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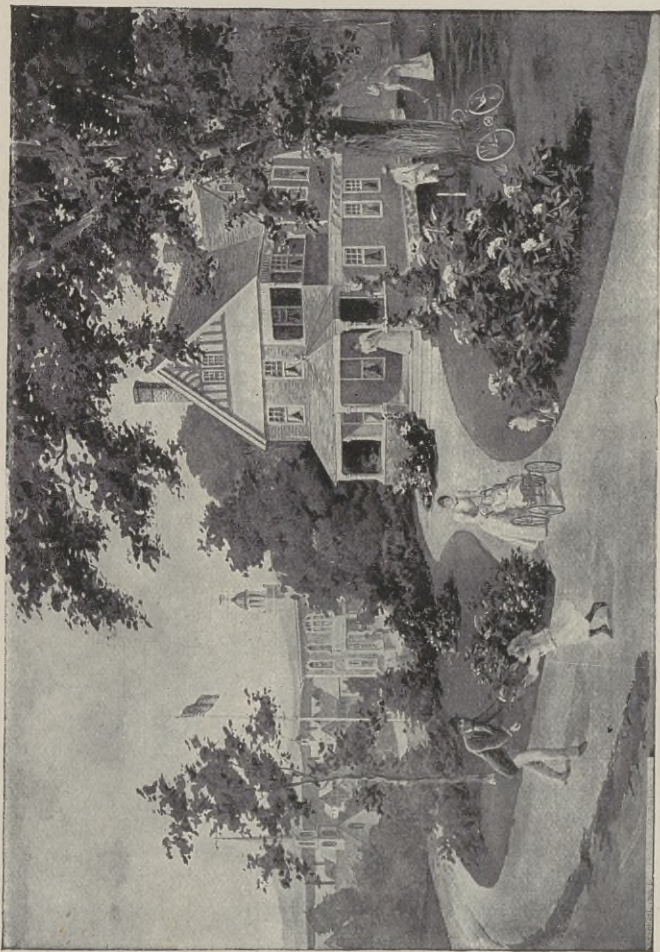
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"THE AMERICAN HOME, THE SAFEGUARD OF AMERICAN LIBERTIES."

At the first meeting of the U. S. League of Local Building and Loan Associations and World's Congress, held at the Art Institute, Chicago, June 27, 28, 29 and 30, 1898, Judge Seymour Dexter, of Elmira, N. Y., president, made the following statement: "If we were to choose a motto to hang in the meeting room of every association, to be hung in the hall of every State or U. S. League meeting, to be printed in every association pass-book, upon every copy of articles of associations and by-laws distributed, upon every certificate of shares or stock issued, upon every sheet of advertising matter, it would be this, "*The American Home, the Safeguard of American Liberties.*"

Building, Loan and Savings Associations,

HOW TO ORGANIZE
AND
SUCCESSFULLY CONDUCT THEM

EMBRACING

The Origin and History of Co-operative Societies; Objects and Benefits of Building Associations; How to Organize and Successfully Conduct Them; Leagues; Legislation; Constitution and By-Laws; Forms and Description of Books, Blanks, and Papers; Interest and Dividend Tables; Auditing and Supervision; and a Comprehensive Variety of Practical and Useful Information and Suggestions, with Special Features Relative to Advertising.

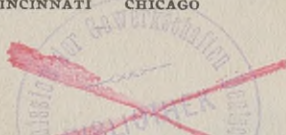
BY

HENRY S. ROSENTHAL

3. ed.
Third Edition. Revised and Enlarged.

1911

AMERICAN BUILDING ASSOCIATION NEWS CO.
CINCINNATI CHICAGO



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Preface to the Third Edition.

IN presenting this, the third edition of a treatise on Building, Loan and Savings Associations to the public, the author realizes that the conditions that obtained at the time of its first publication have changed materially. At that time there was practically no literature on this subject. The different systems, the methods in vogue in various sections of the country were little known and less understood outside of their own locality. Information was gathered largely by word of mouth and the general knowledge, even among officers and directors, was limited. Systems and practices grew up seemingly indigenous to the community where they originated. Customs of varying merit, once established, were adhered to with a tenacity and local pride that was commendable for its honesty of purpose, but which did not always reflect credit on the wisdom of those responsible. There was a dearth of practical, reliable information and a consequent divergence of practices and methods.

Today it is not an exaggeration to say that a transformation has taken place. The literature on the subject has grown to voluminous proportions. In this respect, as in many others, the leagues—national, state and local—have been a great incentive. Through their instrumentality data and information have been gathered from every section of the country, enabling a general knowl-

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edge of the subject. Many of the state departments also issue annual reports and official documents for the guidance of associations. Publications devoted to the interests of building, loan and savings associations have appeared at intervals and have added materially to the literature on the subject. Of these the *American Building Association News* was one of the first and is today the sole survivor with an uninterrupted career extending over thirty years.

The relation of the association to the depositor and borrower alike, as well as the details of management, have during this time been more critically examined and placed on a scientific basis. Practices that contained an element of danger, obsolete customs and ambiguous or misleading terms of bargaining have been discarded. The touchstone of mutuality has been, and is being, applied to every feature and its merits determined by that standard.

While there were many elements that contributed toward bringing about these changed conditions, the author takes a pardonable pride in the fact that his early effort was, in a measure, a pioneer work in this direction and that he, in conjunction with the host of public-spirited men and women who have been identified with the movement for the past score of years, may claim a modest meed of credit for having assisted in raising so worthy an institution as the building, loan and savings association to its present dignified position.

In this spirit this volume is again offered to the public. While there is an abundance of literature on the subject it nevertheless exists mostly in a scattered and frag-

PREFACE.

mentary form, impractical for handy reference. To present this information in a concise and systematic form is the object of this volume. The work has been thoroughly revised, new features and ideas noted, and the best results of practical experience incorporated.

To conclude, it is true that sentiment finds scant recognition in business, but without sentiment building, loan and savings associations would be an impossibility. With the hope, therefore, that this work may, in a modest way, assist in realizing the sentiment expressed in the motto: "The American Home, the Safeguard of American Liberties," it is submitted to the public for the third time by

THE AUTHOR.

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CHAPTER I.

Co-operative Effort.

WHAT IS CO-OPERATION?

CO-OPERATION as a system consists in a joint stock co-partnery on ordinary commercial principles with limited liability of members. By the adoption of wise precautions and prudent methods, and through the interposition of judicious legislation defining corporate powers, and protecting individual interests, the principle of co-operation does much to encourage self-denial and thrift on the part of individuals, and to develop and foster the material interests and moral welfare of communities.

ORIGIN OF CO-OPERATION.

As a practical result in the organization of co-operative societies, the principle of co-operation was evolved. Such organizations are almost coeval with civilization itself, and have existed in some form or another in every enlightened nation. There is no authenticated history of the operation of the first co-operative societies, but it is reported that the very first successful organizations were established in the Chinese Empire, many centuries ago.

During the last period of the eighteenth century we see the foundation of what is termed, modern co-operation.

CHAPTER I.

This was successfully established in England at that time. From this beginning have sprung colossal co-operative merchandising, manufacturing and distributive institutions, the output of which is enormous. The many successful institutions that are now in operation in England have won the admiration of the commercial and financial world.

From the good results obtained, not only in England, but in all British possessions, the principles have been copied by the various European nations, and thus we find in Germany, France, Austria, Russia, Italy and other European countries, a development that has truly been phenomenal.

ACHIEVEMENTS.

As a result of these societies, and for whatever purpose, they have been the same in essential plan and nature. They spring up out of the same conditions and minister to the same necessities and achieve the same results. To organize such an institution successfully, there must be a population consisting mainly of persons of small incomes, and generally dependent upon their daily labor for these incomes. These persons must have intelligence and similarity of interests and tastes, and there must be a strong element of mutual trust and dependence. Conditions such as these are to be found greatest among the laboring classes, clerks, shop and store assistants, etc. By uniting a portion of their earnings, these classes can successfully accomplish the furnishing of capital to achieve their purposes. When this is done upon an economical

CO-OPERATIVE EFFORT.

and prudently devised basis, advantages are secured which would be impossible to those interested, as individuals. Inasmuch as the populations of the various countries are made up of people of these classes and conditions, their necessities are practically the same, and therefore we find a similarity in the efforts made to meet these necessities.

CO-OPERATIVE EFFORTS IN THE UNITED STATES.

It is rather strange that in the United States there have been so many experiments along the lines of co-operative effort in manufacturing, merchandising and distribution that have not met with any degree of success. While there have been some instances where the work done in this direction has met with success, yet there are few cases to record that evidence much prosperity along these lines. Perhaps this is due to the fact that there is a lack of experience to guide co-operative effort as is found in Great Britain and Germany. Undoubtedly unfavorable conditions, inexperienced management and the lack of necessary legal restraints and official supervision have brought failure to many of the attempts made in this direction.

One form of co-operative effort, however, has been remarkably successful in this country. This is found in the Building, Loan and Savings Associations, of which it is the purpose of this work to treat. Conditions have especially favored the organization of these societies. As a result the building, loan and savings associations of the United States now exceed, in combined assets and membership, those of all other countries.

CHAPTER II.

Building, Loan and Savings Associations.

NAME AND TITLE.

THE term "Building and Loan Association," has been used in a general way, although we find institutions of the same character that operate as Homestead and Building Associations, Mutual Loan Associations, Co-operative Banks, Co-operative Savings and Loan Associations, Savings Fund and Loan Associations, Savings and Building Associations, Savings and Loan Companies, and other titles of like nature.

OBJECT OF THE ASSOCIATIONS.

The object of these associations is to furnish persons of limited means and small incomes an avenue to invest their earnings safely. While the principal object of these associations is to enable the wage earner and those of limited incomes to secure these combined savings for the purpose of building or purchasing a home, the general public from the practice, work and nature of these associations have mistaken ideas as to their real character. The proper title for an organization of this kind would be "Co-operative Savings and Loan Association." The use of the word "Building" in the name of these associations is traditional,

BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

having been handed down from the first co-operative societies of this character, which were organized in England, and known as "Building Societies."

ALWAYS A SAVINGS SOCIETY.

Therefore, the so-called association, while not necessarily a *building* association, is always a co-operative *saving* society, and a *loan* association. It is a money *saving* institution, in that a necessary part of its system requires its members to deposit such portions of their earnings or incomes as they can afford to lay aside in this manner. It is a money *making* institution, in that the funds thus accumulated are so used and applied as to secure for the association such rates of interest as are obtainable in the open markets of the world. It is a money *loaning* institution, in that it undertakes to advance or loan to its members, upon acceptable security, such amounts as from time to time their necessities demand, and their circumstances will allow them to borrow. It is the *popular* institution among that class of persons who compose the membership of such associations, because it is mutual and democratic in its character, each member sharing equitably in all its advantages and privileges, and having an equal voice in the administration of its affairs.

WHY PERSONS BECOME MEMBERS.

There are various reasons why persons should affiliate themselves with this movement. In the first place, they are sought because they are a safe depository for slowly accumulating funds, and because the people know their

CHAPTER II.

savings are safer when they are thus deposited than if retained in their own possession. Such persons find a strong inducement to become members, because the association provides a safe and convenient method of investing their small means, at the best rate of interest obtainable. Others again use the associations as they would a savings bank for the purpose of accumulating a fund to purchase a lot or home, to embark in business or some other form of investment later on. Many persons are members of the associations because of the privilege they thereby obtain of anticipating the future, and securing the immediate use of money which they will gradually return by depositing from week to week, or month to month, as the case may be, a portion of their regular earnings. Associations will advance to this class of members certain amounts of money, the payment of which in installments is secured by the pledge of the stock of the member and the mortgage of some approved real estate, or in some cases the depositing of other acceptable collaterals as security.

A SIMPLE THEORY.

Therefore, the theory of these associations is a simple one. The money is collected in comparatively small sums from large numbers of people, and loaned to others who borrow upon real property or other approved security, either to build homes, to enter business, or for other purposes. These associations are most popular when they adhere to the objects which they set out to attain. Cooperation in the form of this class of associations, furnishes such persons an opportunity for regular, systematic

BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

and compulsory savings, or to anticipate them by borrowing for the purpose of purchasing and holding real property in their own names or to secure special advantages in other directions, impossible for them under the prevailing commercial and financial conditions. Originally members of associations were permitted to subscribe only fixed sums at stated intervals. The evolution of this idea has been to grant every facility for the varying powers of investment, and to find a place for capital, be it a small or large amount, so that now entrance and withdrawal are equally easy. The policy and methods of associations have been varied to meet the convenience and necessities of the membership, thereby popularizing them and rendering them more successful in their achievements.

STATISTICAL INFORMATION.

The ninth annual report of the Department of Labor for the year 1893, by the Hon. Carroll D. Wright, Commissioner, was prepared and published in Washington in the year 1894. This was the first correct and authentic compilation of statistics that had ever been gathered relating to the building, loan and savings association movement of the United States. In this report the following statistics appeared:

CHAPTER II.

Number of associations.....	5,838
Male shareholders in associations reporting.....	919,614
Female shareholders in associations reporting.....	307,828
Total shareholders in associations reporting.....	1,745,725
Average shareholders per associations reporting.....	301.2
Shareholders who are borrowers in associations reporting	455,411
Per cent of borrowers in associations reporting.....	26.25
Number of shares in associations reporting.....	13,255,872
Total dues and profits.....	\$450,667,594
Average shares per shareholder in associations reporting	7.5
Average dues and profits per shareholder in associations reporting	\$ 257.26
Average value of shares in associations reporting.....	\$ 34.18
Total profits	\$ 80,664,116
Average size of loans in associations reporting.....	\$ 1,120
Homes acquired in associations reporting.....	314,755

At the time of the preparation of this report it could be seen that the number of associations doing business as nationals, was 240. This method of doing business has been discontinued almost entirely.

The statistics available show the standing of the building association movement as reported from year to year by Mr. H. F. Cellarius, Secretary of the United States League of local building and loan associations. The figures for the business covering 1909 are as follows :

BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

States.	No. of Ass'ns.	Total Member- ship.	Total Assets.	Increase in Assets.	Increase in Mem- bership.
1 Pennsylvania	1,450	400,000	\$171,500,000	\$12,989,255	10,554
2 Ohio	647	328,866	153,504,501	14,164,077	1,204
3 New Jersey	477	164,569	78,788,161	5,269,927	8,263
4 Illinois	524	118,994	58,444,972	4,131,506	10,260
5 Massachusetts	140	129,619	55,945,634	4,605,731	9,044
6 New York	247	114,436	42,070,940	2,908,338	6,236
7 Indiana	327	120,500	35,934,418	1,803,002	422
8 California	105	30,839	20,228,116	592,449	*303
9 Nebraska	70	49,441	17,094,771	3,678,949	6,758
10 Michigan	59	41,188	16,304,383	1,247,890	2,006
11 Dist. of Columbia	22	27,125	14,393,927	.....	.....
12 Louisiana	59	29,800	13,461,091	1,937,437	2,437
13 Missouri	128	23,717	10,168,631	867,970	2,019
14 Kansas ¹	58	39,114	10,107,663	4,328,465	21,454
15 North Carolina ..	98	23,789	6,791,619	770,198	*2,487
16 Wisconsin	53	14,517	5,268,853	538,159	2,002
17 Minnesota ²	67	11,022	4,559,027	.....	.....
18 Iowa ²	48	15,300	4,390,443	.....	.....
19 W. Virginia	38	11,460	4,283,728	169,844	230
20 Maine	35	9,691	4,085,811	216,669	262
21 Tennessee	15	5,360	2,800,917	72,614	145
22 Connecticut	11	2,864	2,096,523	197,693	*27
23 New Hampshire..	17	7,400	2,016,861	38,734	150
24 North Dakota....	9	3,125	1,785,782	287,960	525
Other states.....	1,009	293,915	120,305,947	11,340,099	15,240
Total	5,713	2,016,651	\$856,332,719	\$72,156,966	96,374

Thus it will be seen that during the period intervening between the two reports the number of associations has not increased, while the total holdings have increased about 100%.

* Decrease.

¹ Including 3 general associations.

² Reports made biennially.

CHAPTER II.

PERIODICALS DEVOTED TO THE INTERESTS.

There have been a number of periodicals devoted to this interest, published in the various parts of the United States. From lack of support by the associations and membership, these have all ceased publication, excepting that at the present time there is published THE AMERICAN BUILDING ASSOCIATION NEWS, which was founded in 1880 and published at Cincinnati and Chicago. This journal is the recognized authority on all matters pertaining to building and loan association affairs. It has been declared the official organ of the U. S. League and the various other leagues in the different states. It has proven an important factor in protecting the interests of these institutions, and on many occasions its educational value to the legislators has been recognized. Every association in the United States should have a copy of this journal at its meeting place, and should mail regularly, at the expense of the association, a copy to the home of each director, so that they may become posted on all important matters that transpire. The many useful features, its editorial, legislative, statistical, advertising, judicial, and all general news affecting those interests, make this journal indispensable to those who have the management of these associations entrusted to them. It is to be hoped that in the near future the work of this journal can be carried in a more popular form to the members of these institutions. The associations could order bulk editions with advertising matter of the different associations inserted, and distribute them to the membership and to everyone they wish to interest in this work. There are at present a num-

BUILDING, LOAN AND SAVINGS ASSOCIATIONS.

ber of associations that have begun to follow out this idea, with remarkable success.

The necessity for all the associations of the United States to become subscribers to a paper of this character is particularly apparent at a time of need for proper legislation. A notable instance of this kind was furnished when the corporation tax bill was under consideration before Congress in 1909. The committee on finance of the Senate had refused to allow proper exemptions to building, loan and savings associations in their report to that body. When this fact became known, the publishers of this journal, together with the leading officials of the various leagues of the United States, set about immediately to create public opinion in favor of the importance of securing an amendment to the corporation tax bill, exempting these associations. The result was wonderful, and it was only through the efforts coming from all parts of the Union at one time, that made success possible. The recognition secured by the associations from Congress in such important legislation, must not be measured alone by the actual financial savings to each association. The standing given to the associations in such a manner tends to help this work from an advertising point of view.

In the future many important problems will develop from time to time, of which some will doubtless be vital to the continuance of the work of these associations. As an instance, the proposed federal income tax may be cited, which at the present time is before the various state legislatures for action. Almost every day, progress is reported in some of the states, favoring this amendment to the fed-

CHAPTER II.

eral constitution. The result will doubtless be that at some time or other the income tax proposition will be before Congress. When this time arrives, it will be necessary for the entire movement of the United States to present a united front, demanding proper exemption. There is only one avenue through which an agitation of this kind can be crystallized at the present time, and that is through the AMERICAN BUILDING ASSOCIATION NEWS, and it is therefore of paramount importance for all directors to be informed as to the true situation, not only of legislative, but other matters also.

The many new ideas that are brought forward in the matter of book-keeping, the many papers that are read before the various state leagues, the new interpretation of judicial proceedings are all important, and those interested should make it their duty to know the exact status of affairs.

CHAPTER III.

Historical Review.

SOCIETIES IN ENGLAND.

BUILDING societies existed as early as 1798 in England, The first full and authentic account is that of the Union Building Association, founded at Greenwich, England, in January, 1809. The purpose of this organization, as declared in its rules and regulations, was the raising by monthly subscriptions of a fund to be expended in building houses. These houses, as they were built, were deeded to the different members of the association. The membership of this society was restricted to the number of fifty, the whole number of shares was two hundred, of a value £210 each. Payments were made in monthly installments of two guineas each. A member was subjected to a fine in default of payment, and if he continued to fail to make his payments, the money already paid in was under certain conditions forfeited to the society. Every share in this association represented a dwelling house. The houses were built under the supervision of the society's inspector and by certain tradesmen specified in its articles. They were distributed among the members by lot, a new house being built as often as the society had sufficient funds.

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From the time a house was finished the member owning it paid to the society five per cent per annum and his share of £210 until the close of the society, at which time each member should have paid in the full amount of the share held by him. Members who were successful in the drawings were compelled to give satisfactory security for the money advanced them for their houses. There were various other rules connected with the operation of this early building association which are quite interesting, but which cannot be enumerated here.

One of the earliest building associations established was that by the Earl of Selkirk at Kircudbright, in the southern part of Scotland, in 1815. The Earl of Selkirk was a gentleman of large means, and philanthropic ideas. He is said to have spent considerable time and study in perfecting and developing the scheme of this society. The organization of similar societies gradually extended into the manufacturing districts of England, Wales and Ireland. They were afterwards established in London, and soon became general throughout Great Britain, Australia and the other British possessions. In 1836 they had grown to such public importance that an act of parliament was passed affording facilities for their formation and providing for their government and management. Since that period they have had a flourishing growth. They report to the registrar who publishes annual statistics. Appended are the official figures as far as obtainable for 1908 :

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Number of societies in the United Kingdom...	1,919
Numbers of societies making returns.....	1,864
Total number of members.....	622,614
Total receipts during the last financial year..	£41,025,198
Number of societies making advances on mortgage	1,423
Amount advanced on mortgage during the year	£ 9,041,613
<i>Liabilities:</i>	
To the holders of shares.....	£44,349,406
To depositors and other creditors.....	25,582,290 £69,931,696
Undivided profits	£ 4,112,693
<i>Assets:</i>	
Balance due on mortgage securities (not including prospective interest).....	£58,379,215
Amount invested in other securities and cash	15,592,354 £73,971,569

MOVEMENT IN FRANCE.

The good work accomplished in the United States has caused co-operators in other countries to obtain information from the institutions so successfully established here. In France, Dr. Charles Pranard, having been a close student of this movement, prepared at the request of the French government, documents covering the work in the United States. Dr. Pranard has published a work on this subject. As a result of this, the government of France has passed legislation exempting associations organized in France from taxation, which should have the effect of rapidly multiplying these organizations in the French Republic.

Spain, Italy, Germany, Austria and other European countries are following in the same lines, and thus it will be seen that as an educational factor the good achievements on American soil and the spread of the co-operative savings and home building idea will obtain a firm foothold not only in Europe, but all over the world.

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EARLY HISTORY IN THE UNITED STATES.

The first organization in the United States was that of the Oxford Provident Building Association of Frankford, a suburb of Philadelphia, January, 1831. Gustav Körner, in his book "The German Element in the United States,"* speaking of the influential and public-spirited German citizens of Pennsylvania (pages 73 and 74), says of Dr. William Schmöle: "In the year 1846 he returned to Philadelphia * * * We have especially to thank him for the establishment of the first building association in Philadelphia, which was organized under the name of 'The American Deposit and Building Association.'** He was also the founder of numerous other societies of this kind." It seems to be well established that the first association in this country was formed in Philadelphia. Dr. Schmöle, through his brother residing in Brooklyn, N. Y., succeeded in organizing in the same year an association in that city under the name of "The Brooklyn Mutual Deposit and Building Association."† In the following year, 1847, through his friend Wolsieffer, Dr. Schmöle secured the organization of an association in Baltimore, Md.

Similar organizations appeared soon afterwards in New York City, Newark and Hoboken, N. J.; Boston, Mass., and in other cities of the north, and in 1850 their formation was begun in Charleston, S. C., Savannah, Ga., and other prominent southern cities. Associations continued to spring up from time to time throughout the

* Das Deutsche Element in den Vereinigten Staaten.

** Amerikanischer Darlehen und Bau-Verein.

† Brooklyner Gegenseitiger Darlehen und Bau-Verein.

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country, until they are now established in every state and territory in the Union.

The first association in Cincinnati, Ohio, was organized July 8, 1868. Dr. Keck was founder of the first association in the State of Ohio. The Mutual Home and Savings Association, of Dayton, O., was organized in 1871. As a result of the successful operation of these associations in these localities they spread rapidly into the surrounding cities.

From Ohio, associations spread into Kentucky, Indiana, Michigan, Illinois, Iowa, Nebraska, Missouri, Kansas and in other states and territories.

RESULTS DECIDEDLY BENEFICIAL.

The results which follow the establishment of these associations are well illustrated in the City of Philadelphia, where the first one was established. Probably one-half of the dwelling houses in this city have been built through the agency of the associations and much of the permanent prosperity of the city's population is doubtless due to their introduction. It is through this agency that the city has attained the proud and significant title of "City of Homes." Over 100,000 workingmen in this one city have secured homes through these associations. This is merely given as an illustration on a large basis. There is convincing proof that in other large cities of the country, such as Chicago, Baltimore, Cincinnati, St. Louis, Rochester, Troy, Utica and Newark, similar conditions in the same proportion prevail. In the smaller cities and villages even a greater percentage of home ownership has been accom-

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plished. In most of the places where they have been established they continue to prosper, and while there have not been as many new organizations formed in the last decade, the capital and property under their control have grown enormously.

MEANS TO FINANCIAL ADVANCEMENT.

Building, loan and savings associations are now an important factor in the social economy of the country. Their establishment is encouraged by political economists and philanthropists, and they are carefully guarded and fostered by legislation. The large middle class of our population, among whom they principally flourish, recognize them as a means to financial advancement. Their beneficent and economic value to a community is now acknowledged by all classes and hence they are encouraged on every hand as a potent factor in promoting the public welfare. The chief advantages of these institutions may be stated as follows:

1. Each member has a voice in its creation and management, and all share equitably in its advantages and profits.
2. It furnishes the best method by which wage earners and others with limited incomes can become their own capitalists.
3. The association furnishes a better and safer opportunity than any other plan that has yet been devised for securing a liberal return of profits from small and periodical savings.
4. The industrial classes, the storekeepers and manu-

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facturers, are instructed in the management of money and property.

5. The important feature of these associations lies in the fact that they enable their members to secure the benefit of their earnings in advance, by loaning to the members funds with which to build homes or to embark in other enterprises. These loans they are privileged to repay in such regular weekly or monthly installments as their earnings will permit. In many cases they are enabled to make straight loans.

6. The line of credit that is extended to the wage earner, small merchant or manufacturer, is an important factor in the development of this country.

With the spread of intelligence under our modern civilization there has been an ever-increasing effort on the part of the working classes and those dependent on small incomes to accumulate money. In order to become in any measure independent, people depending upon their own earnings for incomes, must constantly practice industry and frugality with intelligent judgment and patient perseverance. Of the many schemes and systems that have been devised to aid workingmen or women in this respect, none has proved so popular or successful as building, loan and savings associations. A strong point in their favor is their purely democratic character and the mutual nature of their advantages. In other systems of savings, the management of the enterprise is vested in a few individuals and the depositors have little more to do with it than the mere mechanical act of making their deposits. In the building, loan and savings associations the conditions are

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entirely different, for here the depositor has an active interest in the enterprise. He has a voice and influence in of those associations, where special deposits are received of those associations where special deposits are received under certain conditions, there is no preferred class to be benefited at the expense of the other members. Even though a capitalist becomes a member and subscribes for a large number of shares he can derive no benefit or advantage on each share that cannot be commanded by the humblest member. He must enter upon the same terms exactly that are required of other members and must stand upon an equal footing with them throughout. Stockholders elect their own directors, choosing from their own number such persons as they wish to clothe with authority to administer the affairs of the association. By using discretion in selecting intelligent and honest managers, and then holding them to strict accountability for their policy and management, they insure an economical and faithful administration of the business of the association, in the benefits of which all the members participate.

Associations open to a member an opportunity to share in the profits on small savings which cannot be secured in any other direction. The deposits of all the members when combined form a sum of money of such proportions as command opportunities and advantages in the way of investment impossible for the members acting independently to secure through their individual savings. Under this system members become their own self-made capitalists. The collective savings of the people who do not need their money form a sum out of which other people

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who do need the money may supply their wants, and on such conditions that both borrowers and lenders reap mutual benefit from the transaction. They are independent of private capitalists and other financial institutions and save for themselves the tribute they must otherwise pay to some money lender, should they desire to build at home, to embark in business, or to make any other use of the money. Moreover, as is seen, the association itself creates the opportunity for the profitable use of capital. The wage earner, trained to habits of economy and thrift by the influence of the association, and roused to a laudable ambition by the opportunities it suggests and offers, becomes himself a borrower and investor of capital and supplies his needs for money from the accumulated capital of his associates.

The methods by which these associations are operated insures the minimum expense in handling their funds. At the same time the opportunities and sources of profit are larger and cannot be secured to the same extent except through a co-operative effort of this nature. Not only is a fair rate of interest to be expected from an investment in the shares of a well conducted association, but through the system adopted by nearly all of these societies, the members receive a greater income yield than in any financial institution of like nature. In the matter of fines and forfeitures enforced against delinquent members, which formerly constituted a large source of profit for these associations, this idea is fast disappearing. The same may be said of the premiums on loans. The undeclared dividends on withdrawals form one of the sources of profit.

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Thus it will be seen that this institution furnishes unusual opportunities for securing profits upon small savings, opportunities which capitalists themselves cannot secure except upon exactly the same terms and conditions.

Ordinarily, the man earning wages, and especially one having a considerable family dependent upon him, finds great difficulty in meeting the demands that are constantly being made upon his purse. Too often, discouraged by circumstances, he falls into a mere routine way and feels satisfied if from week to week his net income meets his expenses. Occasionally, however, a man of this class, more ambitious than his fellows, sets about to form some plan of his own for regular saving and thereby gradually accumulates a sum of money. Whether this be done by hoarding it in some secret receptacle, or by depositing it in some bank or savings institution, the act is only a routine and mechanical one, and he gains thereby nothing more than a mere addition to his savings. It is only after having his savings placed in an institution for a period, usually not less than six months, that he receives a fixed rate of interest thereon. In saving by this plan a working man does not secure the interest or profit upon his savings that he should receive. He has no occasion for the exercise of his judgment, and gains no experience that would be an advantage to him in the management of a sum of money if he had it. Living thus from day to day in ignorance of the various means of accumulation and investment he is not likely to make much advance in this direction. Should he succeed through constant hoarding in accumulating a sum of money of his own, when he

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undertakes to make an investment he must either run the risk of losing all or a part of his savings through his ignorance and inexperience, or he must become dependent upon the skill and knowledge of others in the management of property.

It is not necessary to dwell upon the advantages gained by those who are able to secure homes of their own. These advantages are seen in the increased happiness and contentment of families, their greater comfort and better health, increased educational advantages and opportunities, more economy in the expenses of living, greater interest in the civic welfare of their respective communities, and that independence of action and bearing which can arise only from the intelligent and regular discharge of the responsibilities and duties incident to this natural and beneficial form of home life.

THE FUTURE OF THE MOVEMENT.

The associations have increased in membership in those states where they have had successful administration of their affairs. Wherever they exist, as a rule, a large proportion of the population is identified with them, both as stockholders and borrowers. The benefits of such organizations are so apparent and their popularity so well established that it is evident they are but beginning to occupy their fields of usefulness. In view of the steady and rapidly increasing development of the country it seems entirely safe to predict that while the number of associations will not increase with such rapidity as they have in the past, those that are now established, having

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secured the confidence of the public, will continue to increase their membership. The growth of monopolies and the tendency of money toward centralization, the organization of syndicates and trusts, which often create false values of many of the necessities and luxuries of life, will inevitably more and more draw the masses of the people into organizations for purposes of self-defense and financial security and advancement.

CHAPTER IV.

Building Association Leagues.

PURPOSES OF LEAGUES.

THE necessity for greater uniformity of methods, the constant vigilance required to prevent inimical legislation and the concerted action necessary to secure progressive enactments favorable to the development of these associations, led to the formation of so-called leagues, which enable an interchange of views, foster a spirit of mutuality and make for harmonious and concurrent action.

In England, where building societies have long been in existence, co-operation among these associations has been established by the so-called Congress of Building Societies. These meetings are held annually at designated places, to which delegates from the respective localities are selected to represent these interests. The proceedings issued by this organization have formed a very important historical review of the movement in Great Britain.

THE UNITED STATES LEAGUE.

In the United States, in 1892, at a state convention of the Ohio Building Association League, held at Toledo, Ohio, a resolution was introduced for the appointment of delegates to a provisional convention of the various

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leagues then in existence in the United States. Thereupon a committee was appointed to take up the matter with other state leagues, to hold a preliminary meeting at Chicago, so that proper steps could be taken to organize the United States League of Local Building and Loan Associations. In this connection it was also deemed advisable to have the work of the associations brought properly before the people of the United States and other countries by the holding of a symposium at the World's Fair Congress at Chicago in 1893. The preliminary meeting was held at the Grand Pacific Hotel, Chicago, in April of the following year. Temporary officers were elected, who were authorized to make an official call on the state leagues then in existence to become affiliated with this organization. The first meeting was held in Chicago, July, 1893. Since that time the league has held regular meetings in various cities of the United States. The great value of the work that has been accomplished by this useful organization is now recognized. In fact, the statistical information gathered together with a review of the work accomplished during each year is properly brought before the American public through this agency.

THE ORGANIZATION OF STATE LEAGUES.

The matter of forming state leagues for the protection of the Building, Loan and Savings Associations from inimical legislation, and for the betterment of their methods of doing business, has led to the organization of the various state leagues. In all states where these interests are important, such associations have been successfully

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organized. These leagues hold annual conventions, to which all associations are invited to send delegates. It has been the custom to select one or two representatives from each association as delegates to attend these annual gatherings. A program is arranged with papers and discussions which are carefully prepared and from which the movement has derived untold benefits. It is highly important that all associations in each state should be affiliated with their respective leagues. The many important matters that affect their interests in legislative, judicial and commercial ways demand their hearty co-operation at all times. It is also the best channel through which the associations can acquaint themselves with modern ideas and the advanced thought of the movement.

INTERNATIONAL LEAGUE.

The organization of an international league that will represent the leading nations of the world is likely to become an accomplished fact in the near future. These conferences, with representations from the various nations of the earth, would do much to advance the general interests along these lines.

COUNTY, CITY AND LOCAL LEAGUES.

In many places where there are a number of associations in existence, it has also been the custom to form local leagues. These organizations meet at regular intervals and discuss problems for the welfare of these associations. In some cities, scheming building operators have sought to use building associations as a means to advance their personal interest, but with co-operation among the asso-

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ciations in these localities this abuse has been promptly stopped. There are many advantages to be derived from these organizations. It has the tendency to bring the interests closer together. The strongest organization of this character is the Hamilton County (Ohio) Building and Loan Association League, with headquarters at Cincinnati. This league has a splendid working organization, has duly appointed legislative, finance, executive and exchange committees which are selected from a board of trustees elected annually for this purpose. The hearty cooperation of the local league, given not only to the state but also to the United States League, has proven an important factor in legislative as well as other matters, and it is proper to state that most of the important legislation to which reference has been made had its inception with this particular league, and much of its success is due to its prompt action.

WHAT A LEAGUE CAN DO.

The work of a league will divide itself into two branches:

1. The primary purpose in the organization of a league will be to secure favorable legislation and prevent legislation inimical to the interests of associations. In pursuance of this purpose at the meetings of the league matters for consideration can be sent up from associations in all parts of the state and working under divers circumstances. The league delegates, representing the whole building association interests of the state, can consider these matters specifically and arrange to have them formulated in

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the most desirable way. A league being established, it is possible to send a delegation representative of building association interests before the legislature on short notice at any time, whereas, in the absence of such a league, matters of grave importance must go by default, and association interests suffer in consequence, because it is the business of no particular person to represent them before the legislature.

2. A second matter of great importance to associations is the opportunity which the existence of a league affords for the discussion of all questions connected with the practical management of associations. As is well known there is not uniformity of method in disposing of various matters in different associations. In some associations one phase of the business may be handled by a better method than in another. Delegates, coming together for the discussion of these practical questions, may learn much from one another which will be greatly to the advantage of their respective associations.

There are many other incidental advantages which may arise from the establishment and the regular meetings of such a league which will readily suggest themselves to any thoughtful person. Such Congresses have become a striking feature of co-operative work in England.

LEAGUE MEMBERSHIP.

Of course the work of a league cannot be carried on without some expense. Nevertheless, if a league is properly organized and managed, the expenses need not be heavy. To meet these expenses each association which

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becomes a member of the league should pay a small fee. In case additional funds are necessary it is easy to increase the annual dues or to make some other provision for raising them.

It is very important that every association should become a member of its state league. A state league is charged with protecting the interests of all the associations in the state. In order that this work may be done intelligently all the associations should be represented in the league in order that their respective needs may be properly presented and fully understood. The league, like an association itself, is a mutual and co-operative institution. Associations, therefore, should identify themselves with it so as to make it co-operative in fact as well as in name. Again, since the league protects the interests of every association in the state, each association should bear its proper share of the expenses and labor connected with the work of the league. It is not fair where there are, say, three hundred or four hundred associations in a state, for twenty or thirty of them to bear the full expense and labor of looking after legislation, perfecting methods, and so on.

It ought to be borne in mind also that while a league is an organized body its work must be done by individuals. While the expenses of delegates to the league meetings are usually borne by the associations they represent, yet these individual delegates must lose their time from their own private business, and incidentally are put to no little inconvenience and oftentimes expense. Their work if well done is laborious and painstaking. This applies and is

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especially true of the officers of leagues. Under these circumstances they should certainly have the cordial and unanimous support of the whole interest which they represent, and thus, in a measure, lightening their burdens, giving them such a standing and prestige that will make them far more influential in securing the ends for which they labor.

RESUMÉ.

The greatest benefit accruing from the various meetings of the leagues, is the publicity of the work of these institutions. Wherever these meetings are held the daily press has given widespread prominence to their work. Many of the papers that are delivered are published in full, and the general public is becoming better informed through this avenue, so that aside from the great benefits that have been derived from legislative, judicial and other work, the publicity of the work has doubtless been the strongest factor for development.

CHAPTER V.

Legislation and Taxation.

ITS NECESSITY.

THE necessity for judicious legislation for the control of building, loan and savings associations is apparent. Immense interests to citizens and the state are involved. If the associations are of value at all, they are closely identified with the material and moral welfare of communities. It is of the highest importance therefore that their corporate rights and duties should be clearly defined by statute, and that the individual rights of members should be carefully guarded, and their duties and privileges specifically defined.

The many different people who are chosen to legislative bodies, representing so many different sections and varied interests, with many ideas and diverse views, and not a few of them with no knowledge of or experience in building association affairs, establish conditions out of which have sprung up legislation, some of which has been beneficial and others again detrimental.

Many conservative and useful laws have been enacted, which have materially promoted their interests. On the other hand there has been no little patch-work and superficial legislation which sometimes has proved detrimental

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to the cause it was intended to benefit. Owing to the popularity of these associations many of our statesmen, a little too ambitious to legislate, have enacted some impracticable and unwise measures. Fortunately, through experience, the time has arrived when the persons elected to the various legislatures and to congress, are becoming better informed as to the real nature and functions of these associations. The establishment of the United States, state and local leagues has made it possible to reach the lawmakers in a formal, representative, and influential manner. Legislators are growing wiser. If an improper measure is now introduced into any legislature, there are faithful and intelligent guardians of the associations, either within the legislature or without, who will quickly turn the light on and expose it.

LEGISLATION IN ENGLAND.

The success of the Greenwich Union Building Society and of other early organizations of the kind in England, soon attracted the attention of the government. So important was the movement considered, as indicated by the activity of these organizations, that in the year 1836 an Act of Parliament was passed giving building associations their first legal recognition, providing ample opportunities and inducements for their formation, and making full provision for the protection of their members. English societies existed under this act until 1874, when a new act, very liberal and elaborate in its provisions, was passed.

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PROVISIONS OF THE ENGLISH LAW.

The English law seems to have been the basis upon which most of the legislation in this country, relating to building associations, is founded. A brief synopsis of its provisions will therefore be of interest. It declares that any number of persons may establish a society, either terminating or permanent, for the purpose of raising, by the subscriptions of the members in stock or funds, means for making advances to members out of the funds of the society upon security on freehold, copyhold, or leasehold estate by way of mortgage; and any society under the act shall, as far as it is necessary for the said purpose, have power to hold land, with right of foreclosure, and may from time to time raise funds by the issue of shares of one or more denominations, paid either by periodical or other subscriptions, and with or without accumulating interest, and may repay such funds, when no longer required for the purpose of the society. Societies are empowered to receive deposits or loans from members or other persons, corporate bodies, joint-stock companies, or terminating building societies. Societies established under or adopting the act of 1874 are bodies corporate, having perpetual succession and a common seal, thus dispensing with the cumbersome and inconvenient system of trusteeship. The rules must specify the society's name and place of meeting, terms of withdrawal and repayment, manner of alteration of rules, the appointment, remuneration, and removal of officers, provisions as to general and special meetings, and the settlement of disputes, custody of seal, mortgage deeds

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and securities, powers of directors and other officers, fines, and modes of dissolution. Societies may unite with others. One society may transfer its engagements to another. They may purchase, build, or hire, or take on lease, any building for conducting their business. Minors may be members, but cannot vote or hold office during non-age. Accounts are to be furnished to members annually. The societies are exempt from stamp duties, except those upon mortgages. Receipts indorsed upon mortgages are sufficient discharges without conveyance.

The law of 1836 provided for the appointment of a special board of commissioners to superintend the work of the Loan Fund Societies of Ireland. This was called the Loan Fund Board. All societies had to register with and report to this board, whose duty it was to see that the societies conducted their affairs according to the provisions of the new law.

DEFECTS IN THE ENGLISH LAW.

Upon analysis it will be found that the English acts governing building societies are not philosophical and harmonious in their construction. They were rather spontaneous and sporadic in their origin, springing up from time to time out of necessity, or to meet some special interest. It would not be in place here to attempt an analysis of the English statutes, and to point out their contradictory and inharmonious provisions. It will be sufficient to quote a passage from the masterly work* of an

* The Law of Building and Free Hold Land Societies, 3d edition, H. Sweet & Sons, London, England.

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English writer, Mr. Henry F. A. Davis. He says: "This (act) has been unfavorably noticed by some learned judge who has had to decide a question arising under it. A piece of legislation more resembling patch-work it would be difficult to find anywhere. Two acts of parliament, originally intended to regulate associations having very different objects in view from those contemplated by building societies—and having, as a writer in the *Jurist* once observed, internal evidence of their having been passed during the chaos of a legislative convulsion—badly conceived and badly executed, were by a third act, if possible more clumsy than either, incorporated so as to form the code which was to govern building societies."

LAWS IN THE UNITED STATES.

The history of associations in the United States is yet recent. The associations, which appeared slowly at first, and, later, more rapidly, were organized, partly as unincorporated, voluntary associations, and partly under charters obtained under the general acts of several of the states authorizing the incorporation of beneficial and other such associations. The rapid development of the country led to a like rapid development of building associations, so that legislation soon became imperative. During the years from 1850 to 1860 most of the older states endeavored by legislation to regulate the formation, powers, and management of building associations. Since 1860 the newer states have taken up the subject. At the present time, in nearly all the states and territories, there is some statutory provision for the government of associations.

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Building associations are, as a rule, recognized by the different states as a class of corporations distinguished from every other, peculiarly alike in their privileges and disabilities. Some of the early legislation connected therewith may be classed as hasty, having been adopted by legislators ignorant and inexperienced in the subject, and with no commensurate precedents for their guidance. But of late years the subject has received more intelligent attention, and many legislators have given much study to the various problems connected with it.

The various leagues have during the past two decades taken an aggressive stand in the matter of securing proper legislation. As a result, committees on legislation have been appointed, who have drafted laws on this subject. For instance, in the 1890 convention of the Ohio Building Association League a motion was unanimously carried instructing the legislative committee to prepare a code of laws relating to building and loan associations. After this committee had carefully prepared such a measure it was submitted in printed form to the associations of Ohio for suggestions and approval, which were properly discussed by the committee and finally, after many modifications to meet the views of those interested, the code was submitted to the legislature for adoption. As a result the combined interests of the entire state asked the legislature for the proper laws relating to the subject, so that in May 1891 the so-called "Corcoran Act" was duly presented and passed. The result of this work was so satisfactory to the building associations of the state that under these beneficent laws the assets of the

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associations in this state more than trebled in 19 years. During a period of 17 years there were no amendments made to this law, and the legislative committee of the Ohio Building Association League assumed the defensive against any new measures that were introduced, and successfully defeated all attempts to alter the laws. It was only after a long period of time that at the Youngstown, Ohio, meeting in 1908, a resolution was passed instructing the legislative committee to introduce a new measure to meet the modern methods demanded by the people, so that in 1909 an amended measure was brought before the Ohio legislature along the same lines, and known as the "Russell Act," which was passed and became a law in that year.

A number of other states followed the work of the Ohio League in this important matter, and these interests now have very favorable laws on the statute books of the various states and territories.

LITIGATION.

Not only has the legislation under which associations have operated been imperfect, but the associations themselves have unfortunately been organized by persons both inexperienced and uninformed in such matters. It has happened, therefore, that through crude legislation on the one hand, and crude organization on the other, many associations have failed to a greater or less extent in their purpose, and that in most of the states litigation has arisen in consequence. With the enactment of proper

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legislation there has been a wonderful improvement along these lines.

It would be foreign to the character and purpose of this work to undertake to give digests of the laws of the different states and territories in reference to associations, or to give an account of the cases arising under these laws and such of the decisions that have been rendered in the different courts. Such matters belong to a work of a legal rather than to a popular character. Members of associations should look to their regular legal advisers for information and instruction upon all mooted or doubtful questions of a legal character.

EXEMPTION FROM TAXATION.

The question of legislation has received the attention of all those who have the welfare of the movement at heart. During 1891, when the matter of a federal income tax was up for consideration before congress, the associations received proper recognition in the shape of an exemption from said tax which read as follows :

“Nothing herein contained shall apply to building and loan associations or companies which make loans only to their shareholders.”

During 1898, the time of the Spanish-American War, when the Stamp Act was passed by Congress, the associations were properly exempted from this tax, the exemption clause reading as follows :

“*Provided, further,* That stocks and bonds issued by co-operative building and loan associations, whose capital stock does not exceed \$10,000, and building and loan associations, or companies, which make loans only to their shareholders, shall be exempt from the tax herein provided.”

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In 1909 the tax on corporations was passed by Congress and after strenuous efforts the building, loan and savings associations were exempted from this tax, the exemption reading as follows:

“ * * * * Nor to domestic building and loan associations organized and operated exclusively for the mutual benefit of their members.”

Thus it will be seen that during the past two decades the Congress of the United States has consistently granted this movement exemptions, due to the fact that their beneficent work along the lines of *home building and co-operative savings* were properly entitled to this recognition.

In nearly all of the states we find special legislation granting associations special privileges and exemptions from taxation on charters and other items which have been of the greatest importance. However, in some states, notably Michigan and Kentucky, the tax on the capital stock of new incorporations has almost prohibited the organization of new institutions, and those that are in existence, when in need of additional capital stock, find it an onerous provision. This should be repealed without delay.

EXEMPTING HOMESTEADS FROM TAXATION.

Among the most important legislative measures that the future will develop, will be that of giving home builders exemption from taxation. The question is now being agitated that constitutional amendments should be submitted to the people, exempting the homesteads in the respective states from taxation to the amount of \$3,000.

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Such provision should be made to assist the wage-earner to procure a home. The matter will likely be agitated by the building, loan and savings association officials to such an extent as to bring about popular support to this important measure.

THE ASSOCIATION IN REALITY A CLEARING HOUSE FOR ITS MEMBERS.

The assets of a building association are made up of the individual holdings of its members and belong to each of them, to the amount which they have contributed to a general fund. Therefore the association in reality becomes a clearing house for its membership, and has no assets on which it can realize, such as other financial institutions have, so from the very nature of its co-operative character it has nothing that should be taxed outside of its regular office fixtures, books, etc. As these have but little commercial value, there is no valid reason that can be advanced why the association should be taxed in any form.

STATESMEN WHO HAVE BEEN OF DIRECT BENEFIT TO THE MOVEMENT.

With the importance and growth of these associations it was natural that legislation would follow that might prove inimical to their interests, so that the associations at times have been compelled to apply to men in public life to give their aid to benefit the work of co-operative savings and home building.

Among the many notable men who have aided in this work may be mentioned the Hon. John Sherman, Hon.

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J. B. Foraker and the Hon. Charles Dick, of Ohio, Ex-President Roosevelt at the time he was governor of the state of New York, and President Wm. H. Taft, in addition to a number of others. To these gentlemen the building association interests of the United States are indebted for their valuable services rendered at times when legislation was pending that affected these interests. Without their support it is doubtful if the associations could have succeeded in securing the exemptions that have been granted.

TAXATION.

In a paper read before the United States League, Hon. Julius Stern, of Chicago, referring to the necessity for and the justification of the exemption of local building and loan associations from taxation, states the following:

"Nevertheless exemption laws in matters of taxation will on examination be found to be as old as the laws imposing taxes themselves, and we will find that there has been no time when exemption from the imposition of fiscal burdens was not practiced and favored under the written laws and possibly the unwritten ones which preceded them. An inquiry as to the propriety of exemptions in general must therefore be narrowed down to an inquiry into the proper selection of the matters and things to be exempted from taxation, and as to the forms of property the exemption of which from taxation will be most conducive to the advancement, and conservation of the government by the greater progress in wealth, stability, and sustaining power of the people, which would naturally follow from such exemptions.

"It has been the practice of American governments, both state and municipal, to embody in their constitutions and statutes laws exempting property devoted to charitable and educational uses from taxation, on the theory that whatever advanced the education of the people conduced to their greater progress and wealth-producing power, and that whatever was devoted to charitable uses should escape the exactions of the tax gatherer, because it was not productive of income to

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those who expended the money, and possibly also because of the moral sentiment before alluded to.

“It must be conceded, however, that it is good economics as well as good morals, and free from any taint of dubious experiment, for any government to foster home-owning and thrift, that at all times and in all places, these form the basis for a better mode of living and ever growing expenditures on material things which in themselves are taxed by the government; while on the other hand among the most mischievous forms of taxation that can be devised are such as place skill, industry, and frugality at a disadvantage in the struggle for existence. Again, the policy of exempting certain industries for limited periods, or for all time, in order to foster their growth as a source of future strength to the government by way of providing a fruitful field for future taxation, indirect or direct, has been practiced both by the national and state governments; and where put into execution with proper forethought, and surrounded with necessary safeguards, has been productive of satisfactory results.

“All taxation to be just should be imposed so that every species of property in proportion to its value be made to bear its due and equal share of the burden; yet, if it be perceived that by minimizing its weight in certain directions for a time, or by excluding here and there the burden altogether, an economic result is achieved which will yield greatly increased returns in the future from the aggregate of taxables, then it is the part of wisdom in that behalf to so minimize or exclude,—that is, exempt from taxation.

“For instance, to encourage commercial enterprises and exchanges governments have often found it expedient and profitable to exempt from taxation the shipping necessary to carry on these enterprises, and not only abroad but at home do we find this to be the practice. In Great Britain, Germany, and France, the *earnings* only of ships are taxed;—not the capital invested. In Austria recently all taxes on vessels engaged in foreign trade were suspended for five years, in order that this industry might be built up and become sufficiently strong and rich to afford a remunerative harvest at the end of such term. Delaware exempts shipping from all taxation. New York and Alabama exempt their shipping in the foreign trade from all taxation; Massachusetts, New Hampshire, and Connecticut tax the earnings only of their shipping in foreign trade, and under the decision of the United States Supreme Court, Pennsylvania imposes no tax on its shipping in interstate or foreign trade. The heavy taxes levied for limited periods on the importation of certain foreign goods for

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the protection of infant industries at home, seek their justification and excuse on this line of thought; and the wisdom or unwisdom of their imposition from the point of view of economics simply, must abide the outcome of the experiment. All exemptions from taxation are based on considerations of public policy;—the highest public policy is that which sacrifices a present given measure of good results for a future increased measure.

“Whenever governments can aid directly or indirectly in so increasing the future measure, it becomes not only good policy, but a duty imposed upon the directing power to afford such aid.

“In the case of the local loan and building associations, the only aid that need be asked under this head, is of a passive nature. No direct action of any kind is required, it is but necessary that they be shielded against improper impositions, and be allowed to work out their own salvation. *As corporate entities, they need exemption from taxation,*—because the property which stands for and as their assets, already pays its just and equitable share to the government for the protection it receives therefrom in the shape of taxes paid by the individual shareholders;—and because as corporations purely co-operative in their nature they cannot afford to pay what would be in effect a double taxation, without so far impairing their strength as to endanger their existence and destroy their usefulness.

“As corporate entities their *exemption from taxation is justified*, because to a far greater degree than the charitable and educational institutions quoted above as being so generally exempted, do they tend to advance the education of the people, and conduce to their greater progress and wealth-producing power; and to a greater degree than either of the others are they entitled to the support of that healthy moral sentiment, which finds in home-ownership the mainstay of enlightened good citizenship, and in enlightened good citizenship the only safeguard of our continued existence as a nation.

“Again on the theory that it is proper and far-sighted economic policy for the state to encourage and foster the growth of institutions which will create new wealth for its future support, the exemption of the local building and loan associations from taxation, is amply justified.

“Among other things it is stated: ‘It cannot be fairly claimed that the bonds and mortgages of a building and loan association are property of a taxable nature, or are possessed of value in the sense had in mind by the framers of the constitution of this state by the phrase ‘subject to taxation,’ because they have no exchangeable value whatever, as

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they are absolutely non-negotiable; not having been given by one individual to another, in exchange for any articles of value advanced thereon, but being merely written promises by one member of a class of co-operators to the other members of the same class that they will continue to co-operate with them, in accordance with the agreement then or at some antecedent date entered into by all of them, until, by the result of their joint operation, certain ends of like usefulness to all of them shall have been attained. This promise being only one of a mutual set of promises between all the members of that class, is not of such a nature that it can be assigned or transferred to an outsider for value, by either of the parties thereto, so as to change it into a promise of the repayment of a certain sum of money advanced on its strength, in a different manner; i. e., the repayment in bulk of the total moneys advanced to the borrowing stockholder, after the manner of ordinary notes and mortgages. *A building association could not place its entire collection of bonds and mortgages upon the market, and realize a single dollar by the sale thereof; it cannot assign them; it cannot dispose of them in any way. They represent, in each such transaction, a mere agreement between two sets of stockholders, or between the borrowing stockholder in the particular transaction and itself (i. e., the aggregation of all the stockholders), to the effect, not that the borrowing stockholder will at any one time pay the amount stipulated in the said bond, but that he will pay to his co-stockholders, being the loan and building association, a certain stipulated amount per week or month, as installments on his own shares of stock, with interest, etc., for the advancement of money to him thereon, and that he will continue such payments, until the value of each share of stock in the series held by him, reaches par; and that he is to receive a release of the mortgage by him given to the association, as an earnest of the performance by him of the condition of his bond.'*

“And again, ‘property’ is defined by Bouvier to be ‘an exclusive right of things; a right to dispose of them, either by exchanging them for other things or by giving them away to any other person without consideration, or even throwing them away; thus showing that the definition of the legal text writer, as to the essence of value, accords in all things with that laid down by the political economists. To go one step farther, ‘valuable property’ would be defined to be such property as one could, under ordinary circumstances, dispose of for a valuable consideration. *The bonds and mortgages of a building and loan association are not property of such a character; as*

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before stated, they are absolutely valueless, except to the association itself, and to that, merely as an evidence of the advances made to one of its stockholders on his stock, and a means of compelling him to continue payment of installments thereon in like manner as his brother stockholders, to whom no advances have as yet been made; under penalty of being compelled to make good such payments out of the real estate, the title to which has been transferred as a security for the performance of the promise, reduced to writing in said bond, given before the making of said advances.

“It has been well said by a distinguished author (Perry) that ‘The right to tax on the part of the government grows out of the whole service rendered by the government to the individual; and that as a return service (or tax) is connected with and limited by the *exchanges* which the individual makes under the eye of the government, the tax itself should be proportioned as nearly as possible to the amount of those exchanges, and should be justified simply on the ground of them.’

“As before shown, in the advances made by a building association to one of its co-operative members of moneys of his stock, which he pledges to said association with the promise to continue to make installment payments thereon in the same manner and amount as he had been making as a simple stockholder, simply adding thereto interest for the prior use of the money contributed to a general fund by himself and his brother stockholders, and further secured by a pledge of the real estate *upon which he is paying taxes to the state,—in such a transaction there are no exchanges*, in the commercial acceptation of that word; and as those securities are not transferable by the association for value, or otherwise, and are held simply for the performance of a promise made, they cannot enter into the subject of exchanges; hence, there is no possible justification for the exaction of a tax thereon by the governing power.

“Thus viewed from economic, ethical, or legal standpoints, the exemption from taxation of local building and loan associations appears to be justified; and as these associations are the wisest, best, and, hitherto, most practical school of education for the great wage-earning class which our civilization has evolved, and a school which rests upon a membership of those who can contribute, not in large sums, but only by the mites saved from meager earnings, the necessity of fostering and sustaining such associations for the direct and indirect advantages accruing therefrom to the nation must be apparent, and in conclusion, therefore, it may be safely said, that the *necessity of exempting them is the best justification for so doing.*”

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Forms of Associations.

THE TERMINATING PLAN.

THE building association, since its introduction into the United States fifty years ago, has appeared in three distinct forms.

The first associations were on the terminating plan. These were useful. They have now largely disappeared, having given way to more popular forms, though a few are still in existence.

In a terminating association all the stock is issued as of one date. Such an association is organized on the presumption that all the stock will be subscribed at the opening meeting. This, however, is seldom done. The consequence is that shares sold after the first meetings must be sold at such prices as to make them equal in value to those already issued. To do this a sum must be charged equal to the amount already paid in as installments by the subscriber to the original shares. If the regular dues on shares should be one dollar per week, a person subscribing for a share after the association has been running ten weeks, must pay ten dollars for the share. In like manner, if the association has been running for a longer period he must pay an additional dollar for each additional week.

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Moreover, if he does not subscribe until after profits have been declared, he must pay such additional amount on his shares as will correspond to the earnings of the original shares up to that time. The same rule holds through the entire existence of the association, each year making it more difficult to enter. After an association organized on this plan has run for a time, it is impossible for many persons who would gladly become members to raise a sufficient sum of money to pay up the back installments, the initiation fees, the accrued profits and other incidental expenses. In its practical workings, therefore, an association organized on this plan is not well adapted to meet the conditions of that particular class of persons who most need such an organization and are most likely to be benefited by it.

In a terminating association all the shares are, of course, at all times of equal value.

Whenever the total amount of dues paid in and of accumulated profits equals the par value of all the shares, the association terminates, and its affairs must be wound up. Each stockholder who has not borrowed his money in advance receives the full value of his shares. To those who have secured their money in advance their mortgages, canceled and receipted, are returned in full.

THE SERIAL PLAN.

The second form of association is the serial. It is a development of the terminating. By some this is called the "Philadelphia" or "Pennsylvania" plan. In this form the stock is issued in series—as first series, second series,

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and so on. The association usually is chartered for a certain number of years, and with a specified amount of stock. Instead of selling all the stock as of the same date it is divided into series, one series being sold as of the date of the beginning of the first term, the second series as of the date of the beginning of the second term, and so on, until all the shares are sold. The serial issue may be monthly, quarterly, semi-annually, annually, or otherwise, according to what may be fixed as the length of the term. At the end of the first term the assets of the association are divided by the total number of shares in the first series, and the value of these shares at this time is thus ascertained. The second series is then issued and rated at par value. The shares of this second issue run in the same manner as those of the first. At the end of the second term the sum total of the income of the term is divided by the total number of shares in both series, and the equitable withdrawal value of shares in each series is ascertained. Then the third series is issued, and so on to the end. It will be seen that under this plan the older the series the greater the value of the shares. In some serial associations, members may join one of the older classes by paying in what would be the total amount of dues and a proportionate share of the profits, that is, the full withdrawal value of the shares at the time of payment. Sometimes, also, on the issue of a new series old shares are withdrawn and their value taken up in the shares of the new series.

Usually after an existence of from eight to ten years the first series reaches its ultimate value,—that is to say, it

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matures. The members holding these shares then receive their full value in cash, and borrowing members, whose mortgages become released with the maturing of the series, receive their mortgages canceled. The association now has reached the period when each series of shares must be paid up as it matures. If it is running successfully it secures an extension of its charter. It then continues issuing new series of stock at the beginning of each term. If its full amount of stock has been subscribed each new series now takes the place of the old series that has matured, so that the total number of shares thenceforth continues the same.

This plan may be compared to a piece of machinery which consists, say of ten cog wheels, which operate one grand revolving wheel. These ten smaller wheels are numbered from one to ten and are inserted one after another in their regular order.

When number one wears out at the end of ten years a new number one is inserted in its place which will run ten years. At the end of the next year a new number two is inserted, and so on, continuously. And thus the old machine is kept constantly in repair and in perfect operating form.

It will be seen that the serial association is a great improvement over the old terminating plan, inasmuch as it is much more practicable and adaptable in its operations to the demands likely to be made upon it. It provides for the constant introduction of new members and new money, and has in it the elements of permanency and perpetual operation.

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This plan originated in the city of Philadelphia, where building associations have had their greatest demonstration of practical usefulness. From Philadelphia it spread abroad until it became the prevailing form in the conduct of associations throughout the country.

THE PERPETUAL OR PERMANENT PLAN.

As the building association became better understood and more popular, a demand arose for some form of association more pliable and adaptable than either the terminating or the serial form. A new modification then appeared which has been styled the perpetual plan. This had its origin in Cincinnati and Ohio, where it has been very successful and popular, so much so that it has spread through other states. Under this plan associations are granted perpetual charters, the amount of their capital stock being fixed at a certain sum. They are allowed to begin operations as soon as a certain portion of the stock is subscribed. After the association is in operation new members are allowed to enter at any time on an equality with the original subscribers, the stock of each member dating from the time of his entry. Thus the business of the association runs along from year to year until finally all the stock is subscribed, when an additional amount of capital stock may be added. After a time the shares first issued begin to reach their full value.

As they thus mature their owners draw out their money—if they have not borrowed it in advance—and their shares are canceled and their membership ceases. If they have borrowed money in advance their mortgages

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are returned to them, receipted in full. If a member, whose stock has thus matured has not borrowed his money in advance and does not wish to draw it out, a certificate of paid-up stock is issued to him and he leaves his money in the association as a matter of investment.

Under this plan members have the same privileges of withdrawal as of entry. They may withdraw at any time by complying with the rules of the association, receiving their equitable share of the assets. Experience has shown that it is possible so to work out the plans for the calculation of dividends, premiums, interest, etc., and so to arrange all the other details of the operations of an association, as to be able to treat each share equitably upon its own merits without in any way interfering with the interests of any other share.

