to be successful, must be of a kind that aggregates the strength and influence of its members, and it must also be so situated that this aggregate influence is always upon its officers, thus constraining in them the greatest circumspection, and constraining each member to the highest degree of effort to keep himself straight with his associates. In local institutions the consciousness of oversight stimulates each member to keep his property in better shape, pay

his dues and interest with unfailing regularity, and be sober, industrious and economical.

The system may be varied in many ways as to payments, fines and other regulations, to suit different conditions; but the aggregation feature, in some form or other, must always be preserved. The meaning of this is that the great bulk of the members must know each other, or at least be near enough together to attend meetings in case of trouble, and that loans must be made only on property so situated that it may be readily visited by an examining committee, and may, if occasion requires, be inspected and passed upon by the bulk of the members. This means that all the property taken for security must be within a limited local area, say a city or a township, and that most of the members must live within this area. The character of a member who borrows is an important element in the security of the loan. It, as well as the mortgaged property, ought to be under the observation of the members.

These considerations establish the first condition, namely, the successful building and loan association must be local. Any limit is suitable within which people are likely from time to time to see something of each other. Ten miles is of little consequence to a farmer, who has facilities for the trip, and has the habit of traveling more or less over the country, while for a machinist it would be both inconvenient and unusual to go into the country to inspect property. It would not be advisable for an association made up of workers in industrial pursuits in the town or city to take farm property lying at a distance in the country. In such an association property accepted for security must be in the town or city and the immediate environs. If farmers should undertake this sort of savings and loan association the county lines would usually enclose a territory that would be "local" within the meaning intended.

Membership need not be rigidly restricted to locality. Most of the members should, however, always come from the territory in which the securing property is to be taken. Indeed, the purpose of the association is that home people may save home money to buy houses to live in or to do business in, or that they may lay by something against a rainy day, or to make old age comfortable, or to raise and educate a family of children.

Many so-called building and loan associations have been formed on plans that were totally wanting in the essential features of co-operation. These spurious institutions are made up of members widely scattered, few of whom ever see the officers. It stands to reason that the very scattered condition of the members of such an institution prevents co-operation, and creates the very best opportunity for the officers to swindle the stockholders. These institutions are generally called national or interstate building and loan associations. Most of them have failed.

With possibly a few exceptions, they have somebody in some way connected with them who practices impositions on the members. The representative of these organizations, when discussing a subscription for stock, always shows how easy it is to withdraw; when later on application to withdraw is made, it is not found so easy. In one case a stockholder in Texas made application to withdraw from an Eastern association. He had paid in \$360, and was entitled under the by-laws to withdraw this amount, together with some slight profit. In answer to his application, he was advised by the secretary of the association that there was no money available for paying off withdrawing stock, and that there would be none available for nearly a year, or perhaps more than a year. The secretary had a friend, however, who would buy his stock for \$250. What is the Texas man to do, being 1000 miles away? Counting the cost of a lawsuit or a trip, he finds it cheaper, less trouble and more

expeditious to accept the offer. The secretary is his own friend. As soon as the secretary received the stock he proceeds at once, according to the by-laws, to draw \$360 with the profit added.

In many ways institutions which have stockholders much scattered are liable to fall into bad habits. They may, in perfect honesty, make loans at distant points through local boards on property of far less value than the cash loaned. This error has been extensively committed, to the disappointment and injury of the stockholders when the time came for final settlement. Mortgages which instalments should have cancelled in six or seven years have run eight or ten years, and even more, because of bad loans on inadequate security or bad conduct in the home office, or both.

Notwithstanding these objections, it is not impossible that under certain favorable conditions or influences there might be devised an interstate or national association which could be made secure and desirable.

Exact knowledge of the condition of a corporation by the stockholders and by those who may wish to become investors, and a method for calling the officers back to regular operations (under the by-laws if necessary), are essential to fair dealing with the people. Up to a certain point these things may best be secured by localizing. When this is impracticable, or not enough, some plan of legal regulation and restriction is absolutely necessary.

It long since came to pass that the people demanded regulation and restriction of banks, and the publication of their statements in prescribed forms. Regulation and restriction of the insurance business has also been permanently established. Some degree of regulation and restriction of railroad management and publication of rates has been obtained. A number of manufacturing interests have been more or less combined or consolidated, but so far no regulation, restriction or publicity of accounts of any value has been attempted with reference to them.

Those interests where regulation, restriction and publicity of accounts are most complete have securities which are more attractive to the investor than those which work under cover. Government bonds, publicly issued and publicly handled, bring the highest prices and bear the least interest. The stocks of national banks, next best and most publicly regulated, bring the next highest price with the next lowest interest. Insurance companies come next. Railroads come next. Stocks of industrial combinations, practically not regulated at all, come comparatively low. An industrial stock drawing 7 per cent. preferred and cumulative dividend will bring, say, 90 per cent. of par value; a railroad stock paying the same will bring 150, a national bank stock 200, and a government bond, if there were any such, would bring 250.

There has been much criticism of the tendency to find fault with combined corporations or trusts. But it should be observed that the objection is not to the magnitude or the legitimate profits of a corporation. There has been consolidation of banking interests in New York aggregating enormous sums, yet no serious criticism has been made. There are some other complaints against the banking law; the system is not flexible, and does not sufficiently serve the interests of the whole people; but the matter of size and profit creates no serious prejudice. The knowledge of the condition of national banks, which is disseminated by the government, satisfies people

about all questions relating to capital, issues of stock, conduct of business and other such matters.

The only way to insure success, or a reasonable probability of it, to a building and loan association operating on the national or interstate plan would be by government restriction and control, with examination and publication of accounts by good experts like the national bank examiners.

With such examination, publicity and control such organizations might be made not only safe, but advantageous both to the investing stockholders and to the borrowing stockholder. The prosperous locality, where money for investment is more or less plenty, could then furnish money to invest in less favored sections. People having valuable resources in less developed localities, by joining such an association, could borrow money at a lower rate than in any other way; the transaction would be profitable to themselves and to the investing members.

In the absence of laws, or with inefficient laws for control and regulation, the interstate plan of association had better be let alone. The time may come when, under control and regulation, it may become all right; but it is not yet.

The next important condition for a successful association is that regular and prompt payment be secured. To this end the times of payment should be fixed to correspond with the usual pay-days at the various works, stores and other institutions in the town or city. An association of farmers would naturally fix their instalments to suit the marketing of their crops, having them come quickly on the heels of their principal sales.

Whatever the appointed times of payment, strict observance of them should be rigidly required. One of the most wholesome and advantageous influences of the land banks of Germany has been the education of the farmer to a knowledge of what prompt payment means.

Most of us need just a little pressure to make us do fairly by ourselves in the matter of husbanding the fruits of our labor. Working people are usually rather liberal and generous, and there is always a crowd of human parasites that live on the labor of others. If the savings institution would succeed among workingmen, it must shape its rules so that they may and must pay in their money before these parasites can get it. Once satisfy the member that the instalments paid in are safe, and to his own account, and he is willing enough to pay in his money whenever he has it: but if he must wait long, or even if he may wait long, his money is likely to go before he knows it, and in ways that are unaccountable even to himself. It is important, therefore, to make the instalments suit pay-days, to fix a fine to enforce payment, and to be strict in requiring that payments be prompt. It is not desirable to be so inflexible in the enforcement of rules as to cause hardship; temporary failure to pay on account of unavoidable accidents or sudden and temporary sickness should be judiciously overlooked occasionally. This should be done, however, only in special cases.

The plan of bidding for loans, though not so disastrous as that of scattering the members, is very undesirable. By this plan the money is loaned by auction, as it were. Whoever bids to accept a loan at the greatest discount gets it. Sometimes

the bid is 5 per cent. discount, or "premium," as it is called. Sometimes it is 10 per cent., and even higher. As much as 40 per cent. has been known to be bid. This is taking advantage of the needs of members in a very unfair way. Where two men want money it would be much better to accommodate both without discount, and in the order of their application.

Some associations have had a fixed discount or "premium." In Bethlehem, Pa., a fixed premium of 12 per cent. was popular some years ago, but is now abandoned.

By far the best way is to have applicants for loans listed in order, and to assign accumulated money in regular order and at par, according to the list. By knowing the rate of income of the association and the aggregate of applications ahead, any one applicant can be told with approximate accuracy when he can get the money applied for. Knowing this, he can easily make his arrangements without being harassed, as he might often be if bidding had to be done to get a loan.

CHAPTER IV.

Opportunities and Benefits.

The building and loan association is not in itself, even in its best form, a primrose path to fortune. It is, in a feeble way, and for this world, like the plan of salvation. It is simply an opportunity to those who, in its absence, might despond and be lost. It does nothing for the man or woman who is unwilling to try. In this chapter will be discussed the opportunities it furnishes.

It makes a great difference whether the operations of a building and loan association are conducted in a growing town or in one that is retrograding or standing still. In a progressive town rents are high. Therefore in a progressive town rents will come nearer paying dues and interest on a loan to build a house than in a town that is not progressive.

To the individual the opportunity is simply a question of getting wages. Even in a slow town and at cheap rent a family would be better off to join an association and build a house for themselves. Many a time in Pennsylvania and North Carolina the first dawn of awakening and prosperity for a town has been due to the act of the working people in the organization of a building and loan association. When working people abandon rented houses and apply their wages to payments on houses of their own, then capitalists are compelled to make investments in enterprises that make more occupation, more wages and more wealth. I will give some examples.

While working as a machinist and in other capacities for the Bethlehem Iron Co. in Pennsylvania, I saved money enough to buy a lot. I joined a building and loan association and borrowed money enough to build a house on the lot. The par value of a share was \$200. I subscribed for and borrowed on seven shares, making a mortgage debt of \$1400 at 6 per cent. interest. The dues on the shares were \$7 a month, and the interest (\$1400 at 6 per cent.) was \$7 more. This made \$14 a month I had to pay. It required about 10 years for the stock to mature and bring the shares to the par value of \$200. I rented the house for \$15 a month. While I had to pay \$14 a month for 10 years to own the house, the tenant paid me \$15 a month, and at the end of 10 years he owned none of the property he had paid for.

I owned a lot of about 75 feet frontage on College street in Charlotte, N. C., with one negro cabin on it. I reconstructed the cabin to make a neat workingman's cottage with two rooms and kitchen. I built two other similar cottages, each on 25 feet of the lot. The reconstruction of the old cabin into a cottage cost \$100. The new cottages cost me \$250 each. I borrowed \$600 from the building and loan association. This required six shares at \$100 each. Dues were \$6 a month; interest at 6 per cent. was \$3, making \$9 a month. The houses rent for \$4 a month each. I pay out \$9 and collect \$12. In six and one-half years the tenants pay for the cottages for me and pay me a surplus besides.

In both the above cases there are some expenses, such as insurance, taxes and repairs, which have not been taken into account. Both are rather exceptional and favorable cases. But even when rent money can be made to pay for a house a man will sometimes figure and figure to show that a bank loan at simple interest is cheaper than a loan from the building and loan association.

Even when an ordinary loan can be made, the differential cash advantage of it

over the building and loan method is of small consequence. The main difference is that the building and loan plan leads the borrower gently, easily and surely, though somewhat forcibly, out of debt. If it is a home he has built, his mortgage is being every week reduced, and will certainly be cancelled at the end of the term of the series. By any other plan of borrowing, maturities of debt and interest are far apart. Interest alone becomes a lump sum, and unless it has been accumulated by instalments at home it is hard to pay. Deficiencies soon bring discouragement, and by discouragement many a house is lost and goes to the money-lender, and he is blamed for what is no fault of his. The trouble is that the workingman has no means of making regular small payments on his debt at intervals when he has the money, and in the absence of any pressure to accumulate it, he spends it.



A \$2000 HOUSE; PAID FOR IN 6½ YEARS. DUES PER MONTH \$20; INTEREST \$10;
TOTAL \$30. LOT NOT INCLUDED.

It is not intended to argue that there are not conditions under which it is as well or even better to borrow from commercial banks or individuals. This discussion relates to a plan for serving advantageously a large proportion of working people and people engaged in commerce in a modest way. The tremendous success of these associations leads one to the conclusion that 90 per cent. of all the houses built through them could never have been built by borrowing money and making an ordinary mortgage to a money-lender, bank or individual; or if they had been built, more than one-half would never have been paid for by the purchasers. The great advantage of the building and loan association lies in the instalment payments and the little coercion to compel regularity.

It is sometimes argued that the early borrowers are at a disadvantage. They pay interest through the life of the series, while the last man pays no interest at all. It is forgotten that the first man has the use of the money or the use of a house rent free during the whole life of the series, while the last man may have been paying rent all the time. If a borrower uses a loan to pay for a house and moves into it he saves his former rent against the interest paid. The dues are separate, and go to pay for the house, which none of his rent money did. Assuming a fair opportunity to use the money to advantage, it is just about as profitable to be the first borrower as the last one. While no credits are made against the debt on account of the dues that are paid, the debtor is participating in the profits. The 6 per cent. he pays on the full amount is somewhat more than offset by his share of the profits of the association. On the average, when shares are \$100 each, the debtor for \$1000 pays back only about \$800, besides interest. The other \$200 is his share in the profits or accumulation of all the interest—his own and others.

The advantage is greatest for working people living in houses of moderate size and cost. This is not because the landlord is extortionate. Small cottages, frame or brick, are necessarily more perishable than larger and more expensively built houses. The average tenant refuses to make repairs that he could well make. He always makes the landlord spend money. Therefore the landlord must get rent enough to pay for repairs. Thus the tenant pays in cash for something that he could as well do without, and would do if he owned the house.

Besides repairs, the workingman can make improvements often without cost. The owner of a property always finds economical means to better it. In this lies much of the advantage of the building and loan association. It requires a man to own his property before it will deal with him at all, except as a stockholder and saver of money. The building and loan association is perfectly willing to advance the money necessary for a man to buy or build, but it will not consider such a thing as buying property for a member to rent.

In the two examples shown it has actually cost no money to buy houses. In the great majority of cases the rent will not pay all the interest and dues. Sometimes, where the rent is \$10 a month, it will take \$15 to pay dues and interest. Meantime one is living in one's own house rent free. Sometimes, when rent is \$20, the interest and dues for a \$2400 loan would be \$35 a month. The variations are innumerable. To save disappointment, each individual must figure out for himself the case he has under consideration. Some cases are more favorable and some less, but I have not met with any case in which it did not pay a workingman to join a building and loan association, quit renting, build a house and apply rent money toward paying for it.

The building and loan association generally requires that a man own his lot. Then it will lend money to build a house, taking a first mortgage on the whole property. Many a workingman reflects that for a man without a lot the plan is impracticable. That conception is a mistake. There are almost always opportunities in a town for a workingman to buy a lot on long credit, with the privilege of building a house on it with building and loan money, giving a first mortgage to the building and loan association and a second to the landowner. At first blush this would seem indiscreet on the part of the landowner. On consideration, however, almost any landowner and all the land-development companies will do this. Every payment made to the building and loan association is a reduction of the first-mortgage claim. Therefore, soon after the start the second mortgage is perfectly safe. At the end

of about six and one-half years (\$100 shares) the first mortgage is paid off, and the second mortgage becomes the first.