This form of association is a still further development of the original plan. It adapts the operations of such a co-operative society to the actual necessities and the possible emergencies of such persons as need its benefits. In a sense the introduction of this plan marked the beginning of a much more general popularity of associations. Since its introduction they have begun to spring up in large numbers in all sections. It seems likely that this will become the general form which building and loan associations will eventually adopt. Nevertheless many and marked improvements are still to be expected.

In an address in favor of the permanent plan before the U. S. League, Mr. K. V. Haymaker, of Defiance, Ohio, makes the following argument :

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It was soon discovered that at intervals during the progress of the association, outsiders would be glad to subscribe for shares and enjoy the profits and benefits afforded by this equitable form of co-operation: This terminating association, however, offered but one equitable plan on which new shares could be subscribed during the progress of the association; that was for the new members at the time of subscribing for shares to pay in a sum equal to all the dues on the share subscribed for the full time elapsed since the date of organization, and an additional sum equal to a pro rata share of the accumulated earnings of the association up to the date of his subscription.

It frequently happened that persons thus desirous of taking shares found themselves unable to pay up the back dues and accumulated profits, although they could easily afford to begin at that date, and thereafter pay the regular dues. The older the association grew, the more difficult and expensive it became for new members to take stock; the result being that this feature of associations on this plan, necessarily and inevitably limited the growth and usefulness of the association to the members who joined at the commencement or shortly thereafter. The inflexible plan of the association on one hand and the poverty of the prospective members on the other, kept such association weak, puny, and short-lived.

There was but one method under this plan by which an outside party could enjoy the benefits of the building association scheme; that was to gather together a number of individuals in the same situation as himself and organize a new association. It was a very natural and logical step in the line of progress, and required but very little change in the plan to invent the "serial" idea of prolonging the life and extending the influence of the terminating association. The officers, managers, directors, and all the necessary machinery for the conduct of a new association were already organized and in working order managing the affairs of the old one. Without greatly increasing their labors the same officers could readily manage two or more associations; and so it came about that when an association had reached the age that made it difficult and expensive for new members to join, it became the natural and logical step for the officers of the association to heed the demand of their neighbors for additional accommodations in this line, and organize a new association to be conducted by them precisely as the original association had been run; and this in time to be supplemented by a third, and so on. The serial plan being in brief, a confederation of terminating associations.

By thus prolonging the life of an association and extending its influence and increasing its membership, a vast widening of useful-

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ness was accomplished; the introduction of the serial plan marks a distinct epoch in the evolution of the building and loan system.

This serial plan was the natural outgrowth demanded by the evils and inconvenient features of the original terminating plan. Among these objectional features which seriously interfered with the usefulness of these institutions and hedged their growth within narrow limits, was the fact that this scheme contemplated uniform payments among all the membership in proportion to the shares they respectively held. In case the stockholder should later on find himself in a position where he could easily make larger contributions, or carry a greater number of shares, the rigid, inflexible plan of the association made it extremely difficult for him to avail himself of such privilege. Or on the other hand, in case he found that he had overestimated his ability to carry shares and that he had assumed a greater burden than he could sustain, it became still more inconvenient and difficult to adjust his payments to his reduced circumstances without serious loss. In short, this plan offered no inducement to a member to save more money than his original subscription provided, or at a faster rate than his agreement contemplated, and at the same time made it compulsory on him to keep up his required payments even though he found later on that it would be an intolerable burden for him to do so.

Another serious objection to the terminating plan was the fact that it contemplated that each stockholder should at some time become a borrower from the association; and, of course, none but stockholders could be borrowers. It frequently occurred that in such associations many of the members did not require loans; and if such members happened to be numerous the funds of the association would accumulate and lie idle, after those desiring loans had been accommodated, because none of the membership had use for the money. To obviate this difficulty such associations usually determined by lot, which of the non-borrowing members should be required to withdraw their shares, and receive their money even though such member preferred not to do so. Thus the association would find its assets reduced by the shares thus forced out and by the funds thus paid over to a member who did not desire his money at the time; while in the community there were doubtless many persons not members who would have been glad of the opportunity of borrowing the funds, but were debarred from doing so by the burdensome conditions with which they were required to comply before they could become stockholders of the association and be entitled to the privilege of borrowing. In some cases shares thus forced out were not given their

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entire pro rata portion of the profits already accumulated, but were allowed an arbitrary bonus somewhat less than a pro rata share of the profits. In other cases idle funds were disposed of by offering a bonus above the pro rata share of earnings as an inducement to members to withdraw voluntarily. The result in each case was equally unsatisfactory, the first plan being unjust to the withdrawing members, and the other being unjust to the remaining members.

The serial plan does not abolish or obviate these difficulties, but merely mitigates the evil in a degree, and renders them slightly less objectionable. Most serial associations have adopted a feature which is a great improvement on the terminating plan, viz.: in serial associations it is now usual to distribute the profits and credit them up to the shares either annually or semi-annually instead of keeping them undistributed until the series terminates. Each series of stock runs independent of the others and each has its own time of maturing. New members are only required to pay back dues from the date of the issue of the series which he joins, and all the shares of a series are thus kept of equal value. The serial plan, however, retains one objectionable feature of the terminating association which necessarily limits the growth and narrows the field which they occupy.

Under this plan each member becomes one of a class with whom he must keep even step during the life of the series to which his stock belongs. He must not pay more than his regular dues, for that would disturb the even value of the shares, and he must not become delinquent for the same reason. He must gauge his payments, not by his own circumstances and ability to pay, but by what his co-members in his series are paying. He must simply keep step with the procession; being neither allowed to quicken his pace nor lag behind.

All the shares of each series mature at the same time, and at maturity the association is expected to pay off all the shares in the series at their par value. This brings us to one of the most perplexing problems which confront the managers of the serial association. Whenever you find a meeting of building association men gathered together, if their companies are organized on the serial plan, you will find a great portion of their time spent in discussing the various plans by which they can liquidate and pay off the matured series with the least trouble, annoyance and loss. To such associations it is doubtless a problem of sufficient gravity to deserve all the time and attention which is devoted to it. It is easy to understand the gravity of the situation when officers of building associations are looking forward to a date in the near future when a series of stock is approaching maturity, aggregating say three or four hundred shares.

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with a par value of thirty or forty thousand dollars, and contemplate the fact that this amount of cash must be in the treasury at the appointed date. The mere question of raising and accumulating this large fund is a problem not always easy of solution, and aside from this, there are other phases of the question which add to the complication. For weeks, perhaps months ahead, funds must be retained in the treasury instead of being used to fill pending applications for loans. This idle money earns nothing. The association is deprived of the profits which this fund might otherwise earn during the weeks and months it is being accumulated. Or suppose an association borrows the funds to meet a matured series instead of hoarding its receipts for the purpose. In such case the result is alike unprofitable. The borrowed money draws interest which the association must pay. In any aspect of the case the certainty of being required to pay so large an amount of money at a time certainly presents most disagreeable and perplexing dilemmas to a building association.

All these objections and difficulties and problems which are so annoying and perplexing, and which so limit and circumscribe the business of the terminating and serial associations, fade away and disappear or at least lose all their terrors in associations issuing stock on a permanent plan.

In conducting the building association under this plan, persons are permitted to subscribe for stock at any time. Each stockholder's shares are treated as a separate series, and an account is kept with each member of the dues paid in by him on his stock and of the dividends to which he is entitled at each annual or semi-annual distribution of profits. In the development and conduct of associations under this plan in Ohio, building association managers have learned that the more liberal and equitable an association can treat its membership, and the more privileges are extended to them, the more popular and successful the association proves to be. Under this plan of liberal treatment and the extension of privileges to members, many of the old practices and customs which were supposed to be essential to building association management have entirely disappeared. Among these may be mentioned the fact that few associations in Ohio today exact any membership or initiation fee from persons subscribing for stock. The charge of a nominal sum, usually 25 cents, for a pass-book, is the only remnant of the old practice of demanding an initiation fee of so much per share. Then again, the practice of compelling non-borrowing members to keep up their regular dues by imposing a fine for each delinquency is fast disappearing. A large and increasing number of our associations have

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entirely abolished the practice of imposing fines upon delinquent depositing members. These stockholders are permitted to regulate their payments by their own convenience and the circumstances in which they may find themselves. They are permitted to pay in excess of their regular dues or to pay less or to cease paying altogether if they so desire. We have found that it is a fixed principle in human nature, that when an individual is driven to a certain course of procedure through a fear of punishment, even though that punishment be merely the assessment of a fine by a building and loan association, his duty will be done grudgingly, unwillingly, and with bad grace.

The American people dislike to be driven, and the feeling that membership in a building association will compel a man to maintain his payments regularly will result in keeping more men out of membership entirely, and will result in greater loss in business to an association than all it can possibly gain from a rigid enforcement of fines upon delinquent members. Hence the idea has taken root, and is rapidly spreading among our permanent associations of permitting the widest liberties to stockholders in the matter of the amount and times of their payments. In distributing the dividends to stockholders the basis on which it is figured and credited up to the individual members is the sum which the several members have actually paid in and which remains to their credit. Stockholders very soon learn that their share of the dividends depends upon the amount of their payments and the result is that in those associations which are thus liberal to their members, the majority of them pay their shares far in advance, and the delinquent depositor is the exception rather than the rule.

The borrowers are treated in a manner almost equally liberal. The minimum payments which borrowers are required to pay are fixed at a small sum, usually 25 cents per week on each one hundred dollars of loan. This payment covers interest, premium, and a portion to apply on their stock. This required minimum payment gives the borrower from ten to twelve years in which to pay off his loan.

He is permitted, however, to pay at any time any additional sums in excess of this required payment, which his circumstance and inclination may enable him to pay. The field is left open for each borrower to do the very best he can, and discharge his entire indebtedness, or any part of it, whenever it suits his convenience. The payment of this minimum amount by the borrower is enforced by the assessment of a small fine for delinquency. Any extra sum paid in excess of the required minimum payment is credited to him as pay-

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ments in advance, and he is not treated as delinquent until the time has elapsed for which these extra sums paid the dues in advance.

These provisions prove a great incentive to the average borrower to pay more than his regular dues, and pay off his loan as rapidly as his circumstances will permit. Of course it is understood that the borrower participates in the dividend the same as the non-borrower, the basis on which his dividend is figured being the sum of his payments, less the amount deducted therefrom for interest, premium, fines, etc.

These associations also accumulate and maintain a reserve fund for the payment of contingent losses. This is now made compulsory on all permanent associations by the statutes of Ohio, which require that at least five per cent of the net earnings shall each year be set aside for the funds of contingent losses, until such fund shall equal at least five per cent of the *outstanding loans*. The balance of the earnings, after paying the expenses, are distributed among the stockholders *pro rata* in proportion to the amount paid in on their stock.

The fact that the permanent plan of building associations deals with each stockholder individually, and not with a number of stockholders, as a group, permits such associations to deal with the greatest liberality with their membership in the manner of withdrawals. The stockholder is not only permitted to consult his own convenience in regard to the time and amount of his deposits or stock payments, but he is also allowed the same discretion and liberal treatment in regard to the withdrawal of the payments he has made on his stock. He is permitted to continue his payments until his stock has matured, and even then, if he so desires, he can permit his money to remain in the association, until such time as he may have need for it. In case, however, he should at any time desire to withdraw a portion of his stock payment, or all of it, he is permitted to do so, usually upon demand. Associations protect themselves, however, by a provision in their by-laws, which is in substance as follows:

"Members may withdraw all or any part of the money paid upon stock subscriptions at any time by giving notice to the secretary, and liability to make further payments on the stock and the right to further dividends shall cease with said notice. When such withdrawal is total the withdrawing member shall be entitled to receive all payments made upon the stock withdrawn, and all dividends declared thereon up to the date of notice; provided that if the applications for withdrawal at any time exceed the weekly receipts, such applications shall be filed in the order in which they are received and

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paid in the order in which they are filed, as fast as the weekly receipts will pay them."

This permanent plan, which permits a stockholder to deposit his money at such times and in such amounts as may suit his convenience or ability, which, also, permits him to withdraw his payments and accumulated profits whenever he desires to do so; together with that feature of the plan which permits new members to subscribe for stock at any time, produces this result; it frees these associations entirely from that dreaded experience of serial associations; that of having to meet and pay off an entire series of stock at one time. The applications for withdrawal come in at irregular intervals, some, perhaps every week. The usual experience is, however, that these applications can easily and conveniently be paid from the regular weekly receipts and still leave over a margin which the association can loan out. If it should occasionally happen, as it is almost sure to do, that the applications for withdrawal exceed the weekly receipts, the difficulty is easily and smoothly remedied by suspending the making of loans for a short period, until the applications for withdrawal are satisfied.

It would seem to require no argument to prove that an association will be most prosperous where the receipt and disbursement of funds continues in a steady, regular flow, without spasmodic intervals where enormous sums must be met at one time. Such events interrupt the regular course of business, and cannot be beneficial. Of course, under the permanent plan large sums in the aggregate may be demanded on withdrawal applications, but the plan of requiring such applications to be filed and paid in regular order from the receipts of the association forfeiting all share of the earnings from the date of such notice, enables the association to meet such contingencies without loss.

It is a disagreeable state of affairs to have the application for withdrawals exceed the weekly receipts. So very undesirable is such a contingency that to us it seems almost folly to embody in the plan itself features, which makes it absolutely certain that at frequent intervals the association will be required to meet demands largely in excess of the ordinary receipts.

Permanent associations usually provide in their by-laws that stock withdrawn between dividend days receives no part of the earnings accumulated since the last dividend was declared. Since this is usually a larger sum than the money would earn for the association during the time they are accumulating money to meet withdrawals, the association realizes a profit on funds thus withdrawn, instead of

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suffering a loss such as serial associations are required to stand while accumulating funds to meet the withdrawal of a whole series.

The entire plan of this permanent building and loan system is simple, logical and reasonable. It makes each stockholder practically independent of his fellow. If in a group of stockholders one should prove more successful, more enterprising, or more economical than his fellow, and should evidence these traits by larger payments upon his stock subscription, he receives his reward in a larger portion of the profits each dividend day and is not restricted and hampered by his less enterprising or more extravagant neighbor and co-member, who may prefer to waste his substance in riotous living rather than accumulating in a building and loan association. Each member is rewarded in the exact proportion to the economy and self-denial which he practices and the faithfulness with which he keeps up his required payments or the enterprise with which he pays more than the required sum. When a member fails or ceases to pay he is not punished for the default; but his dividends do not increase; they remain at the same figure each dividend day until he again resumes his payments.

Reference has only been made to some of the leading features which seem to make the permanent plan of issuing stock in a building and loan association far superior to any other plan that has as yet been devised. The friends of this system do not claim that it has reached perfection, or that it is without faults, but do claim that it possesses many points of excellence, which renders it far superior to the serial plan. There is one test, however, which should decide the contest and from which there seems to be no appeal, and that is the test of experience. To this test the friends of the permanent plan gladly submit the question for decision.

The friends of this system of issuing stock confidently commend it to building and loan associations everywhere, believing that the introduction of this system will widen the field, extend the influence, and render more popular the building and loan system of accumulating and investing money, and believe that the extension of the building and loan system will have a beneficent effect in many ways, and will tend in great measure to solve happily many vexed problems which now disturb society, and even threaten the life of our government itself.

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How to Organize.

NECESSARY CONDITIONS.

IN seeking to establish a building association, it is necessary to bear in mind the conditions, which have already been stated, which are essential to make such a co-operative undertaking successful. There must be a community of wage-earners, or of persons with small incomes, and the element of permanency in the local enterprises from which the incomes of the community are derived. This element of permanency is usually found in the extensive manufacture of staple articles, in the sale of the same in populous districts, in market-gardening and other forms of agricultural pursuits, in mining and in numerous other industrial occupations.

Building associations have so multiplied in some communities that there is already competition among them. Where numerous associations already exist of course the question must be carefully considered as to whether there is a real demand for another. Associations are sometimes brought into existence, not so much from the actual wants of the people who are induced to become members, as in response to the efforts of some individual or individuals who have their own private ends in view. Some person

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engaged in trade of some character may desire to organize an association and have it meet at his place of business or in his vicinity so as to draw in custom for him. Some attorney may take an active part in the organization of an association in order to increase his clientage. Some one interested in a real estate transaction may organize an association in order to find a market for his lands. These motives are all well enough in their way, provided there is back of them a real need for an association on the part of the people themselves who are to compose it.

As matters now are in some communities it would seem far more proper to consider the question of consolidation, and the reduction rather than the increase of the number of associations.

PRELIMINARY STEPS.

Great importance attaches to the first steps taken toward the organization of an association. Unless a good foundation is laid in the beginning the enterprise will most likely prove a failure. Great care must be taken to have only trustworthy men connected with the initial, as well as all subsequent proceedings.

When the proper persons have been interested in the movement it is well for them to attach their names to an agreement to share equally in the liability for the preliminary expenses, such as advertising, rent of place of meeting, blank books, books, etc. A public meeting of those interested should then be called in some convenient and respectable place. At this meeting temporary officers should be chosen. These consist usually of a chairman, a

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secretary, a treasurer, and an attorney. These should be persons of some influence in the community, and should have had some experience in conducting public meetings. Some one should be present at such meeting who is prepared to make a clear explanation of the purposes and workings of a building association. After this explanation is made the subject should be thrown open for general discussion under the usual parliamentary rules.

It may not be possible at the first meeting to determine finally in reference to the advisability of attempting to organize an association. The meeting may decide to appoint solicitors to make a preliminary canvass, so as to discover the probability of securing a sufficient number of subscribers to justify the attempt. For this or other satisfactory reasons it may be necessary to hold a number of preliminary meetings before attempting a permanent organization.

It will not be out of place to caution that much care should be exercised in keeping the preliminary expenses as low as possible. Services rendered by individuals should generally be gratuitous, and the expenses for necessary supplies may be made merely nominal.

CHOICE OF NAME.

When it shall have been decided finally to proceed with the organization, the first thing to be done is to choose a name. In making this choice the following matters must be borne in mind: (1) That the name must in its form correspond to the requirements of the statute under which the association is to organize; (2) It must not be identical

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with, or bear a close and misleading resemblance to the name of some other similar organization in the place where organized; (3) It must not be of such general descriptive character that the association cannot by using it acquire exclusive rights in it; (4) The name must not be improperly or prejudicially assumed, and must not be misleading in its form or character.

CAPITAL STOCK.

It will be necessary also at an early stage in the proceedings to determine upon the amount of capital stock of the proposed association and the number and value of shares. This is necessary in order that the subject may be canvassed intelligently in the community. The number and amount of shares should be determined by the local circumstances. In larger cities the capital stock of associations varies from \$200,000 to \$5,000,000. Shares range from \$100 to \$500 each. The regular dues or stock payments are generally 25 cents, 50 cents, or \$1.00. In the smaller towns the capital stock of associations varies from \$50,000 to \$1,000,000, shares being from \$100 to \$500 each, payable in weekly or monthly installments. The number of shares which one member may hold should be restricted within reasonable limits so that the association cannot be controlled by a few large shareholders. This is especially necessary when stockholders are allowed as many votes as they have shares of stock. In some states the laws provide that no stockholder may vote more than a certain number of shares,—twenty for instance,—though he may own as many as he desires.

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The name of an association and the amount and value of stock are of course finally recorded in the constitution and articles of incorporation. The whole subject of *Capital Stock*, which is of great importance, is fully discussed in its appropriate place in another part of this work.*

THE CONSTITUTION.

The most important matter connected with the organization of an association is the framing of the rules or articles under which it is to operate. This task should be placed in the most competent and experienced hands, and their work should be carefully scrutinized before adoption. That part of the rules which is to become the organic law of the association, the constitution, in its essential features at least, in some states must pass under the inspection and approval of the incorporating authorities, and in fact form part of the articles of incorporation. As the constitution becomes the fundamental law, it should be framed with a view to permanency, allowing only the most imperative necessity, and, as nearly as possible, unanimity to change it. for this reason its provisions should be well understood and be clad in plain language, devoid of clouded and doubtful phrasing. All minor regulations should be omitted therefrom and be reserved for the by-laws and rules of business.

Not only should the constitution have the utmost care and forethought on the part of those drafting and adopting it, but it should, if possible, be based upon some model

* See Chapter VIII.

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which has stood the test of experience. It is found that much the larger part of the litigation that has arisen in the different states in connection with building association affairs, is owing to the careless and crude manner in which constitutions and rules are framed. Courts have complained much about the negligence displayed in the wording of these important documents. It is not uncommon indeed to find contradictory provisions in the same constitution relating to important matters.

BY-LAWS.

After the constitution has been adopted, a set of by-laws should be prepared for the internal government of the association in accordance with the constitution and with generally accepted parliamentary usage. Many associations make the mistake of including all their rules in the constitution. The by-laws are not of an organic character but simply express an agreement among the members as to how the different parts of the work of the association should be carried on. They should therefore be kept separate from the constitution so that they may be changed and modified from time to time as may suit the convenience or necessities of the association and its officers and members.

The by-laws must conform to the constitution of the association and to the general principles of common justice and equity and must be reasonable in their requirements. A by-law is presumed to be enacted by the common consent of all the members of the association. If therefore a by-law shall be enacted that infringes upon the

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common rights, or the rights established by contract of any member, it is void. In like manner, if a by-law is repealed and thus injustice is done to any member whose rights were before protected by the by-law, such action is void. The enactment of new by-laws cannot add additional requirements to contracts in existence before their enactment. By-laws must not be enacted which, from their nature, cannot be enforced, or which are evidently of a "vexatious, nugatory, and oppressive" character. Nor can a by-law be enacted which has the effect of restricting any member from legal rights and remedies.*

INCORPORATION.

The different states have different methods of providing for the incorporation of stock companies for business and beneficial purposes. A number of the states have, in addition to this, made special provision for the incorporation of building associations, treating them as a special class of corporations with special powers and disabilities. After the constitution has been adopted, or sometimes even before this has been done, articles of incorporation should be prepared and forwarded to the proper authorities for acceptance and record. Much care should be taken to secure, as incorporators, the best and most influential persons available. A certain amount of stock must be subscribed, usually ten per cent before the association can be incorporated.

There are different methods of incorporation in the different states. They are known as incorporation by

* In the Appendix will be found form for Constitution and By-Laws.

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voluntary association, by special act of the legislature, by decree of court, and by letters patent from the executive. The drafting and securing of articles of incorporation should be placed in the hands of competent attorneys. Forms of incorporation papers in common use in Ohio are given in another place.*

OFFICERS.

The constitution generally names the officers of the association and the time and method of their election. As soon as the constitution and by-laws have been adopted it will be necessary to complete the permanent organization of the association by the election of the prescribed officers according to the method laid down in the constitution. The same care must be exercised here as in all other steps incident to the formation of an association. The officers are to occupy very responsible positions and should be men possessing ability, integrity, and popularity. Practically they will have full control of the affairs of the association. Its success will depend very largely upon the attention they give to its business. The interests of shareholders will be promoted or injured according to the degree of faithfulness and ability with which they discharge their duties.

HEADQUARTERS.

Before an association can go into regular operation, it will have to establish permanent headquarters. These should be inexpensive, centrally located, convenient, clean,

* See Chapter on Forms.

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and respectable. Many an association has failed to reach its greatest degree of usefulness simply because it made a mistake in locating its headquarters.

The headquarters should be fitted up inexpensively but conveniently. There should be desks, tables, and seats sufficient for the transaction of the business of the association. Each association should have a safe for the proper protection of its books, papers, and such sums of money as may be temporarily in the hands of its officers. The officers are made responsible for the custody of the property of the association, and are compelled to give bonds for its security. They should be provided with a safe place of deposit for everything for which they are made responsible.

After the headquarters have once been established it should be understood that they constitute the regular business office of the association, and that all communications, notices, etc., intended for the association should be addressed to these headquarters, and that they will, if so addressed, receive prompt attention. This implies, of course, that there shall always be some one in, or adjacent to, the headquarters to receive such communications, and that the officers—the secretary particularly—will visit or communicate with the one in charge of the meeting place, to give personal attention to any business that may require it.

All members must be notified promptly of any change in the place of meeting.

An attractive sign should be conspicuously displayed at the headquarters, advertising the association. This sign

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should give the name of the association, the number and the value of shares, the rate of payments required, and the dates and the hours of the meetings. Many an association has received new members through the display of an appropriate sign. Directors should not be over-economical in this connection. Money judiciously expended in advertising an association will bring desirable returns.

In England the statutes require building societies to display signs in some such form as described above. On these signs, and on all the printed matter, the word "Limited" must always follow the title of the society. This is intended to show that the liability of shareholders is limited to their actual shares in the society.

MEETINGS.

Meetings should be held generally in the evening, that evening being selected which is most convenient to members and officers. It is well, if possible, to select an evening on which no other association meets in the vicinity. Monday or Saturday evening is usually the best for meeting, for workingmen are generally paid on those days and like to make their weekly deposits at once. From October to April the hour for receiving dues, etc., may be from 7:30 to 8:30 P. M., and from April to October from 8 to 9 P. M. After this time the directors hold their regular meetings. But this question should be governed entirely by local circumstances and the convenience and wishes of shareholders.

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NEW REGULATIONS.

The suggestions of this chapter are necessarily of a general character. In each state they must be carried out according to the conditions established by the existing statutes. So many new laws are being enacted that changes are necessary in the details of the organization and work of associations from time to time.

CHAPTER VIII.

Stock and Stockholders.

STOCK AND SHARES.

THE stock of a corporation is defined to be "that money or property which is put into a single corporate fund by those who, by subscription therefor, become members of the corporate body." This common fund or stock is divided into equal parts called shares. The number and value of shares into which stock is divided is fixed by the general statutes and by the rules of the association. A person becoming a member of a corporation subscribes for a certain number of these shares and is known as a shareholder or stockholder. This subscription binds him to pay into the common fund in regular installments the sum represented by all of the shares for which he has subscribed. The number of shares one member may hold is usually fixed by the constitution or by-laws. In some states the statutes fix the number of shares that may be held by any one person or corporation. In some instances no limit is fixed to the number of shares that may be held, but only a specified number may be voted. The minimum amount of stock to be taken—that is to say, the number of shares for which subscriptions must be made before an

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association can begin operation—is generally determined by the state laws and the rules of the association.

INCREASE OF STOCK.

The maximum capital stock of an association is fixed originally in the articles of incorporation and by the constitution. But in most states it is competent for the association, by virtue of authority given it for that purpose in the charter, to increase the stock within the limits established by the statute, and in the manner required to legalize such change. This increase of stock should be made only when all other stock is taken by *bona fide* subscription, since its issue involves additional expenses. An increase of stock must always be made in strict accordance with the legal provisions, and should therefore be undertaken only under competent legal advice. There can be no uniform rule laid down concerning increase of stock. All depends upon the nature of the association, the rules it has adopted, and the provisions of the statutes under which it operates. In terminating associations, for instance, there can be no arrangement for increase of stock as the term is generally understood.

STOCK AS PROPERTY.

The ownership of a share or shares of stock in a building association does not give the holder a proprietary right in the property of the association. It simply gives him the right to share in the surplus profits obtained from the use and investment of the revenues of the association. The funds of the association may for instance be invested

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exclusively in real estate. The shares are nevertheless merely personal property and do not entitle the holder to any individual proprietorship in the real estate belonging to the association.

SHARES TRANSFERABLE.

Shares of stock in a building association may, like other personal property, be transferred from one owner to another. The transfer is made "by assignment and delivery." The method of transfer should always be specified in the constitution or by-laws of an association. Of course no transfer of stock can be made when such transfer trespasses in any way upon the corporate rights of the association. A member who is in arrears cannot transfer his stock until he makes settlement to date. On the other hand the association cannot resist such transfer where the holder of the stock has complied with all the necessary conditions. Usually a fee, called the transfer fee, is charged to the person to whom a transfer is made. This is an equivalent to the admission fee charged to new members.

STOCK PAYMENTS OR DUES.

A member of an association is the holder of one or more of its shares of stock. The par or paid-up value of a share is fixed in the constitution at such amount as may be decided upon, generally from \$200 to \$500. This par value of a share is its *expected* value. Its *actual* value is a very different thing, especially during the first years of a shareholders' membership. A subscriber for a share of

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stock of the par value of \$500 has simply made an agreement to pay into the association a regular weekly or monthly installment of a certain amount, which periodical payments are to be continued until the accumulated payments, together with the accrued dividends thereon, shall amount to the sum stipulated as the full value of the share. These periodical installments are called stock-payments, or dues. It is seen, therefore, that the actual value of a share at any time is determined solely by the amount paid in and accumulated up to that date and not at all by its face value. The regular payment of these periodical contributions by members is the prime dependence of the association for its success as an enterprise. The constitution and by-laws of every association, therefore, must prescribe carefully the time and manner of making these payments, and fix penalties for default of payment. This subject is discussed further in its appropriate place in another chapter.*

PAID-UP STOCK.

In some associations provision is made for members to pay in the full maturity or par value of their shares at any time, and a certificate of paid-up stock is then issued, and owners thereof are entitled to receive in cash the amount of all dividends declared thereon, subject to such conditions or limitations as the board of directors of each particular association may have adopted. In some instances these shares participate as fully in the profits as the regular installment shares; but in most cases a fixed

* See Chapter IX.

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rate of interest only is allowed, while the holders of the shares usually consign to the association all rights to profits above that amount. In some cases the holders of regular installment shares that have arrived at maturity value, do not desire to draw their money, but prefer to leave it with the association as an investment. In associations where this practice is followed, the holders of matured shares receive certificates for the same, which are usually governed by the same conditions as are attached to paid-up shares.

It was formerly the custom, which is still followed to a great extent, to pay off shares as they matured in the regular course of the association. In a terminating association this of course must be done. In the serial associations, where all the stock of each series matures at one time, it is necessary that there must be a large accumulation of funds toward the end of the series to meet the stock payments which will then become due. The disadvantages arising from such a necessity are readily understood. In the permanent or perpetual associations, where shares are maturing in small numbers from time to time, this large accumulation of funds to pay them off is not a matter of so much consequence. The constant addition of new members supplies the necessary funds to meet the withdrawal of the maturing shares.

It is always a question worth considering as to whether the funds should be withdrawn from the association when shares mature. On the one hand the association may be able to use the money to good advantage and may be crippled in its operations by its withdrawal. This is

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especially true in the case of a serial association, for it is necessary for the association to hoard its money for quite a while in advance and then to part with the large amount thus saved up. Of course this must limit its operations. On the other hand, unless the owner of the stock has some specific use for it, as in the purchase of property or paying off a mortgage, or something of that nature, it may be better for him to leave it invested in the association than to draw it out. The possession of so much money immediately in hand brings with it the temptation to spend it needlessly, or to risk it in some speculative enterprise. In the case of a serial association the placing of so much ready capital in the hands of so many persons whose stock has matured may result in the expenditure of a large part of the money which might have been reserved for better uses.

New features have recently been introduced in some associations in connection with the issuance of paid-up stock certificates. Under the old rule the certificates are redeemable only by special action of the board of directors. The change consists in the attachment of a series of coupons to the certificates. This plan is possible in associations which have an assured prospect of having money to sell or loan for some time ahead. The coupons specify the rate of interest. A copy of these coupons will be found in the chapter on Forms. The use of the coupons saves the secretary the trouble of issuing special vouchers for dividends on paid-up stock. In some cases these coupons are accepted as cash for the amount of dividend. It is evident that it is only under certain circumstances

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that these features can be adopted and followed. The rate of guaranteed dividend must be so low as to justify the directors in adopting the plan, and there must be some positive assurance that it can be continued.

The rules of an association in reference to paid-up stock should be most carefully drawn so as to cover all contingencies or emergencies.

Any member whose stock has matured should consider very carefully as to whether or not it will be best for him to draw out his money or take a paid-up stock certificate and leave the money in the association as an investment.

OTHER FACTS CONCERNING STOCK.

Various other questions relating to stock have been determined by general usage or passed upon by the courts. Associations have the right of lien upon shares, which extends to all liabilities of shareholders, for dues, fines, and other lawful charges. An association, in extreme cases, may collect by suit the dues of delinquent members who are endeavoring to work injury to the association. In cases where the shareholder has borrowed money from the association his regular dues are not to be credited upon his loan but are to be applied upon his stock account just as the dues of any other member. He may, however, at any time have his accumulated stock-payments applied upon his debt; or, if the association holds a lien upon his shares for security of his indebtedness, the association may, in case of his default of obligations, apply his accumulated stock-payments to cancel his indebtedness as far as they will reach. In such cases defaulting mem-

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bers have the benefit only of the aggregate of their paid-up subscriptions. But if a member voluntarily repays the money thus applied, there is added the declared portion of the profits of the association up to the time of the repayment, provided he has not assigned his shares to a third party. An assignee or executor of a member may exercise the same rights in the control of stock as the shareholder himself. Stock may be assigned to an association by a borrowing member as collateral security for his loan, and it is the usual practice of associations to require this assignment. Where the stock of a borrowing member is assigned to an association as collateral security and real estate is at the same time mortgaged, the liability falls first upon the stock. If this fails to extinguish the indebtedness then the real estate or other collateral security becomes liable.

In order that no question may arise in reference to any of these miscellaneous matters they should all be covered as nearly as possible by explicit rules in the constitution and by-laws of an association. The practice in connection with many features of work is not at all uniform in associations. Hence the necessity that each association carefully define in its rules the course which it will adopt in connection with all matters concerning which differences of opinion might arise in the absence of rules specially governing them.

CERTIFICATES OF DEPOSIT.

In a number of the states where special deposits are received from those who do not care to become members

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of the association and who do not care to assume any liability as to membership, persons may deposit the money with the association along the same lines as it is deposited in regular savings banks, trust companies and similar institutions. The board of directors usually fixes a certain rate of interest to be paid thereon, payable semi-annually or annually, as the case may be, and certain conditions relating to these deposits.

THE DEPOSIT FEATURE IN ASSOCIATIONS.

The amount of moneys that have been received as deposits, or special deposits, in some of the states, has grown to be a large factor in this work. Many of the leaders of the movement are opposed to accepting any deposits in any of the associations. The reasons, they claim, are that it creates a preferred class in the respective associations and that the fundamental principles of the work of the building and loan associations should be carried along the lines of true co-operative effort. The many exemptions and favors shown by legislators to this movement were due to the fact that these associations, being strongly co-operative in their character, were entitled to these special privileges. Whether they can continue to secure favorable legislation if this practice is enlarged upon the future alone can determine.

CHAPTER IX.

Definition of Stock and Stockholders.

DIFFERENCE DEFINED.

THE difference between a stockholder in a building, loan and savings association and that in an ordinary corporation, for usual business purposes, lies in the fact that in the latter the member or stockholder buys his stock and pays for it at once, and usually is not called upon for any further payment. His profits, or the results of his investments in such stock, are derived through dividends, the value of the shares depending upon the successful operation of the business. They often go above par when the corporation is doing a profitable business, and the value often drops far below par when disaster comes. In the building, loan and savings association, on the contrary, the stockholder or member pays a stipulated minimum sum, say \$1.00, when he takes his membership and buys a share of stock. He then continues to pay a small sum each week or month until the aggregate of sums paid, augmented by the profits, amounts to the maturing value of the stock, usually from one to five hundred dollars, and at this time the stockholder is entitled to the full maturing value of the share, and surrenders the same. Or he may receive a certificate of paid-up stock, if he chooses to leave

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the money with the association. It is clearly seen then that the capital of a building, loan and savings association consists of the combined savings of its members, paid to the association upon shares of stock, increased by the interest and premium which the association has received on loans made by it from the savings of its members thus paid to the association, and from all other sources of income. The amount of capital of the association, therefore, increases from month to month and year to year.

SERIAL ASSOCIATIONS.

In the serial associations, shares are usually issued in series. When the second series is issued, the issue of the stock of the prior series ceases. Profits are distributed and losses apportioned before a new series is issued. The term during which a series is opened for subscription differs, but it usually extends for three or six months, and sometimes a year. Prior to the maturing of a share, it has two values. One is called the holding or book value, and the other the withdrawal value. The former is ascertained by adding all the dues that have been paid to the profits that have accrued: that is to say, the holding value is the actual value of a share at any particular time. The withdrawal value on the contrary is that amount which an association is willing to pay to a shareholder who desires to sever his connection with the association prior to the date at which his share will mature. Every association has full regulations prescribed in its constitution and by-laws on all such matters, as well as on matters pertaining to expenses, notice of withdrawal and all the methods and

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processes necessary for the safe conduct of the business. The purchase of a share binds the shareholder to the necessity of keeping up his dues and thus secures to him all the benefits of his savings. This accomplishes the first feature of the motive of a building, loan and savings association. The second is that of enabling a person to borrow money for building or other purposes.

BORROWING MEMBERS.

Ordinarily a shareholder who desires to build a house and has secured a lot for the purpose makes application to borrow money from the association of which he is a member. Suppose a person who has secured a lot wishes to borrow \$1,000 for the erection of a home. He must be the holder of five shares in the association, each share having as its maturing value, say \$200.00. His five shares, therefore, when matured, will be worth \$1,000, the amount of money which he wishes to borrow. The process by which he can borrow this money differs from that of borrowing money from savings, trust or other financial institutions. In a building, loan and savings association the money was formerly put up at auction, usually in open meeting on the night or at the time of the payment of the dues. Those who desired to borrow, bid a premium above the regular rate of interest charged, and the one bidding the highest premium was awarded the loan. There has been a decided change in this direction. Today the matter of premiums on loans is being eliminated very rapidly, and the association aims to furnish its borrowers money at as low a rate of interest as possible. The persons desir-

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ing to make a loan now fill out an application for a loan which is filed in numerical order, and then taken up at the meeting of the board of directors. The person who wishes to build his home, therefore, and desires to borrow \$1,000, must have five shares of stock of \$200.00 each in the association, and after the directors have passed upon the application, the \$1,000 will be loaned to him, if acted upon favorably. To secure this \$1,000 the person gives the association a mortgage on the property, and pledges his five shares of stock. To cancel this debt he is constantly paying his monthly, semi-monthly or weekly dues, until such time as the payment of dues, plus the accumulation of profits, matures the shares at \$200 each. At this time, then, the shares are surrendered and the debt on the property canceled. The question as to whether this method of obtaining money for the building of homes or for other purposes, is more or less economical from that of obtaining it from the ordinary savings banks, trust or other financial institutions, has been discussed at another place.

SAFETY OF THESE ASSOCIATIONS.

It will be seen at once that the investment in a building loan and savings association is as nearly absolutely safe as it can be, for the paid-in dues and the accumulated profits, which give the active capital of the association, are loaned as fast as they accumulate. They are usually loaned immediately upon real estate or upon the stock of the association itself. The opportunities for embezzling or for the shrinking of securities are reduced to the minimum, and almost absolute safety of the invest-

DEFINITION OF STOCK AND STOCKHOLDERS.

ment is secured. In referring to the enormous amount of money handled by the building, loan and savings associations of the United States, the Hon. Carroll D. Wright, Commissioner of Labor, in his most excellent report, published in 1893, from which extracts are given, states the following:

“A business represented by an annual income of, at that time stated \$450,667,594, conducted quietly with little or no advertising and, as stated, without the experienced banker in charge, shows that the common people in their own ways are quite competent to take care of their savings, especially when it is known that but 35 of the associations then in existence, showed a net loss at the end of their last fiscal year, and that this loss amounted to only \$23,332.20. Of course associations disband for the want of business or from some other cause, but when they disband, loss does not occur, because the whole business of the association consists of its loans, and these loans are to its own shareholders, as a rule, who hold the securities in their associated forms. A disbanded association, therefore, simply returns to its own members their own property.”

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Insurance.

INSURANCE FEATURES.

THE matter of various forms of insurance that can be successfully introduced in connection with this work has been given great consideration by the leaders of the movement. When we consider the line of credit extended to the wage earner, it is no more than proper that these credits extended should be protected. To meet this demand various forms of insurance have been devised.

HEALTH, ACCIDENT AND DISABILITY INSURANCE.

The protection afforded not only to the member but to the association is of importance. Prominent insurance companies have now given this matter careful consideration, and have submitted propositions covering this idea. In case a member meets with an accident, or becomes sick, or disabled, these companies will pay them a regular indemnity as provided in their policies. In many cases the homes of borrowers would have been saved to their families had these precautions been taken. The payments covering this insurance are made payable at regular stated intervals, to the secretary or some other person designated for this purpose, so that the members are not

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put to any inconvenience to keep up these payments. We are of the opinion that while this may be a difficult matter for associations to adopt in a general way, still this idea could be inaugurated on all new business that is written. In fact, when an application for a loan is made to the association, it is just as proper to ask the applying member if he has made these provisions as it is to ask if he has a fire insurance on his house. Statistics have proven that the loss of homes through fire are but a small percentage to that compared with those who become sick or who meet with accidents.

TORNADO INSURANCE.

This subject should be carefully taken into consideration by associations making loans on property, as nearly every month in the year some damage is caused to some member through the force of windstorms, cyclones, tornadoes, etc. It, therefore, becomes necessary for those having charge of the association's interests to see that each borrower has his property protected by a proper tornado policy in some responsible company.

LIFE INSURANCE.

For the purposes of investment and as a security for loans, some of the associations issue in connection therewith, so-called life, protected or endowment stock. This stock is issued for the benefit of such members as may desire to protect their investments from the consequences of death before the maturity of their stock, and especially for the benefit of borrowing members. Arrangements

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are made by such associations with a responsible life insurance company in which the latter guarantees the payment of life insurance in case of death for the full face value of endowment stock, held by the member at the time of his death. Members who wish to avail themselves of such advantages must submit to the usual medical examination. In addition to their regular dues, they are required to pay an insurance premium graduated according to age. At the 1909 convention of the United States League, Dr. Pranard, of Paris, France, had the following interesting suggestion to make along these lines :

“I speak of insurance in building associations. I expressed, in the conclusion of my book on ‘American Building Associations,’ the hope of seeing American people adhere to the plan of life insurance policy as an additional security. All the ideas expressed by Mr. Brackett I support strongly, and am pleased to state that they are emphasized upon by Belgian and French specialists. Nothing more can be said after Mr. Brackett’s remarks about the advantages of the plan, both for the society and for the borrower himself and his family. But I should like to tell, in a few words, the difficulties it encounters, and how, according to the Belgian practice, they are met with.

“The system prevailing amongst us is that of the so-called ‘reducing term policy,’ under which ‘the’ amount of the insurance is reduced each year, as the amount required for a discharge of the mortgage of the borrower is reduced by his monthly payments, his premiums being each year correspondingly reduced.

“From this excellent definition of the plan it follows that the premium of the first year, destined to face the most important risk, is the highest, and the premiums of the subsequent years decrease with the risk till the mortgage is paid off.

“There are three ways of paying premiums: 1st, yearly, and then the amount of the premiums decreases with the risk; 2d, in gross, at first, for the whole time of the contract; 3d, by yearly equal installments whose amount is determined by the premium of the first year, and which, consequently, are paid during a part of the insurance period only.

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“The three systems present the same inconveniences; they necessitate, at the beginning, the greatest sacrifices from the borrower. The desirable solution would be the averaging of the premiums on the basis of the premium paid in the middle of the period; but such a solution is not possible for the insurance company, for the company would receive, during the first half of the contract, less than the price of the risk; there would be what is called a ‘negative reserve.’

“The difficulty is happily solved by the interference of the building society. The society advances the amount of the premium to the borrowers and incorporates it in the loan, combining the annuities so that they are equal; the portion representing the paying off is, during the first years, less important, while the portion of the insurance is higher; but the first one goes on increasing as the second one is diminishing. With this interference all interests are safeguarded; the insurance company receives the premium as is required for its security, and the borrower pays in, quarterly or monthly, the same averaged amount as long as his mortgage is not discharged.”

CHAPTER XI.

Duties and Rights of Members.

MEMBERSHIP.

MEMBERSHIP in a building association is acquired by becoming a holder of its stock. All persons or corporations legally capable of making contracts may become members of an association. In some states, by special legislation, membership is permitted to minors and married women, who under the general law in those states would be debarred. As a rule one association, however, may not become a member in another.

There are two classes of members—depositors and borrowers. Generally the membership is sought for the purpose of making a safe deposit of the small surplus earnings of persons, who otherwise would have to keep this surplus at home where it is unsafe and liable to be expended. These are called depositing members. A person may likewise become a member for the purpose of obtaining a loan, and is called a borrowing member.

Every subscriber for stock should pay a specified admission fee and also purchase a pass-book. Dues on stock begin from the time of subscription. In associations as now conducted on the permanent plan, payment of back dues is not required, all stock dating from day of actual

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issue. But dues may be paid in advance, in part or in full. When paid in advance in part in some associations they draw dividends. When paid in advance in full, certificates of paid-up stock should be issued.

A pass-book is *prima facie*, and generally, sufficient, evidence of membership. An association cannot deny membership to any person from whom it continues to accept dues. A person who, as a member, receives the benefits arising from membership, is estopped from denying his membership. Membership is terminated by the death of a member, by a transfer of shares, by forfeiture, by voluntary withdrawal, by the dissolution of the association, or by the expiration of the series in which the member's stock stands. Where a member becomes a borrower, his membership may cease by special contract with the association.

DUTIES OF MEMBERS.

A person who becomes a subscriber for the stock of a building association thereby enters into a contract with the association, all the terms of which he is legally bound to fulfill. Moreover, by subscribing to the constitution and by-laws, or, indeed, even if this formality be omitted, he, as a shareholder, must give his obedience to the rules of the association. A member must pay his dues, unless he becomes unable to do so, when he should give proper notice of withdrawal. A member should give the association his personal services to a reasonable extent by attendance upon the meetings and by the faithful discharge of the functions of such offices as he may be elected or

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appointed to fill. Each member of an association must bear his proportionate share of its expenses. In case of loss he must also share in this. A member of an association cannot withdraw in order to evade his liability for expenses and losses. His liability to contribute to the expenses ceases only with his membership.

FINES AND FORFEITURES.

There has been a great change of ideas relative to the fines and forfeitures to be imposed on the members of the associations. In fact, this item is gradually disappearing from the reports of well regulated associations. It has been customary to insert into the constitution and by-laws provisions relative to the imposition of these fines. Directors of associations generally possess discretionary powers in regard to the remission of fines. It is thought best to have these, so that if a borrowing member becomes delinquent, these fines may be imposed so as to provide for the associations a revenue in case they are compelled to foreclose. The delinquent member is thus made to share the expense occasioned by legal action.

To the fair-minded director a fine often suggests something of injustice or inequity. While it represents a source of profit to the association, it may add to the burden of an already overburdened member. The delinquency may arise, indeed, through some misfortune which will appeal strongly to the sympathies of the officers and other members. At such a time of adversity the addition of these fines serves to build up a barrier between the member of the association and the organization itself, and to defeat the delinquent's only hope of escape.

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On this account it has been deemed advisable to discard the whole system of fines. All will agree that the imposition of extortionate fines is an evil. Directors should be given discretion in regard to the remission of fines, and should inquire carefully into the circumstances of delinquents and always remit a fine when it seems to them just and right so to do. If the member is a borrower and has become a delinquent through misfortune or causes for which he is not responsible, his case should be inquired into carefully, and he should be aided in any way possible by the association. In such cases the directors frequently permit borrowers to pay interest only for a specified time. This is only a part of the spirit of co-operation and mutual interest, upon which such societies are founded. Such care and leniency on the part of directors may go far towards popularizing an association and thus add to its prosperity and usefulness.

Of course, what is said above does not apply to cases of mere negligence or carelessness. Such a shareholder should be stirred up to a sense of his duty by a prompt fine. But delinquencies on account of carelessness are not likely to be continued for any great period of time, as a month or three months. When a shareholder continues delinquent for such a period there should be an inquiry into the circumstances and a just disposition of the matter made.

In drafting the rules of an association too much care cannot be exercised in order that they may be not only legal but equitable. The constitution and by-laws should be so explicit and unequivocal that every member may understand the obligations he takes upon himself and the

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penalties to which he lays himself liable when he becomes a stockholder.

Directors should also have the right to demand and enforce the resignation of a member for any gross impropriety of conduct which would make his further connection with the association unwise or undesirable.

RIGHTS OF MEMBERS.

Members may occupy three relations toward an association. Certain rights are vested in them as members of the corporation, or corporators. When a member is an investor only in the association, he is possessed of certain special rights; and in like manner if a member becomes a borrower he secures certain other special rights.

CORPORATE RIGHTS OF MEMBERS.

Every stockholder has the right to attend all the corporate meetings of the association, whether they be the regular annual or semi-annual meetings, or special meetings called for some particular purpose. He has the right to be duly notified of the time and place of all meetings and to take part in their proceedings. In some states and in some associations a member has but one vote whatever number of shares he may hold. In other associations he has one vote for each share he holds. In still others, in the election of officers he casts one vote for each share he holds, while on matters of general business he has but one vote. In Ohio the law now provides that a member can hold as many shares as he desires, but may not vote but twenty. These qualifications should be clearly and

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definitely stated in the constitution. The constitution should also declare plainly for or against the right of a member to be represented and to vote by proxy, and if the right is allowed, should define the mode in which it shall be exercised. In some states this matter is determined by the statutes.

A member has the right to have access to the books of the association at such times and to such extent as will not interfere with the business of the association and the work of its officers. Owing to the inconvenience, confusion and annoyance which may arise from a large number of members having frequent access to the books in their efforts to examine them intelligently, it is well for members to forego this privilege as far as possible, and to refer all matters requiring examination to the auditing committee, or other authority empowered to examine into and to report upon the business of the association. A member has the right to hold office if elected or appointed in the prescribed form. A member may bring suit against an association upon the same conditions upon which a person not a member could bring suit. A member may, in behalf of himself and his fellow-members, institute legal proceedings against unfaithful officers to compel lawful action on their part or to restrain them from unlawful action. This right should, of course, never be used except when such action is based upon the most convincing evidence. Under certain circumstances a member may bring action in court to have an association dissolved. At the termination of an association each member has the right to his equitable share of the profits.

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RIGHTS AS INVESTORS.

A person who invests his money in the stock of a building association has a right to share in the profits of the undertaking in such way as is provided by the statutes and the rules under which it operates. He also has the right to withdraw his funds and membership at such times as suit his convenience. But the chief and most important privilege of a shareholder or investor is that of receiving loans or advances from the association. It is this privilege which makes membership in an association attractive and popular among that class of persons for whose benefit building associations are organized and are fostered by appropriate legislation.

DIVIDENDS.

The statutes as a rule authorize associations to declare and pay dividends out of the profits of their business, annually or otherwise. These profits are calculated at the termination of each fiscal year or half-year. The profits, when declared, are distributed among the members pro rata, according to the amount standing to the credit of each member at the beginning of the term, and to the amount each has paid in during the term, and to the length of time it has been in. The rules and practice in reference to dividends vary in different associations. On this account it is not possible to lay down general rules governing this matter. The rules of every association should be explicit in reference to the matter of dividends, for profit-sharing is one of the main features which recommend associations to popular favor. The rules must be

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so drawn that each member shall share equitably in the profits. In the organization of a new association the plan upon which it shall operate in reference to dividends should be carefully considered, for this may have much to do with its prosperity and success.

RIGHT OF WITHDRAWAL.

A member who is simply an investor and not a borrower has the right to withdraw from an association without being subject to a forfeiture of the money already paid in. For the protection of the business of the association this right must be exercised under proper restrictions. The rules of every association should prescribe in detail the method of withdrawal. Usually a member is required to give formal notice in writing to the secretary of his intention to withdraw. This notice should be entered in a book kept for this purpose, and the attention of the directors should immediately be called to it. In Massachusetts, associations are compelled by statute to keep a book for the special purpose of recording notices of withdrawal, which is called the "Withdrawal Book." Members desiring to withdraw enter their notices in this book in regular order, including the date of entry. The applications for withdrawal are then acted upon in regular order. Directors should be required to set aside from time to time a fund to be held for the accommodation of members desiring to withdraw.

While the primary idea of the building and loan association, as already stated and popularly understood, is to enable members to become owners of homes, yet it is not

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the province of an association to inquire into the purpose for which a member desires to accumulate money. A member may therefore use an association not only for the purpose of securing a home, but as he would a savings bank for a variety of purposes. He may desire, (1) to accumulate a fund for the purpose of embarking in some business enterprise, or, (2) for the purpose of meeting some approaching obligation, or, (3) simply of securing a safe depository for his funds, or, (4) of securing a good rate of interest on his funds while deposited. It would defeat the purposes of some of the members if there were no proper provisions made for the withdrawal of their money and membership at such times as suit their plans and convenience. Hence it is that provision for withdrawals must be made in the rules of associations.

The question has been debated as to what share in the profits of an association a withdrawing member is entitled. It has been held in some cases by the courts that a withdrawing member does not possess the right to claim a share of the undeclared profits of an association. Such member receives the amount he has paid in and his share of the profits credited and undrawn at the time of the last preceding declaration of dividends, after there has been deducted from this total amount any fines or other charges still owing by him. If the association has suffered a loss, it is the rule to deduct from the amount which a withdrawing member has paid in, an equitable portion as the directors may deem necessary for the protection of the remaining shareholders. In the case of a prospective loss, the settlement of which may be in the hands of an arbitra-

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tor or receiver, or may be pending in court, it is usual to withhold some portion of a withdrawing member's money until adjudication, when he is entitled to receive any and all residues of such money withheld, which equitably belong to him.

A member's privileges in the association cease as soon as he gives notice in proper form of his intention to withdraw. After that time he cannot transfer his stock. A withdrawing member is a creditor of the association until his money is paid him. As such he may bring action to collect the amount due if the association does not pay him in his turn and when the money is in the treasury.

The rules of an association should confer some discretionary power upon the directors in reference to withdrawals to be exercised in certain classes of cases.

RIGHTS OF BORROWERS.

As already explained the primary purpose of a building and loan association is to loan money to its members. It follows, therefore, that every member of an association who complies with its rules has a right to become a borrower from it. The amount of money which a member is entitled to borrow is usually regulated by the constitution of the association.

A member who is a borrower from an association, even though in addition to other security he pledges his stock as security for the loan, continues a member in every sense and must discharge all the duties and may enjoy all the rights and privileges of his original membership except the right of withdrawal and such other rights as may be abridged by the special provisions in the contract for the

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loan. A borrower has the right at such times as are stated in the rules to return to the association, in the aggregate, the sum of money for the payment of which in installments his obligation calls. This must, of course, include accrued interest and other lawful charges. He can in this way, by complying with the constitutional provisions and restrictions governing such matters, release his stock, or redeem property which he may have mortgaged to the association. After such repayment the stockholder continues his membership upon the original conditions and may now exercise the right of withdrawal. The exact amount of money to be paid by a borrower in the aggregate to discharge his obligation must be determined by the rules, and settlement should be made from the books of the association. This is another matter which should be carefully guarded and provided for in the rules and the contracts, since it has been a prolific cause of litigation.

The executor or administrator of the estate of a deceased member may continue the membership if he complies with the necessary conditions and regulations. But if he does not find it possible or desirable to do this, it has been held that the estate is entitled to the same privileges and allowances as if the borrower had voluntarily paid off the loan. A borrowing member who does not keep up his payments is not entitled to the benefits received by those who meet their obligations. His only offset against the claims of the association is the actual payments he has already made in the way of regular dues and of interest upon his loans. Such members are also liable for their proportionate share of the expenses and

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losses of the association. A borrowing member, when sued by the association, does not forfeit his rights of membership, and is still liable for his regular dues. An association must, even after suit is brought, accept the payment of a loan with accrued interest and costs and other lawful charges if tendered. Such offer is regarded as a legal tender. If the offer is rejected the borrower is entitled to cease paying interest upon his debt and to the remedy of an adjudication by court.

DUTIES OF BORROWERS.

The duties of a borrower are sufficiently indicated in the preceding sections. He must not only keep up his original obligations as a member but must meet his contracts for the payment of premiums and interest and must look after the character and sufficiency of his security. Not only is his own welfare and good name dependent upon his faithfulness, but the prosperity of the association and the interests of his fellow-members are involved also in his obligation. All of these things put a heavy responsibility upon the borrower, which by every honorable consideration he must faithfully discharge.

CHAPTER XII.

Loans and Securities.

PREMIUMS.

A PREMIUM is a bonus which a borrowing member agrees to pay for the privilege of having money advanced to him. It is, in effect, the difference between the par value of his stock and the actual amount advanced to him. It represents the amount he is willing to sacrifice in order to anticipate the ultimate value of his stock by obtaining the immediate use of the money which the stock will be worth to him at winding up.

The meaning of the term, premium, may perhaps be better understood if the process in the sale of money is reversed. Let us suppose that when an association has accumulated a sum of money which is to be loaned to members, instead of the announcement of a sale of money to the highest bidder, the announcement be that the association will purchase shares of members at the lowest offer. A member has, say five shares, which will be worth at maturity \$500 each, or a total of \$2,500. On these shares he has agreed to pay his regular weekly installments until they are paid up. He now offers to sell the prospective value of these share to the association for a certain net sum of money, the shares to be assigned to the associa-

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tion immediately and a note or bond be given for the continued regular payment of the weekly dues, this obligation to be secured by a mortgage on the real estate purchased with the money advanced, or on other real estate, or by some other satisfactory security. The difference between the par value of the member's stock at the maturity and the net amount he receives for it when thus sold to the association again represents the premium which he pays for the immediate use of the money thus secured.

It has been held by the courts that boards of directors cannot establish fixed rates of premium.

The custom of charging premiums for loans is fast disappearing in the administration of the associations of the United States. This is in line with the objects of the work of these co-operative institutions—to furnish money to the borrowers at as low a rate of interest as is consistent with their own welfare.

NATURE OF A LOAN.

The loaning or advancement of money to members is one of the peculiar and distinguishing functions of building and loan associations. This advancement of loans can be made to members, and should so fully describe the methods of procedure that mistakes may be avoided.

In making or carrying into effect the rules relating to the loaning of money to stockholders, it should be borne in mind that the borrower continues an active member of the association and, as a partner in its affairs, is interested in the enforcement of the contract against himself as a borrower, and that, in a contract between an association

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and a borrowing member, whatever goes outside of the statutory and constitutional provisions is invalid.

MORTGAGES.

The ordinary security given by a member for loans and advancements made to him is in the form of a mortgage upon real or leasehold estate which he already holds or which he purchases with the money advanced to him. The taking of these mortgages is one of the most common incidents in the work of an association in fulfilling the functions for which it is established. A member may give a mortgage upon freehold or leasehold property for which he can show a clear legal title. He may give a mortgage upon the real estate of another person who in due form submits his property for this purpose. Mortgages must be drawn directly in accordance with the statutes under which an association operates and with its own constitution and rules. Since the statutes under which associations are established differ in the several states, and since constitutions and rules governing this matter vary in different associations, there are many forms of mortgages in use. To enter into a full discussion of these forms would be foreign to the purpose of this work. Two forms in common use are printed in another part of this book,* an examination of which will assist in arranging for this feature of the work of an association. It is sufficient to insist here that the rules be so carefully drawn in reference to this subject that mistakes will not be possible. The mortgage itself should contain the terms and conditions

* See Chapter on Forms.

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upon which it shall be foreclosed, and should specify the disposition to be made of the funds realized from the sale of the property. In case of foreclosure, where the sum realized is insufficient to liquidate the entire amount of the debt, the member is still liable for the balance.

OTHER SECURITIES.

Money may be advanced to members upon national, state, county, or city bonds as collateral security, when such action is authorized by the statutes and the rules. The acceptance of such collateral securities is in the discretion of the directors. The borrower must give his note for the amount received and the interest to be paid thereon, and transfer his stock to the association. The note should give the name, number, amount, and par value, of the bond or bonds given as collateral security, and should name the conditions upon which the security becomes forfeited to the association. Forfeitures usually become operative if the borrower shall fail to pay up his regular dues and the interest for a certain term, say three months, at most not longer than six months. The directors may, after notifying him, declare his security forfeited and may proceed to dispose of the bonds in the most profitable manner for the purpose of liquidating his obligation. The borrower may be allowed to renew his note from time to time at the discretion of the directors.

ASSIGNMENT OF STOCK.

When a member's stock is assigned to an association as collateral security for a loan the assignment is usually required to be made in absolute form. But nevertheless

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the association cannot use or dispose of the stock except for the purpose for which the assignment is made. The stock is to be held by the association until it is paid up by the member. The association then cancels the stock and returns to the member his bond. But if the member fails to keep up his payments on the assigned stock, the association may declare the stock forfeited, and apply what he has already paid in toward the liquidation of his debt, and may transfer the shares to some new applicant or applicants for membership. In case of delinquency on the part of a borrower who has assigned his stock to the association as collateral security, the association first avails itself of the amount he has paid in on the stock, and then proceeds in an effort to realize the balance of his debt from the sale of his mortgaged property and any bonds or other collateral security he may have furnished.

SALE OF SECURITIES; DISPOSITION OF PROCEEDS.

Directors of associations are bound to dispose of property on foreclosure of mortgages or of forfeited securities on the most advantageous terms. This is necessary both for the protection of the association and in justice to the delinquent borrower. The proceeds derived from the sale of securities must be applied as follows: (1) To payment of dues; (2) to payment of interest; (3) to payment of premiums; (4) to payment of fines; and (5) to payment of costs. If any balance remains it must be paid over to the owner and his receipt in full taken. The rules should be explicit in reference to the forfeiture and sale of securities, for this step involves the highest interests of an association and of its members.

LOANS AND SECURITIES.

APPRAISEMENT OF REAL ESTATE.

This is one of the most important features of building association operations. It is in the acceptance of securities that the association assumes its risks. Every association, of course, has rules governing this matter. Nevertheless, when the appraisers come to the actual discharge of their duties they will find the rules insufficient to cover all the details, and that many incidental matters must be considered and decided in their own discretion. A few general suggestions in this connection will be of value, especially in new associations and to those inexperienced in such matters.

1. The members of the association most capable by intelligence and experience should be on the appraising committee.

2. The appraisers should always base their valuation of property upon information obtained direct by themselves by observation and personal investigation, and should not depend upon hearsay from any source.

3. They should inform themselves fully in reference to the actual status of the property, as to its rightful ownership, its freedom from incumbrance, and other such matters.

4. They should consider its situation and condition with reference to roads, drainage, water, gas, etc.

5. If the property is improved, they should note the character of the building, the quality of material and of workmanship, its arrangement, number and size of rooms, and also incidental matters in the way of out-houses, walks, fences, grading, shade-trees, etc.

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6. In making up the valuation they should give full details of items for land and buildings separately.