Thus a workingman may, on the basis of his sobriety, honesty and industry, buy a lot on credit, build a house on credit, and pay for the house in about six and one-half years through the building and loan association, keeping up the interest on the lot debt. Then he can transfer the lot debt to the association and pay it off in about six and one-half years more. This takes $12\frac{1}{2}$ to $13\frac{1}{2}$ years—a long time. That's true, but reflect that the start was with nothing and the end was the ownership of a house that otherwise never would have been owned.

In operations of American building and loan associations the majority of all loans are made to build homes for members. Loans are never made except to members. (This rule is somewhat modified in the case of associations in the State of Ohio, but these are more or less like the co-operative banks of Massachusetts.) Members who have satisfactory security, however, borrow money for any purpose.

To mortgage a home already paid for is generally very dangerous. It may happen, however, where conditions are favorable, that a man may mortgage a home to get capital to enter a mercantile business which promises to pay for itself and make money in addition. Or a man already in business may extend his business or get over a hard time by means of the building and loan association. A merchant can have no better safeguard against a panic or any tight time than a fair amount of building and loan association stock. Ten shares are always good for \$1000, even when the banks have no money to lend. Merchants who own some real estate often subscribe for and carry 10 to 50 shares (\$1000 to \$5000 par value), in order that if in their business they should at any time be pushed for cash, it may always be available from the building and loan association by application in regular order. It is a great advantage in business to be so situated as to know where a sum of ready cash may be had at any time when needed. Of course, this involves mortgaging some real estate, but when shares are being carried the debt may be already half paid when the loan is made. In any event, the repayment of the debt goes on at short intervals, and in that respect is a light burden. It is easily paid as compared with an ordinary mortgage, which cannot be reduced until due, and must then be paid all at once. In the latter case the natural tendency of human nature is to hope to pay the debt when due, but not to make preparation in time. In the former case the building and loan association permits and requires that a beginning be made at once; that regular and very light weekly payments be made, and that these be regularly continued until the mortgage is paid in full and cancelled. To the average man it looks beforehand as though it would be a hardship to have to keep up these payments. After starting, however, one always becomes more pleased with the plan and really interested to learn how easy it is to accumulate money by regular savings or pay off a rather ugly debt in instalments that are comparatively insignificant.

We often hear that such or such a successful man was backed by some friend who helped him over rugged places. I know a number of successful men who could not have succeeded without the good and sure backing they have had. The backing has been by no man, but only by the building and loan association. It stands like a rock behind every man who will use it right. It can never be made the victim of prejudice, and can never be brought by lies or conspiracy to desert one of its members in need. Enfill its conditions, and its help is ready at all times and under all circumstances.

Aside from the question of building a house or serving as security for a business.

building and loan shares are a good investment, and the plan is the very best for savings. Every young man could with advantage carry a few shares. It will astonish any young man to find how his savings will increase with regular forced payments.

Many a mechanic or clerk or other person working for wages will trouble himself with figuring the profit on money saved in a building and loan association to show that it is more or less than the current rate of interest. For capitalists taking stock for investment there might be a shade of difference one way or another, that some might think worth considering. But even for a capitalist the superior safety of this investment is worth a shade of difference in interest rate.

For the average workingman such a calculation is foolishness. In the great majority of cases the savings are all profit to the workingman. Most of them spend all they make, whether it is much or little.

As a matter of fact, the profit or interest averages about 7 per cent. This varies with the actual rate of interest charged borrowers, which is usually 6 per cent. It also varies with the expense of conducting an association and with the amount of fines imposed and collected.

In subscribing for shares without loans no serious obligation is assumed. There is generally, and should be always, provision for withdrawal of cash paid in, with some little interest, after the series has been in operation for more than two years. (The amounts paid for expenses for the first two years or more are usually at least as much as the accumulated interest for those two years on the small sums paid in.) With this provision, if the wage-earner of a family should die, the membership in the building and loan association is a benefit, and no disadvantage. Any accumulated money is an advantage to the widow and children, regardless of interest.

Sometimes there is hesitancy because of a possibility of moving. The membership is no hindrance to moving. The money paid in can be withdrawn, or, better still, it may be let alone and the payments to the building and loan association at the old place may be kept up from the new home. Even a great distance in America makes little difference. The writer, while a machinist, left Bethlehem, Pa., and went to Missouri as a master machinist of a manufacturing company. The mails carried the building and loan payments back, and not one ever failed. The possibility of moving is no reason for hesitation. On the contrary, wherever there is a good and safe local building and loan association one should always join, because, in case of moving, there might not be one in the new place.

A well-conducted savings institution is like a church, a school and a library. Everybody ought to belong to one. Join the others first, and in the order named, but don't quit till the building and loan association is reached. Whoever does his best in these four institutions will stand far above the average of humanity.

In addition to the profit shown in figures or dollars and cents, the home-builder makes other gains, which show themselves in better citizenship and better life :

1. He puts himself in position to utilize his spare time for his own advantage. Improvements he can make on the house are all his.
2. Flowers, trees and vines planted are all his own, and he can take more interest in these adornments if they are his rather than his landlord's. This ought not to be so, but it is so.
3. It raises him in the esteem of his neighbors to become the owner of his house. This brings him better opportunities.
4. It settles him in a house and raises him above the transient workman, both

in his own estimation and in fact. His self-esteem being stimulated, he is at once a better man.

5. Having a home, he becomes interested in the local church and the local school. He learns loyalty to his town and patriotism to his country.

Taking safety into consideration, the interest or profit is usually more than a workingman can get on regular savings from any other source. In addition to this profit, the workingman gets the opportunity to shift his rent money to the payment of a house for himself, and in some few cases the rent money actually pays the whole dues and interest or the whole cost of the house. In such a case the profit is 100 per cent., aside from the fact that in many cases the workingman's savings are all profit, because the money would have been spent had not the periodical pressure of the building and loan association caused him to save it. The profits might be roughly summarized as follows:

	Per cent.
Interest.....	7
Rent saved.....	60
Value of habit of regular saving.....	60
Improvements made on house with home labor.....	20
Better life and surroundings.....	60
	<hr/>
Total profit, financial, moral and intellectual.....	207

These figures as to moral and intellectual results are simply given to put the idea into measurable form. Such advantages are in reality immeasurable in figures. The value of a beginning to save is often in itself the equivalent of a fortune. One frequently hears a successful man attribute his success to some incident that induced him to begin saving.

The workingman who owns his home has made the conditions that are necessary to free him from the harassments of strikes and squabbles for increased wages. By home study and self-improvement he can learn to do better work at higher pay. A weaver of plain goods can, by learning to do Jacquard work, double his pay quicker than he could ever get 10 per cent. advance by a strike. How much better to make substantial headway by peaceful means rather than make scant headway by violence and troublesome means! The family owning a house has better opportunity for home study.

Besides the material, moral and intellectual advantages of home-building already recited, there is an æsthetic and artistic advantage. The workingman who owns his home may take pleasure in planting flowers, in making a pretty plot of grass, in planting trees and shrubs and in otherwise improving the beauty of the home. Many a child is born to working parents who has taste and talent for art, music, painting, tapestry weaving, etc. In the conditions that often surround working people in rented houses and hovels any superior talent or taste of a child or youth is dried up and lost to the world.

One of the most astonishing things in my experience with building and loan associations and with working people is the contrasted conditions at Charlotte, N. C. Part of the working people live in their own homes and stand the equals, if not the superiors, of working people in any other section. These are the machinists, carpenters, bricklayers and workers at several other trades. They send their children to school, attend church, and have all the attributes of good citizenship. Another class, the cotton-mill operatives, in many cases live in company houses, move frequently, save little money, and give scant attention to schools. Many of them are as good citizens as working people who are in other occupations, but in the main the difference between their condition and that of the former class of work people is enough

to be notable. It is equally notable that the machinists, carpenters and bricklayers are extensive patrons of the building and loan association, while the cotton-mill operatives are not. Sometimes it is claimed that the wages of the cotton-mill operatives are too low to admit of saving, but this is an error, as the income of the average cotton-mill family is greater than that of the average machinist or carpenter. In a cotton mill several members of a family can work, while the carpenter alone of his family is a wage-earner.