7. The valuation should be based upon the intrinsic worth, and not upon competitive or speculative estimates.

8. The values to be fixed by the committee of appraisal or expert valuations should be carefully considered in all its details. The so-called physical surroundings, the condition of the neighborhood and the building restrictions, limitations or conditions governing the property offered as security as well as its relation to the adjoining property should be carefully examined by experienced persons. The character of a borrower, his standing with the community as to honesty, sobriety and integrity, his thrift and ability to save, must be considered when application for a loan is made. The amount of the loan to be granted should be carefully considered. In our opinion the object of building, loan and savings associations is to furnish funds for homes, rather than for mercantile or manufacturing improvements. Some of the larger associations have granted loans of this character, and we consider it a dangerous departure from the purposes for which these associations were created.

9. They should also inquire into the borrower's relation to the association, reviewing his payments, his ability to pay, etc.

10. This last is very important, since many serious troubles arise from members agreeing to pay more than they are capable of doing.

11. Investigation should be made as to the amount of

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insurance (life, health, disability or accident,) and if the same are regularly paid for.

EXPERT APPRAISERS.

In many of the large associations the board of directors find it inconvenient to investigate individually the properties offered as security, and the matter of investigation of loans and all the details in connection therewith are referred to an expert on the value of real estate and buildings, whose duty it is to make a careful investigation as to value, improvements and physical risk of the loan. This report, with an affidavit of the expert, is filed with the secretary of the association, who thereupon brings the application before the regular meeting of the board, so that they may investigate the details; or in some cases this is referred to a special committee on loans, which meets at the call of the secretary, and it is empowered to grant loans immediately to the borrower. This action then is brought before the regular meeting of the board and formally ratified in accordance with the provisions of the constitution and by-laws.

STRAIGHT MORTGAGE LOANS.

Another departure from the old method of making loans has been that of making so-called straight mortgage loans to persons. The application for money is handled in the same manner as stated, but the borrower, instead of repaying the amount in regular stated payments, makes a loan that is for a definite number of years, at whatever amount is stipulated in the contract with the association. There is an increased demand on the part of the public for loans of this character.

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Corporate Government.

THE CORPORATE MEETING.

A CORPORATE meeting is a meeting of the members of an association regularly assembled. Meetings may be general or special. The member thus assembled in a corporate meeting constitute the supreme power of the association. But in their action they are nevertheless subject to restrictions. If the association is organized and incorporated under general or special laws of the state, the corporate meeting must confine its actions within the limits laid down in the charter and the statutes under which it acts. The corporate meeting fixes its own constitution and by-laws in accordance with statutory limitations. But after these are once fixed it has no power to change them except in accordance with the rules which it has established. Where associations are not organized and incorporated under special charters they are, of course, subject to the general statutes and laws of equity like other incorporated companies. The entire association is bound by the acts of a majority of its members when those acts are legal and in due form. In the absence of special provision in the rules of the association a question may arise as to what is meant by a majority. It has been held

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that an association is bound by the acts of a majority of those present at a regular meeting, whether they constitute a majority of the members or not. It has been held further that a majority does not necessarily constitute a majority of all members present, but of all the members present and voting. But it is better that the rules of the association should state definitely what proportion of the membership shall constitute a quorum for the transaction of business. Then if this number is not present a meeting can transact no business except to adjourn to some other date. Where the statutes or the rules of the association do not fix the quorum the rule is that a majority of all those present and entitled to vote at a duly called meeting shall constitute a quorum.

Where the statutes do not determine the right of a member to be represented by proxy the question should be settled specifically in the constitution and by-laws.

GENERAL MEETINGS.

The general meetings of associations are those corporate meetings which occur at the stated times fixed by the constitution or by-laws. The shareholders should meet at least once in six months, generally on the first meeting night in the month following the close of each fiscal half year. The meetings are held at the place designated by the board of directors. Each member must be advised of the time and place of the meeting, either by individual notification by letter or otherwise, or by advertisement in some paper of general circulation regularly issued in the vicinity. The usual business of such meetings is the elec-

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tion of officers and the determining of the general policy and management of the association. The desires of the members may be expressed through the election of certain persons to fill the offices who are pledged to a certain line of conduct in the management of the affairs of the association.

The business of the general or corporate meeting should be conducted according to the order of business laid down in the rules. The reports of officers is a prominent feature of these meetings. These reports, when represented in proper form, give the members a clear idea of the business of the association, and enable them to determine intelligently as to the policy for its future management.

SPECIAL MEETINGS.

Provision should be made in the constitution and by-laws for the calling of special meetings. These ought to be so drawn that the officers whose duty it is to call such meetings have no discretion in the matter, but should be compelled to act upon the request of a certain number of members. There ought to be also a rule that in the calling of special meetings all the members must be notified in proper manner, and that otherwise the proceedings of the meetings shall be invalid. Such provisions are necessary in order to protect properly the rights of members. In the absence of these rules, it has been held under the general laws that each member must have personal notice, that a reasonable time must be given, and that the call must be issued by authority competent to call a meeting. But if all persons entitled to vote unanimously consent, notice of

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meetings may be waived and the proceedings will be valid. Special meetings can transact no other business than that named in the call.

An adjourned meeting may transact any business that may be lawfully transacted at the original meeting. The acts of a meeting irregularly convened are not binding.

MANAGEMENT OF CORPORATE MEETINGS.

A few suggestions in regard to the management of corporate meetings will not be out of the way. Under our democratic form of civil government, citizens, through the influence of our ordinary political methods, become educated to the habit of delegating their authority to others. The result is that many good citizens neglect and ignore their duty as such and leave public affairs to be directed by others. This custom is too often carried into building associations and other corporate bodies. This ought not to be. Every member of an association should keep himself thoroughly informed in reference to its business and management at all times. He should not fail to be present in person at every corporate meeting.

At any corporate meeting it should be the business of some one, usually the president or the secretary, to make a clear statement of the purpose of the meeting, and to present all the facts in connection with the work of the association which bear upon the matter to be considered. It is well, also, from time to time in such meetings, both for officers and members, to review the provisions of their charter, that they may be sure that their operations are all kept within the proper legal and constitutional bounds. It

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is easy, when the members and officers of an association are careless, for its methods and operations gradually to slip outside of the limits which they were originally intended to occupy.

At any regular corporate meeting there should always be a clear, business-like statement of what the association has accomplished during the past year, and what is expected to be accomplished during the coming year. These facts being before the members, they are able to determine whether the association is accomplishing the work for which it was intended. If it is, well and good; if not, measures must be taken to correct its mistakes.

Members should also bear in mind that no association is of any worth or power, simply from the fact that it is an association. Its power and efficiency is only the joint power and efficiency of the men and women who compose it. If they do not attend its meetings, if they neglect its business, or go to meetings and simply hold up their hands and vote like machines, and give no active thought to its business through the whole course of the year. They are an incumbrance, rather than a help to it. The officers and directors should have evidence of the never-lagging interest of the membership. This will not only put a proper check upon them in their management of the association's affairs, but it will also spur them to continued diligence and efficiency. Any officer or member of an association who satisfies himself with the mere perfunctory discharge of the routine duties of his position makes a serious mistake. His active and intelligent participation

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and interest in the association's affairs at all times are necessary to its highest success.

OFFICERS: THEIR ELECTION AND GENERAL POWERS.

As stated before one of the principal functions of the corporate meeting is the election of officers. This must take place in the manner and at the time required by the constitution and by-laws. If these prescribe no particular form for elections, then it has been held that no election conducted in good faith will be set aside. Some associations provide by constitutional rule that a double or larger number of candidates for each office shall be nominated, from whom the members are to elect; but it has been held, in some states, that a member receiving a majority, or plurality of votes, as the case may be, is duly elected and entitled to hold the office, even if his name is not on the list of those nominated. When candidates are properly nominated, and the election is held in due form and at the proper time and place, those candidates receiving a majority of the votes cast are elected. This is true even though the majority of the entire association may refrain from voting, except in case the constitution makes a provision to the contrary. If from any cause the election is not held at the proper time set in the constitution, the association nevertheless continues, and the old officers are in authority until their successors shall be duly elected and qualified. The casting of improper votes at an election does not vitiate it unless it can be shown that the result would have been different had they not been received. On the other hand, if it can be shown that legal votes have been

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rejected and their reception would have changed the result of the election, the election is vitiated and a new one must be held. Ballots containing the names of a less number of directors than are provided for must be received, but those containing a greater number must be rejected. An inspector or judge of an election may also be a candidate.

The acts of *de facto* officers are binding upon a corporation, especially so far as these acts affect third parties, even though it may afterwards be decided that the officers were ineligible.

The management of the affairs of an association is entrusted so entirely to its board of officers that the greatest care should be exercised to select only proper persons as officers, and that there should be no question as to their regular and lawful election.

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Election and Duties of Officers.

OFFICERS REQUIRED.

THE officers of a building association are the same as of any other corporation or business body. They consist usually of a president, a vice-president, a secretary, assistant secretaries, a treasurer, an attorney and a board of directors.

ELECTIONS.

The constitution provides for the time, place, and manner of elections. Since the officers are the actual managers of the business of the association the provisions for their election should be so plain and explicit as to leave no room for doubtful or uncertain action. The officers are to be clothed with legal powers. There should be no question as to their legal qualifications.

Attention has been called already to the necessity, in the the organization of an association, of selecting as officers those persons who by character, ability and experience are best qualified to serve in that capacity. The bearing of the officers, their intelligence, and their business ability and sagacity, will have much to do with an association's popularity and success. They must be polite to all the

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members and other persons visiting the headquarters of the association or calling upon them privately; they must be ready to respond intelligently to all proper inquiries relating to the business of the association; they must require that all moneys in which the association is interested are properly and promptly accounted for; they must be quick to seize upon every advantage that can be used to further the interests of the association; they must carefully guard all investments or loans of the association; and must, in general, be as watchful and careful of all matters pertaining to the association as any successful business man must be of his own interests and business. Officers by faithfulness may build up an association and make it very strong, while by indifference and irregularity of proceedings, they may destroy its popularity and usefulness, and even its existence.

As the usual elections recur year after year the question of the re-election of certain persons to certain offices will arise. There is one rule which should always prevail at elections, and that is to seek the greatest good for the association. This can be accomplished in two ways: by the re-election of faithful and efficient officers, and by the introduction of new blood, new energy, and new influences into the management. In connection with the re-election of officers it should be borne in mind that no one member should be overburdened with the work of an association. On the other hand an association should secure the benefit as far as possible of the knowledge of its affairs and workings possessed by its experienced officers. A good rule is—other things being equal—to re-elect the salaried officers

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as long as their work is satisfactory and no special reason arises for making a change. Their knowledge of the details of the business is very valuable. It is best to re-elect some of the other officers, especially directors, at each election. It is only on rare occasions where there is to be some radical change in the management of an association, that an entirely new board of directors should be chosen. Where there is no necessity for making a change, it is best to re-elect a strong representation from the old board. Indeed, in order to avoid sudden and unfortunate changes in the board and to secure opportunity at the same time for desirable rotation in office, some associations adopt a rule to the effect that at the first election one-third of the directors shall be elected for a one-year term, one-third for two years, and one-third for three years. Then at each subsequent election one-third of the whole number of the board is chosen for the full three-year term.

DUTIES OF PRESIDENT AND VICE-PRESIDENT.

In general terms the duties of the president and the vice-president, as indeed of all the officers of an association, are, in the absence of special provisions and limitations, the same as belong to similar officers in other like bodies. Thus, unless there be special provisions to the contrary in the constitution or by-laws of an association, it is the duty of the president, or, in his absence, of the vice-president, or of one of the vice-presidents (who act in their numerical order), to call meetings of the association, and to preside and preserve proper order at the same,

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to sign the contracts of the association, to execute other official documents, to sign warrants drawn upon the treasurer, to keep the seal of the association, and, with the board of directors, to make provisional arrangements to meet all the various unprovided-for emergencies and necessities of the business of the association. The president appoints all committees for the appointment of which no other provision is made. For the relief of the president and other officers from uncertainty and unnecessary and irksome responsibility, the constitution and by-laws should specify as fully and clearly as possible the duties imposed upon each them.

DUTIES OF SECRETARY.

The office of secretary is in many respects the most important in the association. He is the custodian of its business and records, and the source of information concerning its affairs; he keeps the minutes of all the official proceedings of the association and its board of directors; he conducts the correspondence; he keeps the financial accounts; and is, in general, the agent, and to a large extent, the acting manager of the entire business of the association. He attests the signature of the president on all the official documents.

He should submit quarterly, semi-annual, and annual reports to the association, as may be required by the rules. These reports should always be written out plainly, neatly ruled, and should present a full account and summary of the business for the preceding term. They should include a complete balance sheet, giving a detailed exhibit

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of the profit and loss accounts, and a statement of all assets and liabilities of the association. Usually the directors authorize the secretary to have these reports printed for distribution among the members.*

The secretary possesses unusual powers and carries heavy responsibilities. The constitution and by-laws should give him clear and specific instructions in regard to his duties and liabilities. No mistake should be made in the selection of the secretary, and when once chosen he should have the cordial support and co-operation of all the shareholders.

ASSISTANT SECRETARIES.

The business of some associations is so large, or the secretary is so occupied with other business, that the employment of assistant secretaries is necessary. They are usually employed by the directors. Their duties are clerical, and they work under the direction of the secretary.

DUTIES OF TREASURER.

The treasurer is the custodian of the association's funds. Unlike the president and secretary, he possesses no discretionary powers. His duties are entirely ministerial. He must give his receipt for all money placed in his hands, and is responsible for all the funds of the association he thus holds. He may not pay out any money except upon warrants drawn in due form in the manner provided by the rules of the association. He must keep correct accounts of all receipts and payments. He is not liable for the pay-

* See Chapter on Forms.

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ment of warrants duly drawn by the proper officers of the association, even though the money is wrongfully applied by them.

He cannot hold the association responsible for money which he may advance for legitimate purposes without a warrant. As a general rule the treasurer should not be allowed to make his own selection of the bank or place of deposit for the funds of the association, unless the question is fixed by the statutes. If, however, the board of directors select the place of deposit, he is not liable for loss of the association's funds by the robbery or failure of the bank which they have selected. When the treasurer himself selects the bank of deposit he is not liable for loss by robbery or failure, provided that he can show that his action has been free from fraud or negligence.

GENERAL MANAGER.

In the larger associations it is now the custom to select what is known as the general manager of the institution. This official has under his control the active management of the affairs of the association. He is selected by a board of directors and holds his office at the pleasure of the board. In some associations a member of the board of directors is selected, and in others some one outside the board of directors is chosen. All business transactions relating to the affairs of the association are carefully kept on regular forms, and must be submitted to the board of directors at its next regular meeting for approval.

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DUTIES OF DIRECTORS.

The board of directors are the responsible managers of the association. In them is vested the power to order and transact all business for the association, and their acts are the acts of the association. Their powers and limitations must be defined by the constitution and by-laws. If they fail of the full discharge of their duties as thus defined, they are responsible to the members of the association. If, on the other hand, they transcend these powers of the association, they themselves become personally liable to the parties interested.

It may be said in general terms that the directors of an association have charge of the disposition of the funds, the making of loans, the acceptance of securities, the filling of vacancies in the offices, and the providing of proper compensation for services when this is not otherwise fixed. They are subject to the control of the corporate meeting, but not of individual members. A member may, however, on behalf of himself and others, proceed by law against the directors for illegal acts.

The number of meetings of the board of directors is usually fixed by the constitution, but the time and place may be determined by the directors themselves. When the association has an office, or regular place of business, it is best that the directors' meeting be held there. The time of the regular meetings of the directors should be fixed and made known to the members of the association. The directors may call special meetings, both of the members in general, or of their own body. All directors must have notice of such meetings, and acts of meetings

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irregularly called or convened are invalid, except so far as the interests of a third and innocent party may suffer. The rules of an association should specify carefully what number of directors shall constitute a quorum for the transaction of business. Except by special provision, a director cannot delegate his powers to another person; but the full board may delegate some portion of its work to a committee appointed to attend to it. They should keep full and accurate minutes of their transactions. A director, as an individual, may make a contract with the association, provided he secures no special advantage not common to other members. A director becomes personally liable to the stockholders for losses when they are occasioned by reason of fraud or connivance at fraud upon the association. Directors are liable for embezzlement, willful misconduct, breach of trust, or gross inattention and negligence. They are not liable for mistakes of judgment, however, absurd, provided they are honest and within the scope of their powers and discretion. A director who is a party to a fraud upon an association is barred from sharing in its benefits.

DUTIES OF TRUSTEES.

The duty of trustees, where such officers are appointed, is to hold and convey titles for the association under the order of the board of directors. Very few associations now have trustees, this being regarded as useless, unnecessary, and cumbersome.

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THE ATTORNEY: HIS APPOINTMENT, DUTIES, AND COMPENSATION.

Every association must have a duly authorized legal adviser. He should be a regular officer of the association. He usually is designated officially as attorney, though he is sometimes termed solicitor, or counselor. The manner of his appointment differs. In some associations he is elected at the same time, and in the same manner, and for the same term, as the other officers. But more frequently—and this seems much the better way—he is selected and employed by the board of directors. In making this appointment the directors cannot be too careful. His position is one in which he may do great good or harm to the association. There are emergencies in which the welfare and even the continued existence of the association will depend almost entirely upon his intelligence, honesty, and faithfulness. He should be a man of good standing in his profession. He should have a moderate independent practice, not so much as to absorb his time and thought to the exclusion of the care of the affairs of the association, nor, on the other hand, so moderate as to induce him to undertake arbitrarily to make business out of the association. Many an attorney, who has the real interests of his association at heart, is the most active and efficient agent in securing desirable members in its organization, and in so increasing its list of shareholders from time to time as to put it upon a permanent working basis. The attorney should be a man of such character as will give the directors some degree of pride in placing his name upon their reports and documents. In England the

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attorney must be appointed and commissioned under the official seal of the society.

Whatever may be the method of his appointment it is the duty of the attorney to act as the legal adviser of the association upon all legal matters connected with its business. He advises the other officers and the directors in regard to their functions and duties and the proper disposition of the business of the association. He examines records and titles. He prepares or passes upon the forms and blanks to be used by the association, and gives his advice in the execution of all official documents.

The following article from *The American Building Association News*, of Cincinnati, written by Hiram M. Rulison, Jr., an attorney of much experience in building association matters, covers this whole subject so well that it is worth incorporating here. Mr. Rulison says:

"After the appraising committee has completed its work in actually inspecting the property as to its value, it is then that the duty and responsibility of the attorney begins. It really should begin before even the work of the appraising committee begins, by carefully preparing a plat showing the exact location of the property to be appraised, so that no mistake could possibly be made and no excuse could be offered, in case the wrong property should by any accident be appraised for the loan.

In one or two cases where gross frauds were attempted to be perpetrated, this was the excuse offered by the appraising committee; that they had appraised the wrong property. This could be prevented in every case by a careful preparation by the attorney of a proper plat. Some attorneys think, in order to retain their position and stand well with the board, that all they are called upon to do is to report on the title as they find it, regardless of the actual value of the property or the financial standing of the prospective borrower. No greater mistake could possibly be made.

An honorable attorney will report *all the facts* as he finds them, and if he does not do so he is violating a sacred duty he owes to the

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hundreds of trusting depositors, who are relying upon his honor and integrity to protect their hard-earned savings. One of the recent failures of a well known association could have been avoided, had the attorney who examined the title of the property on which an \$8,000 loan was granted, been honorable enough to inform the board that the property was in a deep gully; that it was taxed at only a few hundred dollars, and had only recently been appraised for a loan in another association at only \$1,500.

A failure to disclose facts of this kind is nothing but downright dishonesty, and would lead unsophisticated people to believe that such an attorney was 'interested.' About the same time, a prospective loan of about the same amount was defeated and the association saved by the brightness and honesty of the attorney, who boldly reported all the facts to the board and insisted upon a full examination of all the facts, which disclosed a similar state of affairs as first referred to. The plunderers were exposed and the depositors' money saved.

A careful attorney would report, if the fact came to his notice, anything of an unfavorable nature that might be developed in regard to the prospective borrower; as for instance, that all the other property which the party owned was covered by mortgage to its full value; that the limit was being stretched in the present instance; that other loans had been foreclosed; that the present loan was a mere shifting around, 'borrowing from Peter to pay Paul,' or anything else that might come to his notice. No doubt the borrower would denounce such an attorney for being a meddling man, but the directors and depositors would bless him. The attorney should always report the tax valuation of all property examined; for although the tax value is scarcely ever a fair criterion to measure values by, still it is in most cases a great help. The officers of the board and the appraising committee may be the most careful men in the world, and may perform all their duties in the most careful manner possible, but it will amount to nothing if the attorney is derelict in his duties.

He cannot make too careful an examination. This he sometimes realizes when too late, especially when he happens to overlook a mortgage, judgment, or a mechanic's lien, and is called upon to make the amount good, as sometimes happens. If so much care is required of an 'honest attorney' just think how completely an association is at the mercy of a man who is careless in his habits, or who chooses to be dishonest and to work in collusion with a dis-

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honest borrower; he could bankrupt the association in short order more completely than either the secretary or the treasurer. Only men of honor, integrity, ability, and experience, should be entrusted with this great responsibility. Not the least of their duties is that of approving the sufficiency of the sureties on the bond of officers. And this should always be carefully attended to.

I have even thought that an attorney should be somewhat familiar with book-keeping, and that he should be willing to serve occasionally on an auditing committee in order to see that this branch of the business was properly attended to. In other words an attorney should be one of the best posted men in all the doings and workings of an association, including not only the law but the best methods of management and business, and should be willing to assist in any and every way possible; for if any one person more than another receives a benefit from the association, it is the attorney.

It is true that his compensation for the examination of titles is small, and if that were all the pay he received he could hardly afford to do the work for the money. But an obliging and accommodating attorney who will not neglect his association, but will attend the meetings with some degree of regularity and be on hand with a word of advice when most needed, and let the people get in the habit of meeting him on these occasions regularly, will find a steady flow of business from this source alone, which will amply repay him for the time and labor expended.

More associations are organized by attorneys for the sake of getting the business, than by any other class of individuals; and yet, strange to say, the attorney is usually the one to be the first to lag behind when there is any work to be done, unless a comfortable fee is in sight. I have frequently heard of instances where the attorney failed to attend the weekly meetings for months at a time. These attorneys are not enthusiastic advocates of building associations.

On the other hand the attorney who attends regularly finds his hands full of business, keeps his association out of useless litigation by a little timely advice, and is one of the best friends of the institution.

Many of the patrons and borrowers are working people whose time is not their own, and it would be a manifest hardship on them to compel them to lose a day to dance attendance on an attorney's convenience, when with a little effort on his part he could have the necessary papers signed at the association and thus oblige a client, as well as save him a day's wages.

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I do not say this could always be done, but sometimes it certainly can be, especially where there are a large number of mechanics who are compelled to sign a release of any claim on a building before the can draw pay for labor or materials. It would be a hardship to compel six or eight men to lose a day to come to a lawyer's office when all the business could be done at the association without loss of time. A building association is certainly a co-operative institution, and every one connected with it should be willing to do his part and his duty. On the other hand directors and other members should not expect, (as is too often the case) that the attorney is bound to attend to their private business at building association reduced rates. It is true he may be able to cut rates on some on the score of friendship and old acquaintance, and this he undoubtedly will and does do, but an attorney would have to be a person of herculean capacity for work, to be able to make both ends meet and pay expenses, if all his work were done at these rates. This, however, is a fact that is not always taken into consideration by members, and sometimes is productive of hard feelings, if the attorney will not, or cannot, consent to work for all his friends at cut rates. The association, too, frequently criticises an attorney's bill for foreclosing a mortgage, looking upon this expenditure as a dead loss, yet it is one of the most important, and sometimes one of the most difficult of an attorney's duties, and sufficient compensation should be allowed to insure careful and correct work on the part of the attorney.

All questions have two sides, and while an attorney should be able and willing to do his duty thoroughly and conscientiously, he should at the same time receive such treatment from the association and its membership, as will at least assure him that they appreciate the interest he may take in their welfare, and that they believe that the 'laborer is worthy of his hire.'

If the attorney does not receive a stated salary, the directors should fix a system of fees to be paid him for the examination of titles and other services. Some associations have a graded system of fees for the examination of titles. If a member borrows one share, he is taxed a certain amount for the examination of his title to the property he mortgages. If he borrows more than one share, he is taxed a proportionate amount for each addi-

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tional share. This rule is manifestly unjust to attorneys, for it requires as much time and work to make an examination of a title if but a single share is borrowed on it, as if it were security for ten or twenty shares. Since the examination of titles requires care and involves responsibility, an attorney should have a good, reasonable fee.

For instituting and defending suits, and any other unusual legal business, special fees should be fixed by the directors.

BONDS OF OFFICERS.

It is customary to require bonds from certain officers of associations. Where the statutes give no direction in this matter it should be fixed by the association itself in its constitution and by-laws. The particular object of a bond is, to enforce responsibility, especially with those officers who have the handling and custody of the funds, or of any officer whose trust exposes him to temptation and the association to the possibility of loss. The by-laws or rules should specify which officers shall give bond and the amount of bond required in each case. The approval of bonds usually rests with the directors. A bondsman is liable only to the extent of the precise terms of the bond. All officers who are required to give bond should have them ready at the first meeting after their election and hand them in at that time. Bonds should be carefully drawn so as to meet all legal requirements. Each officer who is to give bond should furnish at least two first-class sureties.

The president should give a bond of from \$2,000 to \$4,000; the vice-president, \$2,000 to \$4,000; the sec-

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retary, \$2,000 to \$5,000; the assistant secretary, \$500 to \$1,000; the treasurer, \$5,000 to \$10,000; members of appraising committee, \$1,000 to \$3,000, each; the attorney, \$5,000 to \$10,000. Members of special committees should also in some cases give bond with amounts in proportion to the duties and responsibilities devolving upon them.

SURETY BONDS.

With the change brought about by the organization of companies formed for the purpose of offering surety to the clients, the modern method has been to have the officials of building associations bonded in a responsible bonding or surety company. These companies issue bonds covering the association's financial affairs from any loss on embezzlement of any of its officials, at a stated regular annual premium. The expense for these bonds is paid by the association, and the form of bonds issued by these companies should have careful investigation by the attorney of the association to see that they are in proper legal form. In some of the states these bonds must be filed with the state officials, after they have been secured, to keep these bonds on file for the inspection of the public and for their protection. In those states where this is not provided for, the bonds of the officers are usually kept in custody by the secretary, who places them with the other papers of the association, excepting that of his own bond, which is usually held by the president of the association.

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RESPONSIBILITIES OF OFFICERS.

No person should be selected as an officer of a building association who is from any cause disqualified for a faithful discharge of the functions of his office. Whoever accepts a position as an officer should faithfully and conscientiously discharge the duties imposed upon him. Hence, by agreement among the members of an association, certain provisions are usually made in the constitution or by-laws for the punishment of such lapses from duty on the part of officers as are not of a criminal character. Thus it is often provided that the officers shall be subject to fines for certain classes of offenses or to removal for certain other offenses. The rules may be so drawn as to apply to cases where the offense is not directly against the interests of the association or its members, but may simply affect the moral character of the officer and his standing in the community, thus rendering him unpopular and unfit for his position of trust in the association. An officer who becomes delinquent in his position as a member of the association, may be considered as unfit to occupy a place as an officer. The power of fixing penalties, such as fines or removal from office, may be fixed in the board of directors, or may rest in the association at large. The criminal liability of officers of a building association is the same as that of officers of other corporations or of individuals generally. No man, whatever his position, is permitted to appropriate to his individual use or advantage that which is not his own or to which he has not obtained a legal right.

ELECTION AND DUTIES OF OFFICERS.

REMUNERATION OF OFFICERS.

What officers shall receive compensation is determined by the provisions of the constitution and by-laws. It is the general custom to leave the amount of compensation to be paid to the different officers to the discretion of the directors who fix the amount by special contract with the respective officers. When the salary is fixed by the constitution or by-laws the officer may claim the full amount upon the strength of that record alone. If his duties become enlarged, and the salary is then inadequate he cannot claim additional compensation. His only remedy lies in securing a change in the rules or in resigning his position. In cases where compensation is not fixed by the constitution or by-laws, and where no express contract has been entered into, it rests in the discretion of the board of directors as to whether any compensation shall be allowed or not, and to what amount. It should be borne in mind that a building association is an organization for the mutual advantage of its members, and the fundamental idea is that each member shall work for the benefit of all. On this account it is expected that each member hold himself ready to contribute his personal services within reasonable limits. Therefore, even those who are in official position are expected to render a fair proportion of service without remuneration and that they are to be compensated only when it would be unjust to them as individuals to expect their services without remuneration.

A salaried officer cannot claim extra compensation for work done in the line of his duty. Officers must look only to the funds of the association for their remuneration, and

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cannot recover the amount of their salaries from individual members or directors.

SALARY OF DIRECTORS.

It has been the almost universal custom that directors should serve without remuneration. Lately the question of allowing them pay for their services is being seriously considered. Indeed, in some associations directors are paid for their services either directly or indirectly. Some of the considerations urged in favor of the payment of directors may be mentioned. Their services are indispensable to the operations of an association. It is wholly impracticable for all the members of an association to come together at each meeting and attend to the receiving of money and all its routine business operations. Even if they could so come together, it would be impracticable for such a body to do such work. Many of them do not know how to do it, and so many coming together they would simply be in one another's way. "What is everybody's business is nobody's business."

On account of these circumstances associations are compelled to delegate authority to certain selected members to attend to the prosecution of their business. These selected members are called directors. Because certain stockholders are selected to serve in the capacity of directors does not make it any more possible or convenient for them to attend the regular meetings to look after the business than it would be for any other stockholder not so selected. They must lose their time and comfort, and thus interfere to a greater or less extent with the prosecution of their

ELECTION AND DUTIES OF OFFICERS.

own private business and interests. Again, those stockholders selected to act as directors are so selected because they have that intelligence and knowledge that fit them to attend to such business. Intelligence, knowledge, and experience are valuable. Hence, other things being equal, a director's time is likely to be of even more value than that of the average stockholder.

The directors being charged with the actual management and disposition of the business of the association, they must carry a responsibility unknown to the other stockholders. The directors are the official representatives of an association. As such they must not only execute its routine business but must represent it in all incidental matters and in emergencies. They are the sources of information to the stockholders and to outsiders. Their work on committees involves them in many duties outside of the regular meetings. They must account faithfully for all moneys coming into the possession of the association; they must keep up the collections and act promptly in case of delinquents; they must make deposits and investments; they must decide upon and declare dividends; they must pass upon premium and interest rates; they must accept or reject borrowers and mortgages and other securities; they are compelled to keep full records of all their doings in the minute and account books. That every matter shall have due attention they are compelled to bind themselves to a certain order and routine in what they do. Finally, they are required to keep their members informed officially by regular reports

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of all their transactions, and of the condition of the affairs of the association in full detail.

Many members of associations, not having had experience as directors, and not being close observers or very thoughtful about the matter, do not appreciate the amount and quality of service required. Indeed, some are inclined to look upon the position as a sinecure, a place of honor, and to be sought after on that account.

Although directors are put to all the inconvenience and labor indicated above, they have no more share in the benefits arising therefrom than have the other stockholders. It is argued that an association is a business enterprise. The men and women who compose the membership of the association do not work for their own employers except for wages. They do not give their own services without pay. On the other hand they are the employers of the directors of their associations. Should they require their own employes to serve without pay?

But if directors are to be paid it must be decided how much, and upon what basis. This is answered in a general way by saying that it must be only for services actually rendered. In the operations of an association each officer, each director, has an assignment of actual duties to perform, and if paid at all he should be paid in proportion to the amount, the character, and the responsibility of his work. In certain private corporations it has become the custom to pay each director a certain stated sum for each meeting he attends. When absent from a meeting he receives no pay. It is argued that the introduction of this system into the operations of a building association would

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have a good effect in two ways. First, it would secure the regular attendance of directors; second, it would secure better service from directors; for, by regular attendance upon the meetings and participation in the business, each director will have a better understanding of all the plans and details, and hence, his services will be more valuable.

There are three things to consider in fixing the amount of remuneration, if it should be decided that directors shall be paid. The pay must be somewhat in proportion to the number of meetings, the amount of business transacted, and the number of directors. Three propositions have been made in this connection: (1) That each director be paid a stated sum for each meeting he attends; (2) That the directors be paid a certain per cent upon the amount of business transacted; (3) That each director be paid a stated salary per year or per term of service. This opens up a large field for discussion which it would be inappropriate to attempt to occupy here. This one practical suggestion may be made, to wit:—Let the number of directors be adapted to the actual needs in the transaction of the business of the association just as in any other business enterprise. Let the number of meetings also be adjusted so as best to meet the requirements of the association. Then upon some basis let the directors be paid for actual services rendered. It will certainly happen that the agitation of this question will lead to the introduction of better business methods in the management of associations, and it may tend to lessen their number, to concentrate the business into fewer hands, to fix responsibility more closely, and possibly to the estab-

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lishment of regular offices open during all business hours as well as on certain evenings for the transaction of business, the same as in banks or private corporations, and already in existence in some building associations.

SALARY OF SECRETARY.

What is said above does not apply to the salary of the secretary. The salary of this officer should not be based upon the work done in the meetings. His duties, even in this respect, are very exacting. He must attend all meetings, keep the accounts of receipts and disbursements, and also the minutes of the proceedings. But much the greater portion of his work is outside of the meetings, in posting his books, calculating dividends, and attending to the innumerable details connected with his office. It is very essential that a secretary should be competent and faithful, and such a secretary should be liberally paid for his work.

CHAPTER XV.

Powers and Liabilities.

GENERAL POWERS.

A BUILDING association, being in the nature of a joint-stock corporation, possesses the general powers belonging to corporations of that class. These are usually laid down in the statutes of the different states about as follows :

1. To have perpetual succession ;
2. To have a corporate seal ;
3. To make contracts and to hold real estate in a corporate capacity ;
4. To sue and to be sued ; and
5. To make rules for their own government.

An association may not go beyond its statutory limitations and privileges and assume functions and prerogatives not granted in its charter. Such action would jeopardize the continuance of the charter itself and tend to render all acts of the association invalid.

PERPETUAL SUCCESSION.

The right of perpetual succession is essential to the purpose of the association, for, though the membership and the officers of the association may be changed more or less from time to time, the association itself must main-

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tain an organic existence until it has completed its course. Otherwise it would be impossible for such an organization to carry out its mission. While the association exists, it remains in the eye of the law an entity, notwithstanding any changes that may take place from time to time in its elements.

THE CORPORATE SEAL.

The seal of an association is the official stamp by which the papers executed as a part of its official business are to be identified and verified. The seal must be in the form of a stamp which will make an impression into wax or paper. Its custody and the manner of its use should be prescribed in the rules of the association. The affixing of the seal to an instrument should be accompanied by the official signatures of the president and the secretary. Some associations require the signature of other officers also. There has been much litigation in reference to the use of corporate seals, and the rule has been established that "Wherever the law requires a natural person to attach a seal to the instrument executed by him, in like cases only would it be necessary for the corporation to execute a like instrument by a corporate seal." The mistake should not be made that an association is not liable for contracts that are not verified by its seal. On the contrary it is liable for all undertakings that are expressed or implied by its acts.

It must not be understood that every association is required to possess a seal. The possession of a seal is essential only when required by the statutes or the constitu-

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tion of the association. As a matter of fact a large proportion of the associations in operation do not use seals.

CONTRACTS AND AGENTS.

An association may make contracts and purchases and sales directly through its corporate meeting. But, like other corporations, it usually acts through officers and agents, as heretofore explained in the discussion of the duties of officers. It is necessary that the rules provide fully for the proper execution of all contracts, that they designate the manner in which they are to be made, and the officers who are empowered to act for the association. When officers are once appointed with power to make contracts then the general laws relating to the subject of agency apply to associations, their agents, and third parties. Concerning appointments of agents, it has been held that an agent may act without written authority, or any authentication by the corporate seal of an association if a seal is used, provided his appointment is regular in other respects; that any person, even a minor, may by due appointment become an agent of an association; and that, in certain cases, a member of an association as its agent may deal with himself or with himself as the agent of a third party, provided no special advantage is secured on either side through the arrangement.

Since the appointment of the officers of an association is a matter of public record, third parties in dealing with them must satisfy themselves of their authority to act as

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agents. So long as agents of associations act within the limits of the authority conferred upon them the association is bound by their acts. If an agent makes contracts in excess of his authority, they may afterwards be ratified and accepted by the association or its board of directors. In order to make his contracts in due form and binding, an agent must specify in the papers which he executes that the writing is done by the hand of an agent. Notice properly served upon an agent is a notice to the principal in the transactions for which he is employed. A notice conveyed through one director to the board at a regular meeting is a notice to the association. Or a notice conveyed to any director while engaged in the business of the association is a notice to the association, but is not a legal notice if given to him when not so engaged. A notice published in a newspaper is not a legal notice unless it relates to matters required to be so published. Private knowledge on the part of a director or officer, obtained from rumor or in any other accidental way, cannot be regarded as an official notice to the association. A new board of directors is presumed to know all the facts and circumstances known by or communicated to the previous board. An officer or agent of an association cannot delegate his authority to another person, except where some special provision is made to that end.

POWERS AND POSSIBILITIES.

SUITS.

As a necessary result of its power to make contracts an association has the right to enforce such contracts by suit if necessary. On the other hand as a party to these contracts, the association itself is liable to legal process for the violation of any of its obligations. An association may bring suit against individuals or corporations to enforce its legal and equitable rights; and may in like manner bring suit against its own delinquent officers and members. On the other hand it is liable to be sued by outsiders or by its own officers and members for any actionable neglect or delinquency on its own part.

No general rule can be given for the issuing of processes for and against building associations, since the requirements vary under the laws of the different states. These legal requirements must of course in all such cases be carefully observed. Such matters should be attended to by the attorneys of associations. To enter upon a general specification and discussion of the grounds upon which suits may be brought by or against associations would be an undertaking too elaborate and foreign to the purpose of this work. These matters are well defined under the general and special legislation of the different states.

RULES.

Two general principles may be laid down concerning the adoption of rules for the government of an association. The first is that the rules must conform to the constitution and laws of the United States, and also of the state in which the association exists. And the second is that

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they must conform to the purposes for which the association is organized. Forms for constitution and by-laws are printed in the appendix.

SPECIAL POWERS.

Associations, as a rule, in the different states are clothed with certain special powers. What these powers may be for any particular association in any particular state must be learned from an examination of the statutes in that particular state and of the charter of that particular association. When the statutes are silent upon any particular power, neither permitting nor prohibiting it, or if doubt exists, the legal rights of an association in the premises may be determined by application to the attorney general, or by bringing action before the courts. Among the special powers which an association may or may not possess under the statutes and its charter, or independent of these, are the rights to borrow money, to acquire and to hold real estate, to build houses, etc. But some special powers are conferred upon associations generally, such as the authority to impose and collect fines. To determine the special powers of any association is a matter for legal inquiry, and in all cases should be referred to the proper legal authorities.

DISSOLUTION.

In the case of a terminating association it becomes dissolved as a matter of course at the expiration of the time for which it was incorporated and its charter granted, or when its stock matures. In some states the period of

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existence is fixed by the statutes. If the members of an association, or an essential portion of them should die, it would terminate its existence. If at any time the assets of an association become equal to the par value of all its stock it ceases to exist, except so far as winding up its affairs is concerned. The members may, by unanimous agreement, surrender the charter of an association and its franchises. It has been held that, where there is no express provision on the subject, a majority of the members may, by resolution, surrender the charter and dissolve the association. But they cannot do this against the resistance of the minority. An association is not dissolved by mere neglect or indifference on the part of the members which leads them to fail in the discharge of their duties.

The insolvency of an association, or the refusal of members to keep up their stock-payments, or the omission to elect officers, does not work a dissolution of the association. Associations may be dissolved by act of the legislature or decree of court, where such dissolution does not impair the obligation of contracts. Such dissolution is usually brought about by the state itself, caused by the non-use or the mis-use of the franchises of the association. In all cases when the grant of the charter is found to have been defective in any material part, or when it has been granted to persons imperfectly qualified to receive it, or upon improper representations, it is competent for the state to rescind its action and to dissolve the association. In case of the mismanagement of the affairs of an association, or where the system of the operation is such as to involve losses, the courts may, upon proper application,

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appoint a receiver to take charge of its affairs and, if necessary, to wind it up. In the dissolution of an association, or the winding up of its affairs, many questions of equity and of law are involved, which must be anticipated in the rules, or be submitted at the time of dissolution to proper judicial or legal authority.

CHAPTER XVI.

Practical Questions Answered.

EXPLANATORY NOTE.—There are numerous questions which continually arise in reference to the practical workings of associations which require specific answers. A number of the more important of these are grouped together and answered in this chapter. In this same connection various practical suggestions are made which will be found of value in the transaction of the actual business of associations.

BORROWING MONEY.

Who may borrow? It is generally understood that none but members may borrow money from an association. This is true, but it sometimes leads to a misunderstanding. While it is a fact that only members may borrow, it is also true that any person may become a member at any time with but trifling cost, and may immediately become a borrower. The constitution and by-laws of an association contain the terms and conditions upon which its money is loaned, and are, in a sense, a portion of the contract or agreement between the borrower and the association. Hence the necessity of every borrower becoming a member and affixing his signature to the constitution and by-laws. With this understanding of the matter, the answer may be given that anybody may borrow money from an association.

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For what purpose may money be borrowed? As indicated in a previous chapter,* many persons suppose that money cannot be borrowed from a building association except for building purposes. As there explained, an association has nothing to do with the purpose for which money is borrowed. The sole duty of the association is to see that, in making the loan, it is protected by ample security. A member therefore may borrow money for any purpose whatever.

What amount may be borrowed? The financial transactions of an association with its members are always based upon shares. Shares are for different amounts, and members are allowed to own different numbers of shares in different associations. But the question may be answered in a general way by saying that a member may borrow the full amount of the paid-up value of the shares he holds, or any part thereof, provided the security he offers is satisfactory. Thus, if the shares of an association are \$500 each, and a member is a subscriber for three shares, he may borrow \$1,500 or any part thereof. But in order to avoid complications in accounts, most associations have the rule that money must be borrowed in even hundreds of dollars.

What must be the character and amount of security? This is determined by the rules of associations. Generally, however, the security required is first mortgage on real estate in the county where the association operates, or an assignment of the stock of the association on which there has been paid in more than the amount of the loan. The

* See Chapter XII.

PRACTICAL QUESTIONS ANSWERED.

rule is to make no loans on property already encumbered, no matter how valuable the property or small the encumbrance. But the money borrowed may be used to raise an encumbrance on the property offered as security. Some associations accept as collateral security, government and corporation bonds, first mortgage notes, etc.

An association will usually loan money to the amount of about two-thirds of the value of the property offered as security. The value of the property is determined by an appraising committee, composed of members of the board of directors of the association.

What is the cost of a loan? The cost of a loan is made up of the incidental expenses, the interest, and the premium, if any is charged. The incidental expenses consist of the fees for appraising property, attorney's fees for examining the title and preparing and recording the mortgage, traveling expenses if there should be any, and other such incidental matters. The rate of interest is fixed in the rules of the association, and is generally at so many cents per week or month on each share or part thereof loaned. The premium is the amount which the borrower bids when money is sold for the privilege of borrowing. The premium is in the form of so many cents per week on each share or part thereof borrowed, in addition to the rate of interest fixed by the rules of the association. The payment of one cent per week on \$100 is equivalent to about one-half per cent per annum interest. With this, as a basis, there will be but little difficulty in calculating the cost of a loan when interest and premium are combined.

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Some associations have a rule to the effect that borrowers are not required to draw out the entire loan at first but may draw it in installments as needed, and that, in such cases, interest will be charged only from the time that the money is actually received. This arrangement is an especial convenience to persons who are building and who desire to make payments as the work progresses. It is also convenient to persons who have obligations to meet at stated periods as, for instance, notes in bank falling due at intervals. They can in this way use their money in installments without risk or waste. But the more general rule is that the full amount of interest and premium is charged up from the time the loan is made and the security is given, whether all the money is drawn out at that time or not, provided of course, that the money is on hand and ready to be paid to the borrower.

How are loans repaid? As stated before, loans are based upon shares. A borrower must keep up his regular weekly (or monthly) payments of dues, and in addition to this, the regular weekly (or monthly) installments of interest and premium as they fall due. We will suppose that a member has secured a loan of \$1,000, that the regular dues are \$1.00 per week on each share of \$500, that the regular interest is 12 cents per week per \$100, and that the premium which he agreed to pay is at the rate of 2 cents per week per \$100. His regular weekly payments therefore would be: dues \$2.00, interest \$1.20, and premium 20 cents; total \$3.40. If payments should be made monthly instead of weekly, there would, of course, be a proportionate increase. The amount to be

PRACTICAL QUESTIONS ANSWERED.

paid regularly, however, will vary from time to time according to such arrangements as the borrower may make. In some associations he may pay more or less than the regular amount of dues per week. He may prefer to pay interest and premiums in advance. When this rule holds, the amount he pays in goes to his credit upon his shares and begins to draw dividends, which are usually compounded semi-annually the same as are all other deposits. The greater the amount he pays in in installments the more quickly of course will his credits and dividends together amount to the \$1,000 which is necessary to pay off his loan.

How much time is required to pay up a loan? This will depend upon four things: (1) the rate of interest; (2) the amount of the regular weekly (or monthly) payments; (3) the amount of premium; (4) the amount of dividends earned by the association.

Where the rate of interest, amount of premium, and the earnings of an association are nearly uniform, then of course the length of time will depend simply upon the amount of the payments.

Advantages of a Building Association Loan. With many a person it is easy to pay off a loan in installments where it would be impossible to meet the entire indebtedness at once. Money borrowed from private persons or corporations is usually loaned on mortgage for one year. At the end of the year it must either be paid or a new loan must be negotiated which involves a repetition of all the original trouble, expense and anxiety. The time when a note is coming due which is secured by a mortgage on

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one's home is not a pleasant day to which to look forward. It so often happens that the money which the borrower thought he would have saved up against the evil day is not forthcoming. Indeed, not infrequently the borrower finds difficulty in paying even the interest. In borrowing from a building association all this annual or periodical uneasiness is avoided. Each week or month takes care of itself, the burden is evenly distributed, and one can readily regulate his habits and manner of life to conform to his necessities. Week by week the regular installments are paid, almost without feeling them, and the loan, which would otherwise be a hardship if paid in one sum, is carried and ultimately paid off with ease.

In borrowing from an association a member should make such arrangements for his payments as are not likely to become burdensome. It is better to arrange to make them as low as is consistent with safety. Then if, from time to time, the borrower finds that he can pay more than the agreed amount let him do so. And the amount thus paid in advance will not only stand to his credit but, in many associations, will draw dividends in his favor. Moreover, by thus getting some distance ahead with his payments, in case of sickness, loss of work, or some other misfortune, he may cease making payments for a time without falling into arrears or being in danger of losing his property.

If a borrower unexpectedly finds himself able at any time to pay off all, or a considerable portion of his loan, it is better for him to do so. He not only relieves himself of an obligation by doing so and, in most cases stops his

PRACTICAL QUESTIONS ANSWERED.

interest, but he puts himself in such position that he may begin to accumulate money for himself which may be profitably invested in the association or in some other way.

CONTINGENT OR RESERVE FUND.

Provision for a reserve fund is fixed by statute in nearly all of the states and territories. The amount usually prescribed by the law of the various states has been fixed at five per cent of the assets of the association. Many of the leading authorities are of the opinion that this should be increased to ten per cent. The good results secured from the establishment of a reserve fund are seen in the practical operation of this idea in the state of Ohio. In 1891 a law was passed specifically providing for this fund. Five per cent was to be set aside annually of the net profits, until the amount of five per cent of the loans had been reached. The result has been that the majority of the associations in this state have now reached this point and many of them have even a larger amount placed aside for the contingent fund. The money placed in this fund is loaned out, as are the other funds of the association, so that the members have an adequate protection, and at the same time receive an income from this source. In many of these associations a sufficient income is derived therefrom to cover the operating expenses. Thus it will be seen that the membership of an association having an interest in this fund will become a more permanent one than that association which has no such provision.

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UNDIVIDED PROFITS.

In the periodical apportionment of the profits of the association there is nearly always a little residue left over, from the fact that it is a very laborious undertaking to calculate and divide the gains down to a very small fractional part. The custom is to fix the dividend at such a rate as approximates closely to the gains of the association, but which may be expressed either by a whole number or a mixed number in which the fraction is of a convenient denomination to use in calculations. To illustrate: The actual gains of an association might be $5\frac{59}{100}$ per cent. Assuming that $\frac{1}{2}$ of one per cent is placed to the credit of the contingent fund, this would leave $5\frac{9}{100}$ per cent. To calculate the dividends of each member at this rate would put upon the secretary a large amount of very laborious figuring and involve no little liability to error. To avoid this the rate of the dividend would probably be fixed at 5 per cent. This leaves $\frac{9}{100}$ of one per cent of the profits for that term which are undivided. Also in the calculations there will be some small undivided profits. Some associations pass these fractional portions of undivided profits to the credit of the contingent fund; others place them in what is called the undivided profit account. When these are carried in the latter way the amounts left over from period to period should be added to the gains for each closing period before the dividends are declared. Where the undivided profits are passed to the credit of the contingent fund, they, of course, become liable to all the conditions covering that fund.

PRACTICAL QUESTIONS ANSWERED.

The new Ohio law provides for the establishment of an undivided profit account which has been of great service to the associations.

QUICK ASSETS.

Among the innovations in the work of the building, loan and savings associations is that institutions have been compelled to modernize to meet the demands of their membership. With the growth of these associations, the necessity of having available securities at the time of industrial depression or other causes, securities which would be found marketable, the desire has been to invest a certain portion of the assets in so-called "quick assets," such as government or municipal bonds. In some states legislation has been passed permitting the associations to invest a certain percentage of their total assets in such securities. This naturally means that the income yield from this line of investment will be less than that made upon the real estate holdings which are productive of better results, but experience has proven the necessity of this change. In our opinion, associations should carry at least ten per cent of their total assets in these securities.

MORTGAGES: CUSTODY, RECORDING, ETC.

Mortgages should be placed upon the records of the county in which the mortgaged property is located. This should be done immediately after their execution in order to secure the proper priority of lien. One of the officers of the association (president, secretary, or treasurer)

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should be entrusted with this duty. It is advisable to provide this officer with a book containing certificates of record to be signed by the recorder, clerk, or prothonotary, with whom the mortgage is left for recording. The blank for these certificates should be about as follows:

Received for record.....191.. at ...o'clock...
minutes....M. from The.....Building and Loan Associa-
tion, a mortgage given by.....to said associa-
tion, dated.....191..

.....
.....of.....County,.....

When a mortgage has been fully satisfied it should be discharged forthwith by a certificate of satisfaction by the president; or president and secretary, as the rule may be, for entry upon the county records. If this certificate is indorsed upon the back of the mortgage it may be in this form:

The foregoing and within mortgage has been fully paid and satisfied and the recorder (clerk, or prothonotary, as the case may be) is hereby authorized to cancel the same off of the records of
.....County,.....

The.....Building and Loan Association,

By....., President.

....., Secretary.

If the certificate of satisfaction is upon a separate sheet it must contain an accurate description of the mortgage designated for cancellation with the number of the mortgage book and the page where the same is recorded.

PRACTICAL QUESTIONS ANSWERED.

The mortgages held by an association should not be left in the possession of any one of the officers, since this places a needless and irksome responsibility upon such officer, and since, in such custody, they might be liable to be lost or mislaid. They should be placed in the fire-proof safe of the association if it has one; if it has none they ought to be deposited in the safe of some bank or in a safe-deposit vault, even if a small expense be incurred thereby. The mortgages as filed away should be properly arranged, either alphabetically according to the names of the mortgagors, or in numerical order corresponding with the numbers of the members or shareholders executing them, so that any particular mortgage may be found readily.

If a fire insurance policy is held as collateral to the mortgage, the policy should be filed with the mortgage, a band or string holding the two papers together or both being enclosed in an envelope.

INSURANCE POLICIES AS COLLATERAL SECURITY.

In all cases where the value of the land mortgaged is not sufficient to secure the loan, and there are buildings upon the land which are included in the mortgage, fire-insurance policies on these buildings should be required. These policies should be assigned to the association. But in cases where the value of the land is evidently sufficient to cover the amount of the loan, including interest and costs of suit in case of a foreclosure, less the amount already paid in by the shareholder, it is not only unreasonable to require the assignment of a fire insurance policy

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but it also makes needless work for the officers of the association having charge of insurance matters.

It should be made the duty of the secretary or of some other officer to keep a record of all the fire policies held as collateral security. This record should include the name and address of the company or of the agent issuing the policy and a sufficient description of the policy itself to make it easily recognizable. The record should be indexed with the names or numbers of the shareholders assigning the policies so that reference may be made to each readily. The record of policies should also be arranged in monthly groups showing when the policies expire.

The month before the expiration of a policy the officer having charge of this matter should notify the mortgagor of the approaching expiration of his policy and request that it be renewed on or before the meeting day next preceding its expiration. At this meeting the certificate of entry of renewal duly signed by the agent or representative of the insurance company must be furnished to said officer of the association. When an entry on the policy by the representative of the insurance company is required, the policy should be delivered to the mortgagor for that purpose to be returned at the meeting as before stated.

If a borrower shall pay off a portion of his loan, reducing it to such an extent that the land covered by his mortgage independent of the buildings thereon is sufficient security for the loan, then his fire policy should be returned to him with the proper certificate of satisfaction and relinquishment either endorsed upon the policy itself or

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upon a special blank for that purpose. If endorsed upon the policy it may be in these words:

.....191..

The security for which this policy has been held by The
.....Building and Loan Association is hereby
relinquished.

....., President,

....., Secretary.

The.....Building and Loan Association.

When a special blank is used it must give the number and the date of the policy and the name of the insurance company issuing it, in addition to the words signifying relinquishment.

If a loan is secured by mortgage on a terminating leasehold the policy of insurance should be held as collateral until the final satisfaction of the mortgage. Then the policy with the mortgage should be surrendered with the proper certificate of satisfaction as above.

LEASEHOLDS.

When a leasehold is mortgaged to an association the secretary or other officer whose duty it may be should enter in a book kept for that purpose a copy of the forfeiture clause of the lease; likewise the dates when ground rents become due, arranged in monthly groups as indicated above for the insurance policies. Receipts for the payment of the rental, taxes, and assessments, if any, should be presented, at the latest, at the meeting preceding the expiration of the term of forfeitures and the entry that

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such receipts have been produced should be made on the book of the proper officer.

TAXES AND ASSESSMENTS.

Mortgagors should be required, subject to penalties fixed by the rules, to present to the proper officers of the association their tax or assessment receipts at the farthest within one month after the last day when they were payable. An entry should be made in a book kept for that purpose to the effect that such a receipt was duly produced.

PAYMENT OF DIVIDENDS.

It is the practice in some associations for the members to draw out their dividends at the end of each term. This is probably a bad rule. Associations are organized for the purpose of enabling and encouraging their members to save money. If the members draw out their dividends regularly they are apt to expend this money which they might otherwise save. Unless a member absolutely needs his dividends it is better for him to allow them to stand to his credit. In associations where the dividends are not drawn out they usually are compounded from term to term and thus assist materially in increasing a member's income. It is an advantage to the association also for the dividends to be left in the treasury. In an average association doing a prosperous business, the semi-annual dividends will amount to a considerable sum which can be profitably loaned or invested by the association.

But where the dividends are paid at the end of each term the directors must make special provision to have

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the money on hand with which to pay them. If dividends are not forthcoming when expected, suspicions may arise and there may be a loss of confidence among the members.

In paying dividends* it is convenient to have each member's money or check placed in an envelope beforehand so that on the meeting night it can be handed to him without any delay. The envelope may be printed about as follows:

Book No.....
.....Dividend of
The
Building and Loan Association for term ending.....
.....191..
Name
Amount \$.....

As these envelopes containing the dividends are distributed to the members each member should sign a receipt in the following form:

.....191..
Received of The.....
Building and Loan Associations the sum of.....
.....dollars in full for dividend for term ending
.....191..
.....
Book No.....

* For methods of calculating dividends and dividend tables see Chapter XXI.

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These receipts may be loose, or bound in book form. If loose, after they have been signed, they should be filed either in the numerical order of the members' pass-books, or in the alphabetical order of the members' names, so that they can be referred to readily.

Some associations pay dividends by issuing warrants upon the Treasurer who cashes them on presentation. These warrants are in the following form :

No.....
Treasurer of

191..

The.....Building and Loan Association :

Pay to the order of.....the sum of
.....dollars, dividend in full for term
ending.....191..

\$.....Secretary.

In some states the statutes, and in many associations the rules, require that all moneys shall be deposited in bank and paid by check.

DUES, DEPOSIT SLIPS, ETC.

At the appointed time for the payment of dues the tables should be cleared and conveniently arranged. The secretary and his assistants and the finance committee should take proper position. The dues book should lie open in the most convenient place for use by the

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secretary or other person receiving the payments, and for reference by his assistants and the members of the finance committee. Regular money boxes should be provided for assorting and depositing the money as received.

It will greatly facilitate business if associations will use deposit slips or deposit envelopes. These are also of great advantage and convenience in checking up for any errors which may arise.

PAYING OFF SHARES.

Before the directors pay up shares in full or relinquish mortgages, they should consider carefully the association's liabilities so that they may know—

1. What losses are liable to occur ;
2. What mortgages are likely to prove bad ;
3. What inside creditors the association has ;
4. Whether or not the existing reserve fund is sufficient to cover all such liabilities.

Thus the directors may protect the association from any possible shortage. In case of withdrawal at any time when losses are pending, the shares withdrawn should be debited with their equitable proportion of the impending liability. If this is not made the rule knowing members, when the association may be under threatened temporary embarrassment, would withdraw their shares and escape without losses, while the faithful and unsuspecting members remaining over would be compelled to meet the emergency.

It must not be imagined that this prudence is unnecessary because of the fact that, generally speaking, building associations conducted on the permanent plan are pros-

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perous and run along smoothly from year to year without embarrassment. Unexpected circumstances may arise in the affairs of an association just as in any other business enterprise. The officers, through inexperience or carelessness, may make mistakes. A neighboring association may declare large dividends. Then the officers think that their own association can do as well, and will increase their own dividends and pay out for profits more than the association has earned. Any increase in dividends has a very pleasing and quieting effect upon members. As a result the members themselves, under such circumstances, become more careless, and, in consequence without any evil intent on the part of either officers or members, unexpected embarrassment may arise. It is well to anticipate all such emergencies beforehand, and thus to be prepared for them. It is easy to under-estimate an association's liabilities to borrowing members on the one hand, and to over-estimate the value of mortgages on advanced shares on the other.

Another serious mistake which has often been made, principally in associations conducting their business on the gross plan, is to divide the profits at the end of the first term. If this is done a member coming in during the second term would afterwards have no share of certain profits to which in the course of time he would be justly entitled. In some reports unearned premiums and unearned interest will be found reckoned as assets. This is certainly a mistake since in each new term these assets must be reduced by the amount which must be placed to the credit or profits for that term.

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In some instances we have found reported as assets the entire outstanding re-payments having an unexpired term, without any reduction or discount being made for the time that must elapse before they shall be paid.

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Auditing: Its Necessity and Object.

STATE EXAMINATIONS.

IN MANY of the states the provisions of the law require examinations to be made at specified times. While the auditing done by the state authorities has been of untold benefit to the movement, we are of the opinion that the associations themselves should pay the greatest attention to this important detail of the management of these associations. When we consider the vast number of associations, embracing a membership of over two million people who make weekly, semi-monthly and monthly deposits, running into the millions, the total aggregate savings are tremendous. This vast sum of money represents the hard-earned savings of thrifty and frugal citizens, whom circumstances compel to begin at the bottom of the ladder in the competition for material progress. They are of the class of people who can least afford to run any risk or suffer any loss. The money they are thus accumulating, they are compelled to earn by the sweat of their brows. It is not interest, rent or incomes from accumulated capital or investments. It is in most cases their dependence for the future, as well as the home itself, and for the necessities and comforts of life. If there is such a thing as

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sacred money anywhere, it is in these very treasuries of the building, loan and savings associations. Many a time a person who has lost some of these savings has been discouraged from ever again attempting a similar effort. As a result, this burden must be assumed by others. The proper guardianship and protection of these funds is, therefore, a matter of the highest importance. It should have the best wisdom of the association and of the state for its practical direction. In a report of the Bureau of Statistics of Labor and Industry in New Jersey, the part devoted to building and loan associations makes the following comment in regard to auditing:

"In theory, the co-operators are neighbors and acquaintances, present at every periodical meeting and watching and auditing the modest business transactions themselves. And probably that was, in the early history of the association, also largely carried out in practice. It is more or less so in the smaller concerns. In the comparatively large enterprises, and especially those where the number of membership reaches several hundred or even a thousand, and the assets approximate a quarter of a million, such a course is hardly practical. The examinations of accounts and investments is usually left to auditors who often know little about auditing, and even when competent, are inclined to neglect making a thorough investigation which requires valuable time."

Since this was written several associations in the United States have acquired a membership approaching twenty thousand, with assets aggregating about five million dollars, and the number of associations having over a million dollars assets is increasing continually. Thus it will be seen that the volume of business has grown phenomenally, especially in well conducted associations where they have made it a business to work along progressive lines.

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The grave importance of the subject of auditing is indicated in the extract quoted, and in some of the figures given. This matter should receive the greatest consideration in association circles. In fact, a single association that has trouble in any part of the United States will cause uneasiness at some other point, and it therefore behoves those having the management of associations in charge to see that the very best auditing obtainable is secured for their respective institutions. An ordinary business enterprise is usually carried on by an individual, a firm or a private corporation. In such cases the actual managers of the business, as a rule, carry a large part of the risk. It is their own money that is invested in the business. They invest this according to their own judgment, and handle the business at their own discretion. In consequence they are naturally watchful and painstaking in all they do, their time and thought being devoted to the business. If the business prospers, well and good. But if they find that it is not prospering they may, without consulting anyone, proceed to close it up.