A similar contrast exists in Pennsylvania. The Philadelphia mechanics are usually members of building and loan associations, and live in homes which they own through these institutions. On the other hand, the coal miners live usually in company houses, and are inclined to strikes and squabbles.

No matter whether the membership in the building and loan association is the cause of the better living, or whether the disposition to live better is the cause of the membership, the advantages of the membership are apparent. It appears also that a community of working people who are saving their money and building homes are rarely engaged in any kind of controversy with their employers, and are practically never engaged in strikes. The ownership of a home by parents leads to better attendance at school by the children and to steadier industry by all. It is soon learned that by increase of knowledge and skill far better advance in wages can be gained than by strikes. It is learned that education and training are the cheapest things in the world to buy and the highest-priced things in the world to sell.

Working people have rarely raised wages more than 10 per cent. by means of strikes. By improving one's knowledge and increasing one's skill wages may be doubled, tripled or even still further increased. The first step for a workingman's family towards education and skill is the saving of money to buy a home. It is in and from the permanent home that the best education and the best training can be acquired. Philadelphia has been called a city of workingmen's homes. It is notable that Philadelphia has a population of high-priced and contented working people. They build the ships and locomotives, weave the lace curtains and carpets of America, and do a lot of other high-class work at high wages. They commenced early to save their money, build homes and educate their children.

CHAPTER V.

Some Examples of Home Building.

The co-operative savings banks and building and loan systems of Massachusetts, Pennsylvania, Maryland and North Carolina have brought about the construction of thousands upon thousands of working people's homes, which are models of domestic convenience and comfort. In the homes of the Pennsylvania working people in and about Philadelphia, and in the Lehigh valley, not only is every piece of furniture and every piece of equipment of the very best, but the arrangement of them has been studied out to reduce the work in the kitchen to a minimum. The stove, the kitchen table, the sink and other appliances are so placed that the work can be done with the fewest steps. The windows are placed to give the best light and the best ventilation, and to give them exactly where they are most wanted.

These perfections are the result of much study and suggestion on the part of the working people themselves. They become a part of the profit or advantage that the building and loan association brings. Few people care to trouble themselves to work out good ideas and economical arrangements for a landlord. This ought not to be so, but it is so.

In studying the economies of house building let no one think he can safely dispense with the services of an architect. If a bricklayer wants carpenter work done he had better hire a carpenter to do it than attempt it himself. If a machinist wants bricklaying done he had better get a bricklayer to do it. The architect is trained in making a house cheap and beautiful, as the mechanic is in doing a good job at his own trade. He can reduce expense at one point and add much to beauty at another, and the net cost of employing him will be little or nothing.

Yet, with the opportunity to build houses for themselves, there is no more fruitful source of good ideas than the working people themselves. The husband is usually a mechanic of some kind—machinist, bricklayer, carder, weaver or some other. He can give good ideas about constructions. The wife usually does her own housework, and she can give good ideas about location of doors, windows, kitchen equipment, etc.

The writer, while working for the Bethlehem Iron Co. in Pennsylvania, frequently had occasion to make drawings for working people who built homes through the building and loan association. The designs of these houses were usually made up of ideas furnished more by the mechanic and his wife than by the draftsman. Indeed, the wife had the most to say about it, and the mechanic and the draftsman generally did as she said. By this process of engaging the interest of the mechanic in the design a standard type of workingman's home was soon developed. This is a two-story brick building with parlor, dining-room and kitchen on the lower floor, and with two or three bedrooms and a bathroom on the second floor. Block after block of these houses has been built in the Lehigh valley, in Philadelphia and in Baltimore.

There has been a similar development of a system of cottages in Charlotte, N. C. The owner is generally a mechanic, and his wife generally does the housework. This has naturally led to the same degree of perfection and convenience, with an entirely different method of architecture, more suitable to the climate, and utilizing the fact that land can be bought much cheaper, thus enabling the builder to get land enough in the front yard for flowers, and also plenty for a vegetable garden. These Charlotte houses are mostly frame cottages, and they usually have lots containing from a quarter to half an acre.

The cost of workingmen's houses varies in different parts of the country. For the Piedmont region of the South Atlantic States the following estimates are typical:

Two-room cottage with kitchen.....	\$250
Three-room cottage with kitchen.....	325
Four-room cottage with kitchen.....	400

The above are simple frame houses without baths, closet or other "modern conveniences." They are built mostly for and by cotton-mill operatives—carders, spinners, weavers and dyers—who, up to the present time, have been accustomed to very, very simple but not economical methods of life. The rapid development of cotton manufacture has brought them from the farm to the factory.

For machinists, carpenters, bricklayers and other similar trades more expensive houses are the rule. These run about as follows:

Four-room cottage with kitchen.....	\$600
Six-room cottage with kitchen.....	900
Eight-room cottage with kitchen.....	1200

These with moderate interior finish and conveniences.

For a better line, the following:

Five-room cottage with kitchen.....	\$1000
Seven-room cottage with kitchen.....	1500
Nine-room cottage with kitchen.....	2000

These with nice finish and excellent modern improvements.

Any of the above houses can be made to cost more by the use of hardwoods, finer papers on walls and more expensive plumbing or other better finish.

Take now the first case of a small and cheap cottage. A young man, who is a carder's helper and gets \$1.25 a day, marries a girl who is a weaver earning \$1 a day. The husband at \$1.25 a day makes, say, \$30 a month. He takes three shares of building and loan stock and builds a cottage costing about \$300. His payments are as follows:

Dues per month of four weeks (13 months in a year).....	\$3 00
Interest.....	1 50
Total per month.....	\$4 50

The dues and interest would stop in about six and one-half years, and the carder's helper, with his wife, would own the house. If he had been renting a house meanwhile they would have had to pay about \$2.50 a month rent. But by saving this rent money the net cost of the house is \$2 a month for six and one-half years, or about \$160, for a house worth \$300. The balance of the \$300 is covered partly by the rent money and partly by his share of the general profits of the association.

The building and loan association requires a first mortgage on house and lot. In the above case the carder's helper who built the home is assumed to have had his lot bought and paid for. Suppose, however, that he buys his lot on long credit, giving a second mortgage to secure the debt and a first mortgage to the building and loan association for money to build a house. The lot in this case for building a very simple and economical cottage ought not to cost over \$100. Suppose the purchaser pays for his house in the first six and one-half years, at the rate of \$4.50 a month of four weeks (13 times a year), and then subscribes for one share of building and loan stock in the next series, \$100, to pay for the lot. His dues and interest on this will be \$1.50 a month for six and one-half years more. A carder's helper, earning only \$1.25 a day, can pay for a house and lot in 13 years. In the meantime all the work he has put upon the place himself has gone to improve it for his benefit.

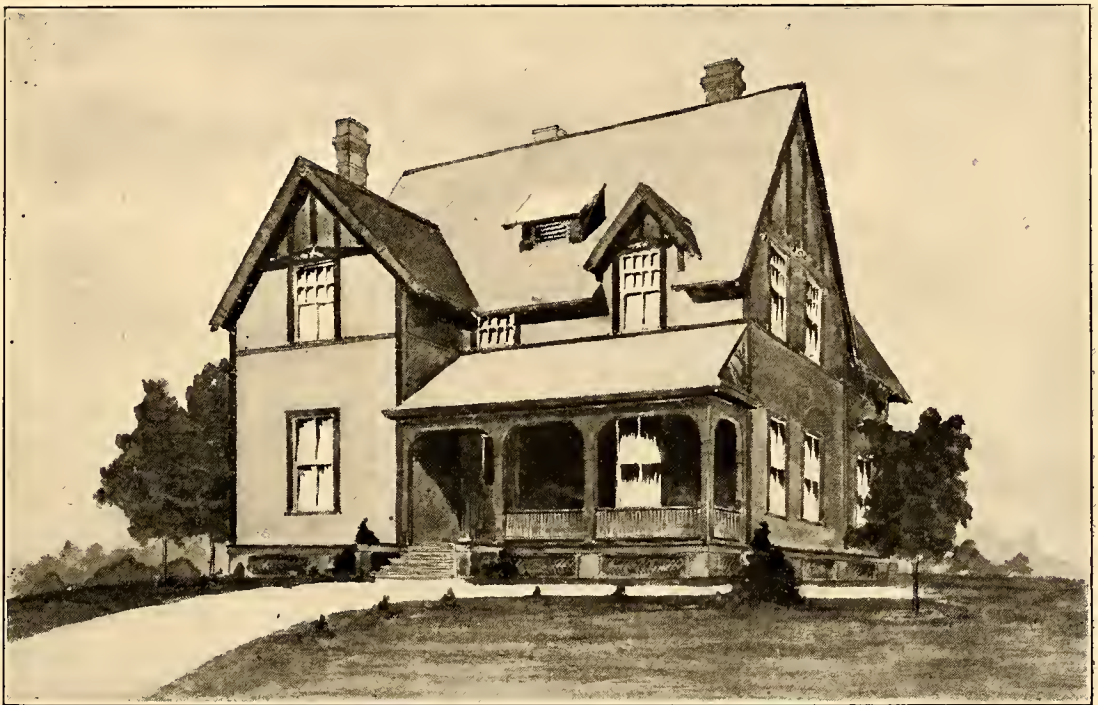
It is natural to suppose that the carder's helper would in time get to be a carder and get more pay. Even if he should then want a larger house he could add to his cottage or go in for another house and keep the cottage as an investment.

Take the case of a \$500 house :

Dues on five shares of building and loan stock per month (of four weeks), principal.....	\$5 00
Interest.....	2 50
	<hr/>
Total dues and interest per month.....	\$7 50
Deduct rent which would have been paid per month, say.....	5 00
	<hr/>
Net amount paid for ownership of house per month.....	\$2 50

This amount paid for about 84½ times, making the total net cost of a \$500 house \$211.25.

I know of a case in a prosperous and growing manufacturing town where a young man had a lot bought and paid for. He took 20 shares in the building and loan association, borrowed \$2000, and built a house, intending to live in it. About



A \$1500 HOUSE; PAID FOR IN 6½ YEARS. DUES PER MONTH \$15; INTEREST \$7.50; TOTAL \$22.50. LOT NOT INCLUDED.

the time the house was finished he got an attractive offer in another city, which he accepted. This brought him to regard his house investment as a sort of handicap.

His dues were, per month.....	\$20
Interest.....	10
	<hr/>
Total.....	\$30

He actually rented the house for \$32 a month through the whole six and one-half years. At the end of that time the building and loan association cancelled the debt. In other words, the tenant actually paid for the house and paid for six and one-half years \$2 a month over and above the cost of the house. Such a case only happens in a prosperous and growing community, where rents are high and houses scarce, and yet it does happen not at all infrequently. I know of a number of other cases similar to this.

Take the case of a machinist working at \$2.50 a day. Some earn more, some less. At 26 working days in a month, the pay per month would be \$65. A \$1200 house would require monthly payments as follows:

Dues on 12 shares.....	\$12
Interest on 12 shares.....	6
	<hr/>
Total per month.....	\$18
Deduct rent formerly paid, say.....	12
	<hr/>
Net monthly payment to buy house.....	\$6

This for six and one-half years (13 months in a year) makes a total of \$507, the actual cost of a \$1200 house.

In Philadelphia, where there is an older development than in the Piedmont region of North Carolina, houses are usually brick, instead of frame, and they therefore cost more. The range would be about as follows:

Six-room house and kitchen.....	\$1500
Nine-room house and kitchen.....	2000
Eleven-room house and kitchen.....	2750

Sometimes the building and loan associations in Philadelphia have shares of \$200 par value, requiring 10 years to mature. In these cases the monthly interest is equal to the monthly dues. Thus:

Dues on 10 shares are, per month of four weeks (13 months in a year).....	\$10
Interest.....	10
	<hr/>
Total per month for 10 years.....	\$20

Thus in one of these associations a person may borrow on 10 shares \$2000, and pay \$20 a month for 10 years to cancel the debt.

Some prefer the 10-year plan, with shares at \$200 each, but most people prefer the six-and-one-half-year plan, with shares at \$100 each. Either plan is all right, and is generally satisfactory. The longer the term, the easier the payments are, and conversely, the greater the monthly instalments, the shorter the time to finish.

There is practically no limit to the size and cost of houses that may be built. A merchant may take 100 shares at \$100 each, and on this basis borrow money to build a \$10,000 house or store. I have known houses worth \$25,000 to be built through the building and loan association on the instalment plan, for business purposes, when the money could not have been raised in any other way with any assurance of easy repayment.

A merchant wishing to build a house at a cost of \$10,000 would have payments as follows:

Dues per month of four weeks (13 months in a year).....	\$100
Interest per month.....	50
	<hr/>
Total per month (for 84½ months).....	\$150

Subtracting former rent from this, the total net cost would be a very small sum for a fine piece of property if well located.

A merchant wishing to build a store to cost \$20,000 would have the following payments to make:

Dues per month of four weeks (13 months in a year).....	\$200
Interest per month.....	100
	<hr/>
Total per month (for 84½ months).....	\$300

Deduct from this the former rent, and the total net sum again becomes small for a very important property.

CHAPTER VI.

Philanthropy and Working People.

This system of the co-operative savings bank and the building and loan association gives a solution of the problem of working people's homes that is most essentially a peaceful advancement. It is a plan by which working people themselves solve the problems of betterment for themselves. There is nothing philanthropic about it. It is business, pure and simple, and nothing but business. The man or woman who joins a building and loan association and builds a house sacrifices nothing of self-respect and nothing of dignity. Indeed, self-respect and dignity are increased. The mechanic who builds a house, sends his children to school, attends church and otherwise identifies himself with a community of good people is immensely advantaged over the one who comes today and may go tomorrow. He becomes a citizen, a neighbor and a friend, where before, even though a good mechanic, and well thought of, he had no particular standing in any community. His better situation makes better opportunities for his children. If there is a young daughter with musical taste and talent, people take more interest in her than if she might go tomorrow. Identification with a community and its people always makes a better condition for any family. The home and the binding of the family to the community are largely the basis of Anglo-Saxon strength and Anglo-Saxon civilization.

There is no help for working people that compares with the help they provide for themselves. Munificent philanthropy is as nothing compared with a morsel of self-help. The one may be fruitless, or even injurious; the other is always strengthening and fruitful.

Philanthropy is not so easy as it appears on the surface. Even with plenty of money there are few people who can do true philanthropic work. With most people the idea of philanthropy is to make other people, and especially work people, do as the would-be philanthropist thinks they ought to do. This is naturally fruitless and offensive.

With many other people egotism is made to simulate philanthropy. In many churches the sense of pride leads to the appointment of committees to look after working people. These committees, in turn, go out among working people in pride and conceit, and, of course, do no good.