In the management of a building association the conditions are different. The directors and officers have some financial interest in it, but this interest is likely to be of minor importance as compared with their other and outside individual interests, and it is also unimportant as compared with the aggregate interest of the association. The case is different in the management of any private individual enterprise, or of the business of any regular business firm or corporation. In a private enterprise the managers give to the business their whole time and

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thought. In the management of the business of a building association it is only incidentally that time and thought are given to it. Let the officers of an association be ever so conscientious, ever so much interested, nevertheless the opportunities for error are greater in an associated than in a private enterprise. An association's business is open to many more risks of the misuse or non-use of powers on the part of managers than is the case where proprietary interests are involved and the management is embodied in one or a few men whose duty and interest it is to make it their sole occupation to watch over and administer their own affairs.

These facts give rise to a special necessity for the systematic and regular auditing of the accounts of every co-operative enterprise. This necessity is of a dual and reciprocal nature. It is due on the one hand for the protection of the society's interests and the individual interests of the members. On the other hand it is necessary for the protection and proper endorsement of the officers in the discharge of their duties.

Indirectly also another important reason exists for the careful administration and auditing of the affairs of every building association. It is only by such systematic watchfulness that the best success and prosperity of an association can be secured and assured. Any failure of an association, be it complete or partial, is very unfortunate, not only for the individual shareholders but also for the community. Such an occurrence goes far towards creating a distrust of this method of co-operation. Such a distrust once aroused is likely to continue for one or two genera-

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tions. Persons who lose money in a building association will be very slow to risk their earnings in another such institution, and their families, neighbors, and friends will be influenced strongly by their opinion and attitude. Such a failure not only causes embarrassment to associations already in operation, but prevents the establishment of other associations in that immediate vicinity. The influence goes farther, for, those who have suffered by it, removing into new neighborhoods and communities, even at a great distance, carry with them the story of their unfortunate experience, and this may be sufficient to prevent the establishment of such societies elsewhere. Upon this ground alone it behoves all persons who are interested in the welfare of this form of co-operation, and who are convinced of the good that it is accomplishing, and of the great future that awaits it, to insist upon the regular and responsible auditing of the accounts in the associations with which they are connected.

Many other considerations of like general character, showing the necessity of the regular and thorough auditing of the accounts of building associations, will suggest themselves to the intelligent reader, and need not be mentioned here.

PURPOSES OF AUDITING.

The wholesome effect of official supervision and compulsory auditing on part of the state is now generally recognized, and the indications are that its sphere will be extended and perfected in the future. That this system of co-operative saving shall have continued popularity it

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must hold the confidence of the people. This can be accomplished only by throwing about it such wise safeguards as experience has shown to be necessary in order to make and keep it worthy of such confidence.

Auditing is supervision practically applied. It means not only testing the accuracy and the trustworthiness of the accounts, and the honesty and efficiency of officers, but it includes also the testing and the perfecting of methods, and the securing of practical economy. It involves the proving of the conduct of an association by the fundamental principles upon which this form of co-operation is based on the one hand, and also by external checks and testimony on the other. A proper audit reviews both the plan and the method of the society, and also its practical operations.

An association, properly organized and properly operated, is like a complicated piece of machinery, in which each part is nicely adjusted to fit into its corresponding parts, so that all work together in a perfect co-ordination, with the least friction, and with economy of power, and reach the highest productive or executive possibility. Only a regular systematic audit will keep the machinery of an association in good form and perfect running order. If an audit has no other effect than to cause an association to keep up proper appearances, it fulfills an important function. The audit takes the affairs of the society as it finds them and compares them with what they would be if ideally perfect, and thus furnishes a test of the actual status of the organization and a corresponding gauge of its usefulness and its title to confidence.

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Formulated somewhat specifically, the principal reasons why the accounts of an association should be audited regularly and carefully are as follows:

1. For the protection of the business of the association as a corporate body.

2. For the protection of the individual members, both creditors and borrowers.

3. To determine that the business is conducted according to statutory requirements, and also in harmony with the provisions of the constitution of the association.

4. For the purpose of determining whether the business of the association is conducted economically and according to the most approved and best labor-saving systems.

5. For the purpose of having available at all times and for any purpose a verified and reliable statement of the association's affairs.

6. To elevate and maintain the standing of the association as one of the competitive financial institutions of the community, and to supply the necessary evidence of its safety and prosperity to all persons who would make desirable members.

PROTECTION OF CORPORATE INTERESTS.

Practically an association is a business partnership. Each member commits his capital to it as he pays in his regular installments. This capital, in its aggregate interest, is risked in the transactions of the association. It must be guarded, not only from thieves who would break through and steal, but from speculative risks and

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embezzlement. It must be directed into the channels for which it is intended. It must be so handled as to make it productive in the highest possible legitimate degree. It must have all the care, and the same kind of care necessary in the management of any purely individual or private interest. The association's prosperity is dependent upon the confidence and the co-operation of its own members. It deals only with members. The officers must not only be capable and trustworthy, but must so keep the records and accounts that the actual financial condition of the association and the results of its business operations may be at any time readily and correctly ascertained. When the accounts are kept correctly and stand the test of a careful audit, the members are enabled to judge as to the safety and the profit of their investments. Any irregularity of management will be discovered before it reaches such proportions as to jeopardize the stability or the solvency of the association.

PROTECTION OF MEMBERS.

Members of an association entrust their surplus earnings to it in order to save them. If it were not for this purpose of saving they would have no use for the association. When a properly verified balance sheet is presented, showing that the money actually saved is safe, and is moreover so invested that it is earning something, and that there are no actual or prospective losses, deficiencies, bad debts, defalcations, etc., then the members know that they have taken all necessary precautions to protect and to conserve their interests. They know also

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that by the methods the officers have adopted and by the system of auditing which has been inaugurated, they are able to discover any leakage before it reaches such proportions as to endanger their money.

As remarked in another place, a practical system of auditing is indispensable when the affairs of an association are prosperous. It is all the more necessary when this is not the case. Any lack of prosperity is thus discovered promptly, and immediate steps may be taken to improve the situation, if this be possible. If this cannot be done, members will know what to expect, and will not be disappointed at low dividends or no dividends. If the situation is so bad as to make it necessary, arrangements may be made to wind up the affairs of the association before they reach such a condition as to involve seriously the interests of the members.

Occasionally an association is allowed to drag along feebly after it has become apparent that it is not prospering, until it reaches a condition when it is impossible to wind it up without serious loss. Such a case may arise from outside circumstances, local or otherwise, as well as from mismanagement or inattention on the part of the officers. Many circumstances, as the removal of factories, the depreciation of real estate, and other such things, may change the conditions under which an association was established. It is always best to know the worst at once and to act accordingly. When losses accumulate until a crash comes, it is nearly always found that the assets are less in value than they are supposed to be. In addition, the cost of winding up is so greatly increased that this of

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itself very materially reduces the assets. This is a condition that should never be permitted to arise, and one that is practically impossible under any proper system of auditing.

STATUTORY AND CONSTITUTIONAL REQUIREMENTS.

The business of building associations has grown to such proportions that it has become one of the important factors in the financial transactions of the country. In few other connections are the personal property interests of a larger number of citizens involved. There is this other consideration also, that the number of citizens who entrust their savings to the care of associations is likely to continue to increase at a very rapid rate. Very properly, therefore, the legislatures in the different states give the subject attention from time to time, and provide by statute the limitations and the methods to be observed by the associations.

These corporations, in order for their own guidance, establish, under the statutes of the state, certain rules and regulations, which they embody in their constitutions and by-laws. These rules determine the methods and the restrictions of their operations. Upon the faithful observance of these depend the safety and the prosperity of the associations and the protection of the deposits made by shareholders.

In a sense, therefore, it is the business of an auditor to inspect as well as to audit. Not only should he compare and check items, verify entries and footings, etc., and test all the details of the accounting and the book-keeping, but

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he should inspect the methods upon which the system of accounting is based, and the ends it aims at, and should satisfy himself that both the accounting and the operations of the associations are in accordance with the constitution and the by-laws, and farther than this, that the rules themselves of the association are in harmony with the statutes of the state. It is only by this system of far-reaching and thorough auditing that an auditor can render a faithful report to those who have trusted their interests for the time being to his guardianship.

ECONOMICAL, LABOR-SAVING, AND SIMPLE METHODS.

People desire economy and simplicity in the management of their business. They do not want an unnecessary expenditure of money, nor a cumbrous system which they cannot understand. They like to see economical and labor-saving methods adopted in the management of the business of their associations, and all superfluous work and intricate books dispensed with. They like to have accounts in such form that they themselves can readily understand them and thus perceive how they are kept. Experience has shown that the weakness of many associations which have failed has been just here. There was a waste of money in the manner in which the business was conducted. Much unnecessary work was required, and the system followed was so intricate and cumbersome that it was not readily understood, and it did not give a plain showing of the affairs of the association. Consequently, an association would become involved before its real condition was discovered.

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Proper auditing, by those expert in such matters, would quickly detect any such condition as this and put an end to it.

THE BALANCE SHEET.

The best method of securing this condition is to have thoroughly efficient auditors, appointed by the state, or appointed by and responsible to the stockholders and directors of the association, to examine the records, and to report to them the manner in which accounts have been kept, to verify the balance sheet, and to be able to state that in this the secretary and the directors have shown correctly the business for the period covered, and that it is a true exhibit of the condition of the association upon the date of its issue. Such a statement thus verified enables the members to act with intelligence and confidence, and also gives to outsiders who may wish to become members, or who may have some other interest, full and trustworthy information. If an association is prosperous a correct balance sheet is its best advertisement. If it is not prosperous the balance sheet should all the more demonstrate the fact in order that the members may be fully warned.

In this connection it may be remarked in passing that such methods of book-keeping have now been devised for associations that the secretary's accounts may exhibit a continuous balance sheet, showing at any moment the exact condition of the association's business.

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THE AUDITOR THE REPRESENTATIVE OF THE MEMBERS.

The first point to make distinct is that an auditor does his work in the interest of the members as contra-distinguished from the officers of an association, and is their representative. He knows nothing of and cares nothing, for the time being, for the officers whose accounts he is examining. He is appointed for the purpose of ascertaining on behalf of the stockholders that their money has been properly accounted for, that such of the funds as have been expended have been applied in the manner intended and as indicated in the accounts, and that the unexpended portion is invested or held as intended, and that this is shown in the report and the balance sheet. In a general way he is to give to the co-partners or shareholders his assurance that the transactions of the officers and the directors in the management of the business of the association has been wise and discreet, and according to the rules and the purposes of the association, and that the report and the statement which they present correctly and accurately represent the actual transactions and condition of the association, and that it may be relied upon as showing the real result of their management, that the balance sheet presents the actual receipts and expenditures, costs and gains, and liabilities and assets, for the term it covers.

For the time being the auditor is the critic, the judge, of the officers,—their friend and ally if their accounts are correct and their conduct right, their uncompromising antagonist if they are guilty of any shortcoming or wrongdoing.

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THE SELECTION OF AN AUDITING COMMITTEE.

Determining who shall be the auditor or auditing committee is a very important matter. In most associations, that is to say in associations that have not long been organized, the auditors are usually three or five members selected by the membership at large, or by the directors, for this purpose. In the older associations, and in not a few of the younger ones, a single auditor is chosen who, as a rule, is a professional accountant, and may or may not be a member. Other things being equal, it is better that he should not be a member of the association, since thus he may be supposed to be wholly disinterested. It will be for each association to determine for itself, whether the auditing shall be by a committee of members or by the employment of a special auditor or professional accountant.

QUALIFICATIONS FOR AUDITING.

Whether the audit be by a single individual, or by a committee, the qualifications must be the same. If by an individual, he must possess all the qualifications himself; if by a committee, one member may be versed in one part of their work, and another skilled in some other department. For convenience in presenting the subject, and in order to make it a little more pointed and specific, we will treat the auditor in the singular number, and will speak of the qualifications necessary to any individual who should be regarded as competent for such a task.

The auditor's duties begin immediately with the books and the accounts of an association. These must be placed

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in his hands, posted and balanced up to date, including the last meeting for the term over which his duty is to extend. The mistake should not be made that he is to take the books and accounts of an association and put them into proper shape, if he does not find them so. He has nothing to do with this, unless he is employed to correct as well as to audit the books. He is to take them just as he finds them and to report upon them as they are. While an auditor must be a book-keeper, auditing is not book-keeping. How frequently it happens that an auditing committee sets to work to straighten up the books and the accounts of an association preliminary to their auditing and checking. Keeping the accounts belongs wholly to the officers of the association, and it is the business of the auditor to report upon things exactly as he finds them without mending or altering them in any way. He is the representative of the shareholders and membership at large, and not an assistant of the secretary and other officers. It is his business to criticise and find fault—if criticism is warranted—with the work of the secretary and the officers as shown in their books and reports, and not to correct and cover up their faults and shortcomings.

Not only must an auditor have a thorough knowledge of accounts generally, but he must be an expert in association accounts. The first principles of accounting are the same always and everywhere; but in each particular line of business the application of the first principles must vary. Consequently, one may be an expert bank accountant but not posted in insurance accounting, or in manufacturing or in merchandising. Building association accounts

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have their own distinct peculiarities, and present certain features of accounting not found in other lines of business. The best auditor of building association accounts therefore must be a specialist in this particular line.

Again, there is progress in the science and art of accounting as in all other sciences and arts. Methods formerly in general use are now discarded for those which are better. In every line of business labor-saving systems have been introduced which not only make economy in time and expense possible, but also greatly simplify the plans and make the results more readily attainable and comprehensible. There are many devices now in common use which facilitate and expedite the work of an accountant. An auditor should not be an old fogey. He should be up with the times and have a full knowledge of modern methods and improvements and all labor and time-saving devices. He should have a quick grasp of things, so that he can see at once the correlation of all the affairs of the association, and also the relations which each separate account or item bears to the whole.

Not only must he be an expert accountant, but he must understand the philosophy and the principles of the line of business with which he is dealing. A building association is the application of the principles of co-operation to business matters. The business of an association differs from that of an individual, or of an ordinary business firm, in the fact that the private interests of so many more individuals are involved. This introduces the elements or principles of co-operation. In order to see that these are correctly applied and carried out it is necessary that the

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auditor shall himself be well informed in regard to the principles which underlie co-operation in general, and co-operation in this special direction in particular.

It hardly seems necessary to say that an auditor must be honest and incorruptible. His intentions and purposes must be absolutely correct on the one hand, and on the other he must not be susceptible to any kind of influence that might lead him away from such purposes. Any such influence as deliberate attempts at bribery are hardly to be expected in such an institution as a building association, but there might be the influence of friendship, or sympathy, or something of that kind, which would tend to swerve an auditor from a straight line. These must be guarded against, not only on the part of the members in the selection of the auditor, but on the part of the auditor himself in the prosecution of his work.

An auditor must be courageous and firm. He may find himself antagonized and opposed. He may find opposition where he expected co-operation. He may find weakness where he expected strength. He may be placed under a variety of circumstances which make it difficult for him faithfully to prosecute his work. His courage and firmness must never fail.

He must be a discreet man, one capable of keeping his own counsel, going his own way, minding his own business, and reaching his own conclusions.

He must be a man of tact and courtesy, having the faculty of finding out what he wants to know, of winning the esteem and confidence of those with whom he is brought into contact, and of commanding the respect even

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of those whose shortcomings or faults he may be called upon to expose.

Withal he must be a man of moderation and forbearance, not hasty to reach conclusions, not disposed to take any improper advantage of his position or knowledge, and not inclined to be dictatorial or overbearing in his manners in any respect.

DISQUALIFICATION OF AUDITORS.

That a proper system of auditing goes far to establish confidence in an association has been proven beyond doubt. The shareholders should bear in mind that it lies in their power to increase the advantages of auditing to the maximum by a judicious selection of auditors and the adoption of the best methods as to the time, manner, frequency, etc., of making the audits. A man may be a good penman or copyist, or may be reliable in the addition of columns of figures, or in multiplication, etc., he may be successful as a mechanical or routine book-keeper, and still be wholly incompetent as an auditor. To be capable of making an audit, he must have a thorough comprehension of what the figures and the items he has to inspect mean, and must understand their philosophical, as well as their mathematical relations. A scheming official might easily keep a book-keeper's clerk or assistant in a good humor with himself by giving him plenty of mechanical work to do, checking this and that, adding and subtracting here, and multiplying there, all of which would lead to nothing at all, but would leave the auditor (?) with the impression that he was making a very thorough

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audit. By thus flattering his vanity, and enabling him to make a great show of his work, he could be effectually thrown off of any dangerous scent, and, while industriously calling off and checking items and details, the foot-prints of fraud could be entirely covered up. Indeed, he might in this way handle the very item which covers or omits fraudulent transactions. He would be so taken up with the mechanical part of his work that he would never discover anything.

ASSISTANCE FROM OFFICIALS.

An auditor who cannot audit without the assistance of the secretary is not the man for the place. It is not an uncommon occurrence to see a secretary busily engaged in assisting an auditor by reading out from pencil memoranda in his ledger the amounts which are to be checked in the pass-books, and then these pencil figures on the ledger are erased before the ledger is presented to the auditor for other purposes. An auditor who must be assisted is one to be avoided.

After the books have been placed in his hands and explanations have been made of the system which is followed, and matters have thus been formally turned over to him, an auditor should take full charge and set about his work without the presence of any of the officials unless he shall summon them to answer questions, or to make necessary explanations. If he finds new features in book-keeping in vogue with which he is not familiar he should frankly say so, and ask questions freely until he understands the system. He cannot make his audit without hav-

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ing this knowledge, and it is due to the officials, to the shareholders whose interest he represents, and to himself, that he secure the information. This having been secured, he is then able to understand everything clearly, and to report upon it correctly, and should proceed to do his own work in his own way.

CHANGE OF AUDITORS.

It may be desirable, as a precaution, or for other reasons, to make a change of auditors from time to time; but no change should be made for the mere sake of a change. An auditor who has once gone over the accounts of an association has acquired a familiarity with them, that is to say a special knowledge of them, which would be valuable to him in making a second audit. If he is efficient and satisfactory, and there is no special reason for making a change, it will be desirable to continue him in the position. If the books are audited by a committee it will be easy to keep an old hand in the lead with new assistants from time to time. There is often a risk in placing the matter of auditing in new hands from the fact that it may not be possible to know with certainty that the new hands are competent ones. On this account it is better never, if it can be avoided, to place an audit in wholly untried hands. There may be natural incapacity, or a lack of training, which will make the work unreliable and unsatisfactory.

CHAPTER XVII.

COMPENSATION OF AUDITORS.

There is no more important work to be done for an association than the auditor's. In order that it may be done properly the very best talent available should be obtained for it. It is very poor policy for share-holders to seek the cheapest auditors. One employed for this purpose should be made to feel that he is well paid for his services. Being free and satisfied on this score, he is thereby inspired to more faithful service than he might otherwise render. It is especially unfair for shareholders to expect any of their fellow-members to give their expert knowledge and their time to this painstaking and laborious work without fair remuneration. In estimating the value of an auditor's service it is not so much the amount of time that he gives to it that should be considered,—although this should not be ignored,—as the fact that his work is in the nature of professional services, and should be paid for according to its professional value.

CHAPTER XVIII.

Auditing: Its Methods.

UNIFORMITY IMPOSSIBLE.

IN THE preceding chapter the subject of auditing has been discussed in reference to its general principles and features. But, in order that the suggestions of this work may be made of as much practical value as possible, it is necessary to indicate, as far as may be, how these principles are to be applied in practice. Every one will understand that it is impossible to lay down a set of specific rules which will apply in all cases. It is only the application of the principles of auditing in a general way that can be pointed out here. These must be adapted to circumstances as they may be found to exist wherever they come to be specifically applied. Even in any one particular association, circumstances differ from time to time as new contingencies arise. Consequently there must be more or less variation in the application of any set of rules. While the rules and suggestions which follow are given in outline, the endeavor has been made to make them sufficiently comprehensive to cover almost any set of circumstances that may arise in the practical operations of an association.

CHAPTER XVIII.

CARE OF BOOKS.

An auditor should notice whether or not the books of an association are well cared for. He should see where they are kept and how they are handled, should notice whether or not they are in good condition, and are clean. He, himself, in turn should handle them carefully, keeping them neat and clean, and placing upon them only the necessary check marks, and should make these as small and as neat as possible. Auditors will find that books which are neat and clean in appearance, in which the entries are tastefully made, balances properly ruled off, etc., will as a rule contain accounts that are correctly kept. Where the condition of the books is such as to indicate carelessness in their handling, an auditor may well expect to find carelessness in the accounts themselves, for, careless in one thing careless in all things, may be expected to be the rule. If the secretary or other officer is neglectful of his duties, or has erasures and finger-marks all through his books, he is likely to have errors, both of omission and commission, in his entries.

SPECIAL HINTS.

A list of the books in use having been furnished to the auditor he should make it his first business to see that it is complete, and that all the books named in it are in his hands. He should next turn his attention to the general features and conditions of the books themselves. He should see whether they constitute a perfect system without any break, that is, whether the books are like the different parts of a machine, each wheel fitting properly into

AUDITING: ITS METHODS.

the others, and no wheel absent. He should examine each book and note all the particulars concerning it. For instance, he should see if the books are machine-paged, since this is one of the most efficient safeguards against tampering such as cutting out or pasting together of leaves, and so on, and is a most important feature in the tracing of entries. All books which in any way have connection with financial transactions in the receipt or expenditure of money should be numbered in consecutive pages by a machine. They should begin with page 1, and should continue in regular numerical order. It sometimes happens that books become very large, and the page numbers become too large for convenience in practical work. Various expedient may be resorted to in such cases. The first series of pages may run up to 1,000. Then a new series may begin which will be called A, as A 1, A 2, A 3, and so on, while a third series may be B 1, B 2, B 3, and so on.

Attention should be given next to the clerical work in the books to see whether all entries have been made, whether they are clear and legible, and whether the extensions and footings have been carried out. If omissions are discovered the attention of the officers should be called to them, and the officers themselves should fill them up. If entries are found which are not in due form, but are in the nature of memoranda, this should be noted, and, if necessary the officials should be called upon to complete their work. If any entries are made in pencil, or footings appear in pencil, the pencil work should not be accepted, because, after the audit is completed, such entries could be

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easily changed. The original rulings of the books, and also all rulings made in the course of the accounts should be noted. If these rulings do not fulfill their purpose clearly the fact should be noted and the matter properly cleared up.

These preliminary matters having been noted, the auditor should next turn his attention to the particular accounts. He should first notice the method, or *modus operandi*, upon which the accounts are kept. He then should test the different accounts by taking certain items and tracing them from book to book so as to obtain a clear knowledge of the process by which the accounts are made up.

As the auditor proceeds with his work various incidental matters will continually arise to claim his attention. He must be prepared by intelligence and experience to look out for these himself. They can not be specifically scheduled. A few such matters may be mentioned particularly by way of suggestion:

He should see that no dividends have been declared out of the capital, or out of earnings which have not yet been realized.

He should see whether or not any capital has been invested in securities that are illegal or improper, and false assets shown in this way.

He should inquire as to whether the constitution and the rules have been followed in all matters relating to the accounts, and, if the directors are empowered with authority to use their discretion in any official transactions,

AUDITING: ITS METHODS.

whether or not their resolutions and instructions have been carried out to the letter.

He should see that rebates in interest are allowed correctly, and all incidental items are properly entered and considered.

He should examine carefully the profit and loss account, inspecting and verifying each item. He should see, for instance, that any provision in the rules permitting allowance for depreciation in the value of fixtures, stationery, etc., has been followed, and that such entries are properly made.

Every auditor should have a system of check marks of his own. These should be made with ink or an ink pencil. They may be in different colors and in different forms as he may find necessary for the perfection of his work. By putting his proper check on each item as he passes upon it he will not fall into confusion, and each item will tell its own story as soon as he looks at it. He will also know in this way when his work is completed, and his check marks will remain for the information and guidance of himself or others in making future audits.

FALSE ACCOUNTS.

It is the auditor's business to detect mistakes and misrepresentations. Mistakes occur through inefficiency or carelessness. Misrepresentations arise from an intention to deceive. Mistakes may be rectified; misrepresentations must be exposed. In case therefore, the secretary or the board of directors have intentionally prepared and submitted a false statement, the auditor may have a more or

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less unpleasant and sometimes difficult task before him. If he is efficient, he will soon be able to detect the fact that the account is incorrect. If it has been made so intentionally, he will soon discover this also. Being properly put upon his guard by his discovery, he will need to summon all his tact and firmness, and settle down to a faithful and thorough investigation. He must now prepare himself not only to point out the errors in the account but also to expose the purpose and method of the errors. It will always be well for an auditor under such circumstances to be cool, deliberate, and close-mouthed. He should not be hasty to betray his suspicions. There should be nothing in his manner, or speech, or actions, to indicate that suspicions have been aroused, until the proper time comes for him to take decisive action. He should fortify himself with all the evidence available, so that his position may be impregnable, and that, when exposure comes, it may be thorough and complete, and the guilty officials brought to punishment and restitution made.

ERRORS OF OMISSION.

It is difficult to lay down any rule by which errors of this kind can be detected with absolute certainty. Everything will depend upon the intelligence, the experience, and the determination of the auditor. An audit may be thorough and correct as far as direct cash transactions are concerned, but may be incomplete in the statement of assets and liabilities. To guard against errors of omission in any part of the accounts, each item should be checked as far as possible from original entries or

AUDITING: ITS METHODS.

sources in order to see that the association has been charged with all cash received and liabilities incurred. The same course must be pursued on the other hand with reference to all cash expenditures and to all credits. It sometimes happens that the affairs of associations become complicated and the interests of stock-holders seriously endangered without warning, because officials have been careless in their accounts in these respects, and auditors have been incompetent or negligent. It should always be borne in mind that an auditor is one who audits, and if he fails in any particular then he is not entitled to the official name which he bears.

1. Check all extensions and footings in the original books.

2. Compare each entry in No. 1, Members' Pass Book, with No. 2, Contribution Book, and No. 4, Members' Ledger.

3. Compare each entry in No. 3, Withdrawal Book, with No. 4, Members' Ledger.

4. Compare each entry in No. 2, Contribution Book, with No. 4, Members' Ledger.

5. Compare each entry in No. 2, Contribution Book, and No. 3, Withdrawal Book, with No. 5, Cash Book.

6. Compare No. 7, Treasurer's Receipt Book, with No. 2, Contribution Book, and also with No. 8, Treasurer's Cash Book, and with No. 3, Withdrawal Book.

7. Compare totals of No. 5, Cash Book, with totals in No. 6, General Ledger.

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GENERAL OUTLINE.

The accompanying diagram illustrates the posting of different items from book to book until each reaches its final account. In this graphic way the entire system of building association accounts is illustrated at a glance. Since an auditor must follow these postings the diagram will be valuable as a guide.

SHARE CONTRIBUTIONS.

A few suggestions may be made as to the proper method of checking up the dues paid in by the shareholders :

1. The members' pass-books should be examined to see that each has been issued only after the member has complied with the rules for admission, whatever they may be, paid all necessary fees, etc.

2. Pass-book entries of dues, fines, etc., should be checked up as to amounts and dates.

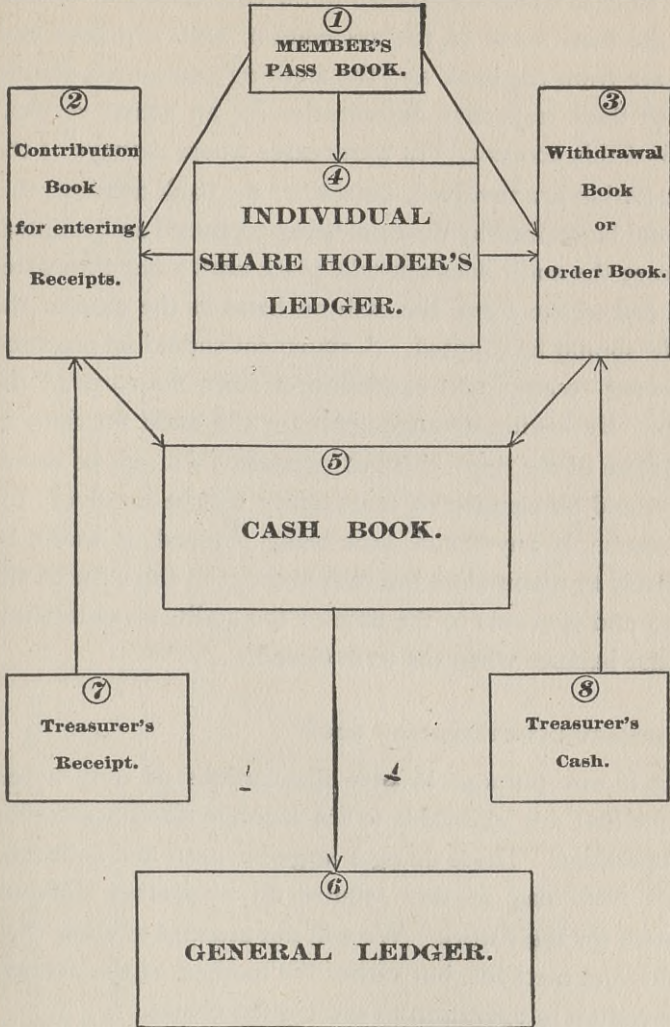
3. The accounts in the Members' Ledger should be checked against the pass-book entries to see that all items have been properly posted.

4. The contributions of each deposit account in the Contribution Book should be added across, and the totals should be compared with the corresponding entries in the Cash Book.

There is such a variety of methods under which dues are received and recorded that it is difficult to make specific suggestions that will cover all cases. What is said above will be sufficient to put an intelligent auditor upon the right track.

AUDITING: ITS METHODS.

DIAGRAM 1.



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PROVING A CASH BALANCE.

The cash balance as shown in the cash book and verified by the bank book of the association, with a proper certificate from the bank and the auditing committee, should go to their respective depositories for an actual verification of this account. In those cases where moneys of the association are involved, outside of the bank account, this should be verified by the cash being produced and counted. In case the audit does not take place until some time after the end of the term, the cash on hand at the date of the audit should be counted. A statement should be prepared showing receipts and expenditures since the close of the term. By having arrangements for the audit previous to the close of the term, this last expedient will not be necessary, and an element of uncertainty will be removed, for of course, if any fraud were being planned, it would be possible to manipulate the cash account at the close of the term and previous to the date of the audit, so as to show a false balance when the term closed.

SECRETARY'S CONTRIBUTION BOOK.

It is our purpose to give illustrations of only a few forms that are applicable to the average sized association in operation. Those doing a large business and collecting dues from day to day require an altogether different system for their work. We will not attempt to show their styles and methods, but rather the method of the average association in operation in the United States.

The following diagram shows a form for rulings, entries, footings and postings for those associations that

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collect weekly dues—the quarterly or thirteen-weeks contribution book. The detailed description and use of this form is given here that it may accompany the form, not because it has anything to do with auditing.

The sheets are ruled for fifty numbers on a double page, or folio, and are numbered consecutively from 1 to 50 (the same on both the left and right-hand page) and from 51 to 100 or 00 on the next double page, both left and right, and this numbering from 1 to 100 is continued throughout the book. For the second and subsequent hundred numbers the secretary simply places 20 before the first nine numbers and then 2 before all the balance of the second hundred, and this is repeated by placing in a similar manner 3, 4, and 5 before the figures for the subsequent third, fourth and fifth hundred numbers corresponding to the number of pass-books issued.

The space at the top of each series of columns (dues, interest, premiums, fines) is used for inserting the dates of each weekly meeting. The weekly deposits are entered in their proper columns and at the close of each meeting, when receipts are all in, these columns are footed separately, on each page and then the separate totals for all the pages are added to ascertain the totals of dues, interest and fines and these totals again added to ascertain the total receipts for the secretary. If the grand total balances with the cash received, which it must do, the secretary then spreads this statement of receipts, duly itemized, upon his minutes, and subsequently posts the

AUDITING: ITS METHODS.

items to the proper columns, suitably arranged, in his cash book.

At the end of the quarter (or 13 weeks) each number or account is footed across the double page into the "Total" column, and these totals are posted to the individual ledger accounts.

The footings of these total columns may then be added for as many pages as are used, and then verify cash book totals with them.

The space at the top of each series of columns is also used by some secretaries for inserting a number for each meeting, besides the date.

When the association gets a few years old this consecutive numbering of the meetings becomes very useful in ascertaining quickly the amount of dues any member should have paid.

For instance: a borrower starts on the fifteenth meeting, paying \$2.00 per week, and the secretary wishes to know on the 150th meeting how much this borrower should have paid. He simply subtracts fourteen, the number before the one on which he began, from the 150 and gets 136, and this multiplied by \$2.00 gives the total payment of dues, \$272.00, which should be to his credit. If the credit does not show this amount, then whatever amount is short, indicates the amount in arrears.

In order to check up any borrower's payments and to avoid looking back over a number of old contribution books, when the account has become one of long standing, it is only necessary to place the number of the meeting on which the borrower started on his page in the

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individual ledger at same time you make entry of his name and date of opening his account.

This number, minus one, deducted from the number of present meeting, will always give you total number of payments due. This is not an important matter in regard to non-borrowers and so far as they are concerned may be omitted.

MONTHLY SECRETARY'S BOOK.

The following diagram shows a form for those associations that collect dues monthly. The form of rulings, entries, footings and postings comprise what is called the contribution book arranged for twelve months or one year.

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The explanation just previously given for the detailed use of the 13 weeks book will apply to this monthly book if only modified to suit the difference in the times of payment.

SECRETARY'S CASH BOOK.

An association must have some way of bringing all its accounts together, so that they may be properly summarized and balanced, showing total receipt from dues, interest, premiums, fines and other sundry items. This is done through the columnar Cash Book, sometimes called the Itemized Cash Book, or Secretary's Cash Book.

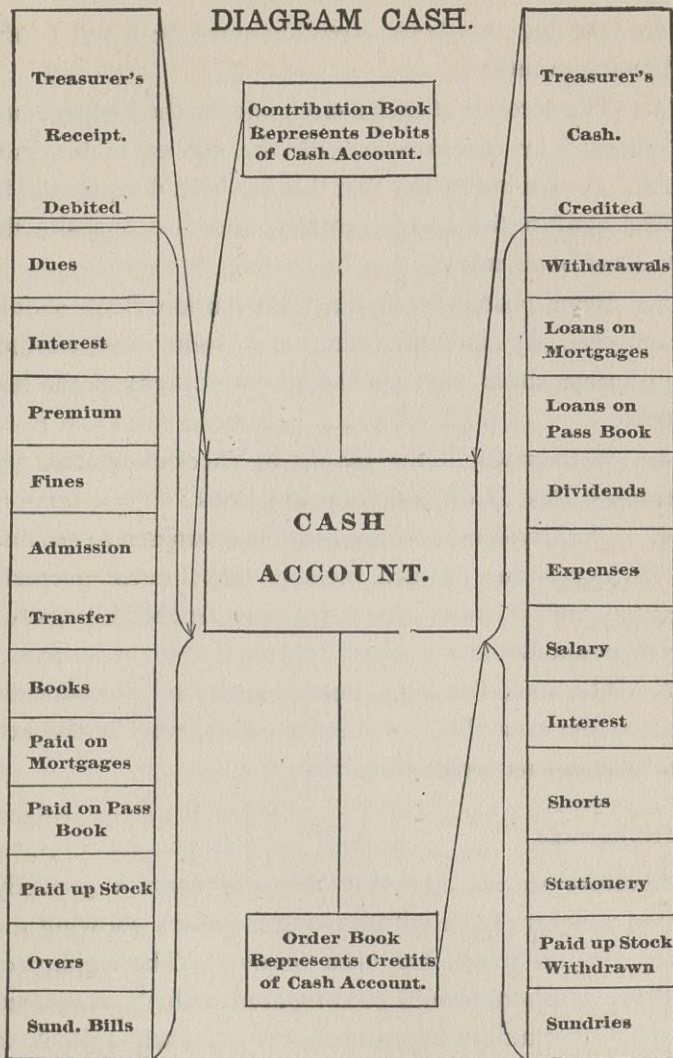
The rule of debit what you receive and credit what you pay out, holds good with cash, as in all other transactions. The bulk receipts are entered in their respective columns of the Cash Book, debiting cash, while the disbursements are entered in their respective columns, crediting cash.

The method of checking the Cash Book is illustrated in the diagram on the following page.

TREASURER'S CASH BOOK.

The treasurer keeps this book for his own convenience. In it he enters the gross receipts of each meeting and all disbursements. If kept posted properly it shows at all times the exact amount of cash on hand. This book should be checked against the Treasurer's Receipt Book, the Warrant Book, and the Bank Book, an appropriate check sign being placed opposite the last entries in each.

DIAGRAM CASH.



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MEMBERS' LEDGER.

In checking this book attention must be given to the following points:

1. The account of each shareholder in the Ledger must be checked by comparison with the entries in his Pass Book. A sign indicating that this has been done should be placed against the Ledger entries, and also opposite the last Pass Book entry.

2. Items posted from the Contribution Book should be checked by amount, date, and folio, and another appropriate check sign should be placed against the last entries.

3. Withdrawal items should be checked against the Members' Pass Book, and Warrant Book.

4. The Dividend account must be examined to see that all dividends due to each member have been properly credited, and, if drawn, the items must be checked against the Warrant Book.

5. All miscellaneous items, such as assessments, rebates, and everything of that character, must be checked carefully against original entries.

WITHDRAWALS.

Auditors should see that the files contain properly signed vouchers from withdrawing members, showing the exact amount which has been received. The signatures to these vouchers should be compared with those entered in the Constitution Signature Book, if such a Book is kept; if not, he must verify the signature to his own satisfaction in some other way.

AUDITING: ITS METHODS.

In checking up withdrawals, he should note,—

1. That applications for money have been entered in the Withdrawal Book in regular chronological order, and that they have been acted upon in this order by the Directors when not paid immediately, as is now usually done.

2. That all warrants for the payment of withdrawals correspond with the dates and amounts in Cash Book.

3. That partial withdrawals are properly noted in the Member's Pass Book; and, if the withdrawal is complete and absolute, that the Pass Book has been surrendered, and the fact of withdrawal entered therein.

4. That amounts paid out on withdrawal have been charged against their proper accounts in the Members' Ledger.

GENERAL LEDGER.

This is a very important book in connection with the accounts of the association. In it are summarized the details of all the other books. By it the correctness of all the other accounts is to be finally tested. From it the Balance Sheet is made up. It tests the actual condition of the association's business, indicating the assets and the liabilities, the profits and the losses. As implied in its name, the accounts of this Ledger are the opposite of the individual accounts in the Members' Ledger. Herein is applied the double entry principle in book-keeping. Every debit must have a credit, and *vice versa*.

The old system of journalizing is now generally discarded, since it involves a great deal of unnecessary labor.

CHAPTER XVIII.

Under the later methods each item is entered immediately in its appropriate account, or posted from the books of original entry, without passing through the Journal.

Even the General Ledger is now dispensed with by many secretaries, by adopting a columnar Cash Book, described on a previous page.

Building association accounts differ from mercantile accounts in that the transactions are wholly financial, and are uniform. This makes possible more simple methods of book-keeping in certain respects, though the accounts are very intricate on account of the character and multiplicity of the items. But the same principle of debit and credit must still lie at the foundation of the system, and the ultimate result of book-keeping must show the total assets and liabilities, and the profits and losses correctly. If the summarized items under these heads fail to balance, then there is something wrong with the accounts.

The general accounts necessary are as a rule as they appear in the secretary's balance sheet on a subsequent page.

ASSETS AND LIABILITIES.

The assets and liabilities may have some such classification as follows—also shown in secretary's balance sheet :

ASSETS.

Cash on hand,
Loans on mortgage security,
Loans on stock security,
Furniture and fixtures,
Real estate,
Due for insurance and taxes,
Other assets, in detail.

LIABILITIES.

Running stock and dividends,
Paid-up stock and dividends,
Deposits and interests,
Fund for contingent losses,
Borrowed money,
Undivided profits,
Other liabilities, in detail.

AUDITING: ITS METHODS.

The schedule must be sufficiently comprehensive in its details to include everything, and the audit must be so conducted as to trace every item into this schedule so that each summary may be fully verified.

The amount by which the assets may exceed the liabilities is usually called the Reserve Fund and Undivided Profit Account.

The amount by which the liabilities may exceed the assets is usually called Shortage or Deficiency.

AUDITOR'S REPORT ON SPECIAL MATTERS.

Where everything is found correct and in good form the auditor's regular certificate is usually about all that he need file in the way of a report. In some cases, although he may sign the regular certificate, there may be some matters to which he may deem it necessary to call the attention of the shareholders. In deciding as to whether or not he should make any report on such special matters, or should make any incidental suggestions, he must be guided by what may seem to him to be necessary for the welfare of the association. A few illustrations may be suggestive:

The auditor may differ with the secretary or the directors upon some matter which may be of importance to the interests of the association. If so, he should state the matter plainly so that it may be clearly understood, being careful, however, not to be too elaborate and therefore tedious, and should give illustrations when possible.

He might find that the secretary or other officer was underpaid or overworked, and might think it better for the association if this were corrected.

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He might discover that the officers were not afforded proper facilities for transacting the association's business and that its interests were in consequence crippled or jeopardized, and could make some recommendation.

He might find that the system for filing and caring for mortgages, insurance policies, notes, and other papers, was not a good or safe one.

Many other such incidental matters might claim his attention.

In making special reports on any miscellaneous matters an auditor should act deliberately. He should be careful not to do anything which might be used to the disadvantage of the association or its officers by some disgruntled or unwise member, or some officious or antagonistic outsider.

In any case where he finds that the accounts and records are grossly inaccurate and incomplete, either through carelessness, incompetency, or a purpose to deceive on the part of the officers, his duty is plain. He must not only withhold his certificate but must report facts as he finds them to the association.

AUDITOR'S CERTIFICATE.

When the Auditor has completed his task, if he has found everything correct, he should prepare and sign a certificate in some such form as follows:

AUDITING: ITS METHODS.

TO THE SHAREHOLDERS OF THE.....
BUILDING AND LOAN COMPANY.

I have carefully examined the books, vouchers, cash, and accounts of your Association, and find the same to correspond with the Balance Sheet as presented under date of.....

I also find the present condition of the Association to be correctly presented in said Balance Sheet.

Respectfully,

....., Auditor.

SAFETY INSURED.

The suggestions here made are sufficient to put an inexperienced auditor on his guard, and also to indicate to members something of what is involved in an audit, and to show the character of person that should be appointed as auditor.

If auditing were always faithful and efficient it would save much trouble, anxiety, and loss to members. Even if the account is correct, or if there are unintentional errors in it, it is only regular and competent auditing that will insure permanent confidence in the association on the part of members and of the public. There always are apt to be a few members at least, and not a few outsiders, who look upon an association with more or less distrust. If such as these see that the affairs of an association are regularly and systematically investigated, then their confidence sooner or later becomes established. Under such a system officials would soon learn that it was impossible to secure the auditor's certificate to unreliable and incorrect accounts

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and statements, and shareholders would understand that the practice of any fraud upon them would be impossible.

By the adoption of some such system of auditing as is here presented, shareholders make such provisions and take such precautions as will render mistakes well nigh impossible. They have delegated authority to two representative bodies, each of which acts as a check upon the other. The board of directors is an administrative body; the auditor or auditors constitute a supervising and reviewing department.

The directors and secretary are compelled to be watchful, for they know all their work will be under critical review.

The auditor must prove himself competent and do his work faithfully, or his inefficiency will be apparent in the course of time.

STATE SUPERVISION.

So many citizens are entrusting their earnings to the care of building, loan and savings associations, and the aggregate capital which they have accumulated, has become so large that some form of state supervision has become a necessity.

With the growth of these associations there came a demand for proper and stated examinations by duly appointed officers of the state. In some states regular building and loan departments have been created. In other states they have been added to the banking, insurance, auditor of public accounts, and departments of a like nature. It is our opinion that each state should have its

AUDITING: ITS METHOD.

own regular building, loan and savings department. The great good that has been accomplished by these departments for the benefit of the movement must not be underestimated. It has given to the public correct statistics, has detected mismanagement, has devised better systems of book-keeping and has been of material assistance in many directions.

But state supervision, so far as it has yet been developed, does not remove the necessity for private auditing. Indeed, it enforces this necessity, and this is its object. A state supervising official does not take the place of the regular auditor. While it is made the duty of the state officials to make personal examination of the business of associations, not alone at regular stated periods but also at irregular and unexpected times, still it remains for the management of the associations to see that proper auditing goes hand in hand with the examinations that are now made by state officials.

It is to be hoped that the various officers of the different states having in charge this work will organize a permanent organization among themselves, so that with closer communication and exchange of ideas the efficiency of these departments can be greatly enhanced.

CHAPTER XIX.

Reports.

THEIR NECESSITY.

ONE of the chief arguments in favor of the building association as a saving society is that it is managed by the members themselves, and that they may therefore at all times know exactly what is being done with their money, and also the condition of the association. Members can gain this knowledge only through the regular periodical publication of reports. The issuing of such reports, therefore, is one of the most important duties of the officers of an association. Consequently the importance of preparing and publishing correct reports of the business transactions—with itemized exhibits of all receipts and disbursements, together with all information as to the details of its affairs—cannot be too strongly urged upon the officers of an association.

In order that a report shall be of the highest value it is necessary that not only shall it be accurate, but that it shall be published at sufficiently short intervals to enable the members to keep the run of the business in their minds, and also to give them opportunity to take steps, when necessary, to correct any evils that may be found to exist. Such reports should be rendered at

REPORTS.

least once every six months, and a copy should be placed in the hands of each member.

If an association is properly conducted and its business is in a prosperous condition, not only will the circulation of reports give satisfaction to its members, but they may be used for advertising purposes, and in this way additional members may be brought in and the prosperity and usefulness of the association increased. The knowledge that reports must be printed and circulated at stated periods tends to put both officers and members upon their mettle, and thus insures better management for the association. Every one connected with an association feels a just pride in their ability to present so favorable a report.

On the other hand, if an association is not prosperous, the sooner and the more completely this fact is made known to its members, the better it is for all concerned. If the evils found to exist are curable, they may be remedied promptly, and the association be put upon a better basis. If they are incurable, steps may be taken to wind up the association before its affairs become seriously involved. Under such circumstances, moreover, the public would be warned by the publication of an accurate report, and outsiders thus would not become involved by becoming members.

LEGAL REQUIREMENTS.

So important is this matter of reports that many of the states have enacted statutes requiring that such reports shall be made, and outlining their form and

CHAPTER XIX.

character. To quote in full the statutory provisions of the different states which relate to this subject, and to enter into a comparison and discussion of them, would be foreign to the purpose of this work.

PREPARATION AND PUBLICATION OF REPORTS.

Whether the statutes require periodical reports to be made or not, such reports are provided for in the constitution, by-laws, and rules of the associations themselves. In these provisions the form of the report is outlined in a general or specific way, and also the method of its publication. The exact form in which the report of any association shall be presented and the method of its publication must therefore be determined by the statutory requirements and by its own rules. It should be so comprehensive in scope and elaborate in detail as to make it self-explanatory. It is also very desirable that reports be printed, so that they may be readily available for examination by all members and other persons interested.

The chief part of the work in the preparation of a report usually devolves upon the secretary. Promptly, at the close of each fiscal term, the secretary should present a properly formulated and tabulated report of the business of the entire term to the directors. The directors should refer it to the auditing committee for examination and verification. When the directors and officers are satisfied that the report is correct, the secretary, or the secretary and the president if so required, should make oath or affirmation to its correctness. It is advisable that the

REPORTS.

report when completed be published in the newspapers or printed in convenient form before the meeting of the stockholders at which it is to be presented, so that each member may have full opportunity to examine it and to learn the exact standing of the association and the condition of its business.

SECRETARY'S BALANCE SHEET.

An examination of the reports of numerous associations shows that the accounts most generally carried by secretaries are as shown in the following balance sheets which are printed here as a suggestive guide for the officers of new associations—the first one being that of a serial association and the second one that of a permanent association :

CHAPTER XIX.

SPECIMEN REPORT—SERIAL PLAN ASSOCIATION.

TWENTY-SEVENTH ANNUAL STATEMENT

OF THE

Savings, Loan and Building Ass'n

For the year ending December 31, 1910.

RECEIPTS.

Installments (dues).....	\$ 55,827 00
Interest	18,379 80
Fines	242 90
Membership fees.....	158 60
Transfer fees.....	10 50
Matured stock.....	10,300 00
Rents	394 40
Loans repaid and matured	64,750 00
Sale of real estate.....	6,720 72
Bills payable.....	4,472 35
Bills receivable.....	3,000 00
Outstanding orders.....	1,000 00
From Treasurer.....	3,707 35

Total\$168,963 62

ASSETS.

Loans to stockholders.....	\$303,250 00
Installments unpaid.....	1,755 50
Interest unpaid.....	921 00
Fines unpaid.....	35 95
Real estate.....	7,200 00
Real estate sold on contract	3,385 00
Furniture and stationery..	200 00

Total\$316,747 45

DISBURSEMENTS.

By balance of last state-	
ment	\$ 3,791 49
Loans on real estate and	
shares	79,200 00
Installments withdrawn and	
matured	48,769 00
Interest on stock withdrawn	
and matured.....	13,987 72
Expenses	2,647 85
Taxes, insurance and repairs	341 70
Real estate sold on contract	385 00
Real estate.....	606 41
Bills payable.....	7,734 85
Bills receivable.....	3,000 00
Matured stock.....	8,500 00

Total\$168,963 62

LIABILITIES.

Installments paid on stock.	\$217,543 50
Ad. Pay. dues \$9523.50—	
inter. \$53.75.....	977 25
Installments due.....	1,755 50
Matured stock.....	33,000 00
Bills payable.....	2,692 35
Due Treasurer.....	3,707 35
Outstanding orders.....	1,000 00
Contingent fund.....	11,660 00
Profit	44,411 50

Total\$316,747 45

SERIES OF STOCKS, VALUES, ETC.

Series	Time in Mos.	Shares in Force	Shares Loaned on	Dues Paid Per Share	Profit Per Share	Value Per Share
17	132	266	74½	\$66 00	\$22 94	\$88 94
B	128	35	34½	64 00	21 40	85 40
C	124	10	10	62 00	20 08	82 08
18	120	385	47	60 00	18 79	78 79
B	116	9	8½	58 00	17 57	75 57
19	108	339	36½	54 00	15 23	69 23
B	104	132	22	52 00	14 12	66 12
C	100	7	6½	50 00	13 06	63 06
20	96	324	24	48 00	12 03	60 03
B	92	19	8½	46 00	11 05	57 05
C	88	90	10	44 00	10 11	54 11
21	84	400	22	42 00	9 21	51 21
B	80	37	36½	40 00	8 36	48 36
C	76	165	120	38 00	7 54	45 54

REPORTS.

Series	Time in Mos.	Shares in Force	Shares Loaned on	Dues Paid Per Share	Profit Per Share	Value Per Share
22	72	478	66½	36 00	6 77	42 77
B	68	123	123	34 00	6 04	40 04
C	64	48	48	32 00	5 35	37 35
23	60	513	50	30 00	4 70	34 70
B	56	145	142	28 00	4 09	32 09
C	52	92	90½	26 00	3 53	29 53
24	48	556	104	24 00	3 00	27 00
B	44	188	187½	22 00	2 52	24 52
C	40	147	146½	20 00	2 09	22 09
25	36	635	125½	18 00	1 69	19 69
B	32	193	192½	16 00	1 33	17 33
C	28	89	88½	14 00	1 02	15 02
26	24	991	211	12 00	75	12 75
B	20	290	289½	10 00	52	10 52
C	16	102	102	8 00	33	8 33
27	12	1094	119½	6 00	19	6 19
B	8	310	307	4 00	08	4 08
C	4	210	208	2 00	02	2 02

SUMMARY OF THE BUSINESS OF THE ASSOCIATION

For the past twenty-seven years.

RECEIPTS.

DISBURSEMENTS.

From dues.....	\$1,219 846 25
From interest	329,931 80
From premiums.....	56,342 47
From fines.....	6,089 40
From membership fees..	3,961 60
From transfer fees....	367 75
From loans repaid and matured	1,206,675 00
From rents.....	10,503 33
From taxes and insur- ance repaid.....	1,018 69
From safe.....	130 00
From sale of real estate..	56,123 47
From real estate contracts	3,295 00
From bills payable.....	41,850 95
From bills receivable....	3,740 00
From matured stock....	45,200 00
Balance due Treasurer..	4,707 35

For loans to stockholders..	\$1,509,925 00
For stock withdrawn and matured	1,001,314 50
For interest and profit on stock withdrawn and matured	286,738 89
For fixtures, furniture, etc.	324 82
For expenses.....	57,099 27
For taxes and insurance advanced	2,732 76
For real estate and cert. of purchase.....	45,516 62
For real estate sold on contract	24,682 00
For taxes, insurance and repairs	6,050 60
For bills payable.....	39,158 60
For bills receivable.....	3,740 00
Matured stock.....	12,500 00

Total\$2,989,783 06

Total\$2,989,783 06

State of, County of, ss.

....., Secretary of the Savings, Loan and Building Association, being first duly sworn upon his oath, deposes and says that the foregoing statement is a full, complete and true statement and report in all particulars of the Savings, Loan and Building Association for the fiscal year ending December 31, 1910, and that the answers to the questions herein are true to the best of his knowledge and belief.

Subscribed and sworn to before me this 31st day of December, A. D. 1910.
[SEAL] Notary Public.

We, the undersigned stockholders but not officers of the Saving, Loan and Building Association, hereby certify that the foregoing statement is true in all particulars, to the best of our knowledge and belief.

AUDITING COMMITTEE.

Dated at,, this 31st day of December, A. D. 1910.

REPORTS.

SPECIMEN REPORTS.

These are not given as models, but simply as illustrations of the forms in which reports are presented. The reports given possess some very commendable features.

While the particular form which a report shall take is governed chiefly by the requirements of the statutes and the rules of the association, yet the taste and judgment of the secretary and the directors, custom, and the circumstances of the association at the time the report is made, may give it special features of interest. As will be seen, the reports printed are mostly all tabulated matter. Every report should include, in addition to tabulated and summarized statements of this character, such miscellaneous statements and information as are of special interest to the members and friends of the association. Many secretaries make their reports of great interest and value, and in this way add much to the popularity and success of their associations.

As already said, an association, to attract membership and business, must be advertised in a community, and the best method for doing this is by the general circulation of well prepared reports, giving full and explicit information in reference to its business and methods. Secretaries and directors, in the preparation and publication of reports, should bear this advertising feature in mind, and should arrange reports so as to be used in this way.

It is quite evident from an examination of this subject that there is necessity in most of the states for additional legislation in reference to this matter, and much room for improvement in the practice of many associations in the way of making reports.

CHAPTER XIX.

.....Semi-Annual Report

of The.....Building and Loan Association,

from.....to.....

RECEIPTS.

Balance Cash on hand.....	\$.....
Dues	
Mortgage Account.....	
Note Account.....	
Interest	
Premiums	
Fines	
Admission Fees.....	
Books	
Transfer Fees.....	
Paid-up Stock.....	
Cash Over.....	
Sundries	
.....	
Total	\$.....

DISBURSEMENTS.

Dues Account.....	\$.....
Mortgage Account.....	
Note Account.....	
Loans on Books.....	
Salaries	
Rent	
Books	
Reserve Fund Account.....	
Advertising	
Incidental Expenses.....	
Paid-up Stock.....	
Cash Short.....	
Sundries	
Dividends	
Balance in Cash.....	
.....	
Total	\$.....

LOSS.

Books	\$.....
Rent	
Salaries	
Advertising	
Incidental Expenses.....	
Dividend Declared.....	
Reserve Fund.....	
Shortage	
.....	
Total	\$.....

GAIN.

Admission Fees.....	\$.....
Books	
Interest	
Premiums	
Transfer Fees.....	
Fines	
Surplus	
.....	
Total	\$.....

ASSETS.

Loans secured by Mortgage....	\$.....
Books	
Stationery	
Safe	
Cash on Hand.....	
.....	
Total	\$.....

LIABILITIES.

Due to Members.....	\$.....
Dividends	
Reserve Fund Account.....	
.....	
Total	\$.....

TOTAL NUMBER OF STOCKHOLDERS.....

TOTAL NUMBER OF SHARES.....

.....Secretary.

Approved:

..... }
 }
 } Auditing Committee.

CHAPTER XIX.

SPECIMEN REPORT—PERMANENT PLAN ASSOCIATION.

ASSETS.

Cash on hand.....	\$ 19,577 89
Loans on mortgage security	1,078,310 72
Loans on all other security	28,700 00
Real estate.....	10,098 93
Real estate sold on contract	11,169 73
Bills receivable.....	173 00
Total	\$1,148,030 27

LIABILITIES.

Running stock and dividends	\$1,087,867 92
Reserve fund.....	54,700 00
Undivided profit fund...	5,462 35
Total	\$1,148,030 27

RECEIPTS.

Cash on hand at close of last fiscal year.....	\$ 31,145 45
Dues on running stock..	176,977 93
Loans on mortgage security repaid.....	167,922 15
Loans on all other security	600 00
Bills receivable.....	532 00
Real estate sold.....	525 00
Real estate sold on contract	2,250 56
Interest	65,780 82
Pass-books and initiation fees	258 00
Rents from company's real estate.....	418 07
Total	\$ 446,409 98

DISBURSEMENTS.

Loans on mortgage security	\$ 249,430 82
Withdrawals on contracts	285 80
Withdrawals on running stock	169,825 93
Interest paid during the year	150 09
Undivided profits.....	200 00
Expense	6,939 65
Cash on hand.....	19,577 89
Total	\$ 446,409 98

LOSS.

Dividends on running stock	\$ 53,244 67
Dividends on loans.....	806 74
Dividends on contracts..	8 61
Reserve fund.....	3,000 00
Expense	6,939 65
Undivided profit fund...	2,784 76
Total	\$ 66,779 43

GAIN.

Interest	\$ 66,103 36
Pass-books and initiation fees	258 00
Rents from company's real estate	418 07
Total	\$ 66,779 43

The State of, County of, ss.

....., being duly sworn, says that he is the Secretary of the Loan and Building Association of Hamilton, and that the foregoing report of the financial affairs of said Association, is true and correct, and corresponds with the accounts in said Association., Sec.

Signed in my presence and sworn to before me this 28th day of December, A. D. 1910, Notary Public, County,

[SEAL]

December 31, 1910.

We, the undersigned auditing committee of said Loan and Building Association of, Ohio, do hereby certify that the foregoing is a true and correct statement of the financial condition of the said Company on the 31st day of December, 1910, and a true statement of its affairs and business for the fiscal year ending on that day.

AUDITING COMMITTEE.

CHAPTER XX.

Rebate and Compound Interest Tables.

TABLE No. 1.—REBATE PERMANENT PLAN.

Showing the Course and Results of a Loan of Two Shares of \$500.00 Each, or \$1,000.00.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

Payments of dues, 50c. per share; \$1.00 per week; \$26.00 every 6 months. Payments of interest, 60c. per share; \$1.20 per week; \$31.20 every 6 months. Payments of \$52.00 each year is credited on the mortgage, reducing the interest at 6% per annum, or 6c. per week, or \$1.56 each 6 months—\$3.12 each year.

The average value of the 2 shares first 6 months in each year is \$13.00. The average value of the 2 shares second 6 months in each year is \$39.00. 2½% dividends on these average values is 32c and 97c respectively.

Years	Time	Dues paid in	2½% Div. each 6 mos.	Total paid on loan each year.	Bal. due on Mortg. end each year	Interest paid each 6 months
1st	End of 26 weeks	\$26 00	32			\$31 20
	" 52 "	52 00	97	\$52 00	\$948 00	31 20
	" 26 "	26 00	32			29 64
2d	" 52 "	52 00	97	52 00	896 00	29 64
	" 26 "	26 00	32			28 08
3d	" 52 "	52 00	97	52 00	844 00	28 08
	" 26 "	26 00	32			26 52
4th	" 52 "	52 00	97	52 00	792 00	26 52
	" 26 "	26 00	32			24 96
5th	" 52 "	52 00	97	52 00	740 00	24 96
	" 26 "	26 00	32			23 40
6th	" 52 "	52 00	97	52 00	688 00	23 40
	" 26 "	26 00	32			21 84
7th	" 52 "	52 00	97	52 00	636 00	21 84
	" 26 "	26 00	32			20 28
8th	" 52 "	52 00	97	52 00	584 00	20 28
	" 26 "	26 00	32			18 72
9th	" 52 "	52 00	97	52 00	532 00	18 72
	" 26 "	26 00	32			17 16
10th	" 52 "	52 00	97	52 00	480 00	17 16
	" 26 "	26 00	32			15 60
11th	" 52 "	52 00	97	52 00	428 00	15 60
	" 26 "	26 00	32			14 04
12th	" 52 "	52 00	97	52 00	376 00	14 04
	" 26 "	26 00	32			12 48
13th	" 52 "	52 00	97	52 00	324 00	12 48
	" 26 "	26 00	32			10 92
			17 09			578 76
14th	" 52 "	52 00	97	52 00	272 00	10 92
	" 26 "	26 00	32			9 36
15th	" 52 "	52 00	97	52 00	220 00	9 36
	" 26 "	26 00	32			7 80
16th	" 52 "	52 00	97	52 00	168 00	7 80
	" 26 "	26 00	32			6 24
17th	" 52 "	52 00	97	52 00	116 00	6 24
	" 26 "	26 00	32			4 68
18th	" 52 "	52 00	97	52 00	64 00	4 68
	" 26 "	26 00	32			3 12
19th	" 41 "	41 00		41 00	23 00	2 46
			\$23 54	\$977 00		\$651 42

CHAPTER XX.

EXPLANATION AND REMARKS.

Total length of time, 18 years, 9 months and two weeks, or 977 weeks.

Total amount paid as dues.....	\$ 977 00
Total amount of dividends.....	23 54
<hr/>	
Total amount of credits.....	\$1,000 54
Less amount dues already applied on mortgage.....	977 00
<hr/>	
	\$ 23 54
Less amount dividends transferred to mortgage.....	23 00
<hr/>	
	\$ 54

The company will now pay the borrower 54 cents and return his cancelled mortgage in full settlement.