It is far from my intention to charge these ignoble motives upon well-disposed people and churches or philanthropic societies, or to depreciate their many and vast good works. But the best philanthropy is that which places opportunity within the reach of humanity and keeps the personality of the philanthropist wholly in the background. Much of the best work in this line has been done by people who had no money to give. The men who devised and pressed to practical operation the scheme of the German land loan bank system did not give a cent. Yet by means of this system, and by patient encouragement to follow it, the condition of the German farmers has been wonderfully improved, and their banks now lend money to the city banks, instead of borrowing from them. No money has ever been spent in the name of philanthropy to establish or foster a building and loan association in America. Yet with the plan plainly laid out, and with laws that tolerate rather than foster them, they have been perhaps the most important factor among civilizing influences

in raising vast numbers of working people into the position of home-owners, and in many cases have been the means of launching a career which has culminated in high position and wealth.

People are constantly being heard to say what they could and would do if they had Mr. So and So's money. This is simply the lame excuse with which the laggard deludes himself and tries to delude others. As a matter of fact, nothing is more astonishing than the actual results when ample money is put into the hands of such people. Indeed, the results are usually just the same as they formerly were with the same individual when he had no money. In such cases the giving of money is simply foolishness. The thing needed is to put at the command of the individual some fair, open opportunity, and then stimulate him to embrace it and hold to his purpose.

I have known this experiment to be tried over and over again. A tenant was asked by the landlord to improve the grounds about the house. Invariably the



\$800 COTTAGE; PAID FOR IN 6½ YEARS. DUES PER MONTH \$8; INTEREST \$4;
TOTAL \$12. LOT NOT INCLUDED.

answer was that nothing would be more easy or agreeable if the family could spare the money. The landlord offered to pay bills for necessary outlay. But there was no perceptible change in appearance, even though comparatively liberal sums were paid for expense of effort. The truth is that for a tenant or home-owner the money required to keep premises neat and attractive is so insignificant that it need not be considered. The desire for better appearance must first be acquired, and then the result comes without the need of much money.

Working people have far more resource and ability to pay their own way, and to pay for what they get, than is generally supposed. Indeed, most of them pay extravagantly for what they get. In many cases they pay enough rent for a cheap and uncomfortable house to pay in a very few years for a good comfortable house and own it in fee-simple. It is the opportunity to do this latter thing, rather than

financial help, that they need, even if the help is called philanthropic or semiphilanthropic. The greatest mistake of the philanthropist is usually judging others by his own tastes or ideas. He too frequently fails to give either support or sympathy to what the workingman wants to do, but he insists that the workingman shall do as the philanthropist wants him to do.

It is surprising to note how many people there are interested in helping to improve the condition of working people, when in fact they are interested in exploiting themselves or some of their purely theoretic ideas. Assign to one of these a quiet, modest duty which requires no personal prominence, and his interest lags at once. Many are simply tender-hearted, and sometimes work themselves into an excess of sympathy for imaginary hardships of others. Many situations which are hardships to some people are actually enjoyed by others. I recall the instance of an affectionate mother who would sometimes worry herself into sickness about stories she heard of her son who was visiting in the country. This boy would go 'possum-hunting with negroes; the party would sometimes build a fire in the woods and lie down by it, along with the dogs that would be sure to join the sleeping party, all simply to await an hour when it was thought the 'possums would walk more freely in the night. This all sounded very rough and pitiable to the mother, and she thought the negroes ought to be reprov'd for subjecting so nice a boy to such treatment. The boy himself, however, regarded the whole proceeding as very excellent sport—something unusually choice in the way of an enjoyable time for a boy, and his impatience at his mother's fervent sympathies brought him almost to intolerable rudeness. He suggested that she quit making herself a nuisance about his very enjoyable hunting parties.

The only person who can gauge the workingman's tastes and requirements is the workingman himself. With a fair opportunity he will do more for himself than can possibly be done for him by contributions of money or by statements of what he ought to do by some one who has no appreciation of his point of view.

In education it is more or less the same way. There are many institutions that are endowed by States and individuals, and many institutions where a college course may be obtained almost free, but whenever a person having only a common school education wants to supplement that education in some way that will qualify him to make a living, it is left for the commercial college to accomplish this at full pay and a profit besides. These are the only schools where a young man or a young woman may go for a few weeks or a few months and learn to do some one thing so well that he can make a living by it. Without endowment, and usually with scant capital, these commercial colleges are doing work that yields a very high percentage of success for themselves and the youth of the country. The popularity of country youth in employment in cities is due to the fact that they are usually willing to help themselves and know how. The extent to which they have been left to depend upon their own resources has made them self-reliant. It is really this self-reliance, together with their physical development, which constitutes their best value.

At all times and in all countries the happiness and prosperity of the people have depended upon the security of the farmer and mechanic in the pursuit of labor and the enjoyment of its fruits. When the laws and systems of industry conduce to keeping the farmer and mechanic poor, they naturally become indifferent about results one year after another. Ultimately they seem to become utterly lacking in those better qualities which under more favorable conditions would develop to a high degree.

In the latter part of the eighteenth century and the early part of the nineteenth there was a well-developed and extensive manufacturing interest in the South. White mechanics were numerous, and lived well. The growth of the institution of slavery had nearly destroyed all manufactures in the South by the middle of the nineteenth century. The white mechanics had been to a large extent driven to emigrate or forced into that poverty that brought upon them the reproachful name "poor white trash."

After the abolition of slavery, and after a period of disastrous experiment in trying to legislate on social and political conditions "without regard to race, color or previous condition of servitude," education, intelligence or moral character—indeed, without regard to any of the faults or virtues of humanity—manufactures were



A \$400 COTTAGE; PAID FOR IN 6½ YEARS. DUES PER MONTH \$4; INTEREST \$2; TOTAL, \$6. LOT NOT INCLUDED.

quickly re-established in the South, and the descendants of the mechanics of former days ceased at once to be "poor white trash" and became with marvelous quickness as good carpenters, machinists, carders, weavers, etc., as their ancestors were.

As long as the South was destroying the opportunity of her mechanics they became poorer and weaker. This caused her to lose in the Civil War. As soon as she changed her system and gave the workingman a chance she commenced to prosper again, and she is rapidly becoming both rich and strong. It is always so. Oppress and impoverish the working people, and the nation becomes weak and poor. Put opportunity within their reach, and the nation becomes strong and rich.

England has always been very careful of the treatment of her working people, and very solicitous to keep open to them opportunities for good living and independence. It was in England the building and loan association first started and prospered. Parliament has always been most liberal in making laws that created or fostered better opportunities for the working people and safeguarded their interest. Many who study these questions attribute to this the great success and strength of that nation.

Laws and conditions that place opportunity within the reach of the workingman himself, and for himself, do more good for his advancement than all actual contributions in money or advice that could possibly be made. All humanity can be brought to lose courage and heart by being given no chance. There are so many ways by which working people are cheated out of or otherwise deprived of savings that many a one is brought to feel that he had rather squander his surplus earnings than put them where he might likely lose them for the advantage of somebody else. With a knowledge that what is saved is safe for himself the workingman becomes a great capitalist, as is evidenced by the aggregate capital in the co-operative banks of Massachusetts and the building and loan associations of Pennsylvania, Maryland and North Carolina, and the farmers' land loan banks of Germany.

It is rare that a workingman needs charity or any kind of free help. Make for him a fair opportunity and good security for his savings, show him the opportunities, convince him that they are safe, then give him friendly encouragement, and the chances are he will succeed. But to do so he must be left perfect freedom to undertake something according to his own tastes, and not be pressed into doing something that somebody else thinks he ought to do. Good advice is all right, but it is all wrong to press on the workingman methods of spending his earnings and savings that are contrary to his tastes and what he considers his requirements.

Good philanthropy for the workingman is, more than all else, opportunity and freedom.

CHAPTER VII.

State Laws, Charters, By-Laws and Reports.

Every State should have a special law relating to building and loan associations. These laws should be in some respects similar to the laws relating to savings banks. Provision should be made for the inspection of the accounts of building and loan associations and their publication similar to those provided for savings and other State banks. It should be provided that the form of title "Building and Loan Association" should be exclusively used by associations which are purely mutual. Any corporation undertaking to do a savings business not wholly on the mutual plan should be required to be known as a bank, and not as a building and loan association. The law should require the associations to pay the cost of inspecting their books and of publishing their statements, but should not require any other tax. This is not because the building and loan association should be exempted from paying taxes upon any assets it owns not otherwise taxed, but because the building and loan association in reality never owns any property except in the event of having to foreclose a mortgage on a house. In such a case, of course, taxes would be put upon the real estate. The association as ordinarily operated, however, simply acts as an agent for the members, receiving the instalments from each of them, and turns the aggregate over to one member to build a house or for other purposes. Therefore, as quickly as the money is paid in by the various members, it is promptly paid out on a loan and goes into real estate or some other property which is taxable. The association is simply a legal entity. It is an instrumentality by means of which a great number of persons may pay in small sums and have the aggregate paid out to individual members in succession until each member shall have received the par value for his shares. The building and loan association in reality charges no interest. The word interest is used very much as the word current is used in connection with electricity. When any one member gets the amount of his shares at par before he has finished the payments and before a number of other members have received their settlements, the member receiving his money in advance is required to pay an additional instalment to equalize his use of the money in advance of that received by others. It is generally called interest, but it is not interest, because it does not diminish with each instalment payment, but is fixed at a sum or percentage that equalizes the use of the money by those who have received it with those who have not received it.

It is very important in the interest of safety that the law of every State require foreign or interstate associations to make a deposit with the State treasurer for the security of stockholders, the same as is now required by insurance companies for the safety of policy-holders. The greatest injury to the building and loan association business has been that done in the State by corporations calling themselves building and loan associations, but which in reality were corporations operated for personal profit. Sometimes it is provided that the profit may be legitimately made, but in many cases the non-local institutions, commonly called State or interstate associations, have every semblance of being properly organized, and the personal profit is made by their misconduct. It would probably be just as well if the restrictions upon so-called interstate associations were made sufficient to prohibit their operation. The reputation of the home or local institutions should not be hazarded by permit-

ting the operation of corporations from other States, except under severe restrictions for procuring the safety of the money and the safe conduct of the business.

It should be provided that the par value of the shares shall be \$100, and that the instalment payment shall be 25 cents per week, or \$1 per month.

The by-laws should in all cases provide that loans shall be made only upon real estate upon first mortgage. The amount allowed to be loaned should be no more than the net value of the house, leaving the lot as a margin. Three-quarters the value of the entire property might be a good rule.

Loans should also be made on the stock of the association. Ninety per cent. of what had been paid in at any time would be a fair loan on the stock of the association.

Loans should always be made in the order in which they are applied for. The income of the association is generally very accurately known, and when the loans



\$2500 DWELLING ; PAID FOR IN 6½ YEARS. DUES PER MONTH \$25 ; INTEREST \$12.50 ; TOTAL \$37.50. LOT NOT INCLUDED.

are made in the order of application the secretary and treasurer can estimate very accurately about when any one applicant would get his money. Formerly loans were made by putting the money up for sale on a discount basis ; whoever offered to suffer the biggest discount on the amount asked for would get a loan. In the past some associations have fixed an even discount. These premium discounts or regular discounts are all wrong. Each borrower should be loaned the full amount on his stock at par, without deducting premiums, discounts or other diminutions. The provision should be for the utmost simplicity—nothing but the payment of weekly or monthly dues, the loaning of the money to the full par value of the shares and the fixing of an interest rate, or an additional instalment standing for an interest, and a very moderate fine, say five cents per share for failure of prompt payment. Some-

times associations make their par value \$200. This simply requires longer for a series to run out, and is of no particular advantage.

Below there is submitted some statements of building and loan associations operating in the current way of starting a new series once each six months, of having



\$600 COTTAGE; PAID FOR IN 6½ YEARS. DUES PER MONTH \$6; INTEREST \$3; TOTAL \$9. LOT NOT INCLUDED.

shares at the par value of \$100, charging an interest rate of 6 per cent. and requiring about six and one-third years to run a series to maturity with payments at 25 cents a week:

THE MECHANICS' PERPETUAL BUILDING AND LOAN ASSOCIATION OF CHARLOTTE, N. C.

Officers: S. Wittkowsky, President; R. H. Jordan, Vice-President; R. E. Cochrane, Secretary and Treasurer; C. H. Duls, Attorney.

Directors: S. Wittkowsky, R. H. Jordan, A. E. McCausland, J. H. Wearn, A. C. Summer-ville, C. Valaer, H. G. Link, Dr. R. L. Gibbon, W. W. Phifer, A. L. Smith, R. F. Stokes, R. E. Cochrane.

TRIAL BALANCE, FEBRUARY 29, 1904.

<i>Assets:</i>		<i>Liabilities:</i>	
Loans.....	\$547,930 00	Capital stock.....	\$134,848 47
Interest on matured stock.....	546 27	Instalments.....	82,832 00
Discount on advance payments...	1,513 75	Interest.....	14,460 38
Expenses.....	1,170 58	Fines.....	358 75
Taxes.....	1,423 97	Transfer fees.....	8 50
Profits paid on withdrawals.....	495 00	Release fees.....	70 00
Withdrawals.....	14,243 00	Membership fees.....	426 25
Forfeitures.....	15 00	Loans repaid.....	36,420 00
Matured stock.....	39,803 00	Loans discharged by matured stock	13,200 00
Office furniture.....	1,065 92	Matured stock.....	21,346 25
Insurance premiums.....	50 63	Bills payable.....	4,274 54
Cash in office.....	3 02	Forfeited stock.....	15 00
Dues unpaid.....	3,555 50	Dues unpaid.....	3,555 50
Interest unpaid.....	456 48	Interest unpaid.....	456 48
Fines unpaid.....	480 00	Fines unpaid.....	480 00
<hr/>		<hr/>	
Total assets.....	\$612,752 12	Total liabilities.....	\$612,752 12

42D SEMIANNUAL REPORT FOR SIX MONTHS ENDING FEBRUARY 29, 1904.