Now, how about the interest account, the rebates and the cost of the loan? There has been considerable confusion and misunderstanding—as well as misstatements on these points. If the borrower had taken a straight loan on the basis of the interest charged in the above table it would have cost him in interest 977 times

\$1.20 or	\$1,172 40
But he actually paid according to the table only.....	651 42
<hr/>	
Leaving an amount which represents his rebates of.....	\$ 520 98
In addition to the above he was credited with current dividends of	23 54
<hr/>	
Making a total earning on the money he saved of.....	544 52
<hr/>	
The interest he actually paid on his loan was.....	\$ 651 42
The interest he earned on the money he saved was.....	544 52
<hr/>	

The actual difference in interest is the gross earnings to the company

	\$ 106 90
--	-----------

This \$106.90 is not what the loan of \$1,000.00 from the building association cost the borrower, but rather the difference in cost between what he paid them for \$1,000.00 and what they paid or allowed him on the \$1,000.00 he save and returned to them in installments. In other words, his money simply was not worth quite so much in interest as the interest he paid the association on their money.

You must bear in mind that when the borrower began the loan there was only \$1,000.00 involved, but when the transaction was con-

REBATE AND COMPOUND INTEREST TABLES.

summated and the money repaid, the building association not only received their \$1,000.00 back, but he then had \$1,000.00 in his home that he didn't have when he started. We have \$2,000.00 at the end of the term, where we only had \$1,000.00 at the beginning.

Probably another statement of the case will make it clearer.

Suppose that A deposits \$1,000.00 with an association which agrees to pay him 5% per annum, or \$50.00 interest, and that they then loan this money to B at \$1.20 per week, or for \$62.40 for the year. The association then makes the difference, or an earning of \$12.40 on the transaction.

Now if you will imagine A and B to be one and the same person, you will see that what a borrower actually does in a building association is simply to pay a little higher rate of interest on the money he borrows in consideration for obtaining it in a lump sum in advance, than he is compelled to accept on money he has to loan, or which he is obliged to save and repay to the association in installments.

The actual cost of a loan from any building association, or from any other institution for that matter, is the actual rate of interest that they charge, and not simply the difference between the rate you pay them and what they pay you on exchange transactions.

All the explanations and tables that ever came to the writer's attention heretofore have assumed that the borrower's money was not worth any interest to him, and that what he received as interest was merely a gift or gratuity from the association, and therefore should apply as a credit against what interest he had to pay the association, and to that extent would reduce the cost of the loan, when, as a matter of fact, and justice and correct interpretation of the transactions, the difference between the interest, premium, etc., paid the association and the dividends, rebates, etc., allowed the borrowers, shows the gross earnings to the association, and not the net cost of the loan. It also shows how much more interest, etc., a borrower has to pay for a loan from the building association than he can obtain on his own money when dealing with them.

CHAPTER XX.

TABLE No. 2.—REBATE PERMANENT PLAN.

Same as Table No. 1, Except the Dues Are \$1.00 Per Share or
\$2.00 Per Week—\$52.00 Every Six Months.

Interest \$1.20 per week, \$31.20 every six months.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

Average value of shares for 6 months, \$26.00; second 6 months, \$78.00. 2½% dividends on these average values is 65c and \$1.95 respectively. Rebate, 12c each week, end of each year; \$3.12 for 6 months; \$6.24 for year.

Years	Time	Dues paid in	2½% Div. each 6 mos.	Total paid on loan each year.	Bal. due on Mortg. end each year	Interest paid each 6 months
1st	End of 26 weeks	\$52 00	65			\$31 20
	“ 52 “	104 00	1 95	\$104 00	\$896 00	31 20
2d	“ 26 “	52 00	65			28 08
	“ 52 “	104 00	1 95	104 00	792 00	28 08
3d	“ 26 “	52 00	65			24 96
	“ 52 “	104 00	1 95	104 00	688 00	24 96
4th	“ 26 “	52 00	65			21 84
	“ 52 “	104 00	1 95	104 00	584 00	21 84
5th	“ 26 “	52 00	65			18 72
	“ 52 “	104 00	1 95	104 00	480 00	18 72
6th	“ 26 “	52 00	65			15 60
	“ 52 “	104 00	1 95	104 00	376 00	15 60
7th	“ 26 “	52 00	65			12 48
	“ 52 “	104 00	1 95	104 00	272 00	12 48
8th	“ 26 “	52 00	65			9 36
	“ 52 “	104 00	1 95	104 00	168 00	9 36
9th	“ 26 “	52 00	65			6 24
	“ 52 “	104 00	1 95	104 00	64 00	6 24
10th	“ 21 “	42 00		42 00	22 00	2 52
			23 40	\$978 00		\$339 48

Total length of time, 9 years and 21 weeks, or 489 weeks.

Total amount paid as dues.....	\$ 978 00
Total amount of dividends.....	23 40
Total amount of credits.....	\$1,001 40
Less amount already applied on mortgage.....	936 00
	\$ 65 40
Less amount paid during 21 weeks.....	42 00
	\$ 23 40
Less amount transferred from dividends to pay balance due.....	22 00
	\$ 1 40

The company now pays the borrower this \$1.40 and returns mortgage duly cancelled in full settlement.

If the borrower had taken a straight loan on the basis of interest charged in the above table it would have cost 489 times \$1.20, or.....	\$ 586 80
But he actually paid according to table.....	339 48
This leaves amount of rebates actually credited.....	\$ 247 32
Current dividends credited.....	23 40
Making total earned on money he saved and repaid of.....	\$ 270 72
The interest he actually paid on loan was.....	\$ 339 48
The gross earnings on his savings were.....	270 72
Actual net earnings of the building association.....	\$ 68 76

REBATE AND COMPOUND INTEREST TABLES.

TABLE No. 3.—COMPOUND INTEREST PERMANENT PLAN.

Showing the Course and Results of a Loan of \$1,000.00.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

Payments, \$1.00 per week. Interest, \$1.20 per week continuously. Dividends, 5%—2½% semi-annually—on accumulated dues compounded; in other words, dividends are added to the principal, at the end of each six months, and draw dividends.

Current average value each 6 months is \$13.00 plus the credits beginning each term. As the current payments of dues are \$26.00 each 6 months, and average value only \$13.00, there is always \$13.00 more to be added at end of each term to make the total credits for beginning the next term.

Years	Dues paid to end of each 6 months	Value of dues and dividends beginning of each 6 months	Average value current 6 months to be added	Total average value for dividends current 6 months	2% dividends current term to be added to previous credits	Add other half of average value to make total credit	Total value of dues and dividends at end of each 6 months	Total interest paid each 6 months
1st	26 00	26 32	13 00	39 32	0 32	13 00	53 29	31 20
2d	78 00	53 29	13 00	66 29	1 65	13 00	80 94	31 20
	104 00	80 94	13 00	93 94	2 34	13 00	109 28	31 20
3d	130 00	109 28	13 00	122 28	3 05	13 00	138 33	31 20
	156 00	138 33	13 00	151 33	3 78	13 00	168 11	31 20
4th	182 00	168 11	13 00	181 11	4 52	13 00	198 63	31 20
	208 00	198 63	13 00	211 63	5 29	13 00	229 92	31 20
5th	234 00	229 92	13 00	242 92	6 07	13 00	261 99	31 20
	260 00	261 99	13 00	274 99	6 87	13 00	294 86	31 20
6th	286 00	294 86	13 00	307 86	7 69	13 00	328 55	31 20
	312 00	328 55	13 00	341 55	8 54	13 00	363 09	31 20
7th	338 00	363 09	13 00	376 09	9 40	13 00	398 49	31 20
	364 00	398 49	13 00	411 49	10 28	13 00	434 77	31 20
8th	390 00	434 77	13 00	447 77	11 19	13 00	471 96	31 20
	416 00	471 96	13 00	484 96	12 12	13 00	510 08	31 20
9th	442 00	510 08	13 00	523 08	13 07	13 00	549 15	31 20
	468 00	549 15	13 00	562 15	14 05	13 00	589 20	31 20
10th	494 00	589 20	13 00	602 20	15 05	13 00	630 25	31 20
	520 00	630 25	13 00	643 25	16 08	13 00	672 33	31 20
11th	546 00	672 33	13 00	685 33	17 13	13 00	715 46	31 20
	572 00	715 46	13 00	728 46	18 21	13 00	759 67	31 20
12th	598 00	759 67	13 00	772 67	19 31	13 00	804 98	31 20
	624 00	804 98	13 00	817 98	20 45	13 00	851 43	31 20
13th	650 00	851 43	13 00	864 43	21 61	13 00	899 04	31 20
	676 00	899 04	13 00	912 04	22 80	13 00	947 84	31 20
14th	702 00	947 84	13 00	960 84	24 02	13 00	997 86	31 20
	2 14						2 14	
	704 14				295 86	\$1,000 00	842 40	
					704 14		295 86	
					\$1,000 00		\$546 54	

CHAPTER XX.

EXPLANATION AND REMARKS.

Columns with plus signs between them are added together on each line to make the total appearing in the next column to the right.

Totals in next to last column (dues and dividends at end of term) are brought over into third column (but on next line below) for dues and dividends at beginning of term.

Total length of time $13\frac{1}{2}$ years, or 702 weeks.

On account of their being a balance of so small an amount as \$2.14 due to close the account with the last meeting in the six months' term it is, for obvious reasons, assumed that the borrower just paid this \$2.14 with the last payment in the term, and notified the secretary that his credits, including the last six months' dividend, to which he would be entitled at the next meeting, would cancel his mortgage, which he would request be done, at the next or a subsequent meeting. This saves splitting hairs about small fractions of interest and loss of dividends, and somewhat simplifies the calculations.

It will be observed that the borrower paid according to

this table, dues amounting to.....	\$ 704 14
And had dividends to his credit of.....	295 86

Total to balance loan.....	\$1,000 00

The company received in interest a total of.....	\$ 842 40
The company allowed and credited interest amounting to....	295 86

The company received more than they allowed.....	\$ 546 54

The remarkable thing in connection with this table as compared with the results in Table No. 1 is the time in which the loan was paid off as compared with the time loan has to run in Table No. 1, considering the fact that the weekly dues paid were the same in both instances.

There are several reasons for this; one was the fact that the dividends were allowed on the accumulated dues, and the second is that they were compounded. A third is, though a logical necessity of compound interest, that the dividends were retained by the company to the credit of the borrower, which is quite a different proposition when considering the time a loan has to run.

In working out these tables the writer was himself surprised at the results, for he has been under the impression for a long time that the rebate plan would be shorter in time and probably less expensive, owing to the fact that the rebates are on the basis of the interest rate that is paid, or at least 6% in place of 5%, as are the dividends.

A comparison of the loan under Table No. 3 with loan in Table No. 1 at the same period of time for both, to wit: $13\frac{1}{2}$ years (the closing period for Table No. 3) will show some interesting and probably, to most readers, some new facts relating to the operations of compound interest as compared with simple interest, rebated even at 6%. See Remarks under Table No. 4.

REBATE AND COMPOUND INTEREST TABLES.

TABLE No. 4.

Comparing Rebate with Compound Interest Permanent Plans.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

Table No. 1, with its dividends and 6% rebates, down to the thirteenth and a half year, which is the full period of Table No. 3 at 5% compound dividends, are here carefully and in detail compared.

	Compound Interest Plan Table No. 3	Rebate Plan Table No. 1	Totals by Year	Difference in Favor of Comp'd Int.	Difference in Favor of Rebate
End 1st year.....	\$ 1 29	Div. \$ 1 29	\$ 1 29		
“ 2d year.....	3 99	Rebate 3 12	4 41		\$0 42
“ 3d year.....	6 83	Div. 1 29	7 53		70
“ 4th year.....	9 81	Rebate 9 36	10 65		84
“ 5th year.....	12 94	Div. 1 29	13 77		83
“ 6th year.....	16 23	Rebate 15 60	16 89		66
“ 7th year.....	19 68	Div. 1 29	20 01		33
“ 8th year.....	23 31	Rebate 18 72	23 13	\$ 0 18	
“ 9th year.....	27 12	Div. 1 29	26 25	87	
“ 10th year.....	31 13	Rebate 28 08	29 37	1 76	
“ 11th year.....	35 34	Div. 1 29	32 49	2 85	
“ 12th year.....	39 76	Rebate 34 32	35 61	4 15	
“ 13th year.....	44 41	Div. 1 29	38 73	5 68	
“ 13½ year.....	24 02	Rebate 20 28	20 60	3 42	
	\$295 86		\$280 73	\$18 91	\$3 78
	280 73			3 78	
	\$ 15 13			\$15 13	

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The first column in above Table No. 4 shows the full year periods.

The second column shows compound dividend taken from $2\frac{1}{2}\%$ dividend column in Table No. 3, where they are shown in amounts for each six months, but are combined for the year in above table because rebates are only made at end of the year.

The third column shows dividends and rebates taken from Table No. 1. The dividends are combined for the year thus, $32 + 97 = 1.29$. The rebates are obtained as follows from Table No. 1:

The full interest for first year is twice \$31.20 or.....	\$62 40
The full rebate is twice \$1.56 or \$3.12.....	3 12

This amount equals $2 \times \$29.64$, the interest for 6 months for second year or.....\$59 28

The rebate the next year is \$3.12 from \$59.28, but this is equal to twice \$3.12 from \$62.40, a full year's interest, so the rebates of interest for the second year amounts to \$3.12 and for the third year \$6.24 and the fourth year \$9.36 and \$3.12 added for each succeeding year. Notice that they are only taken down to the $13\frac{1}{2}$ -year term.

The dividends and rebates are then added and extended into totals for each year in column to the right.

The difference between these totals and the totals in the second column show the difference between amounts credited to borrower under the separate plans.

The first year the dividend credits are the same in both. The second year the difference between \$4.41 rebate plan and \$3.99 compound interest plan is 42 cents in favor of rebate plan, and then follows other differences as shown in last column.

In the eighth year it changes to 18 cents difference in favor of compound interest plan as shown in second last column, and continues on the increase until close of term. You can see that this is verified by taking the difference between the totals of compound dividends of \$295.86 and totals of rebate plan \$280.73, and also difference between the columns of difference of \$18.91 and \$3.78.

This shows that the compound interest plan overtook and began to run ahead of the rebate plan in the eighth year.

The difference in the two tables, Nos. 1 and 3, also show that while the borrower in Table No. 3, under the compound interest plan, was prepared to cancel his loan in the fourteenth year ($13\frac{1}{2}$ years) simply because he allowed his dividends to accumulate as a credit, the borrower in No. 1 had paid exactly the same amount of

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dues (\$702.00) at the end of this period under the other plan, but would have to continue his payments for over five years longer, according to No. 1 Table.

The statement of each at this point are, according to the tables, as follows:

TABLE No. 3—Dues paid	\$ 704 14
Dividends credited.....	295 86
Total	\$1,000 00

TABLE No.1—At 13½ years dues paid $13 \times 52 + 26 =$	\$702 00
Dividends to credit.....	17 09
Total credits.....	\$719 09
Amount of mortgage.....	\$1,000 00
Less credits	719 09
Amount still due.....	\$ 280 91

Requiring according to the Table No. 1 over 5½ years longer.

They had both paid to the same date as follows:

BORROWER, TABLE NO. 1—Paid dues.....	\$ 702 00
Paid interest.....	\$ 578 76
Less dividends credited	17 09 561 67
Total paid 13½ years.....	\$1,263 67

BORROWER, TABLE NO. 3—Paid dues.....	\$ 704 14
Paid interest.....	842 40
Total	\$1,546 54
Less dividend credits..	295 86
Net total paid 13½ years,	\$1,250 68 \$1,250 68

An am't less than rebate borrower. \$ 12 99

While the compound plan borrower is ready to cancel his loan at this point, being \$12.99 ahead of the other rebate borrower, the latter has still \$280.91 to pay with additional interest during the five years or more.

This certainly ought to be convincing as to the desirability, economy and superiority of the compound interest plan over the rebate plan.

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TABLE No. 5—COMPOUND INTEREST PERMANENT PLAN.

Showing Course and Results of a Loan of \$1,000.00.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

Payments, \$2.00 per week as dues, interest, \$1.20 per week continuously. Dividends 5% = 2½% semi-annual—on accumulated dues compounded. Current average value each 6 months is \$26.00 plus credits beginning term.

Years	Dues paid to end of each 6 months	Value of dues and dividends beginning of each 6 months	Average value current 6 months to be added	Total average value for dividends current 6 months	2½% dividends current term to be added to previous credits	Add other half of average value for total credit	Total value of dues and dividends at end of each 6 months	Total interest paid each 6 months
1st	\$52 00		\$26 00	= \$26 00	+ \$ 0 65	+ 26 00	= \$52 65	\$31 20
	104 00	\$52 65	+ 26 00	= 78 65	+ 1 95	+ 26 00	= 106 60	31 20
2d	156 00	106 60	+ 26 00	= 132 60	+ 3 30	+ 26 00	= 161 90	31 20
	208 00	161 90	+ 26 00	= 187 90	+ 4 69	+ 26 00	= 218 59	31 20
3d	260 00	218 59	+ 26 00	= 244 59	+ 6 10	+ 26 00	= 276 69	31 20
	312 00	276 69	+ 26 00	= 302 69	+ 7 55	+ 26 00	= 336 24	31 20
4th	364 00	336 24	+ 26 00	= 362 24	+ 9 05	+ 26 00	= 397 29	31 20
	416 00	397 29	+ 26 00	= 423 29	+ 10 57	+ 26 00	= 459 86	31 20
5th	468 00	459 86	+ 26 00	= 485 86	+ 12 12	+ 26 00	= 523 98	31 20
	520 00	523 98	+ 26 00	= 549 98	+ 13 75	+ 26 00	= 589 73	31 20
6th	572 00	589 73	+ 26 00	= 615 73	+ 15 37	+ 26 00	= 657 10	31 20
	624 00	657 10	+ 26 00	= 683 10	+ 17 07	+ 26 00	= 726 17	31 20
7th	676 00	726 17	+ 26 00	= 752 17	+ 18 80	+ 26 00	= 796 97	31 20
	728 00	796 97	+ 26 00	= 822 97	+ 20 55	+ 26 00	= 869 52	31 20
8th	780 00	869 52	+ 26 00	= 895 52	+ 22 37	+ 26 00	= 943 89	31 20
	832 00	943 89	+ 26 00	= 969 89	+ 24 22	+ 26 00	= 1020 11	31 20
	\$832 00				\$188 11		\$1020 11	499 20
								188 11
								311 09

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It will be observed that this loan was allowed to run for the full eight years, and credits amounted to \$20.11 more than face of loan.

It was necessary to do this in order to obtain the last six months' dividend of \$24.22, which really produced the overpayment, or excess credit.

The borrower paid in dues as above.....\$ 832 00

Dividends credited 188 11

Total credits\$1,020 11

Less amount of mortgage..... 1,000 00

\$ 20 11

Company will now return \$20.11 and the cancelled mortgage.

The company received in interest.....\$ 499 20

The company allowed dividends..... 188 11

The company received more than allowed.....\$ 311 09

The borrower paid in dues.....\$ 832 00

The borrower paid in interest..... 499 20

Total paid in eight years.....\$1,331 20

Less amount of dividends..... 188 11

\$1,143 09

Actual amount paid in dues..... 832 00

Net interest earnings of building association.....\$ 311 09

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TABLE No. 6.—PERPETUAL CALENDAR—FOR QUICK REFERENCE FOR AVERAGE VALUE OF SHARES.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

LEAP YEAR.													1 SHARE AT 50c.						1 SHARE AT \$1.00.																																						
Wks.													Wks.			Dues			Avg. value			Wks.			Dues			Avg. value																													
Jan.													1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7																								
Jan. 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7																				
Feb.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Mar.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Apr.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
May.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
June.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
July.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Aug.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Sept.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Oct.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Nov.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Dec.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Jan.													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14

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EXPLANATION AND REMARKS TABLE No. 6.

This is a perpetual calendar for dates by the week, such as every building association needs for quick reference during each current six months' term. The date of your first meeting in January, at top of calendar, will indicate your column of dates for that term. On account of leap year it becomes necessary to have two sections of dates from January to July. The extra section is placed at the extreme left, because it will only be used once in about four years.

The double columns for consecutive number of weeks—from 1 to 26 each way—are located at several different places for convenience. To ascertain the amount of dues paid from January 2 (not leap year, and this will apply to all subsequent reference, unless otherwise mentioned,) to May 1, you locate the date, May 1, and then follow this line to the right to the first column of weeks and you find 18. Now, if dues are paid at 50c per week, the amount would, of course, be \$9.00; if at \$1.00 per week, it would be \$18.00.

To ascertain the amount of dues paid and the average value of same from any date during the term to the end of the term (and this is the real and valuable use to be made of the table) you first locate the date, say March 1, then follow this line to the second column of weeks and you get 18; in the next column you see amount of dues paid at 50c per week—\$9.00—and the average value of the share in the next column of \$3.29. If there is but one share, then you would place \$3.00 in your dividend book as the average value on which to allow dividends for that term. If more than one share, multiply \$3.29 by total number of shares for average value, omitting the cents in the final result. If the dues paid are \$1.00 per share, then you use the columns under "1 share at \$1.00" in the same manner, to wit: 18 weeks paid=\$18.00; average value, 1 share, \$6.58, multiply by total shares for total average value. When you are in the second six months' term use the calendar to correspond and follow lines to the left.

There has been considerable confusion and discussion in the past in regard to calculations for ascertaining average value of shares, which determines the amount they are entitled to dividends on and also the time deposits are entitled to interest.

The matter can be cleared up once for all, if the first weekly meeting in every term is made the pivotal point of starting and the closing of the time, the first meeting in the next term.

A full six-month period must be from the first meeting in one term to the first meeting in the next term. It is necessary to have full six months' time for all dividend and interest calculations made for the full term. Take for instance the term from January 3 to June 27 (see Table No. 6). This is 26 meeting dates, but the time is really only 25 weeks.

Time never runs backward for what is to be, but always forward. The actual time in weeks, beginning with any date, say January 24, or the fourth meeting in the term, down to the week to which the calculation is to be made, say June 6, or the twenty-third meeting in the term, will always be the difference between the number of

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the meeting at the time calculation is to be made, and number of meeting at date of starting, or as in this case, $23-4=19$ weeks.

But suppose now that you wanted to know how many weeks a dues payer had paid, beginning on the fourth meeting and paying up to and including the twenty-third meeting, the number would now be $23-3=20$ weeks dues paid. The reason for this is that both the first and the last meeting must now be included.

The first case is a question of lapsed time, while the second is a question of number of meetings. Get this difference fixed in your mind.

This point may possibly be made a little clearer by narrowing it down to the first and second week. If a depositor put in \$50.00 the first week and drew it out the second week, how many weeks interest would he be entitled to? Why, one week, of course. If a dues payer paid for two weeks, how many weeks' dues should he have to his credit? Why, two, of course.

Every secretary should consider the time the old term has to run—up to the end of the last week, or to the first week in the new term.

Why? Because the secretary cannot declare dividends until after the business is closed for the twenty-sixth or last meeting in the term and has ascertained the full earnings and made the proper distributions and balanced and closed all the loss and gain accounts.

He could not pay a member any part of the new dividend on the last meeting in a term for the reason that the member has not yet been credited with his share of the new dividend. In fact the dividend fund has not yet been credited with any part of this new dividend. This is done only after the closing meeting of the term. Hence, if a member cannot draw any of his new dividend until the first meeting of the new term (it is seldom that they can get it even then), his dividend should be calculated up to that time.

Take the case of a depositor, for instance :

One who has made a deposit of \$100.00 on March 8, the tenth meeting in the term (see Table No. 6) and allowed it to remain over to the next term. His interest as all other depositors' interest, should be calculated up to the first meeting in the next term, for remember that this is now to be the pivotal point of starting all calculations for interest on his deposit in the next term. The first meeting in the next term being really the twenty-seventh meeting, the time that should be allowed this depositor would be $27-10=17$ weeks, and the interest on \$100.00 for 17 weeks per Table No. 7 would be \$1.30 at 4 per cent.

This is how all interest on deposits should be calculated at the end of the year to ascertain the interest accrued and unpaid and to be credited.

Suppose now that this depositor wished to draw out his money and interest on the first meeting in the new term. All he would receive would be the amount to his credit, and no additional interest would be allowed for the time of 1 week between the two terms. He would not be entitled to any.

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Suppose now that instead of drawing it all out on the first meeting he had simply drawn his interest, and later, say on the tenth meeting in the new term, he wished to draw \$50.00. The difference between the tenth and the first would be 9 weeks, on which he would be entitled to interest, amounting, at 4%, per Table No. 7, to one-half of 69c, or 34c on \$50.00. Where a partial withdrawal of a deposit is made, interest is calculated on the amount withdrawn only. The remainder will be credited with interest at the end of the term, or at any time previous that it may be withdrawn. We repeat that you must remember the pivotal point of starting all interest calculations, is to be the first meeting in each term and ending with the first meeting of the next term, or on date of withdrawal, if drawn previous to the full term.

If dividend and interest calculations are invariably made upon this basis there can never be any discussion or disputes as to its accuracy.

This, in the opinion of the writer, determines the correct value of the tables of six months' averages, to be according to those prepared and given in this work, under Permanent Plan, System II, and used in Table No. 6.

Your attention is called to the dates of December 30 and 31. Whenever a weekly meeting falls on either of these dates you are likely to have 27 meetings in the last six months of the year. This will recur every seven years. It is occurring every year to one or more associations. Most associations keep the fiscal year concurrent with the calendar. If the term ends with the calendar, or if the twenty-sixth meeting is the last one held in December, they always have it remain so, even when the twenty-seventh meeting occurs. This they take care of by crowding it in with the other 26 meetings, usually, by making the entries for this one meeting all on one folio of the Dues Book, where the rulings do not provide for fourteen meetings every quarter.

If the fiscal year ends with the last, or any other meeting, in any other month and is retained, then it must be treated in the above manner when this twenty-seventh meeting recurs. Some associations allow this twenty-seventh meeting to change their fiscal year every time it recurs. This defers the ending of their fiscal year one week later every seven years.

It is customary, when this occurs, to treat it, so far as dividends and interest on deposits are concerned, as a part of the six months, instead of six months and one week.

When the association allows it to change its fiscal year, the question of dividends and interest on deposits needs no adjustment.

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TABLE No. 7.

Weekly Interest On a Deposit of \$100.00 at 4%, 4½% and 5%.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

4%	Weeks	4½%	Weeks	5%
7 ⁹ / ₁₃	1	8 ¹⁷ / ₂₆	1	9 ⁸ / ₁₃
15 ⁵ / ₁₃	2	16 ⁴ / ₁₃	2	19 ³ / ₁₃
23 ¹ / ₁₃	3	25 ²⁵ / ₂₆	3	28 ¹¹ / ₁₃
30 ¹⁰ / ₁₃	4	34 ⁸ / ₁₃	4	38 ⁶ / ₁₃
38 ⁶ / ₁₃	5	43 ⁷ / ₂₆	5	48 ¹ / ₁₃
46 ² / ₁₃	6	51 ¹² / ₁₃	6	57 ⁹ / ₁₃
53 ¹¹ / ₁₃	7	60 ¹⁵ / ₂₆	7	67 ⁴ / ₁₃
61 ⁷ / ₁₃	8	69 ³ / ₁₃	8	76 ¹² / ₁₃
69 ³ / ₁₃	9	77 ²³ / ₂₆	9	86 ⁷ / ₁₃
76 ¹² / ₁₃	10	86 ⁷ / ₁₃	10	96 ² / ₁₃
84 ⁸ / ₁₃	11	95 ⁵ / ₂₆	11	105 ¹⁰ / ₁₃
92 ⁴ / ₁₃	12	103 ¹¹ / ₁₃	12	115 ⁵ / ₁₃
100	13	112 ¹ / ₂	13	125
107 ⁹ / ₁₃	14	121 ² / ₁₃	14	134 ⁸ / ₁₃
115 ⁵ / ₁₃	15	129 ²¹ / ₂₆	15	144 ³ / ₁₃
123 ¹ / ₁₃	16	138 ⁶ / ₁₃	16	153 ¹¹ / ₁₃
130 ¹⁰ / ₁₃	17	147 ³ / ₂₆	17	163 ⁶ / ₁₃
138 ⁶ / ₁₃	18	155 ¹⁰ / ₁₃	18	173 ¹ / ₁₃
146 ² / ₁₃	19	164 ¹¹ / ₂₆	19	182 ⁹ / ₁₃
153 ¹¹ / ₁₃	20	173 ¹ / ₁₃	20	192 ⁴ / ₁₃
161 ⁷ / ₁₃	21	181 ¹⁹ / ₂₆	21	201 ¹² / ₁₃
169 ³ / ₁₃	22	190 ⁵ / ₁₃	22	211 ⁷ / ₁₃
176 ¹² / ₁₃	23	199 ¹ / ₂₆	23	221 ² / ₁₃
184 ⁸ / ₁₃	24	207 ⁹ / ₁₃	24	230 ¹⁰ / ₁₃
192 ⁴ / ₁₃	25	216 ⁹ / ₂₆	25	240 ⁵ / ₁₃
200	26	225	26	250

Interest on \$ 10.00 would be $\frac{1}{10}$ above amounts.

"	20.00	"	$\frac{1}{5}$	"	"
"	30.00	"	$\frac{3}{10}$	"	"
"	40.00	"	$\frac{2}{5}$	"	"
"	200.00	"	double	above	amounts.
"	300.00	"	3 times	"	"
"	400.00	"	4 times	"	"

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Table No. 7 is very valuable for quickly and reliably arriving at the interest on deposits withdrawn during the current term at rates of either 4%, 4½% or 5%.

There are three conditions of time that deposits run that it is necessary for a secretary to determine.

1st. To ascertain the time on a deposit carried over from a previous term and withdrawn during the current term.

2d. To ascertain time a deposit has run that was made in early part of term and withdrawn later during the same term.

3d. To ascertain time a deposit has run that was made during the term and allowed to run over into the next term.

Suppose in the first case \$50.00 is to be withdrawn with 4% interest on April 20th, by referring to calendar Table No. 6 you will ascertain that April 20th is 16 weeks from the first week of the year (and as all interest calculations have been made up to the first week as explained in remarks under Table No. 6) the number of weeks interest to which he would be entitled would be $16-1=15$ weeks. According to above table 15 weeks interest at 4% is \$1.15 on \$100 and one-half this amount on \$50.00 or 57 cents.

The interest previously credited at the end of the term on this deposit may have been withdrawn, but if not it could be withdrawn at this time in addition.

Suppose, in the second case, a deposit of \$50.00 is made on March 2d, or the ninth week, and is to be withdrawn May 25th, the twenty-first week. The elapsed time will be $21-9=12$ weeks. According to the table, interest for twelve weeks on \$100.00 at 4% is 92 cents and on \$50.00 it will be one-half as much or 46 cents.

Suppose, in the third case, a deposit of \$100.00 is made on March 16th, or the eleventh week from the beginning of the term, as shown in weeks' column, the elapsed time will be up to the twenty-seventh or first meeting in next term and $27-11=16$ weeks. (See explanations under Table No. 6.) The interest for 16 weeks, according to table, will be \$1.23.

This is a case where the second column of weeks comes in handy, as it really counts the lapsed weeks up the column from the twenty-seventh week, and always gives the exact number of weeks opposite the dates of starting deposits during the term, to wit: opposite date of starting, March 16th, in the second column of weeks will be found sixteen, which is the correct number of weeks reached at once.

This is important because it is the greatest use that a secretary has to make of the table when making his calculations on deposits,

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in order to ascertain amount of interest accrued and unpaid at end of each term.

It is important to bear in mind the two methods of obtaining the lapsed time. In the two former cases they are alike as the first column of weeks is used, and in the last one it is different as the second column is used.

When deposits are received at different times during the term from the same party, it will be necessary to make separate calculations on each amount at the end of the term.

Any secretary who has considerable of this to do, at the end of each year, will find it to be of great advantage to make a slip with the weekly dates for the current term of 6 months running from top downward and with the numbers running up from 1 to 26 and then place the interest rate, 4%, 4½% or 5%, whichever he uses, at the side of the number, just reversing the way it runs in the table. In this way, as soon as you have ascertained the correct time in weeks on the different amounts of deposit, you will have the interest rate per \$100.00 right before you.

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Table No. 8 shows in a most graphic and comprehensive way the relations of a borrower to a building association, and the exact financial condition of each from year to year. The triangle, A, D, C, represents the borrower, and in each trapezoid, X, Y, Z, are shown the amount of dues he has paid to end of each year: \$52.00 for the first; \$104.00 to the second, etc. The triangle, A, B, C, represents the building association having made a loan of \$1,000.00, and how much less the loan becomes at the end of each year, as shown in the trapezoids, L, M, N, being \$948.00 at the end of the first year; \$896.00 end of second, etc.

It will be observed that the full amount of \$1,000.00 is involved continuously throughout the period shown, but is shifted each year in its relations as to how much of the \$1,000.00 is still owing the building association and how much of the \$1,000.00 has been credited to the borrower. The relations they bear at the end of the first year are, \$52.00 to the credit of the borrower and \$948.00 still owing the building association; the second year the relation is changed to \$104.00 to \$896.00, etc.

Another point to observe is that this diagram shows it started with a loan of \$1,000.00, and it is to be presumed and assumed that the borrower obtained this loan for the purpose of investing in a home, or keeping it invested in some other way, for it shows that at the end of the period the building association has received all of its money, or \$1,000.00, and the borrower presumably has his \$1,000.00 still invested (if he did not lose it in some poor investment). Anyhow, the first \$1,000.00 has now been the means of enabling the borrower to save a second \$1,000.00.

The first two horizontal lines of spaces at the top shows the dividends and rebates allowed the borrower, and the last horizontal line of spaces at the bottom shows the interest paid to the building association under the same rebate plan. It will be observed that the interest paid the first year to the building association under this plan is \$62.40, and that the second year the borrower gets a rebate of \$3.12 and the building association only \$59.28, the two amounts, $\$3.12 + \$59.28 = \$62.40$, which is same amount of interest involved as the first year. The same amount is involved every year, only it increases as a credit to the borrower and decreases in amount paid to the building association in proportion as the credits of the borrower increases and his indebtedness decreases, as shown in the corresponding trapezoids for each year.

This rebate plan is fully illustrated and described in Table No. 1.

CHAPTER XX.

The third horizontal line of figures at the top and the first line at the bottom show the compound interest relations of borrower and building association, more fully illustrated and described in Table No. 3. The diagram is not extended for the full time of the rebate plan, but only far enough to make comparisons with Table No. 3, as more fully described under Table No. 4.

COMPARISONS OF EARNINGS.

In comparing the earnings of the company in Table No. 3 in this instance, to wit, \$546.54, with the earnings, to wit, \$106.90, as shown in Table No. 1, one cannot but wonder, at first thought, why the earnings are so much larger, apparently, in the one case than in the other.

On reflection you will note several reasons for this.

1st. All that a building association does in transacting its business is to act as a sort of clearing house for its members, and all that it can ever expect or hope to make as a profit is the difference between the rate of interest it charges on its loans and the rate of dividends it pays its members who furnish the money. In both cases above the amounts are gross earnings, and not net profits. This was illustrated by the supposed case of the association, or company, receiving \$1,000.00 from A and loaning it to B, as noted in the remarks under Table No. 1.

2d. In making comparisons of any transactions between the company and borrowers the element of time the loan has run must always be taken into consideration to ascertain gross earnings.

For instance, the first year that the company makes a loan to B, a borrower, he is presumed to begin paying in installments, say, of \$1.00 per week, and at the end of the year he will have paid \$52.00. The company this year will receive \$62.40 as interest on a loan to him of \$1,000.00, while he will receive interest only on \$52.00, or an average of \$1.29 on the basis of a 5% dividend.

Ten years later, if payments are kept up, the amount still owing the company will be reduced to less than one-half and the interest will be approximately the same as the dividends. And at a still later period, if payments are kept up, the interest due the company will be practically nil as compared with the dividends on the dues paid by this borrower.

When the building association first makes this loan, per Table No. 8, it obtains the money from the shareholders, to whom it agrees to pay dividends thereon.

REBATE AND COMPOUND INTEREST TABLES.

Let us assume it to be a syndicate of thirteen members, for the sake of the argument, from whom the \$1,000.00 is obtained. The loan is made in the usual manner, and all goes well to the end of the year.

Now let us see if we cannot ascertain the net profits to the building association for this year, and also subsequent years, going as far as the third year to show some in which rebate is allowed. Subsequent years would show same results under same treatment, assuming the dividend at 5% and interest charges \$1.20 per week for the first year, and for the second and subsequent years, dividends 5%, rebate 6% and interest charges \$1.20 per week..

This should figure out for the first year exactly to the dif-	
ference between gross interest charge.....	\$62 40
and 5% dividends.....	50 00

or a total net earning of.....	\$12 40
--------------------------------	---------

The second year the clearing house or building association should show a net earning as follows: (See details on following page.)

Gross interest	\$62 40
Less 6% rebate to borrower.....	\$ 3 12
Less 5% dividends to borrower first 6 months.....	32
Less 5% dividends to borrower second 6 months.....	97
Less 5% dividends to syndicate first 6 months.....	23 38
Less 5% dividends to syndicate second 6 months.....	22 73

Total allowances	\$50 52	\$50 52
------------------------	---------	---------

Or a total net earning second year of	\$11 88
---	---------

The original syndicate now had returned to their clearing house during the first 6 months, \$26.00, with an average value of \$13.00, and this same \$26.00 as it was returned was reloaned by the clearing house to some other borrower, and to this extent the syndicate's interests were transferred to some other loan, not as a matter of any record, but as a matter of fact and fiscal transaction.

Mr. Borrower received credit in dividends on his \$13.00.....	\$ 032
---	--------

Mr. Syndicate got credit in dividends on \$1,000—\$13=\$987.00..	24 68
--	-------

We will allow the extra half cent in dividends to the syndicate, to clear the transactions of fractions in final results.

The next six months Mr. Borrower installed \$26.00 more with an average value of \$13.00, and as he did not get any rebate on the first six months installment of \$26.00 he has to his credit, on which he is entitled to dividend, the sum of \$26.00 plus \$13.00=\$39.00, dividend equals.....	97
--	----

Mr. Syndicate then gets credits in dividends on \$1,000.00—\$39.00=\$961.00 and dividend equals.....	24 03
--	-------

\$50 00

CHAPTER XX.

The rebate not being allowed the first year did not enter into the calculation.

Then at end of year the financial statement would be:

Interest received	\$62 40
Borrower received in dividends first 6 months.....	\$ 0 32
Borrower received in dividends second 6 months.....	97
Syndicate received in dividends first 6 months.....	24 68
Syndicate received in dividends second six months....	24 03
	\$50 00 50 00

Total net earning to building association or clearing house.....\$12 40

The above demonstrates our contention.

At the beginning of the year the clearing house still had \$1,000.00, but now \$52.00 belongs as a credit to Mr. Borrower and only \$948.00 to original syndicate capital; the \$52.00 of original syndicate capital is now placed elsewhere in loans. But we must show a distribution of interest earned on \$1,000.00 by the clearing house or.....\$62 40

In the first place Mr. Borrower now gets 6% rebate on \$52.00 instead of 5% for the year, amounting to.....	\$ 3 12
He then gets 6 months dividend on \$13.00.....	32
He then gets second 6 months dividends on \$39.00....	97
Syndicate then gets 6 months dividends on \$948.00—\$13.00=\$935.00	23 38
Syndicate then gets second 6 months dividend on \$948.00—\$39.00=\$909.00	22 73
	\$52 52 50 52

Total net earnings end second year..... \$11 88

Third year, interest due clearing house.....	\$62 40
Rebate to borrower.....	\$ 6 24
First 6 months' dividend.....	32
Second 6 months' dividend.....	97
Dividend to syndicate first 6 months on \$896.00—\$13.00=\$883.00	22 08
Dividend to syndicate second 6 months on \$896.00—\$39.00=\$857.00	21 43

Total allowances

	\$51 04 51 04
--	------------------

Third year total net earning.....\$11 36

REBATE AND COMPOUND INTEREST TABLES.

And so the earnings will continue to decrease in proportion as the balance due the association decreases, as shown in trapezoids L, M, N.

If the annual profits on a loan of \$1,000.00, as shown above, are so small, and grow smaller from year to year, the question naturally arises, where does the association get its money to pay expenses, etc. While the above shows what is taking place in regard to the profits on loans, it must be borne in mind that the association does not keep money idle, and that the \$52.00 returned each year is immediately loaned out to some other borrower, so that the association is always receiving approximately the profit of \$12.40 per thousand on outstanding mortgage loans, as shown the first year above, or simply the difference between the interest it charges, of \$62.40 per thousand and the 5% dividends it allows its members for the use of its money. This shows in a most emphatic manner the mutuality and great beneficence of the building associations of this country.

SOURCES OF PROFIT.

If this, however, was the only source of profit, the associations would scarcely be able to pay their way and continue in existence. There are a number of other sources of small profits.

1st. Some associations charge initiation fees (although it is almost entirely abolished by associations in Ohio), and this is all profit.

2d. There is a small profit made on pass-books.

3d. A premium is usually charged for the preference in obtaining a loan, or as a settled policy of the management of the association, which is another small source of profit.

4th. There is what is called, in insurance parlance, the lapse element. Members draw out their dues from week to week and get no dividends on them.

5th. Most associations levy fines of 5 or 10 cents per share for delinquency of payments, some associations limiting this charge to borrowers only.

6th. Many associations now have large reserves and undivided profit funds, which, of course, are not idle, and the full earnings per year per thousand is all profit on these.

CHAPTER XX.

DECLARING 2½% DIVIDENDS SEMI-ANNUALLY.

Prepared by W. H. JONES, Public Accountant, Cincinnati, O.

In the Report of the Ohio State Inspector of Building Associations for the year 1909, on page 12, under heading "Miscellaneous Information," will be found the following:

"Average rate of dividend declared by all associations in Ohio, 5.36.%"

This indicates that the vast majority of the Ohio associations do not pay more than 5% dividends.

EXPLANATION.

The following method of declaring a 5%, or rather a semi-annual dividend of 2½%, is used by one of our leading secretaries, to wit: 2½% reduced to a decimal is 2.5%. To remove the decimal we should have to multiply it by 10, which would then give 25% (twenty-five per cent). It is apparent and well known that 25% is one-fourth, but it is not so apparent or well known that 2.5% is one-fortieth, or the same number (4), as a divisor, with a cipher to the right (40). Now if one wanted to know what 25% of \$400.00 amounted to it would only be necessary to divide the \$400.00 by 4 and the result obtained would be \$100.00.

Suppose we take a larger amount, say \$864.00, and perform the operation by this short method: $4 \overline{)864}$ You will note that we get the

answer by placing the quotient directly under the figures which are divided by the divisor, 4. Now in order to divide by 40 to get 2½% we simply ignore the cipher and divide by 4, but place the answer one place to the right, so $40 \overline{)864.00}$ or by cancelling one cipher in each—

21.60
the divisor and dividend—we get $4 \overline{)86.40}$
 21.60

It will therefore be seen that after a secretary has figured out and extended the averages for each member in his dividend book (there will not be any cents in the averages, the unit dollars being the last figure on the right) it will only be necessary to begin at the top and divide each amount by 4 and carefully place the quotient one place to the right, as shown above.

REBATE AND COMPOUND INTEREST TABLES.

By this method a page of fifty accounts may be calculated and extended in fifteen minutes after you become thoroughly familiar with it. All that is required is accuracy in dividing by 4, and care in placing the answer in the right position for dollars and cents in the "Total for Dividend" column.

To verify add the total column of averages and the total dividend column. Divide the former total by 4 and you should get the latter (when correct). If they do not agree within a few cents you will find that it is because you have odd *unit* dollar figures in your averages, where you dropped a half cent in the dividends. Run your eye up the unit column of averages and count the number of them (not the sum of them) and divide this number by 2; if the answer is even you will obtain the exact difference in your footing; if you get an odd number after dividing by 2 your answer will be the exact difference within a half cent. If it does not prove in this manner you have made an error somewhere.

Take the following illustration:

The first column of figures below represents your averages entitled to dividend, the second column the amount of the dividend. Divide the former by 4 and you see the results in the latter and just how they should be placed as explained above.

Averages entitled to Div'd	Total Div'ds
28.00	.70
14.00	.35
12.00	.30
27.00*	.67
86.00	2.15
95.00*	2.37
140.00	3.50
260.00	6.50
385.00*	9.62
490.00	12.25
1,000.00	25.00
36.00	.90
13.00*	.32
26.00	.65
52.00	1.30
<hr/>	<hr/>
4) \$2,664.00	\$66.58
66.60	

* Shows four odd unit figures in your averages. Divide 4 by 2 ($\frac{1}{2}$ cent difference on each one) and you get 2, which is the 2 cents difference between your total footing for dividends and your quotient after dividing total of averages by 4.

CHAPTER XX.

PERPETUAL WEEKLY CALENDAR. HOW TO MAKE IT.

How to find the number of weeks between two given dates on
the same day of the week.

1889								1890								1891							
Jan.	1	2	3	4	5	6	7	Jan.	31	1	2	3	4	5	6	Jan.	30	31	1	2	3	4	5
	8	9	10	11	12	13	14		7	8	9	10	11	12	13		6	7	8	9	10	11	12
	15	16	17	18	19	20	21		14	15	16	17	18	19	20		13	14	15	16	17	18	19
Feb.	22	23	24	25	26	27	28	Feb.	21	22	23	24	25	26	27	Feb.	20	21	22	23	24	25	26
	29	30	31	1	2	3	4		28	29	30	31	1	2	3		27	28	29	30	31	1	2
	5	6	7	8	9	10	11		4	5	6	7	8	9	10		3	4	5	6	7	8	9
	12	13	14	15	16	17	18		11	12	13	14	15	16	17		10	11	12	13	14	15	16
Mar.	19	20	21	22	23	24	25	Mar.	18	19	20	21	22	23	24	Mar.	17	18	19	20	21	22	23
	26	27	28	1	2	3	4		25	26	27	28	1	2	3		24	25	26	27	28	1	2
	5	6	7	8	9	10	11		4	5	6	7	8	9	10		3	4	5	6	7	8	9
	12	13	14	15	16	17	18		11	12	13	14	15	16	17		10	11	12	13	14	15	16
Apr.	19	20	21	22	23	24	25	Apr.	18	19	20	21	22	23	24	Apr.	17	18	19	20	21	22	23
	26	27	28	29	30	31	1		25	26	27	28	29	30	31		24	25	26	27	28	29	30
	2	3	4	5	6	7	8		1	2	3	4	5	6	7		31	1	2	3	4	5	6
	9	10	11	12	13	14	15		8	9	10	11	12	13	14		7	8	9	10	11	12	13
	16	17	18	19	20	21	22		15	16	17	18	19	20	21		14	15	16	17	18	19	20
May	23	24	25	26	27	28	29	May	22	23	24	25	26	27	28	May	21	22	23	24	25	26	27
	30	1	2	3	4	5	6		29	30	1	2	3	4	5		28	29	30	1	2	3	4
	7	8	9	10	11	12	13		6	7	8	9	10	11	12		5	6	7	8	9	10	11
	14	15	16	17	18	19	20		13	14	15	16	17	18	19		12	13	14	15	16	17	18
June	21	22	23	24	25	26	27	June	20	21	22	23	24	25	26	June	19	20	21	22	23	24	25
	28	29	30	31	1	2	3		27	28	29	30	31	1	2		26	27	28	29	30	31	1
	4	5	6	7	8	9	10		3	4	5	6	7	8	9		2	3	4	5	6	7	8
	11	12	13	14	15	16	17		10	11	12	13	14	15	16		9	10	11	12	13	14	15
July	18	19	20	21	22	23	24	July	17	18	19	20	21	22	23	July	16	17	18	19	20	21	22
	25	26	27	28	29	30	1		24	25	26	27	28	29	30		23	24	25	26	27	28	29
	2	3	4	5	6	7	8		1	2	3	4	5	6	7		30	1	2	3	4	5	6
	9	10	11	12	13	14	15		8	9	10	11	12	13	14		7	8	9	10	11	12	13
	16	17	18	19	20	21	22		15	16	17	18	19	20	21		14	15	16	17	18	19	20
Aug.	23	24	25	26	27	28	29	Aug.	22	23	24	25	26	27	28	Aug.	21	22	23	24	25	26	27
	30	31	1	2	3	4	5		29	30	31	1	2	3	4		28	29	30	31	1	2	3
	6	7	8	9	10	11	12		5	6	7	8	9	10	11		4	5	6	7	8	9	10
	13	14	15	16	17	18	19		12	13	14	15	16	17	18		11	12	13	14	15	16	17
Sept.	20	21	22	23	24	25	26	Sept.	19	20	21	22	23	24	25	Sept.	18	19	20	21	22	23	24
	27	28	29	30	31	1	2		26	27	28	29	30	31		25	26	27	28	29	30	31	
	3	4	5	6	7	8	9		2	3	4	5	6	7	8		1	2	3	4	5	6	7
	10	11	12	13	14	15	16		9	10	11	12	13	14	15		8	9	10	11	12	13	14
	17	18	19	20	21	22	23		16	17	18	19	20	21	22		15	16	17	18	19	20	21
Oct.	24	25	26	27	28	29	30	Oct.	23	24	25	26	27	28	29	Oct.	22	23	24	25	26	27	28
	1	2	3	4	5	6	7		30	1	2	3	4	5	6		29	30	1	2	3	4	5
	8	9	10	11	12	13	14		7	8	9	10	11	12	13		6	7	8	9	10	11	12
	15	16	17	18	19	20	21		14	15	16	17	18	19	20		13	14	15	16	17	18	19
Nov.	22	23	24	25	26	27	28	Nov.	21	22	23	24	25	26	27	Nov.	20	21	22	23	24	25	26
	29	30	31	1	2	3	4		28	29	30	31	1	2	3		27	28	29	30	31	1	2
	5	6	7	8	9	10	11		4	5	6	7	8	9	10		3	4	5	6	7	8	9
	12	13	14	15	16	17	18		11	12	13	14	15	16	17		10	11	12	13	14	15	16
	19	20	21	22	23	24	25		18	19	20	21	22	23	24		17	18	19	20	21	22	23
Dec.	26	27	28	29	30	1	2	Dec.	25	26	27	28	29	30	1	Dec.	24	25	26	27	28	29	30
	3	4	5	6	7	8	9		2	3	4	5	6	7	8		1	2	3	4	5	6	7
	10	11	12	13	14	15	16		9	10	11	12	13	14	15		8	9	10	11	12	13	14
	17	18	19	20	21	22	23		16	17	18	19	20	21	22		15	16	17	18	19	20	21
	24	25	26	27	28	29	30		23	24	25	26	27	28	29		22	23	24	25	26	27	28

REBATE AND COMPOUND INTEREST TABLES.

This calendar is a sample page for three years—1889-'90-'91—showing how it may be constructed, for an indefinite number of years, to give the dates by the week, and have them numbered consecutively. If the weekly meeting starts on January 2, 1889, then the dates for each week, for 52 weeks, down to December 25th, are shown in the second column, and their numerical consecutive order in the eighth column, 1 to 52.

Each of the seven columns of dates show, in the same way, the weekly meetings according to the different dates of starting, as shown in first seven days of January.

If you do not wish to keep it for any other dates except the one for your individual requirements, then you need only make it with one column of weekly dates.

If you want it to start with the first meeting of your association, then all you have to do is to get a perpetual calendar of regular form, covering a period of 50 or more years, with index number for the years, and prepare the series of years in the manner shown, beginning number *one* with the date of your first meeting, and then continue it from year to year, or extend it for a period of years in advance. (A perpetual calendar such as referred to above follows on next few pages.)

Such a calendar enables the secretary to ascertain the number of meetings between any two dates a member should have paid dues, and the amount. For instance: suppose a borrower starts on January 16, 1889, and you want to ascertain, on December 4, 1889, both dates inclusive, what he owes, or should have paid. You look to the right opposite December 4th and you find No. 49 in the numerical column, and opposite January 16, 1889, you find No. 3 in the same manner. Now in order to include the meeting of January 16th you must either take the number directly preceding, which would be 2, or always subtract 1 from the number opposite the date of beginning, thus, $3-1=2$. Now subtract 2 from 49, or $49-2=47$, and you get the total number of meetings he should have paid. If you wished to find the lapsed time for which interest was due, instead of the number of weeks dues should have been paid, then you take the exact numbers opposite the dates between which you want to ascertain the number of weeks interest should have been paid, to wit: $49-3=46$ weeks for interest.

When an association has advanced pretty well along in years you will readily see how very valuable and useful, for quick results in calculation, such a consecutive numerical order of meetings becomes:

CHAPTER XX.

DIRECTIONS—Find the year wanted in the Index below. The number opposite is the number of the calendar for that year, which will be found in one of the following panels.

YEAR	NO.	YEAR	NO.	YEAR	NO.	YEAR	NO.	YEAR	NO.
1856.....	10	1876.....	14	1896.....	11	1916.....	14	1936.....	11
1857.....	5	1877.....	2	1897.....	6	1917.....	2	1937.....	6
1858.....	6	1878.....	3	1898.....	7	1918.....	3	1938.....	7
1859.....	7	1879.....	4	1899.....	1	1919.....	4	1939.....	1
1860.....	8	1880.....	12	1900.....	2	1920.....	12	1940.....	9
1861.....	3	1881.....	7	1901.....	3	1921.....	7	1941.....	4
1862.....	4	1882.....	1	1902.....	4	1922.....	1	1942.....	5
1863.....	5	1883.....	2	1903.....	5	1923.....	2	1943.....	6
1864.....	13	1884.....	10	1904.....	13	1924.....	10	1944.....	14
1865.....	1	1885.....	5	1905.....	1	1925.....	5	1945.....	2
1866.....	2	1886.....	6	1906.....	2	1926.....	6	1946.....	3
1867.....	3	1887.....	7	1907.....	3	1927.....	7	1947.....	4
1868.....	11	1888.....	3	1908.....	11	1928.....	8	1948.....	12
1869.....	6	1889.....	8	1909.....	6	1929.....	3	1949.....	7
1870.....	7	1890.....	4	1910.....	7	1930.....	4	1950.....	1
1871.....	1	1891.....	5	1911.....	1	1931.....	5	1951.....	2
1872.....	9	1892.....	13	1912.....	9	1932.....	13	1952.....	10
1873.....	4	1893.....	1	1913.....	4	1933.....	1	1953.....	5
1874.....	5	1894.....	2	1914.....	5	1934.....	2	1954.....	6
1875.....	6	1895.....	3	1915.....	6	1935.....	3	1955.....	7

1

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	1	2	3	4	5	6	7	July	2	3	4	5	6	7	8
	8	9	10	11	12	13	14		9	10	11	12	13	14	15
	15	16	17	18	19	20	21		16	17	18	19	20	21	22
	22	23	24	25	26	27	28		23	24	25	26	27	28	29
	29	30	31	...	...	...	...		30	31	...	...	...	...	...
Feb.	5	6	7	8	9	10	11	Aug.	6	7	8	9	10	11	12
	12	13	14	15	16	17	18		13	14	15	16	17	18	19
	19	20	21	22	23	24	25		20	21	22	23	24	25	26
	26	27	28	...	...	...	...		27	28	29	30	31	...	...
Mar.	5	6	7	8	9	10	11	Sept.	3	4	5	6	7	8	9
	12	13	14	15	16	17	18		10	11	12	13	14	15	16
	19	20	21	22	23	24	25		17	18	19	20	21	22	23
	26	27	28	29	30	31	...		24	25	26	27	28	29	30
April	2	3	4	5	6	7	8	Oct.	1	2	3	4	5	6	7
	9	10	11	12	13	14	15		8	9	10	11	12	13	14
	16	17	18	19	20	21	22		15	16	17	18	19	20	21
	23	24	25	26	27	28	29		22	23	24	25	26	27	28
	30	...	...	...	...	...	...		29	30	31	...	...	...	...
May	7	8	9	10	11	12	13	Nov.	5	6	7	8	9	10	11
	14	15	16	17	18	19	20		12	13	14	15	16	17	18
	21	22	23	24	25	26	27		19	20	21	22	23	24	25
	28	29	30	31	...	...	...		26	27	28	29	30	...	...
June	4	5	6	7	8	9	10	Dec.	3	4	5	6	7	8	9
	11	12	13	14	15	16	17		10	11	12	13	14	15	16
	18	19	20	21	22	23	24		17	18	19	20	21	22	23
	25	26	27	28	29	30	...		24	25	26	27	28	29	30
	...	...	...	...	...	...	...		31	...	...	...	...	...	...

The years for which this Calendar stands are found in the Index.

2

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	7	8	9	10	11	12	15	July	1	2	3	4	5	6	7
	14	15	16	17	18	19	20		8	9	10	11	12	13	14
	21	22	23	24	25	26	27		15	16	17	18	19	20	21
	28	29	30	31	...	...	...		22	23	24	25	26	27	28
Feb.	4	5	6	7	8	9	10	Aug.	5	6	7	8	9	10	11
	11	12	13	14	15	16	17		12	13	14	15	16	17	18
	18	19	20	21	22	23	24		19	20	21	22	23	24	25
	25	26	27	28	...	...	...		26	27	28	29	30	31	...
Mar.	4	5	6	7	8	9	10	Sept.	2	3	4	5	6	7	8
	11	12	13	14	15	16	17		9	10	11	12	13	14	15
	18	19	20	21	22	23	24		16	17	18	19	20	21	22
	25	26	27	28	29	30	31		23	24	25	26	27	28	29
April	1	2	3	4	5	6	7	Oct.	1	2	3	4	5	6	7
	8	9	10	11	12	13	14		7	8	9	10	11	12	13
	15	16	17	18	19	20	21		14	15	16	17	18	19	20
	22	23	24	25	26	27	28		21	22	23	24	25	26	27
	29	30	...	...	...	...	...		28	29	30	31	...	...	...
May	6	7	8	9	10	11	12	Nov.	4	5	6	7	8	9	10
	13	14	15	16	17	18	19		11	12	13	14	15	16	17
	20	21	22	23	24	25	26		18	19	20	21	22	23	24
	27	28	29	30	31	...	...		25	26	27	28	29	30	...
June	3	4	5	6	7	8	9	Dec.	2	3	4	5	6	7	8
	10	11	12	13	14	15	16		9	10	11	12	13	14	15
	17	18	19	20	21	22	23		16	17	18	19	20	21	22
	24	25	26	27	28	29	30		23	24	25	26	27	28	29
	...	...	...	...	...	...	...		30	31	...	...	...	...	...

The years for which this Calendar stands are found in the Index.

PERPETUAL CALENDAR.

3

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	6	7	8	9	10	11	12	July	7	8	9	10	11	12	13
13	14	15	16	17	18	19	20	14	15	16	17	18	19	20	
21	22	23	24	25	26	27	28	21	22	23	24	25	26	27	
29	30	31	...	...	...	...	...	28	29	30	31	...	...	...
Feb.	3	4	5	6	7	8	9	Aug.	4	5	6	7	8	9	10
10	11	12	13	14	15	16	17	11	12	13	14	15	16	17	
18	19	20	21	22	23	24	25	18	19	20	21	22	23	24	
26	27	28	...	...	...	...	...	25	26	27	28	29	30	31
Mar.	3	4	5	6	7	8	9	Sept.	1	2	3	4	5	6	7
10	11	12	13	14	15	16	17	8	9	10	11	12	13	14	
18	19	20	21	22	23	24	25	15	16	17	18	19	20	21	
26	27	28	29	30	31	...	...	22	23	24	25	26	27	28
Apr.	1	2	3	4	5	6	7	Oct.	6	7	8	9	10	11	12
8	9	10	11	12	13	14	15	13	14	15	16	17	18	19	
16	17	18	19	20	21	22	23	20	21	22	23	24	25	26	
24	25	26	27	28	29	30	31	27	28	29	30	31	...	...
May	5	6	7	8	9	10	11	Nov.	7	8	9	10	11	12	13
12	13	14	15	16	17	18	19	14	15	16	17	18	19	20	
20	21	22	23	24	25	26	27	21	22	23	24	25	26	27	
28	29	30	...	...	...	...	...	28	29	30	31	...	...	...
June	2	3	4	5	6	7	8	Dec.	1	2	3	4	5	6	7
9	10	11	12	13	14	15	16	8	9	10	11	12	13	14	
17	18	19	20	21	22	23	24	15	16	17	18	19	20	21	
25	26	27	28	29	30	31	...	22	23	24	25	26	27	28	
30	...	...	...	...	...	...	...	29	30	31	...	...	...	...

The years for which this Calendar stands are found in the Index.

4

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	5	6	7	8	9	10	11	July	6	7	8	9	10	11	12
12	13	14	15	16	17	18	19	13	14	15	16	17	18	19	
20	21	22	23	24	25	26	27	20	21	22	23	24	25	26	
28	29	30	31	...	...	...	...	27	28	29	30	31	...	...
Feb.	2	3	4	5	6	7	8	Aug.	3	4	5	6	7	8	9
9	10	11	12	13	14	15	16	10	11	12	13	14	15	16	
17	18	19	20	21	22	23	24	17	18	19	20	21	22	23	
25	26	27	28	29	30	...	...	24	25	26	27	28	29	30
Mar.	2	3	4	5	6	7	8	Sept.	1	2	3	4	5	6	7
9	10	11	12	13	14	15	16	8	9	10	11	12	13	14	
16	17	18	19	20	21	22	23	15	16	17	18	19	20	21	
23	24	25	26	27	28	29	30	22	23	24	25	26	27	28	
Apr.	1	2	3	4	5	6	7	Oct.	31
8	9	10	11	12	13	14	15	7	8	9	10	11	12	13	
16	17	18	19	20	21	22	23	14	15	16	17	18	19	20	
23	24	25	26	27	28	29	30	21	22	23	24	25	26	27	
May	4	5	6	7	8	9	10	Nov.	31
11	12	13	14	15	16	17	18	7	8	9	10	11	12	13	
19	20	21	22	23	24	25	26	14	15	16	17	18	19	20	
26	27	28	29	30	31	...	...	21	22	23	24	25	26	27
June	1	2	3	4	5	6	7	Dec.	30
8	9	10	11	12	13	14	15	6	7	8	9	10	11	12	
16	17	18	19	20	21	22	23	13	14	15	16	17	18	19	
23	24	25	26	27	28	29	30	20	21	22	23	24	25	26	
30	...	...	...	...	...	...	...	27	28	29	30	31	...	...

The years for which this Calendar stands are found in the Index.

5

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	4	5	6	7	8	9	10	July	5	6	7	8	9	10	11
11	12	13	14	15	16	17	18	12	13	14	15	16	17	18	
19	20	21	22	23	24	25	26	19	20	21	22	23	24	25	
27	28	29	30	31	...	...	...	26	27	28	29	30	31	...
Feb.	1	2	3	4	5	6	7	Aug.	2	3	4	5	6	7	8
8	9	10	11	12	13	14	15	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	16	17	18	19	20	21	22	
24	25	26	27	28	29	30	...	23	24	25	26	27	28	29	
Mar.	1	2	3	4	5	6	7	Sept.	30	31
8	9	10	11	12	13	14	15	6	7	8	9	10	11	12	
16	17	18	19	20	21	22	23	13	14	15	16	17	18	19	
24	25	26	27	28	29	30	31	20	21	22	23	24	25	26	
Apr.	5	6	7	8	9	10	11	Oct.	27	28	29	30
12	13	14	15	16	17	18	19	4	5	6	7	8	9	10	
20	21	22	23	24	25	26	27	11	12	13	14	15	16	17	
28	29	30	...	...	...	...	...	18	19	20	21	22	23	24
May	3	4	5	6	7	8	9	Nov.	25	26	27	28	29	30	31
10	11	12	13	14	15	16	17	2	3	4	5	6	7	8	
18	19	20	21	22	23	24	25	9	10	11	12	13	14	15	
26	27	28	29	30	31	...	...	16	17	18	19	20	21	22
June	1	2	3	4	5	6	7	Dec.	22	23	24	25	26	27	28
8	9	10	11	12	13	14	15	29	30	31	...	...	...	...
14	15	16	17	18	19	20	21	6	7	8	9	10	11	12	
22	23	24	25	26	27	28	29	13	14	15	16	17	18	19	
29	30	...	...	...	...	...	...	20	21	22	23	24	25	26

The years for which this Calendar stands are found in the Index.

6

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	3	4	5	6	7	8	9	July	4	5	6	7	8	9	10
10	11	12	13	14	15	16	17	11	12	13	14	15	16	17	
18	19	20	21	22	23	24	25	18	19	20	21	22	23	24	
26	27	28	29	30	31	...	...	25	26	27	28	29	30	31
Feb.	31	Aug.	1	2	3	4	5	6	7
1	2	3	4	5	6	7	8	8	9	10	11	12	13	14	
9	10	11	12	13	14	15	16	15	16	17	18	19	20	21	
17	18	19	20	21	22	23	24	22	23	24	25	26	27	28	
24	25	26	27	28	29	30	...	29	30	31	...	...	...	...
Mar.	28	Sept.	28	29	30
1	2	3	4	5	6	7	8	6	7	8	9	10	11	12	
9	10	11	12	13	14	15	16	13	14	15	16	17	18	19	
16	17	18	19	20	21	22	23	20	21	22	23	24	25	26	
23	24	25	26	27	28	29	30	27	28	29	30	...	...	...
Apr.	25	26	27	28	29	30	...	Oct.	26	27	28	29	30
4	5	6	7	8	9	10	11	3	4	5	6	7	8	9	
11	12	13	14	15	16	17	18	10	11	12	13	14	15	16	
18	19	20	21	22	23	24	25	17	18	19	20	21	22	23	
25	26	27	28	29	30	...	...	24	25	26	27	28	29	30
May	31	Nov.	31
1	2	3	4	5	6	7	8	7	8	9	10	11	12	13	
9	10	11	12	13	14	15	16	14	15	16	17	18	19	20	
17	18	19	20	21	22	23	24	21	22	23	24	25	26	27	
24	25	26	27	28	29	30	31	28	29	30	...	...	...	...
June	30	Dec.	28	29	30
1	2	3	4	5	6	7	8	5	6	7	8	9	10	11	
9	10	11	12	13	14	15	16	12	13	14	15	16	17	18	
16	17	18	19	20	21	22	23	19	20	21	22	23	24	25	
23	24	25	26	27	28	29	30	26	27	28	29	30	31	...	
30	...	...	...	...	...	...	...	...</

CHAPTER XX.

7

	S	M	T	W	T	F	S		S	M	T	W	T	F	S	
Jan.	2	3	4	5	6	7	8	1	July	1	2	3	4	5	6	7
	9	10	11	12	13	14	15			8	9	10	11	12	13	14
	16	17	18	19	20	21	22			15	16	17	18	19	20	21
	23	24	25	26	27	28	29			22	23	24	25	26	27	28
Feb.	30	31	...	...	...	...	...	31	Aug.	1	2	3	4	5	6	7
	6	7	8	9	10	11	12			7	8	9	10	11	12	13
	13	14	15	16	17	18	19			14	15	16	17	18	19	20
	20	21	22	23	24	25	26			21	22	23	24	25	26	27
Mar.	27	28	...	...	...	...	...	28	Sept.	1	2	3	4	5	6	7
	6	7	8	9	10	11	12			4	5	6	7	8	9	10
	13	14	15	16	17	18	19			11	12	13	14	15	16	17
	20	21	22	23	24	25	26			18	19	20	21	22	23	24
April	27	28	29	30	31	...	...	29	Oct.	1	2	3	4	5	6	7
	3	4	5	6	7	8	9			2	3	4	5	6	7	8
	10	11	12	13	14	15	16			9	10	11	12	13	14	15
	17	18	19	20	21	22	23			16	17	18	19	20	21	22
	24	25	26	27	28	29	30			23	24	25	26	27	28	29
May	31	...	...	...	...	...	...	30	Nov.	1	2	3	4	5	6	7
	1	2	3	4	5	6	7			6	7	8	9	10	11	12
	8	9	10	11	12	13	14			13	14	15	16	17	18	19
	15	16	17	18	19	20	21			20	21	22	23	24	25	26
	22	23	24	25	26	27	28			27	28	29	30	31	...	...
June	29	30	31	...	...	...	...	28	Dec.	1	2	3	4	5	6	7
	5	6	7	8	9	10	11			4	5	6	7	8	9	10
	12	13	14	15	16	17	18			11	12	13	14	15	16	17
	19	20	21	22	23	24	25			18	19	20	21	22	23	24
	26	27	28	29	30	...	...			25	26	27	28	29	30	31

The years for which this Calendar stands are found in the Index.

8

	S	M	T	W	T	F	S		S	M	T	W	T	F	S	
Jan.	1	2	3	4	5	6	7	1	July	1	2	3	4	5	6	7
	8	9	10	11	12	13	14			8	9	10	11	12	13	14
	15	16	17	18	19	20	21			15	16	17	18	19	20	21
	22	23	24	25	26	27	28			22	23	24	25	26	27	28
Feb.	29	30	31	...	...	...	...	29	Aug.	1	2	3	4	5	6	7
	5	6	7	8	9	10	11			5	6	7	8	9	10	11
	12	13	14	15	16	17	18			12	13	14	15	16	17	18
	19	20	21	22	23	24	25			19	20	21	22	23	24	25
Mar.	26	27	28	29	...	...	...	26	Sept.	1	2	3	4	5	6	7
	4	5	6	7	8	9	10			2	3	4	5	6	7	8
	11	12	13	14	15	16	17			9	10	11	12	13	14	15
	18	19	20	21	22	23	24			16	17	18	19	20	21	22
	25	26	27	28	29	30	31			23	24	25	26	27	28	29
April	1	2	3	4	5	6	7	30	Oct.	1	2	3	4	5	6	7
	8	9	10	11	12	13	14			7	8	9	10	11	12	13
	15	16	17	18	19	20	21			14	15	16	17	18	19	20
	22	23	24	25	26	27	28			21	22	23	24	25	26	27
May	29	30	31	...	...	...	...	29	Nov.	1	2	3	4	5	6	7
	6	7	8	9	10	11	12			4	5	6	7	8	9	10
	13	14	15	16	17	18	19			11	12	13	14	15	16	17
	20	21	22	23	24	25	26			18	19	20	21	22	23	24
	27	28	29	30	31	...	...			25	26	27	28	29	30	31
June	1	2	3	4	5	6	7	28	Dec.	1	2	3	4	5	6	7
	8	9	10	11	12	13	14			2	3	4	5	6	7	8
	15	16	17	18	19	20	21			9	10	11	12	13	14	15
	22	23	24	25	26	27	28			16	17	18	19	20	21	22
	29	30	31	...	...	...	...			23	24	25	26	27	28	29

The years for which this Calendar stands are found in the Index.

9

	S	M	T	W	T	F	S		S	M	T	W	T	F	S	
Jan.	1	2	3	4	5	6	7	1	July	1	2	3	4	5	6	7
	8	9	10	11	12	13	14			8	9	10	11	12	13	14
	15	16	17	18	19	20	21			15	16	17	18	19	20	21
	22	23	24	25	26	27	28			22	23	24	25	26	27	28
Feb.	29	30	31	...	...	...	...	29	Aug.	1	2	3	4	5	6	7
	4	5	6	7	8	9	10			4	5	6	7	8	9	10
	11	12	13	14	15	16	17			11	12	13	14	15	16	17
	18	19	20	21	22	23	24			18	19	20	21	22	23	24
	25	26	27	28	29	...	...			25	26	27	28	29	30	31
Mar.	31	...	...	...	...	...	...	30	Sept.	1	2	3	4	5	6	7
	3	4	5	6	7	8	9			1	2	3	4	5	6	7
	10	11	12	13	14	15	16			8	9	10	11	12	13	14
	17	18	19	20	21	22	23			15	16	17	18	19	20	21
	24	25	26	27	28	29	30			22	23	24	25	26	27	28
April	31	...	...	...	...	...	...	29	Oct.	1	2	3	4	5	6	7
	1	2	3	4	5	6	7			1	2	3	4	5	6	7
	8	9	10	11	12	13	14			8	9	10	11	12	13	14
	15	16	17	18	19	20	21			15	16	17	18	19	20	21
	22	23	24	25	26	27	28			22	23	24	25	26	27	28
May	29	30	31	...	...	...	...	28	Nov.	1	2	3	4	5	6	7
	5	6	7	8	9	10	11			1	2	3	4	5	6	7
	12	13	14	15	16	17	18			8	9	10	11	12	13	14
	19	20	21	22	23	24	25			15	16	17	18	19	20	21
	26	27	28	29	30	31	...			22	23	24	25	26	27	28
June	30	...	...	...	...	...	...	29	Dec.	1	2	3	4	5	6	7
	2	3	4	5	6	7	8			1	2	3	4	5	6	7
	9	10	11	12	13	14	15			8	9	10	11	12	13	14
	16	17	18	19	20	21	22			15	16	17	18	19	20	21
	23	24	25	26	27	28	29			22	23	24	25	26	27	28
	30	...	...	...	...	...	...			29	30	31	...	...	...	...

The years for which this Calendar stands are found in the Index.

10

	S	M	T	W	T	F	S		S	M	T	W	T	F	S	
Jan.	1	2	3	4	5	6	7	1	July	1	2	3	4	5	6	7
	8	9	10	11	12	13	14			8	9	10	11	12	13	14
	15	16	17	18	19	20	21			15	16	17	18	19	20	21
	22	23	24	25	26	27	28			22	23	24	25	26	27	28
Feb.	29	30	31	...	...	...	...	29	Aug.	1	2	3	4	5	6	7
	3	4	5	6	7	8	9			1	2	3	4	5	6	7
	10	11	12	13	14	15	16			8	9	10	11	12	13	14
	17	18	19	20	21	22	23			15	16	17	18	19	20	21
	24	25	26	27	28	29	...			22	23	24	25	26	27	28
Mar.	30	31	...	...	...	...	...	30	Sept.	1	2	3	4	5	6	7
	2	3	4	5	6	7	8			1	2	3	4	5	6	7
	9	10	11	12	13	14	15			8	9	10	11	12	13	14
	16	17	18	19	20	21	22			15	16	17	18	19	20	21
	23	24	25	26	27	28	29									

PERPETUAL CALENDAR.

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	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	1	2	3	4	July	1	2	3	4		
Feb.	Aug.			
Mar.	Sept.			
April	Oct.			
May	Nov.			
June	Dec.			

The years for which this Calendar stands are found in the Index.

12

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	July	...	...	...	...	...
Feb.	Aug.	...	...	...	...	...
Mar.	Sept.	...	...	...	...	...
April	Oct.	...	...	...	...	...
May	Nov.	...	...	...	...	...
June	Dec.	...	...	...	...	...

The years for which this Calendar stands are found in the Index.

13

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	July	...	...	...	...	...
Feb.	Aug.	...	...	...	...	...
Mar.	Sept.	...	...	...	...	...
April	Oct.	...	...	...	...	...
May	Nov.	...	...	...	...	...
June	Dec.	...	...	...	...	...

The years for which this Calendar stands are found in the Index.

14

	S	M	T	W	T	F	S		S	M	T	W	T	F	S
Jan.	July	...	...	...	...	...
Feb.	Aug.	...	...	...	...	...
Mar.	Sept.	...	...	...	...	...
April	Oct.	...	...	...	...	...
May	Nov.	...	...	...	...	...
June	Dec.	...	...	...	...	...

The years for which this Calendar stands are found in the Index.

CHAPTER XXI.

Distribution of Earnings—Permanent Plan.

CALCULATION OF DIVIDENDS AND INTEREST.

THERE is a great necessity for the utmost care in the calculation and distribution of dividends. It has happened that associations, on account of carelessness or incompetency in this connection, have become greatly embarrassed. Great care should be taken in making the calculations for the amounts available for dividends, so that the exact rate be established. Unfortunately, there is lack of uniformity in the calculation of dividends and interest, by the various associations, which makes it impossible to give specific rules that will apply to all associations. Some of the methods are cumbrous and in some instances inaccurate, causing unnecessary work and vexation, which could be avoided by the substitution of a more scientific standard. The periodical calculation of dividends and interest is the most arduous task in the regular routine of a secretary's work, and it is to his interest, as well as the association, that he make use of the most improved methods.

A large number of dividend and interest tables have been prepared. Several of these tables which are in more general use, and have given good satisfaction, are printed

DISTRIBUTION OF EARNINGS.

herewith. They will be very valuable for use in those associations following the same plan upon which the tables are based.

APPLICATION OF PROFITS.

Profits should be applied as follows :

1. To the payment of expenses.
2. Such portion as may be determined semi-annually or annually by the board of directors, should be set aside as a reserve fund for the payment of contingent losses in conformity with the law.
3. Such portions as may be determined semi-annually or annually by the board of directors shall be credited to the account of the members as a dividend, according to their average investment.
4. The residue may be placed in an undivided profit fund in conformity with the law.

PERMANENT PLAN—SYSTEM I.

The following tables and explanation are furnished by Mr. W. L. Davis and verified by Mr. Chas. H. Stewart.

EXPLANATION.

Example of the First Semi-Annual Dividend: A has one share, \$1.00 weekly dues. He has paid for six months, or twenty-six weeks. The dividend declared is eight per cent (semi-annual). What is A's portion?

Turn to the 8 per cent tables (page 261). Opposite 26, the number of weeks A has paid \$1.00, you find \$1.08, which is the amount of \$26.00 at 8 per cent for twenty-six weeks upon the usual computa-

CHAPTER XXI.

tion of averages, or, in other words, the proportion of dividend declared which is due A.

Example of the second and all subsequent dividends: B has three shares (of \$1.00 per share dues). He has paid \$402.00. The dividend declared is five per cent (semi-annual). What is B's portion?

Subtract from \$402.00, the amount he has paid since the last dividend, \$3.00 per share for twenty-six weeks, or \$78.00. Find 5 per cent of the difference, \$324.00; which is \$16.20, or dividend upon \$324.00. Now turn to the five per cent tables (page 258). Opposite 26, the number of weeks B has paid \$3.00 since the last settlement, you find \$2.025 in the three-share column, which is the amount of dividend on \$78.00; now add \$2.025 to \$16.20. The result, \$18.225, is the amount of dividend due B on \$402.00.

DISTRIBUTION OF EARNINGS.

Shares, \$500.—Dues, \$1.00 per week.

TWO PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2					.012
3		.010	.013	.020	.023
4		.015	.023	.030	.040
5	.011	.023	.035	.046	.060
6	.016	.032	.048	.065	.081
7	.021	.043	.065	.086	.110
8	.027	.055	.083	.110	.140
9	.034	.069	.104	.138	.173
10	.042	.084	.128	.169	.212
11	.050	.101	.148	.203	.254
12	.060	.120	.180	.240	.300
13	.070	.140	.210	.280	.350
14	.080	.161	.242	.323	.404
15	.092	.185	.277	.370	.462
16	.104	.209	.314	.420	.523
17	.117	.235	.353	.470	.590
18	.131	.263	.395	.526	.660
19	.146	.292	.438	.585	.731
20	.161	.323	.485	.646	.810
21	.177	.355	.533	.710	.890
22	.194	.390	.584	.780	.973
23	.212	.424	.636	.850	1.061
24	.230	.461	.692	.923	1.154
25	.250	.500	.750	1.000	1.250
26	.270	.540	.810	1.080	1.350

CHAPTER XXI.

Shares, \$500.—Dues, \$1.00 per week.

THREE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2			.011	.014	.020
3		.014	.020	.027	.034
4	.011	.023	.034	.045	.057
5	.017	.035	.052	.070	.087
6	.024	.048	.073	.097	.121
7	.032	.065	.097	.130	.162
8	.041	.083	.124	.165	.207
9	.051	.104	.155	.207	.259
10	.063	.127	.192	.254	.318
11	.076	.152	.222	.305	.381
12	.090	.180	.270	.360	.450
13	.105	.210	.315	.420	.525
14	.121	.242	.364	.485	.606
15	.138	.277	.415	.554	.693
16	.157	.314	.470	.627	.784
17	.176	.353	.529	.705	.882
18	.197	.395	.592	.790	.987
19	.219	.438	.658	.877	1.096
20	.242	.485	.727	.970	1.212
21	.266	.533	.799	1.065	1.332
22	.292	.584	.875	1.167	1.459
23	.318	.636	.955	1.273	1.591
24	.345	.692	1.040	1.385	1.721
25	.375	.750	1.125	1.500	1.875
26	.410	.810	1.215	1.620	2.025

DISTRIBUTION OF EARNINGS.

Shares, \$500.—Dues, \$1.00 per week.

FOUR PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2		.010	.014	.020	.024
3		.018	.027	.037	.046
4	.015	.031	.045	.061	.076
5	.023	.046	.069	.093	.116
6	.032	.065	.097	.130	.162
7	.043	.086	.129	.173	.216
8	.055	.110	.165	.221	.276
9	.069	.140	.207	.277	.346
10	.085	.169	.255	.340	.424
11	.101	.203	.305	.406	.510
12	.120	.240	.360	.480	.600
13	.122	.280	.420	.560	.700
14	.161	.323	.485	.646	.810
15	.185	.370	.554	.740	.924
16	.209	.420	.627	.837	1.046
17	.235	.470	.705	.940	1.176
18	.263	.526	.790	1.053	1.316
19	.292	.585	.877	1.170	1.462
20	.323	.646	.970	1.293	1.616
21	.355	.710	1.065	1.421	1.776
22	.389	.780	1.167	1.557	1.946
23	.424	.850	1.273	1.697	2.122
24	.460	.923	1.384	1.846	2.310
25	.500	1.000	1.500	2.000	2.500
26	.540	1.080	1.620	2.160	2.700

CHAPTER XXI.

Shares, \$500.—Dues, \$1.00 per week.

FIVE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					.010
2		.012	.020	.024	.030
3	.011	.023	.034	.046	.057
4	.020	.039	.057	.076	.095
5	.029	.058	.087	.116	.145
6	.040	.081	.121	.162	.202
7	.054	.108	.162	.215	.270
8	.069	.140	.207	.276	.345
9	.086	.173	.260	.346	.432
10	.106	.212	.320	.424	.530
11	.127	.254	.381	.510	.635
12	.150	.300	.450	.600	.750
13	.175	.350	.525	.700	.875
14	.202	.404	.606	.810	1.010
15	.231	.462	.693	.924	1.155
16	.261	.523	.784	1.046	1.307
17	.294	.590	.882	1.176	1.470
18	.329	.660	.987	1.316	1.645
19	.365	.731	1.096	1.462	1.827
20	.404	.810	1.212	1.616	2.020
21	.444	.890	1.332	1.776	2.220
22	.486	.973	1.460	1.946	2.432
23	.530	1.061	1.591	2.122	2.652
24	.577	1.154	1.731	2.310	2.885
25	.625	1.250	1.875	2.500	3.125
26	.675	1.350	2.025	2.700	3.375

DISTRIBUTION OF EARNINGS.

Shares, \$500.—Dues, \$1.00 per week.

SIX PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					.012
2		.014	.021	.030	.036
3	.014	.028	.041	.055	.070
4	.023	.047	.068	.091	.114
5	.035	.065	.104	.140	.174
6	.048	.097	.146	.194	.243
7	.065	.129	.194	.260	.324
8	.083	.165	.248	.331	.414
9	.104	.207	.311	.415	.520
10	.127	.254	.383	.510	.636
11	.152	.305	.457	.610	.762
12	.180	.360	.540	.720	.900
13	.210	.420	.630	.840	1.050
14	.242	.485	.727	.970	1.212
15	.277	.554	.830	1.110	1.386
16	.314	.627	.941	1.255	1.570
17	.353	.705	1.058	1.411	1.764
18	.395	.789	1.184	1.580	1.974
19	.438	.877	1.316	1.754	2.193
20	.485	.970	1.454	1.940	2.424
21	.533	1.065	1.598	2.131	2.664
22	.584	1.167	1.800	2.335	2.920
23	.636	1.273	1.910	2.546	3.183
24	.692	1.385	2.077	2.770	3.462
25	.750	1.500	2.250	3.000	3.750
26	.810	1.620	2.430	3.240	4.050

CHAPTER XXI.

Shares, \$500.—Dues, \$1.00 per week.

SEVEN PER CENT TABLES.

NO. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1			.010	.011	.014
2		.017	.025	.033	.042
3	.016	.032	.048	.064	.080
4	.026	.054	.080	.106	.133
5	.040	.081	.122	.162	.203
6	.056	.113	.170	.227	.283
7	.075	.151	.227	.302	.380
8	.096	.193	.289	.386	.483
9	.121	.242	.363	.484	.605
10	.148	.297	.447	.593	.742
11	.178	.355	.533	.711	.890
12	.210	.420	.630	.840	1.050
13	.245	.490	.735	.960	1.225
14	.283	.565	.850	1.151	1.414
15	.323	.647	.970	1.293	1.617
16	.366	.732	1.098	1.464	1.830
17	.411	.823	1.235	1.646	2.060
18	.460	.921	1.381	1.842	2.303
19	.512	1.023	1.535	2.047	2.560
20	.565	1.131	1.697	2.262	2.830
21	.621	1.243	1.864	2.486	3.110
22	.681	1.362	2.043	2.724	3.405
23	.736	1.485	2.230	2.971	3.713
24	.808	1.615	2.423	3.231	4.040
25	.875	1.750	2.625	3.500	4.375
26	.945	1.890	2.835	3.780	4.725

DISTRIBUTION OF EARNINGS.

Shares, \$500.—Dues, \$1.00 per week.

EIGHT PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1			.010	.013	.016
2		.020	.029	.040	.050
3	.018	.037	.055	.073	.092
4	.030	.062	.091	.121	.152
5	.046	.093	.140	.185	.232
6	.065	.129	.194	.260	.324
7	.086	.173	.260	.345	.432
8	.110	.221	.331	.441	.552
9	.138	.277	.415	.553	.692
10	.169	.340	.511	.680	.850
11	.203	.406	.610	.813	1.016
12	.240	.480	.720	.960	1.200
13	.280	.560	.840	1.120	1.400
14	.323	.646	.970	1.293	1.616
15	.369	.740	1.108	1.478	1.850
16	.418	.837	1.255	1.673	2.092
17	.470	.941	1.411	1.881	2.352
18	.526	1.053	1.580	2.105	2.632
19	.585	1.170	1.754	2.340	2.924
20	.646	1.293	1.940	2.585	3.232
21	.710	1.421	2.131	2.841	3.552
22	.778	1.557	2.335	3.113	3.892
23	.856	1.697	2.546	3.395	4.244
24	.923	1.846	2.770	3.693	4.616
25	1.000	2.000	3.000	4.000	5.000
26	1.080	2.160	3.240	4.320	5.400

CHAPTER XXI.

Shares, \$500.—Dues, \$1.00 per week.

NINE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1			.010	.014	.020
2	.010	.021	.032	.043	.054
3	.020	.041	.062	.083	.103
4	.034	.070	.102	.137	.171
5	.052	.104	.156	.209	.261
6	.073	.146	.218	.291	.364
7	.097	.194	.291	.389	.486
8	.124	.248	.372	.497	.621
9	.155	.311	.467	.623	.780
10	.191	.381	.575	.763	.954
11	.228	.457	.686	.914	1.143
12	.270	.540	.810	1.080	1.350
13	.315	.630	.945	1.260	1.575
14	.363	.727	1.090	1.454	1.820
15	.416	.831	1.247	1.663	2.080
16	.471	.941	1.412	1.883	2.353
17	.529	1.060	1.587	2.117	2.646
18	.592	1.184	1.776	2.370	2.961
19	.658	1.316	1.973	2.631	3.290
20	.727	1.454	2.181	2.909	3.636
21	.799	1.600	2.397	3.197	3.996
22	.876	1.751	2.627	3.503	4.380
23	.955	1.910	2.864	3.820	4.770
24	1.038	2.077	3.116	4.154	5.193
25	1.125	2.250	3.375	4.500	5.625
26	1.215	2.430	3.645	4.860	6.075

DISTRIBUTION OF EARNINGS.

Shares, \$500.—Dues, \$1.00 per week.

TEN PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1		.010	.012	.016	.020
2	.012	.024	.036	.050	.060
3	.023	.046	.070	.092	.115
4	.040	.078	.114	.152	.190
5	.060	.116	.174	.232	.290
6	.081	.162	.243	.324	.405
7	.108	.216	.324	.432	.540
8	.138	.276	.414	.552	.690
9	.173	.346	.520	.692	.865
10	.212	.424	.640	.850	1.060
11	.254	.510	.762	1.016	1.270
12	.300	.600	.900	1.200	1.500
13	.350	.700	1.050	1.400	1.750
14	.404	.810	1.212	1.616	2.020
15	.462	.924	1.386	1.850	2.310
16	.523	1.046	1.569	2.092	2.615
17	.590	1.176	1.764	2.352	2.940
18	.660	1.316	1.974	2.632	3.290
19	.731	1.462	2.193	2.924	3.655
20	.810	1.616	2.424	3.232	4.040
21	.890	1.776	2.664	3.552	4.440
22	.973	1.946	2.919	3.892	4.865
23	1.061	2.122	3.183	4.244	5.305
24	1.154	2.308	3.462	4.616	5.770
25	1.250	2.500	3.750	5.000	6.250
26	1.350	2.700	4.050	5.400	6.750

CHAPTER XXI.

Shares, \$500.—Dues, \$1.00 per week.

ELEVEN PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1		.010	.013	.020	.022
2	.013	.026	.040	.053	.066
3	.025	.050	.076	.101	.126
4	.042	.086	.125	.167	.210
5	.064	.127	.191	.255	.320
6	.089	.178	.267	.356	.445
7	.119	.237	.356	.475	.594
8	.152	.303	.455	.607	.760
9	.190	.380	.571	.761	.951
10	.233	.466	.703	.933	1.166
11	.279	.560	.840	1.117	1.397
12	.330	.660	.990	1.320	1.650
13	.385	.770	1.155	1.540	1.925
14	.444	.890	1.333	1.777	2.222
15	.510	1.016	1.524	2.033	2.541
16	.575	1.150	1.726	2.301	2.876
17	.647	1.293	1.940	2.587	3.234
18	.724	1.447	2.171	2.895	3.620
19	.804	1.610	2.412	3.216	4.020
20	.889	1.777	2.666	3.555	4.444
21	.977	1.953	2.930	3.907	4.884
22	1.070	2.140	3.211	4.281	5.351
23	1.167	2.334	3.501	4.670	5.835
24	1.266	2.540	3.810	5.077	6.347
25	1.375	2.750	4.125	5.500	6.875
26	1.485	2.970	4.455	5.940	7.425

DISTRIBUTION OF EARNINGS.

Shares, \$500.—Dues, \$1.00 per week.

TWELVE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1		.010	.014	.020	.024
2	.014	.030	.043	.057	.072
3	.027	.055	.083	.110	.140
4	.045	.093	.137	.182	.230
5	.070	.139	.209	.278	.350
6	.097	.194	.291	.389	.486
7	.130	.260	.389	.520	.650
8	.165	.331	.497	.662	.830
9	.207	.415	.623	.830	1.040
10	.254	.510	.767	1.017	1.272
11	.305	.609	.914	1.220	1.524
12	.360	.720	1.080	1.440	1.800
13	.420	.840	1.260	1.680	2.100
14	.485	.970	1.454	1.940	2.424
15	.554	1.110	1.663	2.217	2.772
16	.627	1.255	1.883	2.510	3.140
17	.705	1.411	2.117	2.822	3.530
18	.790	1.580	2.369	3.160	3.950
19	.877	1.756	2.631	3.510	4.386
20	.970	1.940	2.909	3.880	4.850
21	1.065	2.131	3.197	4.260	5.330
22	1.167	2.335	3.503	4.670	5.840
23	1.273	2.546	3.820	5.093	6.366
24	1.381	2.770	4.154	5.540	6.924
25	1.500	3.000	4.500	6.000	7.500
26	1.620	3.240	4.860	6.480	8.100

CHAPTER XXI.

Shares, \$250 or \$500.—Dues, 50c. per week.

TWO PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2					
3					
4				.010	.010
5			.012	.015	.020
6	.019	.011	.020	.023	.030
7	.010	.016	.024	.033	.040
8	.013	.021	.033	.043	.054
9	.017	.027	.042	.055	.070
10	.021	.034	.052	.070	.086
11	.026	.043	.064	.084	.106
12	.030	.050	.074	.101	.127
13	.035	.060	.090	.120	.150
14	.041	.070	.105	.140	.175
15	.046	.080	.121	.161	.202
16	.052	.093	.138	.184	.232
17	.057	.104	.157	.210	.261
18	.063	.117	.177	.235	.294
19	.065	.131	.198	.263	.329
20	.073	.146	.220	.293	.365
21	.080	.161	.243	.323	.404
22	.090	.177	.267	.355	.444
23	.097	.194	.292	.390	.486
24	.101	.212	.320	.424	.530
25	.116	.230	.346	.461	.577
26	.125	.250	.375	.500	.625
26	.135	.270	.405	.540	.675

DISTRIBUTION OF EARNINGS.

Shares, \$250 or \$500.—Dues, 50c. per week.

THREE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2					.010
3			.010	.014	.017
4		.011	.017	.022	.030
5	.010	.018	.026	.034	.043
6	.012	.024	.037	.050	.060
7	.016	.033	.050	.064	.081
8	.020	.042	.062	.082	.103
9	.026	.052	.077	.103	.130
10	.031	.063	.095	.127	.160
11	.040	.076	.111	.152	.190
12	.045	.090	.135	.180	.225
13	.052	.105	.157	.210	.262
14	.060	.121	.181	.243	.303
15	.070	.138	.207	.277	.346
16	.080	.157	.235	.313	.392
17	.090	.177	.264	.352	.441
18	.100	.200	.296	.394	.493
19	.104	.220	.330	.440	.550
20	.121	.243	.363	.484	.606
21	.133	.267	.400	.532	.666
22	.146	.292	.437	.583	.730
23	.160	.320	.480	.636	.795
24	.172	.346	.520	.693	.860
25	.187	.375	.562	.750	.937
26	.205	.408	.607	.810	1.012

CHAPTER XXI.

Shares, \$250 or \$500.—Dues, 50c. per week.

FOUR PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2				.010	.012
3		.010	.013	.020	.023
4		.015	.022	.031	.040
5	.011	.023	.034	.047	.060
6	.016	.033	.050	.064	.081
7	.021	.043	.064	.087	.110
8	.022	.055	.082	.111	.140
9	.034	.069	.103	.140	.173
10	.043	.084	.127	.170	.212
11	.050	.101	.153	.203	.254
12	.060	.120	.180	.240	.300
13	.061	.140	.210	.280	.350
14	.080	.161	.243	.323	.404
15	.093	.184	.277	.370	.462
16	.104	.209	.313	.420	.523
17	.117	.235	.352	.471	.590
18	.131	.263	.400	.526	.660
19	.146	.293	.440	.584	.732
20	.161	.323	.484	.647	.810
21	.177	.355	.532	.711	.890
22	.194	.390	.583	.780	.973
23	.212	.425	.636	.850	1.061
24	.230	.461	.693	.923	1.154
25	.250	.500	.750	1.000	1.250
26	.270	.540	.810	1.080	1.350

DISTRIBUTION OF EARNINGS.

Shares, \$250 or \$500.—Dues, 50c. per week.

FIVE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2			.010	.012	.015
3		.011	.017	.023	.030
4	.010	.020	.030	.040	.047
5	.014	.030	.043	.060	.072
6	.020	.040	.060	.081	.101
7	.027	.054	.081	.107	.140
8	.034	.070	.103	.140	.172
9	.043	.086	.130	.173	.216
10	.053	.106	.160	.212	.265
11	.063	.127	.190	.254	.317
12	.070	.150	.225	.300	.375
13	.087	.170	.262	.350	.437
14	.101	.202	.303	.404	.505
15	.115	.231	.346	.462	.577
16	.130	.261	.392	.523	.653
17	.147	.294	.441	.590	.735
18	.164	.330	.493	.660	.822
19	.182	.360	.550	.731	.913
20	.202	.404	.606	.808	1.010
21	.222	.444	.666	.890	1.110
22	.243	.486	.730	.973	1.216
23	.265	.530	.795	1.061	1.326
24	.290	.577	.865	1.154	1.442
25	.312	.620	.932	1.250	1.562
26	.337	.670	1.012	1.350	1.687

CHAPTER XXI.

Shares, \$250 or \$500.—Dues, 50c. per week.

SIX PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2			.010	.015	.020
3		.014	.020	.027	.034
4	.012	.024	.034	.045	.054
5	.020	.032	.052	.070	.087
6	.024	.050	.073	.097	.121
7	.033	.064	.097	.130	.162
8	.041	.082	.124	.165	.207
9	.052	.103	.155	.207	.260
10	.063	.127	.191	.255	.320
11	.076	.153	.230	.304	.381
12	.090	.180	.270	.360	.450
13	.105	.210	.315	.420	.525
14	.121	.243	.363	.484	.606
15	.140	.277	.415	.554	.693
16	.157	.313	.470	.627	.784
17	.177	.352	.530	.705	.882
18	.197	.394	.597	.790	.987
19	.220	.440	.657	.877	1.096
20	.243	.484	.727	.970	1.212
21	.266	.532	.800	1.065	1.332
22	.292	.583	.900	1.167	1.460
23	.320	.636	.954	1.273	1.591
24	.346	.693	1.040	1.384	1.731
25	.375	.750	1.125	1.500	1.875
26	.405	.810	1.210	1.620	2.025

DISTRIBUTION OF EARNINGS.

Shares, \$250 or \$500.—Dues, 50c. per week.

SEVEN PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					
2		.010	.012	.016	.021
3	.010	.016	.024	.032	.040
4	.013	.027	.040	.053	.066
5	.020	.040	.061	.081	.101
6	.030	.056	.085	.113	.141
7	.037	.075	.114	.151	.190
8	.050	.096	.145	.193	.241
9	.060	.121	.181	.242	.302
10	.074	.147	.223	.296	.371
11	.090	.177	.266	.355	.444
12	.105	.210	.315	.420	.525
13	.122	.245	.367	.480	.612
14	.142	.282	.424	.575	.707
15	.162	.324	.485	.646	.810
16	.183	.366	.550	.732	.915
17	.205	.411	.617	.823	1.030
18	.230	.460	.691	.921	1.151
19	.250	.511	.767	1.024	1.280
20	.282	.565	.850	1.131	1.414
21	.320	.621	.933	1.243	1.554
22	.340	.681	1.021	1.362	1.702
23	.367	.742	1.114	1.486	1.856
24	.403	.807	1.211	1.615	2.020
25	.437	.875	1.312	1.750	2.187
26	.472	.995	1.412	1.890	2.362

CHAPTER XXI.

Shares, \$250 or \$500.—Dues, 50c. per week.

EIGHT PER CENT TABLES.

NO. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					.010
2		.010	.015	.020	.024
3	.010	.020	.027	.036	.046
4	.015	.031	.045	.060	.076
5	.023	.047	.070	.092	.116
6	.033	.065	.097	.130	.162
7	.043	.087	.130	.172	.216
8	.055	.111	.165	.220	.276
9	.070	.140	.207	.276	.346
10	.084	.170	.255	.340	.424
11	.101	.203	.304	.407	.510
12	.120	.240	.360	.480	.600
13	.140	.280	.420	.560	.700
14	.161	.323	.484	.647	.810
15	.184	.370	.555	.740	.924
16	.210	.420	.627	.836	1.046
17	.230	.471	.705	.940	1.176
18	.263	.527	.790	1.052	1.316
19	.293	.584	.877	1.170	1.462
20	.323	.647	.970	1.292	1.616
21	.355	.711	1.065	1.420	1.776
22	.390	.780	1.162	1.556	1.946
23	.430	.850	1.273	1.697	2.122
24	.461	.923	1.384	1.847	2.310
25	.500	1.000	1.500	2.000	2.500
26	.540	1.080	1.620	2.160	2.700

DISTRIBUTION OF EARNINGS.

Shares, \$250 or \$500.—Dues, 50c. per week.

NINE PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1					.010
2		.010	.016	.021	.027
3	.010	.020	.031	.042	.051
4	.017	.035	.051	.070	.085
5	.026	.052	.090	.105	.130
6	.037	.073	.110	.145	.182
7	.050	.097	.145	.195	.243
8	.062	.124	.186	.250	.310
9	.080	.155	.233	.312	.390
10	.096	.190	.287	.381	.477
11	.114	.230	.343	.457	.571
12	.135	.270	.405	.540	.625
13	.157	.315	.472	.630	.787
14	.181	.363	.545	.727	.910
15	.210	.415	.623	.831	1.040
16	.235	.470	.706	.942	1.176
17	.264	.530	.793	1.060	1.323
18	.296	.592	.890	1.185	1.480
19	.330	.660	.986	1.315	1.644
20	.363	.727	1.090	1.455	1.820
21	.400	.800	1.196	1.600	2.000
22	.437	.875	1.313	1.752	2.190
23	.480	.960	1.432	1.910	2.387
24	.520	1.040	1.560	2.077	2.596
25	.562	1.125	1.687	2.250	2.812
26	.607	1.215	1.822	2.430	3.037

CHAPTER XXI.

Shares, \$250 or \$500.—Dues, 50c. per week.

TEN PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1				.010	.010
2		.012	.020	.024	.030
3	.011	.023	.034	.046	.057
4	.020	.040	.057	.076	.095
5	.030	.060	.087	.116	.145
6	.040	.081	.121	.162	.202
7	.052	.110	.162	.216	.270
8	.070	.140	.207	.276	.345
9	.086	.173	.260	.341	.432
10	.101	.212	.320	.424	.530
11	.127	.254	.381	.510	.635
12	.150	.300	.450	.600	.750
13	.175	.350	.525	.700	.875
14	.202	.404	.606	.810	1.010
15	.231	.462	.693	.924	1.155
16	.261	.523	.784	1.046	1.307
17	.294	.590	.882	1.176	1.470
18	.330	.660	.987	1.316	1.645
19	.360	.731	1.096	1.462	1.827
20	.404	.810	1.212	1.616	2.020
21	.444	.890	1.332	1.776	2.220
22	.486	.973	1.460	1.946	2.432
23	.530	1.061	1.591	2.122	2.652
24	.577	1.154	1.731	2.310	2.880
25	.620	1.250	1.875	2.500	3.125
26	.670	1.350	2.025	2.700	3.375

DISTRIBUTION OF EARNINGS.

Shares, \$250 or \$500.—Dues, 50c. per week.

ELEVEN PER CENT TABLES.

No. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1				.010	.011
2		.013	.020	.027	.033
3	.012	.025	.032	.050	.063
4	.020	.043	.062	.083	.104
5	.032	.063	.095	.127	.160
6	.044	.090	.133	.130	.222
7	.060	.118	.180	.237	.297
8	.076	.151	.227	.303	.380
9	.095	.190	.286	.380	.475
10	.110	.233	.302	.467	.583
11	.140	.280	.420	.560	.700
12	.160	.330	.495	.660	.825
13	.192	.385	.577	.770	.962
14	.222	.445	.666	.890	1.111
15	.254	.510	.762	1.017	1.270
16	.287	.575	.862	1.150	1.440
17	.323	.686	.970	1.293	1.617
18	.362	.723	1.085	1.447	1.810
19	.402	.804	1.206	1.610	2.010
20	.444	.890	1.333	1.777	2.222
21	.487	.976	1.465	1.953	2.442
22	.535	1.070	1.605	2.140	2.675
23	.583	1.167	1.755	2.334	2.917
24	.633	1.270	1.954	2.540	3.173
25	.687	1.375	2.062	2.750	3.437
26	.742	1.485	2.227	2.970	3.712

CHAPTER XXI.

Shares, \$250 or \$500.—Dues, 50c. per week.

TWELVE PER CENT TABLES.

NO. WEEKS	ONE SHARE	TWO SHARES	THREE SHARES	FOUR SHARES	FIVE SHARES
1				.010	.012
2		.014	.021	.020	.036
3	.013	.027	.042	.055	.070
4	.022	.046	.070	.091	.114
5	.034	.070	.106	.140	.174
6	.050	.097	.145	.195	.243
7	.064	.130	.195	.260	.324
8	.082	.165	.250	.331	.414
9	.103	.207	.311	.415	.520
10	.127	.255	.383	.510	.636
11	.153	.304	.457	.610	.762
12	.180	.360	.540	.720	.900
13	.210	.420	.630	.840	1.050
14	.243	.484	.727	.970	1.212
15	.277	.555	.831	1.103	1.386
16	.313	.627	.941	1.255	1.570
17	.353	.705	1.060	1.411	1.764
18	.364	.790	1.184	1.580	1.974
19	.440	.880	1.315	1.755	2.193
20	.484	.970	1.455	1.940	2.424
21	.532	1.065	1.600	2.131	2.664
22	.583	1.167	1.752	2.335	2.920
23	.636	1.273	1.960	2.547	3.183
24	.690	1.384	2.077	2.770	3.462
25	.750	1.500	2.250	3.000	3.750
26	.810	1.620	2.430	3.240	4.050

DISTRIBUTION OF EARNINGS.

PERMANENT PLAN—SYSTEM II.

EXPLANATION.

TO FIND THE AMOUNT UPON WHICH DIVIDENDS FOR ONE SHARE IS TO BE DECLARED.

RULE. Add together the number of weeks each \$1 has been paid in. Divide this total by the number of weeks in the term. The quotient gives the average amount to be credited for the entire term.

EXAMPLE. A pays \$1 weekly for a term of 26 weeks. What is the average amount to his credit at the close of the term? Add together the number of weeks \$1 has been paid in, each 26, 25, 24, etc., down to 1. The total is 351 weeks. That is to say the credits to which he is entitled on his payments as he has made them are together equal to a credit of \$1 for 351 weeks. But \$1 for 351 weeks is equal to as many dollars for 26 weeks, as 26 weeks is contained in 351 weeks, which is $13\frac{1}{2}$ times, or \$13.50.

TO FIND THE RATE PER CENT OF DIVIDEND TO BE DECLARED.

RULE. Average the amount to the credit of each member according to the above rule and example. Then find the sum of all the average amounts. Find what per cent the total profits are of this sum and this per cent will give the rate of dividend to be declared.

EXAMPLE. Suppose the association has 125 members and that the total of the averaged investments is \$4,050. Suppose that the profits of the association for the term are \$265. One per cent of \$4,050 is \$40.50. \$265 will be as many times one per cent of \$4,050 as \$40.50 is contained in it which is $6\frac{44}{81}$ times. Since it is not convenient to calculate interest at $6\frac{44}{81}$ per cent the rate of the dividend would probably be fixed at 6 per cent and the small balance of profits left over after the distribution at this rate would be placed in the reserve fund.

TO FIND THE FIRST DIVIDEND.

RULE. Find the per cent of the given amount in the table at the given rate for the dividend.

EXAMPLE. A has paid \$1 weekly on 5 shares for 15 weeks. What is semi-annual dividend, the rate being 6 per cent per annum? From the table on page 249 we find that the average amount to his credit is \$23.10 which at 6 per cent per annum gives him a dividend of \$0.69.

CHAPTER XXI.

TO FIND ANY SUCCEEDING DIVIDEND.

RULE. *Add to the amount standing to the credit of a shareholder at the beginning of the term, his average credit for the term. From this sum deduct any dues withdrawn during the term. The balance will be the amount upon which the dividend is to be calculated.*

EXAMPLE. A has \$350 to his credit at the beginning of the term. He is entitled to an average credit for his payments during the term on his five shares of \$67.50. This added to the \$350 amounts to \$417.50. Deduct from this amount \$50 dues withdrawn, leaving a balance of \$367.50 the amount upon which his dividend is to be based at 6 per cent per annum. His dividend is \$11.02.

The first of the following tables shows the total number of weeks' credit on \$1 for the payments made during a term. The remaining tables show the average amount each shareholder has to his credit for any number of weeks from 1 to 26 and for any number of shares from 1 to 10 :

DISTRIBUTION OF EARNINGS.

Summarized Time Table from 1 to 26 weeks.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
1	1																										
2	1	1																									
3	2	2	3																								
4	3	3	3	4																							
5	6	4	4	4	5																						
6	10	5	5	5	5	6																					
7					15	21	28																				
8							36																				
9								45																			
10									10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
11									55	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
12									66	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
13										78	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
14											91	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14
15											105	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
16												120	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
17													136	17	17	17	17	17	17	17	17	17	17	17	17	17	17
18														153	18	18	18	18	18	18	18	18	18	18	18	18	18
19															171	19	19	19	19	19	19	19	19	19	19	19	19
20																190	20	20	20	20	20	20	20	20	20	20	20
21																	210	21	21	21	21	21	21	21	21	21	21
22																				231	22	22	22	22	22	22	22
23																					253	23	23	23	23	23	23
24																						276	24	24	24	24	24
25																							300	25	25	25	25
26																								325	26	26	26
																									351	351	

1 share at 50 cents.			2 shares at 50c. or 1 share at \$1.		
Week.	DUES.	Average Amount.	Week.	DUES.	Average Amount
1	.50	.019	1	1.00	.03
2	1.00	.057	2	2.00	.11
3	1.50	.115	3	3.00	.23
4	2.00	.192	4	4.00	.38
5	2.50	.288	5	5.00	.57
6	3.00	.404	6	6.00	.80
7	3.50	.538	7	7.00	1.07
8	4.00	.692	8	8.00	1.38
9	4.50	.865	9	9.00	1.73
10	5.00	1.06	10	10.00	2.12
11	5.50	1.27	11	11.00	2.54
12	6.00	1.50	12	12.00	3.00
13	6.50	1.75	13	13.00	3.50
14	7.00	2.02	14	14.00	4.04
15	7.50	2.31	15	15.00	4.62
16	8.00	2.62	16	16.00	5.23
17	8.50	2.94	17	17.00	5.88
18	9.00	3.29	18	18.00	6.58
19	9.50	3.65	19	19.00	7.31
20	10.00	4.04	20	20.00	8.08
21	10.50	4.44	21	21.00	8.88
22	11.00	4.86	22	22.00	9.73
23	11.50	5.31	23	23.00	10.62
24	12.00	5.77	24	24.00	11.54
25	12.50	6.25	25	25.00	12.50
26	13.00	6.75	26	26.00	13.50

3 shares at 50 cents.			4 shares at 50c. or 2 shares at \$1.		
Week.	DUES.	Average Amount.	Week.	DUES.	Average Amount.
1	1.50	.05	1	2.00	.07
2	3.00	.17	2	4.00	.22
3	4.50	.34	3	6.00	.46
4	6.00	.57	4	8.00	.76
5	7.50	.86	5	10.00	1.15
6	9.00	1.20	6	12.00	1.61
7	10.50	1.61	7	14.00	2.15
8	12.00	2.07	8	16.00	2.76
9	13.50	2.59	9	18.00	3.46
10	15.00	3.18	10	20.00	4.24
11	16.50	3.81	11	22.00	5.08
12	18.00	4.50	12	24.00	6.00
13	19.50	5.25	13	26.00	7.00
14	21.00	6.06	14	28.00	8.08
15	22.50	6.93	15	30.00	9.24
16	24.00	7.86	16	32.00	10.48
17	25.50	8.82	17	34.00	11.76
18	27.00	9.87	18	36.00	13.16
19	28.50	10.95	19	38.00	14.60
20	30.00	12.12	20	40.00	16.16
21	31.50	13.32	21	42.00	17.76
22	33.00	14.58	22	44.00	19.44
23	34.50	15.93	23	46.00	21.24
24	36.00	17.31	24	48.00	23.08
25	37.50	18.75	25	50.00	25.00
26	39.00	20.25	26	52.00	27.00

CHAPTER XXI.

5 shares at 50 cents.			6 shares at 50c. or 3 shares at \$1.		
Week.	DUES.	Average Amount.	Week.	DUES.	Average Amount.
1	2.50	.09	1	3.00	.11
2	5.00	.28	2	6.00	.34
3	7.50	.57	3	9.00	.69
4	10.00	.96	4	12.00	1.15
5	12.50	1.44	5	15.00	1.72
6	15.00	2.02	6	18.00	2.42
7	17.50	2.69	7	21.00	3.22
8	20.00	3.46	8	24.00	4.15
9	22.50	4.32	9	27.00	5.19
10	25.00	5.30	10	30.00	6.36
11	27.50	6.35	11	33.00	7.62
12	30.00	7.50	12	36.00	9.00
13	32.50	8.75	13	39.00	10.50
14	35.00	10.10	14	42.00	12.12
15	37.50	11.55	15	45.00	13.86
16	40.00	13.10	16	48.00	15.72
17	42.50	14.70	17	51.00	17.64
18	45.00	16.45	18	54.00	19.74
19	47.50	18.25	19	57.00	21.90
20	50.00	20.20	20	60.00	24.24
21	52.50	22.20	21	63.00	26.64
22	55.00	24.30	22	66.00	29.16
23	57.50	26.55	23	69.00	31.86
24	60.00	28.85	24	72.00	34.62
25	62.50	31.25	25	75.00	37.50
26	65.00	33.75	26	78.00	40.50

DISTRIBUTION OF EARNINGS.

7 shares at 50 cents.			8 shares at 50c. or 4 shares at \$1.		
Week.	DUES.	Average Amount.	Week.	DUES.	Average Amount.
1	3.50	.13	1	4.00	.15
2	7.00	.39	2	8.00	.45
3	10.50	.80	3	12.00	.92
4	14.00	1.34	4	16.00	1.53
5	17.50	2.01	5	20.00	2.30
6	21.00	2.82	6	24.00	3.23
7	24.50	3.76	7	28.00	4.30
8	28.00	4.84	8	32.00	5.53
9	31.50	6.05	9	36.00	6.92
10	35.00	7.42	10	40.00	8.48
11	38.50	8.89	11	44.00	10.16
12	42.00	10.50	12	48.00	12.00
13	45.50	12.25	13	52.00	14.00
14	49.00	14.14	14	56.00	16.16
15	52.50	16.17	15	60.00	18.48
16	56.00	18.34	16	64.00	20.96
17	59.50	20.58	17	68.00	23.52
18	63.00	23.03	18	72.00	26.32
19	66.50	25.55	19	76.00	29.20
20	70.00	28.28	20	80.00	32.32
21	73.50	31.08	21	84.00	35.52
22	77.00	34.02	22	88.00	38.88
23	80.50	37.17	23	92.00	42.48
24	84.00	40.39	24	96.00	46.16
25	87.50	43.75	25	100.00	50.00
26	91.00	47.25	26	104.00	54.00

CHAPTER XXI.

9 shares at 50 cents.			10 shares at 50c. or 5 shares at \$1.		
Week.	DUES.	Average Amount.	Week.	DUES.	Average Amount.
1	4.50	.17	1	5.00	.19
2	9.00	.51	2	10.00	.57
3	13.50	1.03	3	15.00	1.15
4	18.00	1.72	4	20.00	1.92
5	22.50	2.59	5	25.00	2.88
6	27.00	3.63	6	30.00	4.04
7	31.50	4.84	7	35.00	5.38
8	36.00	6.22	8	40.00	6.92
9	40.50	7.78	9	45.00	8.65
10	45.00	9.54	10	50.00	10.60
11	49.50	11.43	11	55.00	12.70
12	54.00	13.50	12	60.00	15.00
13	58.50	15.75	13	65.00	17.50
14	63.00	18.18	14	70.00	20.20
15	67.50	20.79	15	75.00	23.10
16	72.00	23.58	16	80.00	26.20
17	76.50	26.46	17	85.00	29.40
18	81.00	29.61	18	90.00	32.90
19	85.50	32.85	19	95.00	36.50
20	90.00	36.36	20	100.00	40.40
21	94.50	39.96	21	105.00	44.40
22	99.00	43.74	22	110.00	48.60
23	103.50	47.79	23	115.00	53.10
24	108.00	51.93	24	120.00	57.70
25	112.50	56.25	25	125.00	62.50
26	117.00	60.75	26	130.00	67.50

DISTRIBUTION OF EARNINGS.

4 per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.02	38	.76	75	1.50
2	.04	39	.78	76	1.52
3	.06	40	.80	77	1.54
4	.08	41	.82	78	1.56
5	.10	42	.84	79	1.58
6	.12	43	.86	80	1.60
7	.14	44	.88	81	1.62
8	.16	45	.90	82	1.64
9	.18	46	.92	83	1.66
10	.20	47	.94	84	1.68
11	.22	48	.96	85	1.70
12	.24	49	.98	86	1.72
13	.26	50	1.00	87	1.74
14	.28	51	1.02	88	1.76
15	.30	52	1.04	89	1.78
16	.32	53	1.06	90	1.80
17	.34	54	1.08	91	1.82
18	.36	55	1.10	92	1.84
19	.38	56	1.12	93	1.86
20	.40	57	1.14	94	1.88
21	.42	58	1.16	95	1.90
22	.44	59	1.18	96	1.92
23	.46	60	1.20	97	1.94
24	.48	61	1.22	98	1.96
25	.50	62	1.24	99	1.98
26	.52	63	1.26		
27	.54	64	1.28	100	2.00
28	.56	65	1.30	200	4.00
29	.58	66	1.32	300	6.00
30	.60	67	1.34	400	8.00
31	.62	68	1.36	500	10.00
32	.64	69	1.38	600	12.00
33	.66	70	1.40	700	14.00
34	.68	71	1.42	800	16.00
35	.70	72	1.44	900	18.00
36	.72	73	1.46	1000	20.00
37	.74	74	1.48		

Calculation for six months.

CHAPTER XXI.

4¼ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.02	38	.81	75	1.59
2	.04	39	.83	76	1.61
3	.06	40	.85	77	1.64
4	.08	41	.87	78	1.66
5	.11	42	.89	79	1.68
6	.13	43	.91	80	1.70
7	.15	44	.93	81	1.72
8	.17	45	.96	82	1.74
9	.19	46	.98	83	1.76
10	.21	47	1.00	84	1.78
11	.23	48	1.02	85	1.81
12	.25	49	1.04	86	1.83
13	.28	50	1.06	87	1.85
14	.30	51	1.08	88	1.87
15	.32	52	1.10	89	1.89
16	.34	53	1.13	90	1.91
17	.36	54	1.15	91	1.93
18	.38	55	1.17	92	1.95
19	.40	56	1.19	93	1.98
20	.42	57	1.21	94	2.00
21	.45	58	1.23	95	2.02
22	.47	59	1.25	96	2.04
23	.49	60	1.27	97	2.06
24	.51	61	1.30	98	2.08
25	.53	62	1.32	99	2.10
26	.55	63	1.34		
27	.57	64	1.36	100	2.12
28	.59	65	1.38	200	4.25
29	.62	66	1.40	300	6.37
30	.64	67	1.42	400	8.50
31	.66	68	1.44	500	10.62
32	.68	69	1.47	600	12.75
33	.70	70	1.49	700	14.87
34	.72	71	1.51	800	17.00
35	.74	72	1.53	900	19.12
36	.76	73	1.55	1000	21.25
37	.79	74	1.57		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

4½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.02	38	.85	75	1.69
2	.04	39	.88	76	1.71
3	.07	40	.90	77	1.73
4	.09	41	.92	78	1.75
5	.11	42	.94	79	1.78
6	.13	43	.97	80	1.80
7	.16	44	.99	81	1.82
8	.18	45	1.01	82	1.84
9	.20	46	1.03	83	1.87
10	.22	47	1.06	84	1.89
11	.25	48	1.08	85	1.91
12	.27	49	1.10	86	1.93
13	.29	50	1.12	87	1.96
14	.31	51	1.15	88	1.98
15	.34	52	1.17	89	2.00
16	.36	53	1.19	90	2.02
17	.38	54	1.21	91	2.05
18	.40	55	1.24	92	2.07
19	.43	56	1.26	93	2.09
20	.45	57	1.28	94	2.11
21	.47	58	1.30	95	2.14
22	.49	59	1.33	96	2.16
23	.52	60	1.35	97	2.18
24	.54	61	1.37	98	2.20
25	.56	62	1.39	99	2.23
26	.58	63	1.42		
27	.61	64	1.44	100	2.25
28	.63	65	1.46	200	4.50
29	.65	66	1.48	300	6.75
30	.67	67	1.51	400	9.00
31	.70	68	1.53	500	11.25
32	.72	69	1.55	600	13.50
33	.74	70	1.57	700	15.75
34	.76	71	1.60	800	18.00
35	.79	72	1.62	900	20.25
36	.81	73	1.64	1000	22.50
37	.83	74	1.66		

Calculation for six months.

CHAPTER XXI.

4¾ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.02	38	.90	75	1.78
2	.05	39	.93	76	1.80
3	.07	40	.95	77	1.83
4	.09	41	.97	78	1.85
5	.12	42	1.00	79	1.88
6	.14	43	1.02	80	1.90
7	.17	44	1.04	81	1.92
8	.19	45	1.07	82	1.95
9	.21	46	1.09	83	1.97
10	.24	47	1.12	84	1.99
11	.26	48	1.14	85	2.02
12	.28	49	1.16	86	2.04
13	.31	50	1.19	87	2.07
14	.33	51	1.21	88	2.09
15	.36	52	1.23	89	2.11
16	.38	53	1.26	90	2.14
17	.40	54	1.28	91	2.16
18	.43	55	1.31	92	2.18
19	.45	56	1.33	93	2.21
20	.47	57	1.35	94	2.23
21	.50	58	1.38	95	2.26
22	.52	59	1.40	96	2.28
23	.55	60	1.42	97	2.30
24	.57	61	1.45	98	2.33
25	.59	62	1.47	99	2.35
26	.62	63	1.50		
27	.64	64	1.52	100	2.37
28	.66	65	1.54	200	4.75
29	.69	66	1.57	300	7.12
30	.71	67	1.59	400	9.50
31	.74	68	1.61	500	11.87
32	.76	69	1.64	600	14.25
33	.78	70	1.66	700	16.62
34	.81	71	1.69	800	19.00
35	.83	72	1.71	900	21.37
36	.85	73	1.73	1000	23.75
37	.88	74	1.76		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

5 per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.02	38	.95	75	1.87
2	.05	39	.97	76	1.90
3	.07	40	1.00	77	1.92
4	.10	41	1.02	78	1.95
5	.12	42	1.05	79	1.97
6	.15	43	1.07	80	2.00
7	.17	44	1.10	81	2.02
8	.20	45	1.12	82	2.05
9	.22	46	1.15	83	2.07
10	.25	47	1.17	84	2.10
11	.27	48	1.20	85	2.12
12	.30	49	1.22	86	2.15
13	.32	50	1.25	87	2.17
14	.35	51	1.27	88	2.20
15	.37	52	1.30	89	2.22
16	.40	53	1.32	90	2.25
17	.42	54	1.35	91	2.27
18	.45	55	1.37	92	2.30
19	.47	56	1.40	93	2.32
20	.50	57	1.42	94	2.35
21	.52	58	1.45	95	2.37
22	.55	59	1.47	96	2.40
23	.57	60	1.50	97	2.42
24	.60	61	1.52	98	2.45
25	.62	62	1.55	99	2.47
26	.65	63	1.57		
27	.67	64	1.60	100	2.50
28	.70	65	1.62	200	5.00
29	.72	66	1.65	300	7.50
30	.75	67	1.67	400	10.00
31	.77	68	1.70	500	12.50
32	.80	69	1.72	600	15.00
33	.82	70	1.75	700	17.50
34	.85	71	1.77	800	20.00
35	.87	72	1.80	900	22.50
36	.90	73	1.82	1000	25.00
37	.92	74	1.85		

Calculation for six months.

CHAPTER XXI.

5½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.00	75	1.97
2	.05	39	1.02	76	1.99
3	.08	40	1.05	77	2.02
4	.10	41	1.08	78	2.05
5	.13	42	1.10	79	2.07
6	.16	43	1.13	80	2.10
7	.18	44	1.15	81	2.13
8	.21	45	1.18	82	2.15
9	.24	46	1.21	83	2.18
10	.26	47	1.23	84	2.20
11	.29	48	1.26	85	2.23
12	.31	49	1.29	86	2.26
13	.34	50	1.31	87	2.28
14	.37	51	1.34	88	2.31
15	.39	52	1.36	89	2.34
16	.42	53	1.39	90	2.36
17	.45	54	1.42	91	2.39
18	.47	55	1.44	92	2.41
19	.50	56	1.47	93	2.44
20	.52	57	1.50	94	2.47
21	.55	58	1.52	95	2.49
22	.58	59	1.55	96	2.52
23	.60	60	1.57	97	2.55
24	.63	61	1.60	98	2.57
25	.66	62	1.63	99	2.60
26	.68	63	1.65		
27	.71	64	1.68	100	2.62
28	.73	65	1.71	200	5.25
29	.76	66	1.73	300	7.87
30	.79	67	1.76	400	10.50
31	.81	68	1.78	500	13.12
32	.84	69	1.81	600	15.75
33	.87	70	1.84	700	18.37
34	.89	71	1.86	800	21.00
35	.92	72	1.89	900	23.62
36	.94	73	1.92	1000	26.25
37	.97	74	1.94		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

5½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.04	75	2.06
2	.05	39	1.07	76	2.09
3	.08	40	1.10	77	2.12
4	.11	41	1.13	78	2.14
5	.14	42	1.15	79	2.17
6	.16	43	1.18	80	2.20
7	.19	44	1.21	81	2.23
8	.22	45	1.24	82	2.25
9	.25	46	1.26	83	2.28
10	.27	47	1.29	84	2.31
11	.30	48	1.32	85	2.34
12	.33	49	1.35	86	2.36
13	.36	50	1.37	87	2.39
14	.38	51	1.40	88	2.42
15	.41	52	1.43	89	2.45
16	.44	53	1.46	90	2.47
17	.47	54	1.48	91	2.50
18	.49	55	1.51	92	2.53
19	.52	56	1.54	93	2.56
20	.55	57	1.57	94	2.58
21	.58	58	1.59	95	2.61
22	.60	59	1.62	96	2.64
23	.63	60	1.65	97	2.67
24	.66	61	1.68	98	2.69
25	.69	62	1.70	99	2.72
26	.71	63	1.73		
27	.74	64	1.76	100	2.75
28	.77	65	1.79	200	5.50
29	.80	66	1.81	300	8.25
30	.82	67	1.84	400	11.00
31	.85	68	1.87	500	13.75
32	.88	69	1.90	600	16.50
33	.91	70	1.92	700	19.25
34	.93	71	1.95	800	22.00
35	.96	72	1.98	900	24.75
36	.99	73	2.01	1000	27.50
37	1.02	74	2.03		

Calculation for six months.