<i>Assets:</i>				<i>Liabilities:</i>				
Number of series.	Number of shares.	Number of years in force.	Amount paid per share.	Profit per share on books.	Withdrawal profit.	Value of each share, including profits.	Value of each series.	
31	462	6	\$78 25	\$14 69	\$13 00	\$92 94	\$42,938 28	
32	541	5½	71 75	12 37	10 00	84 12	45,508 92	
33	622	5	65 25	10 21	8 00	75 46	46,936 12	
34	733	4½	58 75	8 27	6 00	67 02	49,125 66	
35	1,074	4	52 25	6 54	4 00	58 79	63,140 46	
36	738	3½	45 75	5 01	2 50	50 76	37,460 88	
37	1,177	3	39 25	3 68	1 50	42 93	50,528 61	
38	1,024	2½	32 50	2 54	1 00	35 04	35,880 96	
39	1,194	2	26 25	1 64	50	27 89	33,300 66	
40	1,147	1½	19 50	91	20 41	23,410 27	
41	2,038	1	13 00	40	13 40	27,309 20	
42	1,610	½	6 50	10	6 60	10,626 00	
	12,360						\$466,166 02	
43	1,396					Advance payments,	13,742 25	
Total, 13.756							\$479,908 27	
Loans at beginning 42d term.....			\$444,590 00	Dues at beginning 42d term.....			\$393,185 25	
Loans this term.....			103,340 00	Dues this term.....			82,832 00	
Total loans.....			\$547,930 00	Total dues.....			\$476,017 25	
Deductions:				Deductions:				
Loans repaid.....			\$36,420 00	Dues withdrawn.....			\$14,243 00	
Loans discharged by matured stock, 30th series.			13,200 00	Dues forfeited.....			15 00	
			49,620 00	Dues to matured stock, 30th series.....			33,034 00	
Present balance loans.....			\$498,310 00	Dues overpaid, 30th series			3 00	
Discount on advance payments...			1,513 75				47,295 00	
Office furniture.....			1,065 92	Net dues to stock account....			\$428,722 25	
Insurance premiums paid.....			50 63	Dues unpaid.....			3,555 50	
Cash in office.....			3 02	Total dues paid and unpaid..			\$432,277 75	
Dues unpaid.....			3,555 50	Profits at beginning 42d term.....			\$41,663 22	
Interest unpaid.....			456 48	Interest this term.....			\$14,460 38	
Fines unpaid.....			480 00	Less interest on matured st'k.			546 27	
							13,914 11	
				Fines			358 75	
				Transfer fees.....			8 50	
				Release fees.....			70 00	
				Membership fees.....			426 25	
				Profit and loss.....			15 00	
				Total profits.....			\$56,455 83	
				Deductions:				
				Expenses			\$1,170 58	
				Taxes			1,423 97	
				Profits paid on withdrawals...			495 00	
				Profits to matured st'k, 30th series.....			6,766 00	
							9,855 55	
				Profits to stock account.			\$46,600 28	
				Interest unpaid.....			456 48	
				Fines unpaid.....			480 00	
							47,536 76	
				Total dues and profits.....			\$479,814 51	
				Matured stock.....			21,346 25	
				Bills payable.....			4,274 54	
Total assets.....			\$505,435 30	Total liabilities.....			\$505,435 30	

TABULATED STATEMENT OF EACH SERIES.

<i>Memo.</i>	
Shares since organization.....	34,455
Shares March 1, 1903.....	10,414
Shares sold during the year ending March 1, 1904.....	4,052
Shares withdrawn during the year....	645
Shares in force March 1, 1904.....	12,963
Shares sold since March 1, 1904.....	1,396
Loans made to March 1, 1903.....	1,841
Loans made during the year ending March 1, 1904.....	236

We, the undersigned committee appointed by the Mechanics' Perpetual Building and Loan Association, hereby certify that we have examined the books and records of said association and found them correct and in good shape. We find that the association holds 605 deeds of trust, amounting to \$498,310.

March 15, 1904. A. T. SUMMEY,
F. J. HAYWOOD, JR.,
A. M. McDONALD.

End of 23d Year.

SEMIANNUAL REPORT OF THE MUTUAL BUILDING AND LOAN ASSOCIATION
OF CHARLOTTE, N. C., MARCH 31, 1904.

Officers: P. M. Brown, President; F. W. Ahrens, Vice-President; A. G. Brenizer, Secretary and Treasurer.

Directors: P. M. Brown, Dr. D. O'Donoghue, J. G. Shannonhouse, R. L. Gray, John R. Pharr, W. F. Dowd, John B. McLaughlin, Jr., George B. Hanna, A. G. Brenizer, F. D. Lethco, F. W. Ahrens, H. A. Klueppelberg.

FACE OF LEDGER.

Loans on mortgages.....	\$214,175 00	Capital stock.....	\$168,574 20
Office furniture.....	261 47	Instalments.....	33,313 25
Due by members.....	4,217 77	Dues paid in advance.....	14,324 55
Expenses.....	647 50	Dues 39th class prepaid.....	1,032 00
Prepaid stock.....	1,469 94	Bills payable.....	2,900 00
Profit and loss.....	992 00	Entrance fees.....	180 80
Cash on hand.....	5,321 94	Fines.....	251 97
		Interest.....	6,568 85
	\$227,085 62		\$227,085 62

GAINS AND LOSSES.

Entrance Fees.....	\$180 80		
Fines.....	251 97		
Interest.....	6,568 85		
			\$7,001 62
Less:			
Expenses.....	\$647 50		
Profit and loss.....	992 00		
			1,639 50
Net profits during the past six months.....			\$5,362 12

ASSETS AND LIABILITIES.

Assets:

Loans on mortgages.....	\$214,175 00		
Cash on hand.....	5,321 94		
Due by members.....	4,217 77		
Office furniture.....	261 47		
Discount prepaid stock.....	1,469 94		
			\$225,446 12

Liabilities:

Bills payable.....	\$2,900 00		
Dues paid in advance.....	15,356 55		
			18,256 55
Net capital stock at present date.....			\$207,189 57

Composed as follows:

218 shares twenty-seventh class, value per share.....	\$78 25		
	Profit, 15 32		
		\$93 57	\$20,398 26
257 shares twenty-eighth class, value per share.....	\$71 75		
	Profit, 12 83		
		84 58	21,737 06
250 shares twenty-ninth class, value per share.....	\$65 25		
	Profit, 10 49		
		75 74	18,935 00
283 shares thirtieth class, value per share.....	\$58 75		
	Profit, 8 40		
		67 15	19,003 45

708 shares thirty-first class, value per share.....	\$52 25		
	Profit, 6 52		
	<hr/>	58 77	41,609 16
261 shares thirty-second class, value per share.....	\$45 75		
	Profit, 4 97		
	<hr/>	50 72	13,237 92
383 shares thirty-third class, value per share.....	\$39 00		
	Profit, 3 60		
	<hr/>	42 60	16,315 80
488 shares thirty-fourth class, value per share.....	\$32 50		
	Profit, 2 50		
	<hr/>	35 01	17,080 00
490 shares thirty-fifth class, value per share.....	\$26 00		
	Profit, 1 58		
	<hr/>	27 58	13,514 20
657 shares thirty-sixth class, value per share.....	\$19 50		
	Profit, 90		
	<hr/>	20 40	13,402 80
563 shares thirty-seventh class, value per share.....	\$13 00		
	Profit, 40		
	<hr/>	13 40	7,544 20
620 shares thirty-eighth class, value per share.....	\$6 50		
	Profit, 10		
	<hr/>	6 60	4,092 00
<hr/>			
5,178			\$206,869 85
Balance undivided.....			319 72
			<hr/>
Net capital as above.....			\$207,189 57

We, the undersigned committee appointed by the board of directors of the Mutual Building and Loan Association of Charlotte, N. C., to examine the books and assets of said association, report that we have done the same, and find the assets and liabilities correct according to the statement of the secretary and treasurer.

The Association holds:

18 mortgages twenty-seventh class.....	\$9,400 00
12 mortgages twenty-eighth class.....	18,400 00
10 mortgages twenty-ninth class.....	8,950 00
16 mortgages thirtieth class.....	11,425 00
32 mortgages thirty-first class.....	22,125 00
16 mortgages thirty-second class.....	20,350 00
20 mortgages thirty-third class.....	22,875 00
19 mortgages thirty-fourth class.....	28,250 00
28 mortgages thirty-fifth class.....	22,200 00
14 mortgages thirty-sixth class.....	24,100 00
14 mortgages thirty-seventh class.....	19,000 00
8 mortgages thirty-eighth class.....	7,100 00
<hr/>	
207 mortgages, amounting to.....	\$214,175 00
Due by members as per statement.....	4,217 77
Prepaid stock.....	1,469 94
Office furniture.....	261 47
Cash on hand.....	5,321 94
	<hr/>
Gross assets as above.....	\$225,446 12

We find that the income from the stock, after the association paying all taxes, is nearly 6.7 per cent. per annum.

Number of shares in the 12 series to April 1..... 5,178

Number of shares in the 39th, opened April 1..... 642

5,820

H. B. FOWLER,
T. S. FRANKLIN,
JOHN B. ALEXANDER

[FINIS.]

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Syracuse, N. Y.
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