CHAPTER XXI.

5 $\frac{3}{4}$ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.09	75	2.16
2	.06	39	1.12	76	2.18
3	.09	40	1.15	77	2.21
4	.11	41	1.18	78	2.24
5	.14	42	1.21	79	2.27
6	.17	43	1.24	80	2.30
7	.20	44	1.26	81	2.33
8	.23	45	1.29	82	2.36
9	.26	46	1.32	83	2.39
10	.29	47	1.35	84	2.41
11	.32	48	1.38	85	2.44
12	.34	49	1.41	86	2.47
13	.37	50	1.44	87	2.50
14	.40	51	1.47	88	2.53
15	.43	52	1.49	89	2.56
16	.46	53	1.52	90	2.59
17	.49	54	1.55	91	2.62
18	.52	55	1.58	92	2.64
19	.55	56	1.61	93	2.67
20	.57	57	1.64	94	2.70
21	.60	58	1.67	95	2.73
22	.63	59	1.70	96	2.76
23	.66	60	1.72	97	2.79
24	.69	61	1.75	98	2.82
25	.72	62	1.78	99	2.85
26	.75	63	1.81		
27	.78	64	1.84	100	2.87
28	.80	65	1.87	200	5.75
29	.83	66	1.90	300	8.62
30	.86	67	1.93	400	11.50
31	.89	68	1.95	500	14.37
32	.92	69	1.98	600	17.25
33	.95	70	2.01	700	20.12
34	.98	71	2.04	800	23.00
35	1.01	72	2.07	900	25.87
36	1.03	73	2.10	1000	28.75
37	1.06	74	2.13		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

6 per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.14	75	2.25
2	.06	39	1.17	76	2.28
3	.09	40	1.20	77	2.31
4	.12	41	1.23	78	2.34
5	.15	42	1.26	79	2.37
6	.18	43	1.29	80	2.40
7	.21	44	1.32	81	2.43
8	.24	45	1.35	82	2.46
9	.27	46	1.38	83	2.49
10	.30	47	1.41	84	2.52
11	.33	48	1.44	85	2.55
12	.36	49	1.47	86	2.58
13	.39	50	1.50	87	2.61
14	.42	51	1.53	88	2.64
15	.45	52	1.56	89	2.67
16	.48	53	1.59	90	2.70
17	.51	54	1.62	91	2.73
18	.54	55	1.65	92	2.76
19	.57	56	1.68	93	2.79
20	.60	57	1.71	94	2.82
21	.63	58	1.74	95	2.85
22	.66	59	1.77	96	2.88
23	.69	60	1.80	97	2.91
24	.72	61	1.83	98	2.94
25	.75	62	1.86	99	2.97
26	.78	63	1.89		
27	.81	64	1.92	100	3.00
28	.84	65	1.95	200	6.00
29	.87	66	1.98	300	9.00
30	.90	67	2.01	400	12.00
31	.93	68	2.04	500	15.00
32	.96	69	2.07	600	18.00
33	.99	70	2.10	700	21.00
34	1.02	71	2.13	800	24.00
35	1.05	72	2.16	900	27.00
36	1.08	73	2.19	1000	30.00
37	1.11	74	2.22		

Calculation for six months.

CHAPTER XXI.

6½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.19	75	2.34
2	.06	39	1.22	76	2.37
3	.09	40	1.25	77	2.41
4	.12	41	1.28	78	2.44
5	.16	42	1.31	79	2.47
6	.19	43	1.34	80	2.50
7	.22	44	1.37	81	2.53
8	.25	45	1.41	82	2.56
9	.28	46	1.44	83	2.59
10	.31	47	1.47	84	2.62
11	.34	48	1.50	85	2.66
12	.37	49	1.53	86	2.69
13	.41	50	1.56	87	2.72
14	.44	51	1.59	88	2.75
15	.47	52	1.62	89	2.78
16	.50	53	1.66	90	2.81
17	.53	54	1.69	91	2.84
18	.56	55	1.72	92	2.87
19	.59	56	1.75	93	2.91
20	.62	57	1.78	94	2.94
21	.66	58	1.81	95	2.97
22	.69	59	1.84	96	3.00
23	.72	60	1.87	97	2.03
24	.75	61	1.91	98	3.06
25	.78	62	1.94	99	3.09
26	.81	63	1.97		
27	.84	64	2.00	100	3.12
28	.87	65	2.03	200	6.25
29	.91	66	2.06	300	9.37
30	.94	67	2.09	400	12.50
31	.97	68	2.12	500	15.62
32	1.00	69	2.16	600	18.75
33	1.03	70	2.19	700	21.87
34	1.06	71	2.22	800	25.00
35	1.09	72	2.25	900	28.12
36	1.12	73	2.28	1000	31.25
37	1.16	74	2.31		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

6½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.23	75	2.43
2	.06	39	1.27	76	2.47
3	.10	40	1.30	77	2.50
4	.13	41	1.33	78	2.53
5	.16	42	1.36	79	2.57
6	.19	43	1.40	80	2.60
7	.23	44	1.43	81	2.63
8	.26	45	1.46	82	2.66
9	.29	46	1.49	83	2.70
10	.32	47	1.53	84	2.73
11	.36	48	1.56	85	2.76
12	.39	49	1.59	86	2.79
13	.42	50	1.62	87	2.83
14	.45	51	1.66	88	2.86
15	.49	52	1.69	89	2.89
16	.52	53	1.72	90	2.92
17	.55	54	1.75	91	2.96
18	.58	55	1.79	92	2.99
19	.62	56	1.82	93	3.02
20	.65	57	1.85	94	3.05
21	.68	58	1.88	95	3.09
22	.71	59	1.92	96	3.12
23	.75	60	1.95	97	3.15
24	.78	61	1.98	98	3.18
25	.81	62	2.01	99	3.22
26	.84	63	2.05		
27	.88	64	2.08	100	3.25
28	.91	65	2.11	200	6.50
29	.94	66	2.14	300	9.75
30	.97	67	2.18	400	13.00
31	1.01	68	2.21	500	16.25
32	1.04	69	2.24	600	19.50
33	1.07	70	2.27	700	22.75
34	1.10	71	2.31	800	26.00
35	1.14	72	2.34	900	29.25
36	1.17	73	2.37	1000	32.50
37	1.20	74	2.40		

Calculation for six months.

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6 $\frac{3}{4}$ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.28	75	2.53
2	.07	39	1.32	76	2.56
3	.10	40	1.35	77	2.60
4	.13	41	1.38	78	2.63
5	.17	42	1.42	79	2.67
6	.20	43	1.45	80	2.70
7	.24	44	1.48	81	2.73
8	.27	45	1.52	82	2.77
9	.30	46	1.55	83	2.80
10	.34	47	1.59	84	2.83
11	.37	48	1.62	85	2.87
12	.40	49	1.65	86	2.90
13	.44	50	1.69	87	2.94
14	.47	51	1.72	88	2.97
15	.51	52	1.75	89	3.00
16	.54	53	1.79	90	3.04
17	.57	54	1.82	91	3.07
18	.61	55	1.86	92	3.10
19	.64	56	1.89	93	3.14
20	.67	57	1.92	94	3.17
21	.71	58	1.96	95	3.21
22	.74	59	1.99	96	3.24
23	.78	60	2.02	97	3.27
24	.81	61	2.06	98	3.31
25	.84	62	2.09	99	3.34
26	.88	63	2.13		
27	.91	64	2.16	100	3.37
28	.94	65	2.19	200	6.75
29	.98	66	2.23	300	10.12
30	1.01	67	2.26	400	13.50
31	1.05	68	2.29	500	16.87
32	1.08	69	2.33	600	20.25
33	1.11	70	2.36	700	23.62
34	1.15	71	2.40	800	27.00
35	1.18	72	2.43	900	30.37
36	1.21	73	2.46	1000	33.75
37	1.25	74	2.50		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

7 per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.03	38	1.33	75	2.62
2	.07	39	1.36	76	2.66
3	.10	40	1.40	77	2.69
4	.14	41	1.43	78	2.73
5	.17	42	1.47	79	2.76
6	.21	43	1.50	80	2.80
7	.24	44	1.54	81	2.83
8	.28	45	1.57	82	2.87
9	.31	46	1.61	83	2.90
10	.35	47	1.64	84	2.94
11	.38	48	1.68	85	2.97
12	.42	49	1.71	86	3.01
13	.45	50	1.75	87	3.04
14	.49	51	1.78	88	3.08
15	.52	52	1.82	89	3.11
16	.56	53	1.85	90	3.15
17	.59	54	1.89	91	3.18
18	.63	55	1.92	92	3.22
19	.66	56	1.96	93	3.25
20	.70	57	1.99	94	3.29
21	.73	58	2.03	95	3.32
22	.77	59	2.06	96	3.36
23	.80	60	2.10	97	3.39
24	.84	61	2.13	98	3.43
25	.87	62	2.17	99	3.46
26	.91	63	2.20		
27	.94	64	2.24	100	3.50
28	.98	65	2.27	200	7.00
29	1.01	66	2.31	300	10.50
30	1.05	67	2.34	400	14.00
31	1.08	68	2.38	500	17.50
32	1.12	69	2.41	600	21.00
33	1.15	70	2.45	700	24.50
34	1.19	71	2.48	800	28.00
35	1.22	72	2.52	900	31.50
36	1.26	73	2.55	1000	35.00
37	1.29	74	2.59		

Calculation for six months.

CHAPTER XXI.

7½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.04	38	1.38	75	2.72
2	.07	39	1.41	76	2.75
3	.11	40	1.45	77	2.79
4	.14	41	1.49	78	2.83
5	.18	42	1.52	79	2.86
6	.22	43	1.56	80	2.90
7	.25	44	1.59	81	2.94
8	.29	45	1.63	82	2.97
9	.33	46	1.67	83	3.01
10	.36	47	1.70	84	3.04
11	.40	48	1.74	85	3.08
12	.43	49	1.78	86	3.12
13	.47	50	1.81	87	3.15
14	.51	51	1.85	88	3.19
15	.54	52	1.88	89	3.23
16	.58	53	1.92	90	3.26
17	.62	54	1.96	91	3.30
18	.65	55	1.99	92	3.33
19	.69	56	2.03	93	3.37
20	.72	57	2.07	94	3.41
21	.76	58	2.10	95	3.44
22	.80	59	2.14	96	3.48
23	.83	60	2.17	97	3.52
24	.87	61	2.21	98	3.55
25	.91	62	2.25	99	3.59
26	.94	63	2.28		
27	.98	64	2.32	100	3.62
28	1.01	65	2.36	200	7.25
29	1.05	66	2.39	300	10.87
30	1.09	67	2.43	400	14.50
31	1.12	68	2.46	500	18.12
32	1.16	69	2.50	600	21.75
33	1.20	70	2.54	700	25.37
34	1.23	71	2.57	800	29.00
35	1.27	72	2.61	900	32.62
36	1.30	73	2.65	1000	36.25
37	1.34	74	2.68		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

7½ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.04	38	1.42	75	2.81
2	.07	39	1.46	76	2.85
3	.11	40	1.50	77	2.89
4	.15	41	1.54	78	2.92
5	.19	42	1.57	79	2.96
6	.22	43	1.61	80	3.00
7	.26	44	1.65	81	3.04
8	.30	45	1.69	82	3.07
9	.34	46	1.72	83	3.11
10	.37	47	1.76	84	3.15
11	.41	48	1.80	85	3.19
12	.45	49	1.84	86	3.22
13	.49	50	1.87	87	3.26
14	.52	51	1.91	88	3.30
15	.56	52	1.95	89	3.34
16	.60	53	1.99	90	3.37
17	.64	54	2.02	91	3.41
18	.67	55	2.06	92	3.45
19	.71	56	2.10	93	3.49
20	.75	57	2.14	94	3.52
21	.79	58	2.17	95	3.56
22	.82	59	2.21	96	3.60
23	.86	60	2.25	97	3.64
24	.90	61	2.29	98	3.67
25	.94	62	2.32	99	3.71
26	.97	63	2.36		
27	1.01	64	2.40	100	3.75
28	1.05	65	2.44	200	7.50
29	1.09	66	2.47	300	11.25
30	1.12	67	2.51	400	15.00
31	1.16	68	2.55	500	18.75
32	1.20	69	2.59	600	22.50
33	1.24	70	2.62	700	26.25
34	1.27	71	2.66	800	30.00
35	1.31	72	2.70	900	33.75
36	1.35	73	2.74	1000	37.50
37	1.39	74	2.77		

Calculation for six months.

CHAPTER XXI.

7 $\frac{3}{4}$ per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.04	38	1.47	75	2.91
2	.08	39	1.51	76	2.94
3	.12	40	1.55	77	2.98
4	.15	41	1.59	78	3.02
5	.19	42	1.63	79	3.06
6	.23	43	1.67	80	3.10
7	.27	44	1.70	81	3.14
8	.31	45	1.74	82	3.18
9	.35	46	1.78	83	3.22
10	.39	47	1.82	84	3.25
11	.43	48	1.86	85	3.29
12	.46	49	1.90	86	3.33
13	.50	50	1.94	87	3.37
14	.54	51	1.98	88	3.41
15	.58	52	2.01	89	3.45
16	.62	53	2.05	90	3.49
17	.66	54	2.09	91	3.53
18	.70	55	2.13	92	3.56
19	.74	56	2.17	93	3.60
20	.77	57	2.21	94	3.64
21	.81	58	2.25	95	3.68
22	.85	59	2.29	96	3.72
23	.89	60	2.32	97	3.76
24	.93	61	2.36	98	3.80
25	.97	62	2.40	99	3.84
26	1.01	63	2.44		
27	1.05	64	2.48	100	3.87
28	1.08	65	2.52	200	7.75
29	1.12	66	2.56	300	11.62
30	1.16	67	2.60	400	15.50
31	1.20	68	2.63	500	19.37
32	1.24	69	2.67	600	23.25
33	1.28	70	2.71	700	27.12
34	1.32	71	2.75	800	31.00
35	1.36	72	2.79	900	34.87
36	1.39	73	2.83	1000	38.75
37	1.43	74	2.87		

Calculation for six months.

DISTRIBUTION OF EARNINGS.

8 per cent table.

Dollars.	Interest.	Dollars.	Interest.	Dollars.	Interest.
1	.04	38	1.52	75	3.00
2	.08	39	1.56	76	3.04
3	.12	40	1.60	77	3.08
4	.16	41	1.64	78	3.12
5	.20	42	1.68	79	3.16
6	.24	43	1.72	80	3.20
7	.28	44	1.76	81	3.24
8	.32	45	1.80	82	3.28
9	.36	46	1.84	83	3.32
10	.40	47	1.88	84	3.36
11	.44	48	1.92	85	3.40
12	.48	49	1.96	86	3.44
13	.52	50	2.00	87	3.48
14	.56	51	2.04	88	3.52
15	.60	52	2.08	89	3.56
16	.64	53	2.12	90	3.60
17	.68	54	2.16	91	3.64
18	.72	55	2.20	92	3.68
19	.76	56	2.24	93	3.72
20	.80	57	2.28	94	3.76
21	.84	58	2.32	95	3.80
22	.88	59	2.36	96	3.84
23	.92	60	2.40	97	3.88
24	.96	61	2.44	98	3.92
25	1.00	62	2.48	99	3.96
26	1.04	63	2.52		
27	1.08	64	2.56	100	4.00
28	1.12	65	2.60	200	8.00
29	1.16	66	2.64	300	12.00
30	1.20	67	2.68	400	16.00
31	1.24	68	2.72	500	20.00
32	1.28	69	2.76	600	24.00
33	1.32	70	2.80	700	28.00
34	1.36	71	2.84	800	32.00
35	1.40	72	2.88	900	36.00
36	1.44	73	2.92	1000	40.00
37	1.48	74	2.96		

Calculation for six months.

CHAPTER XXII.

Distribution of Earnings—Serial Plan.

THERE are a number of plans in operation for the distribution of profits. The amount of interest which a member has in a building, loan and savings association is indicated by the number of shares which are held, the age of the shares and the maturing value. Shares are divided into various classes, installment or running shares, prepaid shares and paid-up shares. A member who makes weekly, monthly or other periodical subscriptions for installment shares indicates the amount of periodical payments he desires to make by the number of shares for which he subscribes. Those payments are continued until the installments and the profits on the shares have caused them to reach their maturing or par value, when they are wound up by returning to the non-borrowing members the value of their shares in cash, and to the borrowing members their mortgages and canceled obligations. Prepaid shares, known as partly paid up shares, are issued by some associations at a fixed price per share in advance. Such shares usually participate as fully in the profits as the regular installment shares, and when the amount originally paid in for such shares, together with the dividends credited thereon, reaches the maturing or par

DISTRIBUTION OF EARNINGS.

value, then such shares are matured, and are disposed of in the same manner as regular installment shares. Some associations, instead of crediting all the profits made on this class of shares, allow a fixed rate of interest on the amount paid therefor at each dividend period, which is paid in cash to the holder thereof. The interest is then deducted from the profits to which the shares are entitled; and the balance is credited to the shares, until such unpaid portion of the profits, added to the amount originally paid, equals the maturing or par value.

DIVISION OF PROFITS—SERIAL PLAN.*

The purpose of the following calculations is to show different methods of dividing ascertained gains between series, and, of course, between the shares of a series.

The several columns represent:

COLUMN A.—Payments at the beginning of each month beginning with \$1.00 and continuing until \$144.00 have been paid in.

COLUMN B.—These figures represent 1 per cent per annum on the dues—payments, namely, for the average time the money is invested.

COLUMN C.—Average investment one share for one full month.

COLUMN D.—This column of earning powers is arranged for the convenience of societies issuing shares every three months.

The proper use of Columns B, C and D as earning powers will produce like results.

All the above based on the exact average time the money has been invested.

COLUMN E.—This column is for societies issuing yearly series, and while the figures do not represent the exact time of investment, the use of them results in a short cut to the desired end.

COLUMN F.—This column is like Column E, but may be used for societies issuing shares every 6 months.

The figures have been compiled for the use of secretaries who

* Prepared by Michael J. Brown, Philadelphia, Pa.

CHAPTER XXII.

may desire to use any one of the several means of ascertaining proportional gains.

The rule is to multiply the number of shares in each series by the number given in any one of the tables, B, C, D, E or F, for that series, using the sum of these as the divisor into the known total gain of the society. The total gain is obtained by subtracting the liabilities from the assets—dues paid being treated as a liability. This will give the multipliers, 6 in the first example; .005 in the second; .03 in the third; .3737 in the fourth, and .0934 in the fifth.

The one per centum for each series in Column B, or the average investments in Column C, or the earning powers in Columns D, E or F, are then to be multiplied by the number thus ascertained, to get the division of gain to the series. The division to each share is obtained by dividing the total gain of the series by the total number of shares.

The figures given are based on actual time, namely:

\$48 for 24½ months = \$1,176 for one month. Interest at six per cent on \$1,176 for one month = \$5.88, or, at one per cent, one-sixth of that amount—.98 as given in the table—see Column A and B, \$48.

The examples that follow assume that the total gain of the society under the conditions named is \$179.40. This may be divided to the series and the shares by any one of the tables B, C, D, E or F.

By the first three methods the division will be exact, and all will, of course, agree, one with another. By E and F the division is only approximately correct, and, therefore, these divisions do not agree exactly with those made by tables B, C and D. E and F are preferred by some secretaries because they simplify the operation.

Keeping in mind the directions above given here are examples of the processes:

EXAMPLE COLUMNS A AND B.

Payments	One Per Shares Centum		
\$36.00	30 × .555 =	\$16.65 × 6 =	\$99.90
24.00	40 × .250 =	10.00 × 6 =	60.00
12.00	50 × .065 =	3.25 × 6 =	19.50
		\$29.90	\$179.40

Gain—\$179.40 ÷ 29.90 = 6.

Gain per Series	Shares	Gain per Share
\$99.90 ÷ 30 =		\$3.33
60.00 ÷ 40 =		1.50
19.50 ÷ 50 =		.39

DISTRIBUTION OF EARNINGS.

EXAMPLE COLUMNS A AND C.

Payments	Shares	Average 1 Month		
\$36.00	30	× \$666	= \$19,980	× .005 = \$99.90
24.00	40	× 300	= 12,000	× .005 = 60.00
12.00	50	× 78	= 3,900	× .005 = 19.50
			\$35,880	\$179.40
			Gain—\$179.40 ÷ 35,880 = .005	

Division to Shares as above.

EXAMPLE COLUMNS A AND D.

Payments	Powers	Shares		
\$36.00	111	× 30	= \$3,330	× .03 = \$99.90
24.00	50	× 40	= 2,000	× .03 = 60.00
12.00	13	× 50	= 650	× .03 = 19.50
			\$5,980	\$179.40
			Gain—\$179.40 ÷ 5,980 = .03	

Division to Shares as above.

EXAMPLE COLUMNS A AND E.

Fractional Parts of Month Omitted.

Payments	Powers	Shares	Total		
\$36.00	9	× 30	= \$270	× .3737	= \$100.90
24.00	4	× 40	= 160	× .3737	= 59.79
12.00	1	× 50	= 50	× .3737	= 18.69
			\$480		\$179.38
			Gain—\$179.40 ÷ 480 = .3737		

Gain per Series	÷	Shares	=	Gain per Share
\$100.90	÷	30	=	\$3.36
59.79	÷	40	=	1.49
18.69	÷	50	=	.3737

EXAMPLE COLUMNS A AND F.

Payments	Powers	Shares		
\$36.00	36	× 30	= \$1,080	× .0934 = \$100.90
24.00	16	× 40	= 640	× .0934 = 59.79
12.00	4	× 50	= 200	× .0934 = 18.69
			\$1,920	\$179.38
			Gain—\$179.40 ÷ 1,920 = .0934	

Gain per Series	÷	Shares	=	Gain per Share
\$100.90	÷	30	=	\$3.36
59.79	÷	40	=	1.49
18.69	÷	50	=	.3737

CHAPTER XXII.

EARNING POWERS.

Payments	One per Cent. per Annum	Average Investment for One Month	Calculated Powers		
			D	E	F
\$144	\$8.70000	\$10,440	1740	144	576
143	8.58000	10,296	1716		
142	8.46083	10,153	1688½		
141	8.34250	10,011	1668½		
140	8.22500	9,870	1645		
139	8.10833	9,730	1625		
138	7.99250	9,591	1598½		559
137	7.87750	9,453			
136	7.76333	9,316			
135	7.65000	9,180	1530		
134	7.53750	9,045			
133	7.42583	8,911			
132	7.31500	8,778	1463	121	484
131	7.20500	8,646			
130	7.09583	8,515			
129	6.98750	8,385	1397½		
128	6.88000	8,256			
127	6.77333	8,128			
126	6.66750	8,001	1333½		441
125	6.56250	7,875			
124	6.45833	7,750			
123	6.35500	7,626	1271		
122	6.25250	7,503			
121	6.15083	7,381			
120	6.05000	7,260	1210	100	400
119	5.95000	7,140			
118	5.85083	7,021			
117	5.75250	6,903	1150½		
116	5.65500	6,786			
115	5.55833	6,670			
114	5.46250	6,555	1092½		361
113	5.36750	6,441			
112	5.27333	6,328			
111	5.18000	6,216	1036		
110	5.08750	6,105			
109	4.99582	5,995			
108	4.90500	5,886	981	81	324
107	4.81500	5,778			
106	4.72583	5,671			
105	4.63750	5,565	927½		
104	4.55000	5,460			
103	4.46333	5,356			
102	4.37750	5,253	875½		289
101	4.29250	5,151			
100	4.21250	5,050			
99	4.12500	4,950	825		
98	4.04250	4,851			

DISTRIBUTION OF EARNINGS.

Payments	One per Cent. per Annum	Average Investment for One Month	Calculated Powers		
			D	E	F
A	B	C			
97	3.96083	4,753			
96	3.88000	4,656	776	64	256
95	3.80000	4,560			
94	3.72083	4,465			
93	3.64250	4,371	728½		
92	3.56500	4,278			
91	3.48833	4,186			
90	3.41250	4,095	682½		225
89	3.33750	4,005			
88	3.26333	3,916			
87	3.19000	3,828	638		
86	3.11750	3,741			
85	3.04583	3,655			
84	2.97500	3,570	595	49	196
83	2.90500	3,486			
82	2.83583	3,403			
81	2.76750	3,321	553½		
80	2.70000	3,240			
79	2.63333	3,160			
78	2.56750	3,081	513½		169
77	2.50250	3,003			
76	2.43833	2,926			
75	2.37500	2,850	475		
74	2.31250	2,775			
73	2.25083	2,701			
72	2.19000	2,628	438	36	144
71	2.13000	2,556			
70	2.07083	2,485			
69	2.01250	2,415	402½		
68	1.95500	2,346			
67	1.89833	2,278			
66	1.84250	2,211	368½		121
65	1.78750	2,145			
64	1.73333	2,080			
63	1.68000	2,016	336		
62	1.62750	1,953			
61	1.57583	1,891			
60	1.52500	1,830	305	25	100
59	1.47500	1,770			
58	1.42583	1,711			
57	1.37750	1,653	275½		
56	1.33000	1,596			
55	1.28333	1,540			
54	1.23750	1,485	247½		81
53	1.19250	1,431			
52	1.14833	1,378			
51	1.10500	1,326	221		
50	1.06333	1,276			
49	1.02083	1,225			

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Payments A	One per Cent. per Annum B	Average Investment for One Month C	Calculated Powers		
			D	E	F
48	.98000	1,176	196	16	64
47	.94000	1,128			
46	.90083	1,081			
45	.86250	1,035	172½		
44	.82500	990			
43	.78833	946			
42	.75250	903	150½		49
41	.71750	861			
40	.68333	820			
39	.65000	780	130		
38	.61750	741			
37	.58583	703			
36	.55500	666	111	9	36
35	.52500	630			
34	.49583	595			
33	.46750	561	93½		
32	.44000	528			
31	.41333	496			
30	.38750	465	77½		25
29	.36250	435			
28	.33833	406			
27	.31500	378	63		
26	.29250	351			
25	.27083	325			
24	.25000	300	50	4	16
23	.23000	276			
22	.21083	253			
21	.19250	231	38½		
20	.17500	210			
19	.15833	190			
18	.14250	171	28½		9
17	.12750	153			
16	.11333	136			
15	.10000	120	20		
14	.08750	105			
13	.07583	91			
12	.06500	78	13	1	4
11	.05500	66			
10	.04583	55			
9	.03750	45	7½		
8	.03000	36			
7	.02333	28			
6	.01750	21	3½		1
5	.01250	15			
4	.00833	10			
3	.00500	6	1		
2	.00250	3			
1	.00083	1			

DISTRIBUTION OF EARNINGS.

EXAMPLE.

At 3 per centum per annum on one share of \$1.00 each at the end of the 48th month—.98000 \times 3 = \$2.94. See \$48.00—Columns A and B.

At 4 per centum at the end of the 64th month—\$1,73333 \times 4 = \$6.93. See \$64.00—Columns A and B.

At 2 per centum per annum at the end of the 6th month—.01750 \times 2 = .03½. See \$6.00—Columns A and B.

Rules and Tables Exemplifying the Division of Profits Under Dexter's Rule and the Partnership Rule.

APPLICATION OF "DEXTER'S RULE."

Rule.

1. From the profits at the date of making a report, deduct the profits on all shares in all series, as shown by the last preceding report, the remainder will be the net profits for the current term.

2. To find the capital for the current term, multiply the value per share in each series, as shown by the last preceding report by the number of shares in force in said series at the date of making the current report, to the sum of these products add the equalized dues for the current term, the result will be the total capital for the current term.

3. To find the per cent of profit for the current term, divide the net profits for the current term by the total capital for the current term.

4. To find the total capital of one share in each series, add to the value per share as shown by the last preceding statement, the equalized dues for the current term. The capital account for the series issued during or at the commencement of the current term will be the equalized dues for the current term.

5. To find the profits per share, multiply the total capital per shares for the current term by the per cent of profit for the current term.

NOTE.—The phrase "current term" as here used is intended to mean the term or period for which the report is being made, whether annually, semi-annually, quarterly or otherwise.

NOTE.—The "equalized dues for the current term" is such a sum as invested for the whole time will equal the investment of the

CHAPTER XXII.

monthly dues on one share, from month to month, for the same time and is the quotient obtained by dividing the sum of the months by the dues per share for the current term.

For the following tables the equalized dues is obtained thus.

<table style="width: 100%; border-collapse: collapse;"> <tr><td>\$1 00 for.....</td><td>12 months</td></tr> <tr><td>1 00 for.....</td><td>11 months</td></tr> <tr><td>1 00 for.....</td><td>10 months</td></tr> <tr><td>1 00 for.....</td><td>9 months</td></tr> <tr><td>1 00 for.....</td><td>8 months</td></tr> <tr><td>1 00 for.....</td><td>7 months</td></tr> <tr><td>1 00 for.....</td><td>6 months</td></tr> <tr><td>1 00 for.....</td><td>5 months</td></tr> <tr><td>1 00 for.....</td><td>4 months</td></tr> <tr><td>1 00 for.....</td><td>3 months</td></tr> <tr><td>1 00 for.....</td><td>2 months</td></tr> <tr><td>1 00 for.....</td><td>1 month</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>\$12 00 for.....</td><td>78 months</td></tr> <tr><td colspan="2">78 ÷ 12=\$6.50 equalized dues.</td></tr> </table>	\$1 00 for.....	12 months	1 00 for.....	11 months	1 00 for.....	10 months	1 00 for.....	9 months	1 00 for.....	8 months	1 00 for.....	7 months	1 00 for.....	6 months	1 00 for.....	5 months	1 00 for.....	4 months	1 00 for.....	3 months	1 00 for.....	2 months	1 00 for.....	1 month	<hr/>		\$12 00 for.....	78 months	78 ÷ 12=\$6.50 equalized dues.		<table style="width: 100%; border-collapse: collapse;"> <tr><td>\$1 00 for.....</td><td>11 months</td></tr> <tr><td>1 00 for.....</td><td>10 months</td></tr> <tr><td>1 00 for.....</td><td>9 months</td></tr> <tr><td>1 00 for.....</td><td>8 months</td></tr> <tr><td>1 00 for.....</td><td>7 months</td></tr> <tr><td>1 00 for.....</td><td>6 months</td></tr> <tr><td>1 00 for.....</td><td>5 months</td></tr> <tr><td>1 00 for.....</td><td>4 months</td></tr> <tr><td>1 00 for.....</td><td>3 months</td></tr> <tr><td>1 00 for.....</td><td>2 months</td></tr> <tr><td>1 00 for.....</td><td>1 month</td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>\$11 00 for.....</td><td>66 months</td></tr> <tr><td colspan="2">66 ÷ 11=\$6.00 equalized dues.</td></tr> </table>	\$1 00 for.....	11 months	1 00 for.....	10 months	1 00 for.....	9 months	1 00 for.....	8 months	1 00 for.....	7 months	1 00 for.....	6 months	1 00 for.....	5 months	1 00 for.....	4 months	1 00 for.....	3 months	1 00 for.....	2 months	1 00 for.....	1 month	<hr/>		\$11 00 for.....	66 months	66 ÷ 11=\$6.00 equalized dues.	
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66 ÷ 11=\$6.00 equalized dues.																																																											

FIRST ANNUAL DISTRIBUTION.

Profits at end of first year.....	\$73 95
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\$73.95 profits ÷ 100 shares = profit of 73 cents per share.

General Statement.

	Dues.	Profits.	Totals.
100 shares at \$12.00 per share.....	\$1,200 00	.....	.....
100 shares at .73 per share.....	.....	\$73 00	\$1,273 00
	<hr/>	<hr/>	<hr/>
Undivided profits.....	\$1,200 00	\$73 00	\$1,273 00
	.....	95	95
	<hr/>	<hr/>	<hr/>
	\$1,200 00	\$73 95	\$1,273 95

SECOND ANNUAL DISTRIBUTION.

Total profits at end of second year.....	\$369 28
From which deduct as follows:	
Profits on 100 shares, Series 1, at 73 cents.....	73 00
Balance, or net profits for year.....	\$296 28

Capital Account.

100 shares, Series 1, at \$12.73.....	\$1,273 00
100 shares, Series 2.....	.....
200 shares at \$6.50 per share, equalized dues.....	1,300 00
Total capital participating in current year profits.....	\$2,573 00

DISTRIBUTION OF EARNINGS.

Distribution of Profits.

\$296.28 (profits for current year) ÷ \$25.73 (capital for current year) gives 11.51 per cent of profit.

Items.	Series	1	2
Value per share at last report.....		\$12 73	.....
Equalized dues for current year.....		6 50	\$6 50
Total capital.....		\$19 23	\$ 6 50
Multiplied by per cent of profit.....		11 51	11 51
Gives profit per share of.....		\$2 21	\$0 74

Value of Shares, one Share in Each Series.

Items.	Series	1	2
Value at last report.....		\$12 73	.....
Profit for current year.....		2 21	\$ 0 74
Dues for current year.....		12 00	12 00
Present value.....		\$26 94	\$12 74
Total dues paid per share.....		24 00	12 00
Total profits.....		\$2 94	\$0 74

General Statement.

	Dues.	Profits.	Totals.
100 shares, Series 1, at \$24.00.....	\$2,400 00	.....	.....
100 shares, Series 1, at 2.94.....	.....	\$294 00	\$2,694 00
100 shares, Series 2, at 12.00.....	1,200 00	.....	.....
100 shares, Series 2, at .74.....	.....	74 00	1,274 00
	\$3,600 00	\$368 00	\$3,968 00
Undivided balance.....	.....	1 28	1 28
	\$3,600 00	\$369 28	\$3,969 28

THIRD ANNUAL DISTRIBUTION.

Total profits to date of this statement.....	\$1,050 48
From which deduct as follows:	
100 shares, Series 1, at \$2.04.....	\$294 00
100 shares, Series 2, at .74.....	74 00
	368 00
Balance, or net profits for current year.....	\$682 48

Capital Account.

100 shares, Series 1, at \$26.94.....	\$2,694 00
100 shares, Series 2, at 12.74.....	1,274 00
100 shares, Series 3.....	.....
	\$3,968 00
300 shares at \$6.50 per share, equalized dues.....	1,950 00
Total capital participating in current year's profit....	\$5,918 00

CHAPTER XXII.

Distribution of Profits.

\$682.48 (profits for current year) ÷ \$5,918.00 (capital for current year)
gives 11.53 per cent of profit.

Items.	Series	1	2	3
Value per share at last report.....		\$26 94	\$12 74	.....
Equalized dues for current year.....		6 50	6 50	\$6 50
Total capital.....		\$33 44	\$19 24	\$6 50
Multiplied by per cent of profit.....		11 53	11 53	11 53
Gives profit per share of.....		\$3 85	\$2 21	\$0 74

Value of Shares, one Share in Each Series.

Items.	Series	1	2	3
Value at last report.....		\$26 94	\$12 74	.....
Profit for current year.....		3 85	2 21	80 74
Dues for current year.....		12 00	12 00	12 00
Present value.....		\$42 79	\$26 95	\$12 74
Total dues paid per share.....		36 00	24 00	12 00
Total profits.....		\$6 79	\$2 95	\$0 74

General Statement.

	Dues.	Profits.	Totals.
100 shares, Series 1, at \$36.00.....	\$3,600 00	.....	.....
100 shares, Series 1, at 6.79.....	.....	\$679 00	\$4,279 00
100 shares, Series 2, at 24.00.....	2,400 00	.....	.....
100 shares, Series 2, at 2.95.....	.....	295 00	2,695 00
100 shares, Series 3, at 12.00.....	1,200 00	.....	.....
100 shares, Series 3, at .74.....	.....	74 00	1,274 00
	\$7,200 00	\$1,048 00	\$8,248 00
Undivided profits.....	.....	2 48	2 48
	\$7,200 00	\$1,050 48	\$8,250 48

FOURTH ANNUAL DISTRIBUTION.

Total profits at end of fourth year.....	.....	\$2,301 05
From which deduct as follows:		
Profits on 100 shares, Series 1, at \$6.79.....	\$679 00	
Profits on 100 shares, Series 2, at 2.95.....	295 00	
Profits on 100 shares, Series 3, at .74.....	74 00	
	.....	1,048 00
Balance, or net profits for current year.....		\$1,253 05

Capital Account.

100 shares, Series 1, at \$42.79.....	\$4,279 00	
100 shares, Series 2, at 26.95.....	2,695 00	
100 shares, Series 3, at 12.74.....	1,274 00	
100 shares, Series 4.....	.....
	.....	\$8,248 00
400 shares, at \$6.50 per share, equalized dues.....		2,600 00
Total capital participating in current year profits.....		\$10,848 00

DISTRIBUTION OF EARNINGS.

Distribution of Profits.

\$1,253.05 (profits for current year) ÷ \$10,848.00 (capital for current year)
gives 11.55 per cent of gain.

Items.	Series	1	2	3	4
Value per share at last report.....		\$42 79	\$26 95	\$12 74	.....
Equalized dues for current year...		6 50	6 50	6 50	\$6 50
Total capital.....		\$49 29	\$33 45	\$19 24	\$6 50
Multiplied by per cent of profit...		11 00	11 55	11 55	11 55
Gives profit per share of.....		\$5 69	\$3 86	\$2 22	\$0 75

Value of Shares, one Share in Each Series.

Items.	Series	1	2	3	4
Value at last report.....		\$42 79	\$26 95	\$12 74	.....
Profit for current year.....		5 69	3 86	2 22	\$ 0 75
Dues for current year.....		12 00	12 00	12 00	12 00
Present value.....		\$60 48	\$42 81	\$26 96	\$12 75
Total dues paid per share.....		48 00	36 00	24 00	12 00
Total profits.....		\$12 48	\$6 81	\$2 96	\$0 75

General Statement.

	Dues.	Profits.	Totals.
100 shares, Series 1, at \$48.00.....	\$4,800 00	.....	.....
100 shares, Series 1, at 12.48.....	.....	\$1,248 00	\$6,048 00
100 shares, Series 2, at 36.00.....	3,600 00	.....	.....
100 shares, Series 2, at 6.81.....	.....	681 00	4,281 00
100 shares, Series 3, at 24.00.....	2,400 00	.....	.....
100 shares, Series 3, at 2.96.....	.....	296 00	2,696 00
100 shares, Series 4, at 12.00.....	1,200 00	.....	.....
100 shares, Series 4, at .75.....	.....	75 00	1,275 00
Undivided profits.....	\$12,000 00	\$2,300 00	\$14,300 00
	.....	1 05	1 05
	\$12,000 00	\$2,301 05	\$14,301 05

FIFTH ANNUAL DISTRIBUTION.

Total profits at end of fifth year.....	\$4,325 75
From which deduct as follows:	
Profits on 100 shares, Series 1, at \$12.48.....	\$1,248 00
Profits on 100 shares, Series 2, at 6.81.....	681 00
Profits on 100 shares, Series 3, at 2.96.....	296 00
Profits on 100 shares, Series 4, at .75.....	75 00
	2,300 00
Balance or net profits for current year.....	\$2,025 75

CHAPTER XXII.

Capital Account.

100 shares, Series 1, at \$60.48.....	\$6,048 00
100 shares, Series 2, at 42.81.....	4,281 00
100 shares, Series 3, at 26.96.....	2,696 00
100 shares, Series 4, at 12.75.....	1,275 00
100 shares, Series 5.....	.....
500 shares, at \$6.50 per share, equalized dues.....	\$14,300 00
	3,250 00
Total capital participating in current year profits...	\$17,550 00

Distribution of Profits.

\$2,025.75 (profits for current year) ÷ \$17,550.00 (capital for current year) gives 11.54 per cent of gain.

Items.	Series.	1	2	3	4	5
Value per share at last report.....		\$60 48	\$42 81	\$26 96	\$12 75	.....
Equalized dues for current year.....		6 50	6 50	6 50	6 50	6 50
Total capital.....		66 98	\$49 31	\$33 46	\$19 25	\$ 6 50
Multiplied by per cent of profit.....		11 54	11 54	11 54	11 54	11 54
Gives profit per share of.....		\$ 7 72	\$ 5 69	\$ 3 86	\$ 2 22	\$ 0 75

Value of Shares, one Share in Each Series.

Items.	Series.	1	2	3	4	5
Value at last report.....		\$60 48	\$42 81	\$26 96	\$12 75	.....
Profit for current year.....		7 72	5 69	3 86	2 22	\$ 0 75
Dues for current year.....		12 00	12 00	12 00	12 00	12 00
Present value.....		\$80 20	\$60 50	\$42 82	\$26 97	\$12 75
Total dues paid per share.....		60 00	48 00	36 00	24 00	12 00
Total profits.....		\$20 20	\$12 50	\$ 6 85	\$ 2 97	\$ 0 75

General Statement.

	Dues.	Profits.	Totals.
100 shares, Series 1, at \$60.00.....	\$6,000 00		
100 shares, Series 1, at 20.20.....		\$2,020 00	\$8,020 00
100 shares, Series 2, at 48.00.....	4,800 00		
100 shares, Series 2, at 12.50.....		1,250 00	6,050 00
100 shares, Series 3, at 36.00.....	3,600 00		
100 shares, Series 3, at 6.82.....		682 00	4,282 00
100 shares, Series 4, at 24.00.....	2,400 00		
100 shares, Series 4, at 2.97.....		297 00	2,697 00
100 shares, Series 5, at 12.00.....	1,200 00		
100 shares, Series 5, at .75.....		75 00	1,275 00
	\$18,000 00	\$4,324 00	\$22,324 00
Undivided profits.....		1 75	1 75
	\$18,000 00	\$4,325 75	\$22,325 75

SIXTH ANNUAL DISTRIBUTION.

Total profits at end of 5 years and 11 months.....	\$7,057 31
From which deduct as follows:	
Profits on 100 shares, Series 1, at \$20.20.....	\$2,020 00
Profits on 100 shares, Series 2, at 12.50.....	1,250 00
Profits on 100 shares, Series 3, at 6.82.....	682 00
Profits on 100 shares, Series 4, at 2.97.....	297 00
Profits on 100 shares, Series 5, at .75.....	75 00
	4,324 00
Balance or net profits for current term.....	\$2,733 31

DISTRIBUTION OF EARNINGS.

Capital Account.

100 shares, Series 1, at \$80.20.....	\$8,020 00
100 shares, Series 2, at 60.50.....	6,050 00
100 shares, Series 3, at 42.82.....	4,282 00
100 shares, Series 4, at 26.97.....	2,697 00
100 shares, Series 5, at 12.75.....	1,275 00
100 shares, Series 6.....	.....
600 shares at \$6.00 per share, equalized dues.....	3,600 00
Total capital participating in current term profits.....	\$25,924 00

Distribution of Profits.

\$2,733.31 (profits for current term) ÷ \$25,924.00 (capital for current term)
gives 10.50 per cent of profit.

Items.	Series.	1	2	3	4	5	6
Value per share at last report..		\$80 20	\$60 50	\$42 82	\$26 97	\$12 75	.....
Equalized dues for current year (11 months).....		6 00	6 00	6 00	6 00	6 00	\$6 00
Total capital.....		\$86 20	\$66 50	\$48 82	\$32 97	\$18 75	\$ 6 00
Multiplied by per cent of profit		10 50	10 50	10 50	10 50	10 50	10 50
Gives profit per share of.		\$9 05	\$6 98	\$5 12	\$3 46	\$1 96	\$0 63

Value of Shares, one Share in Each Series.

Items.	Series.	1	2	3	4	5	6
Value per share at last report..		\$80 20	\$60 50	\$42 82	\$26 97	\$12 75	.....
Profit for current year.....		9 05	6 98	5 12	3 46	1 96	\$ 0 63
Dues for current year.....		11 00	11 00	11 00	11 00	11 00	11 00
Present value.....		\$100 25	\$78 48	\$58 94	\$41 43	\$25 71	\$11 63
Total dues paid per share....		71 00	59 00	47 00	35 00	23 00	11 00
Total profit per share....		\$29 25	\$19 48	\$11 94	\$6 43	\$2 71	\$0 63

General Statement

	Dues.	Profits.	Totals.
100 shares, Series 1, at \$71.00.....	\$7,100 00		
100 shares, Series 1, at 29.25.....		\$2,925 00	\$10,025 00
100 shares, Series 2, at 59.00.....	5,900 00		
100 shares, Series 2, at 19.48.....		1,948 00	7,848 00
100 shares, Series 3, at 47.00.....	4,700 00		
100 shares, Series 3, at 11.94.....		1,194 00	5,894 00
100 shares, Series 4, at 35.00.....	3,500 00		
100 shares, Series 4, at 6.43.....		643 00	4,143 00
100 shares, Series 5, at 23.00.....	2,300 00		
100 shares, Series 5, at 2.71.....		271 00	2,571 00
100 shares, Series 6, at 11.00.....	1,100 00		
100 shares, Series 6, at .63.....		63 00	1,163 00
Undivided profits.....	\$24,600 00	\$7,044 00	\$31,644 00
		13 31	13 31
	\$24,600	\$7,057 31	\$31,657 31

CHAPTER XXII.

*Statement showing the increase in the value of Shares by the
"Dexter's Rule" of Division of Profits.*

Value.	Series.	1	2	3	4	5	6
Value January 1, 1881.....		\$12 73					
Value January 1, 1882.....		26 94	\$12 74				
Value January 1, 1883.....		42 79	26 99	\$12 74			
Value January 1, 1884.....		60 48	42 81	26 96	\$12 75		
Value January 1, 1885.....		80 20	60 50	42 82	26 97	\$12 75	
Value December 1, 1885....		100 25	78 48	58 94	41 43	25 71	\$11 62

*Statement showing the increase in the value of Shares by the
"Partnership Rule" of Division of Profits.*

Value.	Series.	1	2	3	4	5	6
Value January 1, 1881.....		\$12 73					
Value January 1, 1882.....		26 93	\$12 73				
Value January 1, 1883.....		42 73	26 99	\$12 74			
Value January 1, 1884.....		60 21	42 86	27 05	\$12 76		
Value January 1, 1885.....		79 62	60 55	43 06	27 13	\$12 78	
Value December 1, 1885....		99 20	78 47	59 35	41 85	25 95	\$11 67

*Rule for Computing Interest, and table showing Interest on One
Dollar at 3 per cent "average time" from 1 to 120 Months.*

Time....	Interest.	Time....	Interest.	Time....	Interest.	Time....	Interest.	Time....	Interest.	Time....	Interest.
120	.3000	100	.2500	80	.2000	60	.1500	40	.1000	20	.0500
119	.2975	99	.2475	79	.1975	59	.1475	39	.0975	19	.0475
118	.2950	98	.2450	78	.1950	58	.1450	38	.0950	18	.0450
117	.2925	97	.2425	77	.1925	57	.1425	37	.0925	17	.0425
116	.2900	96	.2400	76	.1900	56	.1400	36	.0900	16	.0400
115	.2875	95	.2375	75	.1875	55	.1375	35	.0875	15	.0375
114	.2850	94	.2350	74	.1850	54	.1350	34	.0850	14	.0350
113	.2825	93	.2325	73	.1825	53	.1325	33	.0825	13	.0325
112	.2800	92	.2300	72	.1800	52	.1300	32	.0800	12	.0300
111	.2775	91	.2275	71	.1775	51	.1275	31	.0775	11	.0275
110	.2750	90	.2250	70	.1750	50	.1250	30	.0750	10	.0250
109	.2725	89	.2225	69	.1725	49	.1225	29	.0725	09	.0225
108	.2700	88	.2200	68	.1700	48	.1200	28	.0700	08	.0200
107	.2675	87	.2175	67	.1675	47	.1175	27	.0675	07	.0175
106	.2650	86	.2150	66	.1650	46	.1150	26	.0650	06	.0150
105	.2625	85	.2125	65	.1625	45	.1125	25	.0625	05	.0125
104	.2600	84	.2100	64	.1600	44	.1100	24	.0600	04	.0100
103	.2575	83	.2075	63	.1575	43	.1075	23	.0575	03	.0075
102	.2550	82	.2050	62	.1550	42	.1050	22	.0550	02	.0050
101	.2525	81	.2025	61	.1525	41	.1025	21	.0525	01	.0025

RULE—To find the interest for any given series multiply the "Dues Capital" of the series by the amount of interest set opposite the average number of months the series has been in force.

For example—What is the interest on a series 80 months old, having \$20,000 of "Dues Capital"? The average time is 40 months. The interest at 3 per cent on \$1 for 40 months is 10 cents. $\$20,000 \times 10 = 2,000$.

DISTRIBUTION OF EARNINGS.

APPLICATION OF "PARTNERSHIP RULE."*

[Partnership Rule 1

Distribution and Statement at the end of the First Year.

Series	Months ber of old. shares.	Num-ber of shares.	share. Dues per	Dues per series.	Average time.	Equiva-lents.	Rate.	Profits per series.	Dues per series.	Value per series.	Value per share.	Dues per share.	Profit per share.
1	12	100	\$12 00	\$1,200 00	6	\$7,200 00	.0102	\$73 44	\$1,200 00	\$1,278 44	\$12 78	\$12 00	\$0 78
						Undivided profits		51		51			
								\$78 95	\$1,200 00	\$1,278 95			

Distribution and Statement at the end of the Second Year.

1	24	100	\$24 00	\$2,400 00	12	\$28,800 00	.0102	\$298 76	\$2,400 00	\$2,693 76	\$26 93	\$24 00	\$2 93
2	12	100	12 00	1,200 00	6	7,200 00		78 44	1,200 00	1,278 44	12 78	12 00	78
						Undivided profits		\$867 20	\$8,600 00	\$8,967 20			
								2 08		2 08			
								\$869 28	\$8,600 00	\$8,969 28			

Distribution and Statement at the end of the Third Year.

1	36	100	\$36 00	\$3,600 00	18	\$64,800 00	.0104	\$678 92	\$3,600 00	\$4,278 92	\$42 78	\$36 00	\$6 78
2	24	100	24 00	2,400 00	12	28,800 00		299 52	2,400 00	2,699 52	26 99	24 00	2 99
3	12	100	12 00	1,200 00	6	7,200 00		74 88	1,200 00	1,274 88	12 74	12 00	74
						Undivided profits		\$1,048 82	\$7,200 00	\$8,248 82			
								2 16		2 16			
								\$1,050 48	\$7,200 00	\$8,250 48			

Distribution and Statement at the end of the Fourth Year.

1	48	100	\$48 00	\$4,800 00	24	\$115,200 00	.0106	\$1,221 12	\$4,800 00	\$6,021 12	\$60 21	\$48 00	\$12 21
2	36	100	36 00	3,600 00	18	64,800 00		686 88	3,600 00	4,286 88	42 86	36 00	6 86
3	24	100	24 00	2,400 00	12	28,800 00		305 28	2,400 00	2,705 28	27 05	24 00	3 05
4	12	100	12 00	1,200 00	6	7,200 00		76 32	1,200 00	1,276 32	12 76	12 00	76
						Undivided profits		\$2,289 60	\$12,000 00	\$14,289 60			
								11 45		11 45			
								\$2,301 05	\$12,000 00	\$14,301 05			

[Partnership Rule 2.

Distribution and Statement at the end of the Fifth Year.

Series	Months old.	Num-ber of shares.	Dues per share.	Dues per series.	Average time.	Equiva-lents.	Rate.	Profits per series.	Dues per series.	Value per series.	Value per share.	Dues per share.	Profit per share.
1	60	100	\$60 00	66,000 00	30	\$180,000 00	.0109	\$1,982 00	\$6,000 00	\$7,962 00	\$79 62	\$60 00	\$19 62
2	48	100	48 00	4,800 00	24	115,200 00		1,255 68	4,800 00	6,055 68	60 55	48 00	12 55
3	36	100	36 00	3,600 00	18	64,800 00		706 32	3,600 00	4,306 32	43 06	36 00	7 06
4	24	100	24 00	2,400 00	12	28,800 00		318 92	2,400 00	2,718 92	27 18	24 00	3 18
5	12	100	12 00	1,200 00	6	7,200 00		78 48	1,200 00	1,278 48	12 78	12 00	78
						\$396,000 00		\$4,316 40	\$18,000 00	\$22,316 40			
				Undivided profits				9 35	.....	9 35			
								\$4,325 75	\$18,000 00	\$22,325 75			

Distribution and Statement at end of 5 Years II Months.

1	71	100	\$71 00	\$7,100 00	35.5	\$252,050 00	.01119	\$2,820 43	\$7,100 00	\$9,920 43	\$99 20	\$71 00	\$28 20
2	59	100	59 00	5,900 00	29.5	174,050 00		1,947 61	5,900 00	7,847 61	78 47	59 00	19 47
3	47	100	47 00	4,700 00	23.5	110,450 00		1,235 98	4,700 00	5,985 98	59 85	47 00	12 85
4	35	100	35 00	3,500 00	17.5	61,250 00		685 38	3,500 00	4,185 38	41 85	35 00	6 85
5	23	100	23 00	2,300 00	11.5	26,450 00		295 97	2,300 00	2,595 97	25 95	23 00	2 95
6	11	100	11 00	1,100 00	5.5	6,050 00		67 69	1,100 00	1,167 69	11 67	11 00	67
						\$630,300 00		\$7,053 01	\$24,600 00	\$31,653 01			
				Undivided profits				4 30	.....	4 30			
								\$7,057 31	\$24,600 00	\$31,657 31			

* In Ray's Higher Arithmetic the rule to apportion the loss or gain when the full shares are not continued through the same period, is stated to be as follows:
 "Multiply each partner's stock by the time it is used; and divide the gain or loss in proportion to the product so obtained."
 For the purposes of building and loan associations the rule may be stated as follows:
 1. Multiply dues for each series by the average time for each series, the product will give the "equivalent" for each series.
 2. Divide the total profits or gain by the sum of these equivalents, for the rate per cent of profit or gain.
 3. Multiply each series' equivalent by the per cent of profit or gain, and the product will be the total profits for each series.
 4. Divide these products by the number of shares in each series, the quotient will give the profit per share.
 5. To the profits per share, add the dues paid per share and the sum thereof will be the value per share.
 For detailed operation of this rule see above table.

DISTRIBUTION OF EARNINGS.

SIMPLE INTEREST.

The following method for calculating simple interest is one found to be most practical.

Interest is usually calculated on the basis of 360 days to the year.

The simplest method of computing interest is to do it at the rate of 6 per cent per annum, and add or subtract when it is higher or lower than that.

The interest for 60 days at 6 per cent per annum is equal to as many cents as there are dollars, or in other words, is 1 per cent of the principal.

The reason of this is obvious. 6 per cent per annum is $\frac{1}{2}$ per cent per month, or 1 per cent for two months, or 60 days.

The interest for \$750, \$225, \$327.50, for 60 days, at 6 per cent is \$7.50, \$2.25, \$3.28.

Having the interest for 60 days, the interest for any shorter time may be found by the use of all aliquots of 60.

ALIUOTS OF 60.

$$30 = \frac{1}{2}, 20 = \frac{1}{3}, 15 = \frac{1}{4}, 12 = \frac{1}{5},$$

$$10 = \frac{1}{6}, 6 = \frac{1}{10}, 5 = \frac{1}{12}, 4 = \frac{1}{15},$$

$$3 = \frac{1}{20}, 2 = \frac{1}{30}, 1 = \frac{1}{60}.$$

When the number is not an aliquot of 60:

For 7 take.....	6 and	1.
" 8 "	6 "	2.
" 14 "	12 "	2.
" 19 "	15 "	4.
" 26 "	20 "	6.
" 27 "	15 "	12.
" 29 "	1 off	30.
" 35 "	30 and	5.
" 38 "	30, 6, and	2.
" 43 "	30, 12, and	1.
" 45 "	15 off	60.
" 85 add.....	20 and	5.

1. To find the interest on \$375.67, for 15 days, at 6 per cent per annum:

$$4)3.76 = \text{interest for 60 days.}$$

$$.94 = \text{interest for 15 days.}$$

CHAPTER XXII.

Interest is seldom computed on cents by secretaries. For 50 cents \$1 is added to dollars; less than 50 cents are rejected.

To find the interest for a number of days that is an aliquot of 60, we take that part of the interest for 60 days. For 30 days we take $\frac{1}{2}$, 20 days $\frac{1}{3}$, 15 days $\frac{1}{4}$, etc. When the number is not an aliquot it is made up of aliquots, as shown in the preceding table.

2. To find the interest on \$675.15, for 27 days, at 6 per cent per annum:

\$6.75=interest for 60 days.

1.687= $\frac{1}{4}$ or for 15 days.

1.35 = $\frac{1}{3}$ or for 12 days.

3.037=interest for 27 days.

The following table shows the interest on any amount from \$1 to \$5,000 for any number of weeks from 1 to 52. From this table the interest at any other rate per cent can be found by aliquot parts as explained before.

DISTRIBUTION OF EARNINGS.

Calculated at 6 per cent per annum for 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 26, 52 weeks. 364 days to the year.

WEEKS.	1	2	3	4	5	6	7	8	9	10	11	12	13	26	52
Amounts.															
\$															
1						.01	.01	.01	.01	.01	.01	.01	.01	.03	.06
2			.01	.01	.01	.01	.01	.02	.02	.02	.02	.03	.03	.06	.12
3		.01	.01	.01	.02	.02	.02	.03	.03	.03	.04	.04	.04	.09	.18
4		.01	.01	.02	.02	.03	.03	.04	.04	.04	.05	.05	.06	.12	.24
5		.01	.02	.02	.03	.03	.04	.04	.05	.06	.06	.07	.07	.15	.30
6	.01	.01	.02	.03	.03	.04	.05	.06	.06	.07	.07	.08	.09	.18	.36
7		.01	.02	.03	.04	.05	.06	.06	.07	.08	.09	.10	.10	.21	.42
8		.01	.02	.03	.04	.05	.06	.07	.08	.09	.10	.11	.12	.24	.48
9		.01	.02	.03	.04	.05	.06	.07	.08	.09	.10	.11	.13	.27	.54
10	.01	.02	.03	.04	.06	.07	.08	.09	.10	.11	.13	.14	.15	.30	.60
20	.02	.04	.07	.09	.11	.14	.16	.18	.21	.23	.25	.28	.30	.60	1.20
30	.03	.07	.10	.14	.17	.21	.24	.28	.31	.34	.38	.41	.45	.90	1.80
40	.04	.09	.14	.18	.23	.28	.32	.37	.41	.46	.51	.55	.60	1.20	2.40
50	.06	.11	.17	.23	.29	.34	.40	.46	.52	.58	.63	.69	.75	1.50	3.00
100	.11	.23	.34	.46	.58	.69	.81	.92	1.04	1.15	1.27	1.38	1.50	3.00	6.00
200	.23	.46	.69	.92	1.15	1.38	1.61	1.84	2.08	2.31	2.54	2.77	3.00	6.00	12.00
300	.34	.69	1.04	1.38	1.73	2.08	2.42	2.77	3.11	3.46	3.81	4.15	4.50	9.00	18.00
400	.46	.92	1.38	1.84	2.31	2.77	3.23	3.69	4.15	4.61	5.08	5.54	6.00	12.00	24.00
500	.58	1.15	1.73	2.31	2.88	3.46	4.04	4.61	5.19	5.77	6.34	6.92	7.50	15.00	30.00
1000	1.15	2.31	3.46	4.61	5.77	6.92	8.08	9.23	10.38	11.54	12.69	13.84	15.00	30.00	60.00
2000	2.31	4.61	6.92	9.23	11.54	13.84	16.15	18.46	20.77	23.08	25.38	27.69	30.00	60.00	120.00
3000	3.46	6.92	10.38	13.84	17.31	20.77	24.23	27.69	31.15	34.61	38.08	41.54	45.00	90.00	180.00
4000	4.61	9.23	13.84	18.46	23.08	27.69	32.31	36.92	41.54	46.15	50.77	55.38	60.00	120.00	240.00
5000	5.77	11.54	17.31	23.08	28.84	34.61	40.38	46.15	51.92	57.69	63.46	69.23	75.00	150.00	300.00

CHAPTER XXIII.

Legal Forms for Associations.

IN order to save time and labor, to facilitate and to expedite business, and to secure accuracy and uniformity, every association should be supplied with a set of blank legal forms for the proper transaction and recording of its business. Such papers must be drawn in accordance with the statutes and with the rules of associations. Since the statutes differ and rules are not at all uniform it is not possible to present a full set of model blanks.

SPECIMEN BLANKS.

The forms printed in this chapter are in general use. They are given without approval or criticism in the expectation that before being followed by any association they will be examined carefully to see if they are in proper form for use by that particular association. An examination of these forms will indicate anew the necessity for closer co-operation among building associations so as to secure more uniform methods of operation.

CHAPTER XXIII.

STATE OF OHIO, }
County of..... } ss.

I,....., Clerk of the Common Pleas, within and for the County aforesaid, do hereby certify that....., whose name is subscribed to the foregoing acknowledgment as a Notary Public was at the date thereof a Notary Public in and for said County, duly commissioned and qualified, and authorized as such to take said acknowledgment; and further, that I am well acquainted with his handwriting, and believe that the signature to said acknowledgment is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Court, at....., Ohio, this.....day of.....191..



.....
Clerk.
By.....Deputy.

UNITED STATES OF AMERICA, OHIO, }
Office of the Secretary of State. } ss.

I,....., Secretary of State of the State of Ohio, do hereby certify that the foregoing is a true copy of the Articles of Incorporation of "The.....Building and Loan Company" filed in this office on the....day of.....191.., and recorded in volume....., page....., of the Records of Incorporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my seal of office, at Columbus, the....day of....., A. D. 191..



.....
Secretary of State.
By.....Deputy.

LEGAL FORMS FOR ASSOCIATIONS.

SUBSCRIPTION LIST

OF

The.....Building and Loan Association
of.....

We, the undersigned, hereby agree to take the amount of shares
of stock in The.....Building and Loan Association
of....., as set opposite our names.

Shares..... Weekly Dues..... Admission fee.....

In order to facilitate the permanent organization of said associa-
tion, we hereby waive the statutory notice of thirty days, for holding
of an election for Board of Directors of said association.

NAME.	RESIDENCE.	SHARES.
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

PROXY ON STOCK.

BE IT KNOWN, that I, the undersigned stockholder in

The.....Building and Loan Association,
do hereby appoint.....
true and lawful attorney, with power of substitution and revocation,
for.....and in.....name., to vote at the.....
meeting of stockholders in said association, to be held on.....
....., the.....day of.....191..

Done at.....on this.....day of
.....191..

CHAPTER XXIII.

BOND OF OFFICERS (OHIO).

Know all Men by these Presents:

That..... as principal,
and..... as sureties,
are firmly held and bound unto The..... Building
and Loan Company, a corporation under the Laws of Ohio, in the
sum of..... thousand (\$.....000.00) dollars, to be paid
to said corporation, its successors or assigns, for which payment well
and truly to be made we bind ourselves, our heirs, executors, and
administrators, jointly and severally, firmly by these presents.
SEALED with our seals, dated the..... day of.....
one thousand nine hundred and.....

The Condition of the above obligation is such that whereas the
said..... was on the..... day
of..... A. D. 191., duly..... as.....
..... of said corporation,

Now, therefore, if the said.....
shall faithfully perform all and singular the duties incumbent upon
him as such officer aforesaid as prescribed by the Constitution and
By-Laws of said corporation (which are made part hereof) and
according to the orders of the Board of Directors of said corporation,
and shall, when duly requested by the Board of Directors of said
corporation, turn over to such person or persons as it may designate,
all books, papers, receipts or other documents, money or moneys, or
other property of any nature whatsoever, belonging to said corpora-
tion or to which the said corporation may have the right of pos-
session, then these presents to be void, otherwise to remain in full
force and virtue.

Signed and sealed in our presence:

..... } Seal.
..... } Seal.
..... } Seal.

NOTE.—Bonds are backed for filing as follows:

Bond of..... as..... of The
..... Building and Loan Company.
..... Attorney.

LEGAL FORMS FOR ASSOCIATIONS.

MORTGAGE (OHIO).

Know all Men by these Presents :

That.....
.....
.....

.....in consideration of
.....dollars, the estimated value of.....
shares of its capital stock, advanced and paid to said.....

..... by

The.....Building and Loan Company,
of....., Ohio, a Corporation under the Laws of Ohio,
the receipt of which is hereby acknowledged, do hereby GRANT,
BARGAIN, SELL, and CONVEY to the said Building and Loan
Company, its successors and assigns, forever, the following.....
estate, situated in the County of....., State of
....., and bounded and described as follows:

.....
.....
.....
and all the ESTATE, TITLE, and INTEREST of the said grantor
either in Law or in Equity, of, in and to the said premises: TO-
GETHER with all the privileges and appurtenances to the same
belonging, and all the rents, issues, and profits thereof; TO HAVE
AND TO HOLD the same, in fee, to the use of said Building and
Loan Company, its successors and assigns, forever.

AND the said.....
for.....and for.....heirs, executors, and administrators, do
hereby COVENANT with the said Building and Loan Company, its
successors and assigns, that.....is the true
and lawful owner of the said premises and have full power to
convey the same, and that the title so conveyed is CLEAR, FREE and
UNINCUMBERED; and further, that.....will WARRANT
and DEFEND the same against the claims of all persons whom-
soever.

CHAPTER XXIII.

Provided, nevertheless, that, whereas the said.....
.....ha.. become a member of said Building and
Loan Company, and subscribed to.....share therein to be paid
in weekly installments of.....per share, and received in advance
from said Company said \$....., the estimated value of said
share....., shall pay said Company, according to the Constitution
and By-Laws, without demand therefor any fines and assessments
thereby imposed, and said weekly installments of.....per
share as premium on said advance, and an interest upon said \$.....
in weekly payments of.....cents per share for the first year,
and thereafter a weekly sum or amount sufficient to keep the interest
upon the amount due at the beginning of each year at the rate of six
per cent per annum until the full amount of said.....shares shall
have been paid, with all dues, premium, interest, fines, etc., thereon
according to the Constitution and By-Laws, and shall pay all taxes,
assessments, insurance, ground rents, or charges of any kind that
may become due and payable on said property; and in case of default
in making any of said payments for a period of ninety days, and a
suit of foreclosure be brought therefor, then the amount of the face
of this mortgage, with all arrearages thereon, less the credits paid
upon the principal, shall become due and payable at once, all as pre-
scribed by the said Constitution and By-Laws; and if the said
.....shall comply with all the foregoing obliga-
tions, then these presents shall be void.

In Witness Whereof, the said.....
.....
who hereby release.....right and expectancy of dower in said
premises, ha.. hereunto set.....hand this.....day of.....
in the year of our Lord, one thousand nine hundred and.....
(191..).

Signed, sealed and acknowledged in presence of us :

..... }
..... }
..... }
..... }

LEGAL FORMS FOR ASSOCIATIONS.

The State of Ohio, County of....., ss.

Be it remembered, That on the.....day of.....
in the year of our Lord, one thousand nine hundred and.....
(19), before me, the undersigned, a Notary Public, in and for said
County, personally came.....
.....the grantor in
the foregoing mortgage, and acknowledged the signing and sealing
thereof to be.....voluntary act and deed, for the uses and
purposes therein mentioned.

In Testimony Whereof, I have hereunto subscribed my name and
affixed my notarial seal on the day and year aforesaid.

Notary Public,County, Ohio.
.....191..

The within mortgage being fully paid and satisfied, may be can-
celled off record, by order of the Board of Directors.

The.....Building and Loan Company.

By....., President.
and....., Secretary.

No.....	
MORTGAGE.	
.....	
.....	
.....	
to	
The.....	
Building and Loan Company	
of....., Ohio.	
Received for Record the.....	
day of.....191...at...o'clock,	
.....M.	
Recorded in Book.....	
Page.....	
Recorder.....County, Ohio.	
Paid for Recording.....	
.....Attorney.	

CHAPTER XXIII.

MORTGAGE CLAUSE FOR INSURANCE POLICIES.

IT BEING HEREBY UNDERSTOOD AND AGREED, That this insurance, as to the interest of the Mortgagee or Trustee only therein, shall not be invalidated by any act or neglect of the Mortgagor or Owner of the property insured, or by the occupation of the premises for purposes more hazardous than are permitted by the terms of this Policy. PROVIDED, ALSO, that in case the Mortgagor or Owner neglects or refuses to pay any premium due under this Policy, then, on demand, the Mortgagee or Trustee shall pay the same. PROVIDED, ALSO, that the Mortgagee or Trustee shall notify this Company of any change of ownership or increase of hazard which shall come to his or her knowledge, and shall have permission for such change of ownership or increase of hazard duly indorsed on this Policy. AND PROVIDED FURTHER, That every increase of hazard not permitted by the Policy to the Mortgagor or Owner shall be paid for by the Mortgagee or Trustee on reasonable demand, and after demand made by this Company upon, and refusal by, the Mortgagor or Owner to pay, according to the established schedule of rates. It is, however, understood that this Company reserves the right to cancel this Policy, as stipulated in the printed conditions in said Policy; and also, to cancel this agreement on giving ten days notice of their intention to the Trustee or Mortgagee named therein, and from and after the expiration of the said ten days, this agreement shall be null and void. IT IS FURTHER AGREED, That in case of any other insurance upon the property hereby insured, then this Company shall not be liable under this Policy for a greater portion of any loss sustained than the sum hereby insured bears to the whole amount of insurance on said property, issued to or held by any party or parties having an insurable interest therein. IT IS ALSO AGREED, That whenever this Company shall pay the Mortgagee or Trustee any sum for loss under this Policy, and shall claim that as to the Mortgagor or Owner, no liability therefor exists, it shall at once, and to the extent of such payment, be legally subrogated to all the rights of the party to whom such payments shall be made, under any and all securities held by such party for the payment of said debt. But such subrogation shall be in subordination to the claim of said party for the balance of the debt so secured. Or said Company may, at its option, pay the said Mortgagee or Trustee the whole debt so secured, with all the interest which may have accrued thereon to the date of such payment, and shall there-

LEGAL FORMS FOR ASSOCIATIONS.

upon receive from the party to whom such payment shall be made an assignment and transfer of said debt, with all securities held by said parties for the payment thereof.

This slip being attached to Policy No.... of the.....
INSURANCE COMPANY, forms part of said Policy.

Dated.....

....., Secretary.

MORTGAGE COLLATERAL NOTE ON SHARES OF STOCK.

\$.....	.....	191....
Name.....	.....	.....
.....
No. Stock.....	.....	.....
Date.....	.....	.....
Mortgage on	.....	.....
.....
.....
No.....	.....	.....

Received of The.....Building and Loan Association,
of.....dollars, as a loan on.....shares of
stock, No.... owned by.....in said Association.....agree
to pay said Association, weekly, not less than.....¹⁰⁰ dollars,
which shall be applied as follows:

- FIRST.—To the payment of any fine or other assessments made against.....in
pursuance of the by-laws of said Association.
- SECOND.—To the payment of the premium for precedence due on said loan, amounting to
.....¹⁰⁰ Dollars per week.
- THIRD.—To the payment of the interest due on said loan, amount to.....
.....¹⁰⁰ Dollars per week.
- FOURTH.—The balance of said payment shall be credited as dues on said stock. Said
payments shall be continued until the dues so credited on said stock, together
with the dividends declared thereon, shall equal the amount loaned.

Should fail for eight weeks to pay said weekly payment, then the
whole amount of said loan shall at once become due and payable.

LEGAL FORMS FOR ASSOCIATIONS.

MECHANICS' LIEN (OHIO).

....., Ohio.....191..

In consideration of one dollar, and other valuable considerations, the receipt of which is hereby acknowledged, do hereby agree with

The.....Building and Loan Company
of.....County, Ohio,
that.....will not take a mechanics' lien on the real estate
ofsituated
.....
County, Ohio, to secure amount due or to become due.....,
for material furnished or labor performed in or about the erection
of
.....on said real estate, under contract made with the said
.....
and.....hereby waive any right of priority of lien.....
might have on said real estate in favor of said Company.

COLLATERAL NOTE FOR LOAN ON PASS BOOK.

\$.....191..
.....after date.....promise to pay
to the order of

The.....Building and Loan Association,
of.....,
..... Dollars,
with.....per week interest, the same being.....per cent,
on the amount of loan, and herewith transfer my Pass Book
No.....to said Association, to be held as collateral until pay-
ment of this loan, said loan being subject to the Constitution and
By-Laws of the Association.
Value received.....
No..... Due.....

STUB.

\$.....
Date.....
.....
No..... Due.....

CHAPTER XXIII.

ATTORNEY'S REPORT.

To the Board of Directors of
The.....Building and Loan Association
of.....

Gentlemen:

I find that the title to property of.....

.....
.....
.....

situated

.....
.....
.....

is in the name of said party, as the same appears indexed of Record
in the Recorder's Office of.....County, State
of Ohio, subject however to the following encumbrance:

.....
.....
.....
.....
.....
.....

The taxes are.....

Remarks

.....
Respectfully submitted,
.....Attorney.

LEGAL FORMS FOR ASSOCIATIONS.

Cert. No.
 Date.....
 No. Shares.....
 Name.....
 Address.....
 \$.
 Received this Cer-
 tificate

ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :
 ONE HUNDRED DOLLARS. : :

Certificate of Paid-up Stock.

 Capital Stock, \$1,000,000. Shares, \$500.
 The.....
 Building and Loan Association of.....

THIS CERTIFIES, that.....
has paid to
 The.....Building and Loan Association
 of.....
 the sum of.....Dollars,
 as appears by the Coupons hereto attached,
 being the full amount of.....Share:
 of the Capital stock of said Association.

Transferable only on the books of the
 Association on return of this Certificate.
 Issued and dated at.....
 this.....day of.....191..
President.
Secretary.

CHAPTER XXIV.

Books and Blanks.

GENERAL SUGGESTIONS.

THE keeping of the accounts of the associations is a matter too extensive to be discussed in all its details here. In point of fact there is not yet that uniformity in the methods of bookkeeping in associations which we may certainly expect to see introduced in the near future. The improvements which have appeared in the last few years are manifold.

A good illustration of the labor-saving methods which are being introduced is seen in the Dues, or Secretary's Book. Formerly postings were made from this book weekly (or monthly) after each meeting. The book is now usually made with a column set apart for each evening's receipts and a numbered line for each member's book. The book is arranged in sections covering each quarter or half year, with necessary rulings for totals. These totals are posted quarterly or semi-annually. It is easy to see how much time and labor is saved and how much the liability to error is lessened by the new method.

The Secretary's Cash book is also now arranged with polyform columns and rulings, so that, as the secretary

BOOKS AND BLANKS.

enters, meeting by meeting, the various receipts and disbursements, each upon its appropriate line in its appropriate column, it is virtually posted to its appropriate account. He is thus able at any time, without the trouble of making up a balance sheet or detailed statement, to read off from the page of his cash book the actual financial standing of the association, the amount of gain and loss on each item, etc., and at the end of the term, he simply enters the entire amount of each item on its account in the ledger. Formerly, the custom was to enter all such items, meeting by meeting, in an ordinary cash book and then to journalize and to post them into the ledger—a very burdensome task, as secretaries will testify.

In addition to the improvements noted in these two books a large number of other books and various blanks and forms have been devised to save labor, to secure accuracy, and to expedite the business of associations.

The work of an association in the taking of dues, etc., must be done so quickly, and as accuracy in all things is so essential to the success of the association, directors and officers should be careful to adopt the best system possible and to provide themselves with the best and most convenient books and forms. It is especially desirable that the system adopted should be so simple and comprehensive that its workings can be understood easily even by uneducated and inexperienced members. The books and forms should be those that have stood the test of actual experience and have given satisfaction. In ordering books care must be taken that they correspond

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to each other, so that all will fit in properly as parts of one system.

Economy should be practiced in the purchase of books as in all matters connected with an association. But it will be found poor economy that does not provide the best available books for the keeping of the accounts and records.

BOOK ACCOUNT.

Many secretaries keep a separate account of the blank books and pass-books used by the association. Secretaries sometimes have difficulty with this account. The matter is very simple when once understood. The cost of all books purchased should be separately charged to the book account, and all receipts from members for pass-books should be credited to this account. At the end of each fiscal term a certain percentage, to cover the cost of the books in use for that term as determined by the board of directors, should be charged to the profit and loss account. The following exhibit illustrates how this account may be kept :

BOOKS AND BLANKS.

BOOK ACCOUNT.

Jan. 16	Cash (Acc't Books)	6	\$72 00		Jan. 29	By cash 64 P. Bks. 25c	7	\$16 00
	" 500 Pass Books	6	55 00			" 5% P. & I. Acc't Bks		8 00
Jun. 29	P. & I. gain on 64 Pass Books.		8 69			By Bal. Acc't Books		68 40
			135 96			" " Pass Bks. (486)		47 96
								135 96
July 1	Bal. Acc't Books.	9	\$68 40					
	" 486 Pass Bks. 11	9	47 96					

PASS-BOOKS.

The pass-book is the book furnished to each member by an association, in which are recorded the receipts for his dues as he pays them from meeting to meeting. This book is known under various names, as "Pass-Book," "Member's Book," "Receipt Book," "Stock Book," etc. There is so much inquiry in reference to these books, and such frequent difficulty in new associations in getting them in proper form, that a full description is given here to assist persons interested in organizing associations.

These books are subjected to constant usage and must last a long time. Usually, a period of from six to ten years must elapse before the stock is finally paid up. Pass-books should therefore be made of good paper, in strong and durable binding, of convenient size, and to open easily. For the convenience of officers and members, and in order to expedite the business of the association, pass-books should be carefully and systematically arranged and properly adapted for their purpose.

Pass-books are usually 4 to 4½ inches in width and 6 to 7 inches in length. They should contain the constitu-

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tion and by-laws of the association, a blank certificate of stock, blanks for transfers of stock, and 16 leaves—32 pages—properly ruled and lettered for receipts for dues.

The certificate of stock is as follows:

The.....Building and Loan Association,
of.....

Book No..... Certificate of stock.

THIS CERTIFIES, that.....
is entitled to.....shares, subscribed in The.....
Building and Loan Association, which are to be regulated and
controlled by, and which may be transferred according to the
Constitution and By-Laws of, said Association.*

Admission Fee, \$..... Book,.....cents.

Received Payment,

.....Secretary.
....., 19..

The certificate of stock is made to occupy one page of the pass-book. On the back of this certificate should be printed two or three blanks for the transfer of shares, as follows:

For value received, I hereby transfer to.....
.....all my claims, rights, and interest in
.....shares of the capital stock of

The.....Building and Loan Association,
of....., on this the.....day of.....19..

.....Secretary.

The leaves for receipts should be made of good, strong writing paper, interleaved with light blotting paper. The paper should be ruled with fifteen lines to the page and should have printed headings and column rulings as follows:

* Some associations put their seal on each certificate.

BOOKS AND BLANKS.

DATE.	DUES.	Interest.	Premium	FINES	RECEIPT.

Pass-books are sometimes made with twenty-six instead of fifteen lines to the page, but this plan either makes the book inconveniently large for carrying and handling, or causes the rulings to be too close for convenience.

On the front cover of the book should be pasted the number of the book and a printed label as follows :

365

.....
 In account with
 The.....Building and Loan Association,
 of.....
 No..... Shares.....

DEPOSIT ENVELOPES AND SLIPS.

When a member appears to make his payments he fills out a deposit ticket or slip and encloses it with the exact amount of his payment at the proper place in his pass-book, and hands it in. Some associations use the deposit envelope instead of the slip, and this is much better. The envelope is used exactly as the slip except that the money is enclosed and sealed up in it, thus preventing its being accidentally dropped out of the book and causing loss, delay, or error. The receiving officer calls off the

CHAPTER XXIV.

number of the pass-book and the amount of money written on the slip or envelope, and passes all over to the other members of the finance committee, one of whom counts the money, and another receipts for the dues in the pass-book and returns it to the owner, the slip or envelope being placed on file. When dues are received in this manner it is very easy to check up the accounts at the close of the meeting. In some associations the money is simply enclosed in the pass-book without any deposit slip or envelope. Where there is a large membership, owing to the numerous payments and the rush and incidental confusion, errors are likely to occur, both in the money paid in and in the entries. Where deposit slips or envelopes are used it is easy to locate errors and to make necessary corrections.

Below are forms of deposit slips and deposit envelopes:

DEPOSIT SLIP.

The.....Building and Loan Association.
.....19..

Name

Book No..... No. of Shares.....

For.....weeks

	\$	cts.
Dues.....		
Interest.....		
Premium.....		
Fines.....		
Admission)		
or)		
Transfer)		
Book.....		
<hr/>		
Total.....		

BOOKS AND BLANKS.

THE.....BUILDING ASSOCIATION

of

DEPOSIT ENVELOPE.

NOTE.—All moneys handed in to the Association for Credit on Member ship Account, must be enclosed in one of these envelopes, and the blanks properly filled out, to prevent mistakes or disputes.

Book No.	MEMBER'S NAME.
<small>.....Make no Mistake.....Member's name should, in all cases, be written plainly, to prevent error or confusion.....</small>	

<i>Dues for</i> <small>State how many</small> <i>Shares, for</i> <small>State how many</small> <i>Weeks</i>		
<i>Interest on Loan,</i> <small>If none, leave this space blank</small>		
<i>Premium on Loan,</i> <small>If none, leave this space blank</small>		
<i>Fines,</i> <small>If none, leave this space blank</small>		
<i>Initiation Fee, (50c.)</i>\$.....		
<i>Pass Book " (25c.)</i>\$.....		
<i>Transfer " (50c.)</i>\$.....		
<i>Total Cash in Envelope,</i>		

Date,.....Write hence day and month of deposit.....

Copyright, 1886, by A. O. Kaplan.

CHAPTER XXIV.

NECESSARY BOOKS AND FORMS.

The following books and forms will be found essential in an association numbering from 250 to 400 members:

500 Pamphlets—Constitution and objects of the Association.

500 Pass-Books.

1 Constitution and Signature Book.

5,000 Deposit Envelopes or Slips.

1 First Secretary's Dues or Receipt Book.

1 Second Secretary's Book.

1 Treasurer's Receipt Book.

1 Treasurer's Cash Book.

1 Secretary's Itemized Cash Book.

1 Individual and General Ledger.

1 Appraisement Book.

1 Withdrawal Book.

1,000 Warrants on Treasurer—Perforated, numbered, and bound.

Blanks for Mortgages, Bonds, Notes, etc., as may be required.

1 Record Book for the purpose of keeping the minutes of the meetings of the association and of the Board of Directors.

An association cannot well transact business without possessing at least the books and forms enumerated above. But, in addition to these, most associations use various other books and forms which are found of the greatest convenience and value in the transaction of their business. The books and forms mentioned above, together with many others, will be found described in the list on next page.

BUILDING ASSOCIATION SUPPLIES.

The following is a list, alphabetically arranged, of books and forms for building associations, prepared by S. Rosenthal & Co., Cincinnati, who have made a specialty of furnishing building association supplies for the past twenty-three years:

BOOKS AND BLANKS.

Amendments to the Constitution.—When amendments are made to constitutions it is desirable that a copy of the amendment be placed in each member's pass-book. These amendments are printed on gummed paper so that a copy can be placed in each pass-book.

Application Book (For Loans).—*Copyright.*—Has columns for date of application for loan, name, amount of money desired, how much granted, and spaces for description of property, reports of committees with their signatures, and other important remarks.

Application Book (For Loans), Combined with Attorney's Reports.

Application Book (For Membership).

Applications for Money (Dividends). Bound in book form, numbered and perforated with stubs, or plain without stubs. Furnished unbound also.

Applications for Money (Dividends and Withdrawals Combined). Bound or loose as described above.

Applications for Money (Withdrawals).—Bound in book form, arranged for withdrawals in full or in part, numbered and perforated with stubs, or plain without stubs. Furnished unbound also.

Appraisal Book.—For recording reports of appraising committees. Made in all sizes, and arranged in conformity with law.

Balance Sheets.—Showing entire business of an association for a stated time.

Bonds for Officers.—(See form, page 260.)

Cash Book and General Ledger.—*Copyright.*—All entries to the general accounts such as interest, premium, etc., are posted when made, and at end of each quarter or half year, or, at any other time, a complete balance can be read off from this. Considerable time is saved by using this book.

Cash Book for Secretaries.—With special rulings and heads and all necessary polyforms and divisions.

Cash Book for Treasurer.—Made in convenient pocket form.

Certificates of Paid-Up Stock.—With ten stubs of \$100 each, perforated and numbered, with laws pertaining to same printed on back.

Check Books (Bank).

Circulars.—All styles and sizes.

Collateral Notes.—(See forms.)

Combination Check Journal, S. T. Williams's.—*Copyright.*

Constitution Record Book with Members' Numerical Register and Ledger Index Combined.—Contains blank space for recording constitution and amendments thereto, with blanks for signatures of

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members numbered in regular order, record of shares held by each member, place of residence, pass-book number of each member, and ledger folio of each member arranged in alphabetical index.

Deposit Blanks.—With or without space for advertisements.

Deposit Envelopes.—*Copyright.*—Large and small, perforated. Can be printed on both sides, one side with blanks for deposits, and the other side for advertising purposes. These are very useful and serve as a check on the receipts.

Deposit Fee Book.—For keeping account of fees advanced by members applying for loans.

Dividend Books.—For keeping dividend accounts. The members' numbers are printed in regular order, 50 to a page, with space for names adjoining, after which follow spaces for amounts of dividends and receipts therefor.

Dividend, Report Record, and Reserve Fund Book.—*Copyright.*

Dividend Tables.

Dividend Warrants.

Dividend Withdrawal Blanks.

Dodgers.—All sizes, English or German.

Dues Books.—Different designs of weekly, monthly, quarterly and semi-annual dues books of the most approved patterns.

Election Tickets.—And specially ruled Tally Sheets.—Furnished to order.

Envelopes.—Printed to order.

General Ledger and Cash Book.

Index.—Plain and voweled.

Index (Combination).—See Constitution Record Book.

Individual Ledgers.—Made to order in any desired form. We have ledgers arranged for posting every week, month, half-year, etc. We make a special Ledger for Building Associations which can be used for quarterly and half-yearly postings. We also manufacture ledgers with dates printed in, thus saving considerable time in making entries for those secretaries who post receipts at each meeting.

Letter Heads.—Printed to order.

Mechanic's Liens.—(See forms.)

Memorials.—Resolutions of respect for deceased officers, directors, and members, printed in neat and appropriate styles.

Mortgage Blanks.—(See forms.)

Mortgage Clause Blanks.—(See form.)

Mortgage, Lease, and Insurance Record.—Ruled to show number, amount of loan, expiration of lease, location of property, and amount and expiration of insurance, as well as cancellation.

BOOKS AND BLANKS.

Nightly Receipt Books and Sheets.—(See Dues Book.)

Notes.—Blank, or bound in book form, drawn in conformity with law.

Note Heads.—Printed to order.

Notices to Members.—Printed to order.

Numbers.—In sets of 1 to 500, and 1 to 1,000 in different sizes and gummed.

Order Books.—Made in all sizes, numbered and perforated.

Pads (Memorandum). All sizes.

Paid-Up Stock Certificates.—(See Certificates of Paid-Up Stock.)

Paid-Up Stock Certificate Ledger and Dividend Books.

Pamphlets, in English and German.—Printed to order.

Pass Books.

Posters.—All sizes to order, for advertising sales of property, etc.

Proxy Blanks.—For elections (See form.)

Receipts.—Plain blanks, or bound in book form.

Record Books.—In different styles with or without index. Also printed records to order.

Reports.—Semi-annual, annual, etc., printed in any form.

Share Account Books.

Seals.

Secretary Books.—For the First and Second Secretaries. The best designs in this line. Special attention is called to the new 13 and 26 week books, made on the most labor-saving plan. Second Secretary books in different styles.

Show Cards.—Signs for place of meeting.

Solicitor's Reports.

Subscription Blanks.—For new associations.

Subscription Books.—Stock.

Tally Books and Blanks.—Generally used by the Second Secretary or Finance Committee.

Tally Sheets.—For elections.

Transfer Book.—Stock.

Treasurer's Cash Books.—Made especially for treasurers in convenient pocket form.

Treasurer's Receipt Books.—Regular. Also, extra ruled and printed, with 13 weeks (three months,) receipts to a page, and space for date, signature, amount, and account for overs and shortages in cash received.

Vos's Individual Record and Ledger.

Withdrawal Blanks.—In pads or book form.

CHAPTER XXV.

Juvenile Savings.*

Owing to the prominence given to the movement in Elmira, N. Y., by Mr. McEwan, of the *New York Evening Post*, some two years ago, inquiries have come from such divergent points as Los Angeles, Seattle, Birmingham, Ala., and Fitchburg, Mass., clearly showing that interest in this subject is not local.

For the benefit of others interested we will attempt to outline the operation of a juvenile department as an adjunct of a savings and loan association.

The scheme is not new. Twenty years or more ago Prof. Elias J. Beardsley, principal of one of the Elmira schools, operated a savings department successfully, until brought to the attention of the Board of Education with a view to its extension throughout all the city schools, when it was found that it contravened the state savings bank law.

The school savings system was not extended then, neither was any effort made to secure legislation in aid of this commendable addition to the school curriculum;

* Prepared by Mr. H. M. Clark.

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and Prof. Beardsley was even compelled to discontinue its operation in his own school.

The seed thus sown did not, however, fall wholly on barren soil, for, although many years elapsed since the failure of his plan, the subject recurred from time to time, and at a meeting of the directors of an Elmira association it was discussed in the presence of Clay W. Holmes, a loan association enthusiast of wide experience, who recognized, at once, the beneficial features of a system designed to stimulate thrift and the savings habit in children. He drafted a bill, which ultimately became a law, permitting New York savings and loan associations to operate children's savings departments. In the framing of the law he had recourse to the knowledge, ripe experience and wise counsel of William Fleming, then Secretary of the East Rutherford (N. J.) association, the first in America, we believe, to carry this plan to complete success.

The Corning (N. Y.) association was the first to inaugurate a juvenile department under the new law. The earnestness of Frank D. Kingsbury, one time President of the United States League of Building and Loan Associations, and the cheerful co-operation of his associates assured a success beyond anticipation.

Corning is a city of 15,000 inhabitants, with no other savings institution than the Co-operative. Accordingly, a clear field was presented for trying out the experiment. Its success was immediate; the receipts for the first six months exceeded \$5,000; from a membership of 500 it increased in five years to 877, with deposits of \$33,000.

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A stranger in Corning on children's day might imagine the Pied Piper of Hamelin was here plying his craft and inveigling all the young folks of the city through the doors of the association. Coming pell-mell, they swarm up the steps of the office, each child carrying a small steel bank to be opened and its contents counted and entered in a pass-book. A Corning kid without a bank is an anomaly. About the first act upon the birth of a child is to provide it with a bank, pass-book and certificate of membership in the children's department. We do not believe the statement is overdrawn; for frequently the writer has received the reply, "One day old," in answer to the usual question as to the age of the new member.

However, the fact remains that nowhere in the world is there a more thriving institution of its kind than the juvenile department of the Corning association. The motives which lead to the establishing and operation of a children's saving department in a community are not sordid in the slightest degree; they arise from pure altruism, requiring a deal of unremunerated labor and the exercise of a large amount of patience.

Each child on joining is provided with a small steel bank, depositing one dollar as security for its safe return (the association retaining the master-key), also a pass-book, with number corresponding to that of the bank, wherein is entered, from time to time, the amount of the deposits and withdrawals.

A day is set apart each month as children's day; care being taken to choose a day whereon nothing else of importance is liable to occur.

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Four or five receiving tellers, volunteering their services, are on hand, whose business it is to open the banks presented, count the cash, make a minute of the amount on a check-slip and on a colored slip on which is written the number of the bank and pass-book.

The colored slip is given to the child, who hands it with its pass-book to President Kingsbury, or his proxy, who selects the card having the child's name and number of his bank (this card being the ledger account with that child, and a duplicate of the entries in the pass-book). The card, slip and pass-book are passed on to the secretary who enters the amount on a numbered sheet, the slip is spindled and the deposit entered in the pass-book, which is then returned to the child. Each cashier issues a distinctively colored slip, so that an error may be readily located when the cash is balanced after banking hours. The receipts of the Corning juvenile department average \$750 on children's day.

A year later juvenile branches were established in the two Elmira associations. Here they were brought in competition with a Penny Provident, a savings bank, and two other institutions catering to children's accounts. Accordingly, while they have had a measure of success and a steady growth from the beginning, they have fallen short of the phenomenal success of Corning and East Rutherford.

Added impetus has been given to the movement in Elmira by the introduction of the system in the public schools.

The success of such extension of the juvenile depart-

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ment is perhaps best gathered from the following portion of the address to the shareholders of the Chemung Valley Mutual Loan Association by its President, Clay W. Holmes:

In 1905 your President, then Chairman of the Legislative Committee of the New York State League of Savings and Loan Associations, prepared an amendment to the Savings and Loan law, known as the Juvenile Savings Act, and secured its passage by the Legislature. This act provided that the minor could transact business with the Savings and Loan Association without the interference of a guardian or parent. The purpose of this act was to relieve the Association from the annoying and uncertain conditions of existing laws, and enabling a minor to deposit his savings without let or hindrance and withdraw them at pleasure on the same independent basis as grown people. This act has been of great advantage in many ways. For a long time the author of this act had studied its application to the educational benefit of children, and when he found that the present able Superintendent of Schools, Mr. D. C. Bliss, was an earnest student along the same lines a plan was devised for its trial in the public schools. The matter was submitted to the Board of Education and heartily approved. An explanatory circular was prepared and submitted to the parents on Friday, November 4, 1910, and on the following Monday the teachers in the ten grammar schools of Elmira received from such pupils as desired to join the Juvenile Department their deposit envelopes. It was hardly expected that many of the children would be sufficiently interested on the first day to start an account. Much was our surprise, therefore, to receive 1,142 envelopes, which meant that one-third of all the pupils responded on the first call. Every Monday since, regular as a clock, the children have produced their little envelopes, and at this time over 1,700 are enrolled, the exact number being 1,730 at the close of the year. Over 100 have joined in January. Believing that it will be of interest to the parents, as well as the general public, some statistics are here given to show how the plan is working. Up to the Christmas vacation there were seven Monday deposits, and the total deposits of those days numberer 6,797, of which number 4,965 did not exceed 25 cents, made up as follows: One hundred and eighteen of 1 cent each, 61 of 2 cents, 55 of 3 cents, 37 of 4 cents, 1,011 of 5 cents, 1,581 between 5 and 10 cents, 2,102 between 10 and 25 cents, leaving a balance of 1,832 deposits which exceeded

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25 cents each. These figures clearly prove that the plan is a great success educationally, and that the belief of the promotors was correct. But let us go still further and note the total of the seven weeks and see what the aggregate amounts are. There were 380 having less than 25 cents, 280 between 25 and 50, 207 between 50 and 75, and 162 between 75 and \$1.00, a total of 1,029 having less than \$1.00, leaving 501 who exceeded \$1.00. Now, as a financial proposition one could hardly call such figures promising for profit to any institution, in fact, it costs more for the clerical help to handle the large number of accounts than the money received will earn in interest for the Association, but when one stops to consider that "as the twig is bent the tree inclines," there is much in it. Some day these children will be grown up, and when they come to graduation they have not only learned how to read and do cube root, but also the greater lesson of self-denial and saving which will lead them to continue their saving habit. Another interesting proof of the possibility of such education is that the children of very tender age seem to take hold of the plan more freely than older pupils, as is shown in these figures. The ages of the present members is as follows: One hundred five, five years; 202, six years; 216, seven years; 211, eight years; 194, nine years; 187, ten years; 148, eleven years; 162 twelve years; 121, thirteen years; 95, fourteen years; 38, fifteen years; 10, sixteen years; and 2, seventeen years. The list includes 760 boys and 770 girls. There are many other interesting features connected with this work, but these facts are given just to illustrate what can be done when children take hold.

Your President regards this as one of the greatest successes ever achieved in the Savings and Loan Association work, and believes that it is but the beginning of a great and universal movement along the line of savings educational work throughout the country. The trouble heretofore has been to find a plan which would work. The Elmira plan works magnificently and beyond the wildest hopes of its promotors, and the Chemung Valley has turned the trick for the benefit of the world at large. Educate the child, and the man will save without asking. Save the pennies and the dollars will take care of themselves.

The plan followed in the school savings plan is as follows: On Monday morning of each week the pupil deposits with his teacher such sum as he desires. The money is put in an envelope, which is sealed, and the depositor's

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name, number, room and amount of deposit written thereon, either by the teacher or by the depositor, if competent.

The envelopes are collected from the several rooms and delivered to the principal, whose duty it is to see that they reach the association which receives the deposits in the name of the pupil, who thereby becomes a fullfledged member of the juvenile department. The amount contained in each envelope is credited in a pass-book. Interest is allowed on all sums of one dollar at the rate of 4 per cent per annum. Dividends are credited in January and July, and entered in the pass-books in red ink, to catch the attention.

The pass-book is retained by the teacher, although a pupil may take it home to exhibit to his parents at any time they wish to see it; but the book is returned forthwith to the teacher for safe-keeping.

Should a pupil wish to withdraw any of his savings, he may apply in person at the office of the association with his pass-book and receive his money. Such withdrawals must be in sums of one dollar or multiples thereof. When a pupil graduates or leaves school he may still continue his deposits at the office of the association, on the same account, at his option.

If these juvenile savings were derived merely from money given to the child by doting parents and admiring relatives the scheme would still be lacking an essential educational element. Our observations have brought to light the fact that children, spurred on by an ambition to save, are induced to earn the money themselves. In win-

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ter they run errands, clean sidewalks, care for furnaces, and do such odd jobs as always await an active wide-awake boy. A prolific source of juvenile earnings is selling newspapers and magazines. In summer there are lawns to mow, gardens to weed. Some keep chickens and sell eggs. Two young girls, who live on a farm, pick berries and other fruits, being paid for their work.

There is an orphans' home in Elmira, whose boys and girls are each allotted a garden plot and permitted to have and use as they wish the proceeds of all they raise. Fifteen or more of these embryo agriculturists have their banks and bank accounts in a juvenile department.

There is that feature apart from the mere depositing and saving which furnishes a concrete illustration of the educational aspect of the system; i. e., the withdrawals. It would indeed be a shallow pretense if the child were taught to save and nothing more in that connection. To inculcate the purpose of savings and the wise uses to which they may be put is not the least beneficial. Many withdraw the money which they have saved to buy clothing; others, school books; one recently withdrew to pay his doctor's bill; another, to purchase the materials for a "raw dog." I was sorry for one lad. He had a fine paper route and had saved \$40. His lip quivered as he replied to the inquiry usual in such cases: "Father has a note to meet." It is to be regretted that he became discouraged, turned in his bank and is not saving now. Two girls made their first payment on a new piano from their joint savings. A little miss presented her pass-book, say-

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ing, "I want to draw out my money because mamma has to make a payment on the house."

It has developed in certain instances that the bank, ostensibly in the name of the child, is actually used as the family depository, and the account drawn upon, from time to time, in cases of domestic emergency.

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Advertising.

If building and savings associations have a great moral obligation—outside of the honest and efficient administration of the funds entrusted to them—then it is the promulgation of one maxim: “*Save money!*”

This sounds like a somewhat homely, commonplace proposition. But observe how very cleverly and pointedly the great Scotchman, Burns, expresses the same idea:

SAVE MONEY!

Not for to hide it in a hedge,
Not for a train attendant,
But for the glorious privilege
Of being independent.

To be independent! That is the great wish, the all-absorbing longing of every person. “Economic dependence is the basis of all slavery—social, political or otherwise!” So says a great philosopher, and the truth of this axiom cannot be denied. World movements are being built upon the foundation of this truth, with the aim of delivering mankind from the bane of economic dependence.

And yet the fact remains, the *individual*, depending upon his own resources, has but one recourse to escape,

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to some extent, this curse of economic dependence, and that is to "Save money!"

Looking at this from the viewpoint of advertising, it becomes at once clear, what a strong advertising appeal every building and savings association has to *every* member of its particular community.

Large as the activities, the influences, the good work of the building and savings associations at the present time may appear in comparison with their field of endeavor, they have only just begun to scratch the surface of this field.

From this fact their normal obligation, *to advertise*, is born. Everything, new and good or better, must be made known to the world. There is no good in unknown good.

A handbook on the workings, the promotion and the betterment of building, loan and savings associations is therefore hardly complete without a chapter on advertising.

Building, loan and savings associations, as organized in the United States, are the most effective, the safest, and the most remunerative *savings* institutions of the world. They are recognized as such by the people and by the state. Advertising them as such—in all possible forms of advertising—is necessary, not only as a moral obligation, or as a business proposition, but also as a matter of self-preservation.

No matter how great, or how beneficial, or how strong any institution as such may be, it ever depends upon progress for its existence. To stand still means retrogres-

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sion everywhere. Building associations now existing *must* extend their membership and their usefulness; new associations must spring up everywhere and demonstrate the good of the cause. So it is willed by the inexorable law of the survival of the fittest.

Therefore: Let us advertise!

The limitations of our article make it impossible to enter into a detailed dissertation on the "science" of advertising. And, moreover, such a dissertation is superfluous, and would fail to achieve results. It is quite impossible to establish fast and rigid rules for successful advertising, but there are a number of hints, based upon solid thought and experience, which will well serve to pave the way for any beginner in this subtle art.

WHY SHOULD YOU ADVERTISE?

Because—There is not a person, may his income be ever so modest, barely reaching the necessities of life, but who ought to save money. And again, there is no person in this world but who is affected by advertising.

Because—Advertising impresses your name, your object, your merit, your meeting place and date of meeting upon many prospective members.

Because—It increases your membership and the good you are doing.

Because—Increased membership and increased numbers of shares mean lower cost of administration per share, thus increasing your net profits.

Because—The purpose of advertising is to influence

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the human mind, trying to teach people to believe in you and in the institution you represent. The whole business world rests upon a foundation of *confidence*. It is impossible to do business successfully when confidence either cannot or is not established, or has been abused and is gone. Lack of confidence in any worthy business, not only building, loan and savings associations, is generally due to ignorance and the fact that the confidence-lacking business is not well known. Publicity is the greatest foe to ignorance. Advertising gives the people at large knowledge about you, the merits of your institution and your business. It is the greatest force in the interest of confidence. It follows that advertising, to be advertising at all, must be educational.

HOW SHOULD YOU ADVERTISE?

Advertising is asking that many people do specific things.

-Look your fellow-man straight in the eyes and tell him that in your association you have something that he, too, ought to have, and ask him to come and get it—that is advertising.

Anything that is worth advertising at all is worth advertising well. Any proposition which is to appeal to thousands of prospective members deserves mature thought and utmost care in preparation.

With regard to advertising mediums, it may be said, that in the case of building associations the daily and weekly newspapers deserve the first consideration. Advertising by circulars, booklets and other mail matter

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bears the character of an individual appeal and must be supplementary to the newspaper advertising. Advertising by posters, hangers and street car signs is very beneficial and in some localities may be indispensable. But whatever medium or mediums are selected all advertising should be carefully planned in advance and judiciously followed up.*

THE PREPARATION OF ADVERTISEMENTS.

Persons charged with the preparation of advertisements should always keep before their minds these facts: Certain forms have identical effects upon the majority of people. Certain color combinations may always be relied upon to attract the eye and the mind, while other combinations never fail to repel. In the same manner certain words and formations of words into sentences are pleasing, certain others displeasing, not only to individuals, but to the majority of individuals.

The first rule of the writer of advertisements therefore must be to avoid all that is repelling and displeasing in the wording and the make-up of his advertisement. Advertisements *must* be attractive and agreeable to fulfill their mission. On the other hand, it is also wise to avoid any attempt to be humorous. A humorous advertisement is at best a "comical" one, and is certain to fall short in its effect. If you want to induce a man to do business

* We would recommend to associations the regular and systematic employment of such expert service for the use of building association advertising as can be obtained. We believe employment of a regular service is essential, and in this connection would respectfully call the reader's attention to the advertising service rendered in connection with the AMERICAN BUILDING ASSOCIATION NEWS.

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with you, you must interest him, not amuse him. Business is not a matter of jest or levity. It is a matter of sense, system and seriousness, and it will never pay you to view it from a different standpoint.

Advertisements reflect the dignity and the strength of character of the advertiser. This is true of the advertisements of any business, but applies with increased force to the advertising of financial institutions. The public expects dignity of an institution that solicits the custody of funds. Therefore be honest and convincing in your advertising. It is easy to employ superlatives, high-sounding phrases and large assertions, but it is not good advertising. It is much better to state facts in plain and vigorous language, and to be terse in style. Set forth in a clear, straightforward way whatever advantages you may enjoy and can offer to others, but take care not to make promises which later on may embarrass you if called upon to make good.

Newspaper advertising, to be effective, must be persistent. An occasional notice has little, if any, value. It may take a campaign of several years to produce confidence in the public mind that your association is reliable and does what it promises. It has been truthfully said, however, "keeping everlastingly at it brings success." Persistence is a jewel of rare value in any undertaking, and particularly so in the advertising field.

Our advertisements should incite thrift, urge economy, and appeal to the home instinct. Such objective ends will tend to inspire confidence in the institution itself on the part of the general public. Of all occupations there is

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none nobler than ours. "The American home" is in truth "the safeguard to American liberties," and worthy of all respect and honor should those be who are assisting in this great work, of establishing American homes, wherein peace, righteousness and happiness dwell and wherein the children are taught those principles which will perpetuate justice and liberty.

Advertising's greatest value is accumulative. Sporadic or spasmodic efforts have little value and really constitute a waste of money. Advertisements should always be up to the minute. That gives them life, interest and influence.

Advertisements in newspapers should be changed frequently, at least as often as once each week, and they should always state in substance your business and give your business address. They should be carefully written, great care being exercised as to the language used. They really should be written when one is in a good frame of mind. One in poor spirits, dejected or angry, is not the person to write advertisements which purpose is to buy and sell money. He cannot but impart his feelings to his composition, and this might not be the most beneficial to the association.

When well and feeling good write a number of notices and then use them as occasion demands. You will find this suggestion very helpful. Besides, the more notices you write, the better they will become, and the more you will have to select from. The writer has copy ready for at least five years to come, and as new ideas come to him, in thinking over the business, or when reading the *Ameri-*

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can Building and Loan Association News, a splendid paper, they are jotted down and in time duly developed.

TECHNICAL DATA.

It is impossible to establish rigid rules for advertising. Many roads lead to Rome. Close appliance, study and observation, together with practical experience, are the best teachers. But there is a great deal of technical data, which is of great value to every advertiser. In the following we endeavor to make this information accessible:

TECHNICAL DATA ABOUT ADVERTISING.

PRINTING.

The basis of measurement of advertising space in newspapers and periodicals is the *agate line*. The word "agate" refers to the title of the smallest type generally used by newspapers.

Eight agate lines constitute one newspaper square; 14 agate lines equal one inch.

(It ought to be observed, that newspaper agate differs from the general printers' agate, in so far, that newspaper agate is cast upon $5\frac{1}{7}$ points, while regular agate is cast upon $5\frac{1}{2}$ points. See explanation of point system.)

Some newspapers, especially the German, use the nonpareil (6 points) measurement; 12 lines nonpareil equal one inch.

The ordinary width of a newspaper column is 13 picas, or $2\frac{1}{6}$ inches. The column width of standard magazines is 16 picas, or $2\frac{2}{3}$ inches.

THE PRINTERS' POINT SYSTEM.

The typefounders' unit of type measurement is the point. One point is .0139 of one inch. The printers' unit of measurement is the pica. One pica equals 12 points and 6 picas equal 1 inch.

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1 point=12 to pica.	6 point=Nonpareil.	18 point=Great primer.
2 point=6 to pica.	7 point=Minion.	24 point=Double pica.
3 point=4 to pica.	8 point=Brevier.	30 point=5 line nonpareil.
3½ point=Brilliant.	9 point=Bourgeois.	36 point=3 line pica.
4 point=3 to pica.	10 point=Long primer.	42 point=7 line nonpareil.
4½ point=Diamond.	11 point=Small pica.	48 point=4 line pica.
5 point=Pearl.	12 point=Pica.	60 point=5 line pica.
5½ point=Agate.	14 point=English.	72 point=6 line pica.

PAPERS.

The selection of paper for advertising matter of any kind, be it stationery, circulars, booklets or catalogues, is of fundamental importance, as the same contribute a large share to the impression made by any printed matter.

In general the determining factors are (1) illustration, (2) subject-matter, (3) impression desired.

In our limited space it is impossible to give a detailed description of the various sizes, styles and qualities of paper manufactured.

Paper is quoted by the "Ream." The modern *ream* contains 20 quires of 25 sheets each or 500 sheets altogether.

NEWS PAPER.

NEWS PAPER is the most ordinary of papers and is made entirely of wood pulp. It comes only in one color—White. If tinted, it is called *Poster paper* and comes in various colors. The stock sizes of newspaper are: 22 x 30, 22 x 32, 22 x 35, 24 x 35, 24 x 36, 25 x 38, 26 x 38, 26 x 40, 28, x 42, 29 x 43, 29 x 44, 30 x 44, 32 x 44, 35 x 44, 35 x 48, 36 x 48. The weight varies from 25 pounds to 65 pounds per ream. The basis generally is 24 x 36—32 pounds per ream.

Outside of the printing of newspapers, this grade of paper is used for dodgers, hand bills, placards, etc., which are to be printed in very large quantities and distributed promiscuously.

BOOK PAPER.

BOOK PAPER comes in different qualities, finishes and tints. It varies from plain machine finished (M. F.), sized and calendared (S. & C.), sized and supercalendared (S. & S. C.) for text and engravings, which print readily, to the most highly finished stock, and all kinds of antique and special finishes, for any sort of art printing.

Coated Paper, Enameled Paper, Plate Paper, are subdivisions of book paper. These papers all have a finish, which adapts them to fine half-tone printing, color work, etc.

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Book paper of the cheaper grade is used for hand bills, etc., of limited editions. Also for cheap pamphlets, leaflets, etc. The better grades go into booklets, circulars and cheap catalogues. Enameled and Plate paper must be used in Catalogs, where half-tone illustrations are to be inserted, also for fine color work.

WRITING PAPER.

Writing paper is used for all kinds of commercial forms, which are impregnable to fluid ink. Plain White Writing, Colored Writing, Bond Papers, Linen Papers, Ledger Papers, all come under this head. Quality and finish vary very much. The right selection of writing papers for commercial forms is very important.

Sizes of Writing Papers are as follows:

Cap	14 x 17	Double Demy, Broad.....	21 x 32
Crown	15 x 19	Double Demy, Long.....	16 x 42
Demy	16 x 21	Imperial	23 x 31
Folio	17 x 22	Double Medium, Broad.....	23 x 36
Medium	18 x 23	Double Medium, Long.....	18 x 46
Royal	19 x 24	Double Royal, Broad.....	24 x 38
Double Cap.....	17 x 28	Double Royal, Long.....	19 x 48
Super Royal.....	20 x 28		

Writing Paper is used for all kinds of commercial and legal forms, letter heads, envelopes, circulars, announcements, invitations, bank checks, etc.

COVER PAPER.

COVER PAPERS offer the greatest range of all kinds of paper, for they comprise every conceivable shade and color which can be produced. The uses of these stocks seem to be without limit. Another important feature in modern cover papers is the variety of finishes, antique, laid, linen, hand-made, crash and others in great variety, contributing to the style and quality which are desired in work intended primarily to attract favorable attention.

Stock sizes in Cover Papers are 20 x 25 and 22 x 28. Other sizes can be had to order only. Weights can be obtained in these sizes from 25 pounds per ream to 125 pounds. Prices vary from 5c to 25c per pound.

Cover Papers, as the name implies, are mainly used for covers of pamphlets, booklets, folders, catalogues, etc. In the selection of a cover, the text, the illustrations, color combination, etc., must be carefully considered to obtain the desired effect. Cover Papers, however, can also be used for many other kinds of printing matter, such as programs, folders, leaflets, letter inserts, circulars, announcements, etc.

ADVERTISING.

ILLUSTRATIONS.

The illustrating of advertising matter is done by various processes. Mostly half-tone engravings, line engravings, zinc etchings or wood engravings are used.

HALF-TONE ENGRAVING.

HALF-TONE ENGRAVING is the only process known today by which Paintings, Wash Drawings, Photographs or natural objects may be engraved by chemical methods for use upon the printing press.

A Negative is made by interposing a screen between the object to be reproduced and the sensitized plate in the camera. This "screen" consists of a glass plate which is finely ruled with horizontal and vertical lines. It divides the image on the photographic negative into dots and lines. A print from the negative is made upon a sensitized copper plate, which is then etched in an acid bath. The size of the dots determines the printing surface of the plate.

A half-tone plate made with a screen of 60 lines to the square inch can be stereotyped and be printed on the perfection presses of the metropolitan dailies.

A half-tone plate made with screens of 80 or 100 lines will print on a platen press on news or book paper. It can be electrotyped.

A half-tone plate made with a screen of 120 or 130 lines can be printed on super-calendared book paper or plate paper, but not on news paper. It can be electrotyped or better nickeltyped.

Half-tone plates of 150 or 175 line screens, should be printed only on the best of enameled or plated paper. Use always originals.

The cost of half-tone engraving plain square, 20 cents per square inch; blocked-out or vignetted, 25 cents per square inch. Minimum cost of small-sized engravings \$2.00.

The copy for half-tone engravings ought to be very clean, sharp and distinct, free from all defects, as the half-tone is an absolutely faithful reproduction of the same. In cases of photographs of industrial objects, where much detail must be shown, a retouching of the photograph is necessary. This requires very difficult art work, and is charged extra.

LINE ENGRAVING.

LINE ENGRAVING (Zinc Etching) can be made from any Pen and Ink Drawing, Printed matter, or anything consisting of distinct lines and dots, by photographing the same without screen and printing from the negative on a sensitized zinc plate. This is then etched in

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an acid bath, and produces a perfect printing plate, which can be used as original, or be duplicated by stereotyping or electrotyping.

Cost of Zinc Etching is 7 cents per square inch. Minimum price of small cuts 75 cents.

WOOD ENGRAVING.

WOOD ENGRAVING has been to a great extent supplanted by the chemical processes of engraving. Still, where special sharpness of outline, or intricate detail work, is desired, it often becomes necessary to have the subject engraved on wood. Then, again, it is decidedly the best process for mechanical subjects and illustrations which are to be extensively duplicated.

ELECTROTYPING.

ELECTROTYPING is not engraving, but a process for duplicating engravings, cuts, type forms, etc. A mold of the object to be duplicated is taken in wax, and, together with a piece of copper, the mold is hung into an acidulated solution of copper sulphate. An electric current is led into the vat and with its aid a deposit of copper forms on the mold. When this shell of copper is of sufficient thickness, it is removed from the mold and backed up with type metal. The plate thus obtained is then mounted on wood or metal and finished for use on the printing press.

The quality of the electrotype depends on the skillfulness of the molder, the length of time given for the deposit of the copper and on the work by the finisher. The life of the electrotype depends on the quality. Good electrotypes will stand 250,000 impressions or more. Poor electrotypes will wear out with 10,000 impressions, if the patience of the printer lasts that long.

Cost of good electrotypes, 4 cents per square inch. Minimum price for small cuts, 25 cents.

NICKELTYPING.

NICKELTYPING involves practically the same process as electrotyping, only Nickel metal is used instead of copper. The finer fibre of Nickel results in a sharper duplicate and an improved printing surface. Nickeltyping is to be preferred in the duplicating of half-tones. Cost, 5 cents per square inch.

STEREOTYPING.

STEREOTYPES are almost exclusively used by newspapers for duplicating their forms. A mold or matrix is made by beating wet paper-maché into the form and drying and hardening this matrix by heat-

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ing the form to a high temperature. The matrix is placed in a casting box and melted type metal poured thereon. Wood base cuts should not be used in any form which is to be stereotyped. Cost of stereotypes about 2 cents per square inch.

BILL POSTING.

There are today in the United States bill-boards in every hamlet. Every large city and the best towns of 3,000 inhabitants or over have their own official bill poster.

Rates for posting are made per one sheet poster for four weeks, and vary according to the population of the different cities. Average prices are:

Cities under	5,000 population.....	7 cents per sheet
“ over	5,000 population.....	9 cents per sheet
“ over	100,000 population.....	12 cents per sheet
“ over	250,000 population.....	14 cents per sheet
“ over	500,000 population.....	16 cents per sheet

Special prices are charged for selected stands. Discounts are given for three months' and six months' showings.

A bill poster's month is four weeks instead of a calendar month. A bill poster's year is forty-eight weeks.

EXAMPLE for approximately computing cost of Bill posting. The proposition to cover a town of over 5,000 population, where the rate per one sheet and one month is 9 cents. There are 20 Stands, and an 8-Sheet Poster is to be shown on all stands for three months. Solution:

$$\begin{aligned} & 8 \text{ (sheets)} \times 20 \text{ (stands)} \times 3 \text{ months)} \\ & \quad \times 9 \text{ (cents)} = \$43.20. \end{aligned}$$

It is necessary to add to the number to be posted 25 per cent for renewals. Bill posters agree to keep the showings in good condition and renewals are not charged for.

Bill-boards are nowadays, with few exceptions, faced with sheet iron and are generally very substantial.

COST OF PRINTING POSTERS.

COST OF PRINTING POSTERS. The best high-grade pictorial work is done by Lithography. The cost of making 8-Sheet Posters (size most generally used) of that kind is approximately as follows:

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In lots of	3 colors.	4 colors.	5 colors.
1,000	\$420.00 (42c per poster)	\$560.00 (56c per poster)	\$700.00 (70c per poster)
2,000	\$600.00 (30c per poster)	\$760.00 (38c per poster)	\$900.00 (45c per poster)
3,000	\$750.00 (25c per poster)	\$930.00 (31c per poster)	\$1,100.00 (37c per poster)
4,000	\$840.00 (21c per poster)	\$1,080.00 (27c per poster)	\$1,300.00 (32.5c per poster)
5,000	\$900.00 (18c per poster)	\$1,200.00 (24c per poster)	\$1,500.00 (30c per poster)

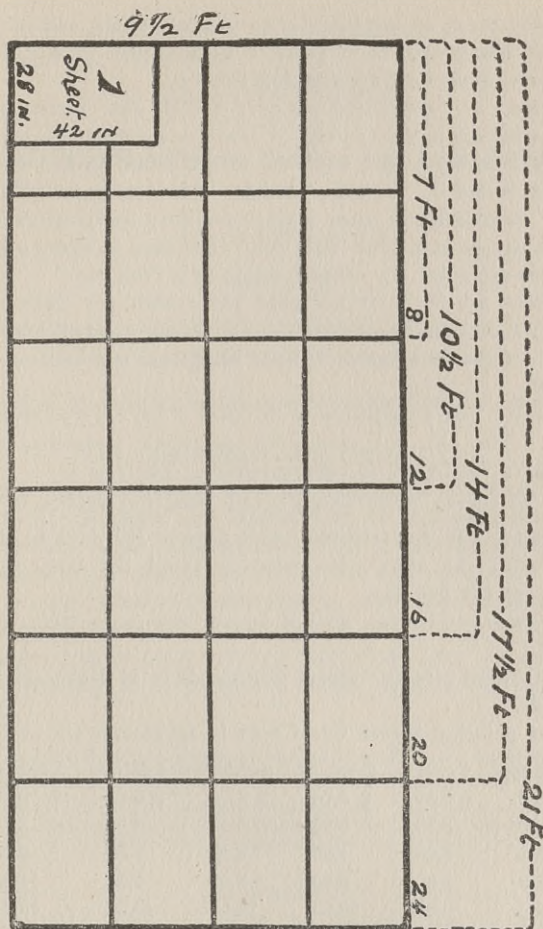
These prices are for high-grade pictorial work (lithography) and include designs, etc. It ought to be mentioned, however, that the "design" influences the cost materially.

One-color and two-color posters (not pictorial) are generally done by letter press and the cost is much lower.

SIGNS ON DEAD WALLS are generally sold on yearly contracts. The price varies with locations and space covered. It averages about 5 cents per square foot per year, one painting included.

BULLETIN SIGN BOARDS are usually 10 feet high, although some are 12 and 14 feet. The price varies according to locations from 25 to 50 cents per running foot per month. Contracts must run at least six months and each six months of the contract include one painting.

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DIMENSIONS OF POSTERS.

The size of a one-sheet poster is 28 x 42 inches. The standard height from 8-sheet size up is $9\frac{1}{4}$ feet. The width of an 8-sheet is 7 feet. Add $3\frac{1}{2}$ feet to the width for each additional 4 sheets added to the poster.

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STREET CAR ADVERTISING

Has been given an impetus during the last years, and the system been much improved. It is possible to advertise in any or in all towns where street cars are running.

In Street Car Advertising parlance a "full run" means one card in every street car in a given city or town, or group of towns, even if several lines or routes are implied. Often suburban and interurban routes are included. In other words, it is necessary to advertise "full run" to completely cover a given territory by street cars. Contracts can also be made for "half run" (one card in every other car) and in some cases for any other fraction of a "full run."

The rates are 50 cents per card per month for three months; 45 cents for six months; 40 cents for a year for a full run. When less than a full run is used, 5 cents additional per card per month is charged.

EXAMPLE. The proposition is to cover XYZ City completely for one year. The city has two street car lines, altogether 40 cars, constituting a "full run" for that territory. The cost is:

$$40 \text{ (cars)} \times 40 \text{ (cents)} \times 12 \text{ (months)} = \$192.00.$$

The Street Car Advertising Agent figures 360 days to the year, and expresses the above, in order to avoid the large sum, as: $1\frac{1}{3}$ cents per car per day.

These rates, of course, do not include the cards which must be furnished.

The Standard size for Street Car Cards is 11 inches high by 21 inches wide.

Cost of printing Street Car Cards is approximately as follows:

Quantity	1 color	2 colors	3 colors	4 colors	5 colors
10	\$ 2.00	\$ 3.25	\$ 4.75	\$ 6.25	\$ 8.00
50	2.70	3.95	5.45	6.95	8.70
100	3.40	4.65	6.15	7.65	9.40
200	5.00	6.50	8.00	9.50	11.25
500	9.25	10.75	12.50	14.25	16.25
1,000	15.50	17.50	20.00	22.50	25.50
2,000	28.00	32.00	36.00	40.00	44.50
5,000	65.00	75.00	85.00	97.50	110.00

APPENDIX.

Laws of Ohio Relating to Building and Loan Associations.

(Senate Bill No. 419.)

AN ACT

To provide for the organization, regulation and inspection of Building and Loan Associations, and Savings Associations.

Be it enacted by the General Assembly of the State of Ohio:

AUTHORIZED AND DEFINED.*

SECTION 1. A corporation for the purpose of raising money to be loaned to its members, and others, shall be known in this act as a "Building and Loan Association," or as a "Savings Association." Associations organized under the laws of this state shall be known in this act as "Domestic" associations, and those organized under the laws of other states or territories, as "Foreign" associations. Associations may be organized and conducted under the general laws of Ohio relating to corporations, except as otherwise provided in this act.

A manufacturing corporation may become a member of a building association to borrow money: *Norwalk Savings Bk. Co. v. The Metal Spinning and Stamping Co.*, 14 C. C. 13; 7 O. D. 275.

A receiver cannot be appointed upon the sole application of the directors, asserting no individual rights in the property of the building association: *Schone et al. v. The Consolidated Bldg. and Savings Co.*, 4 N. P. 216; 6 O. D. 246.

NAME.

SEC. 2. The name of every such corporation hereafter organized, or heretofore organized and hereafter changing its name, shall begin with any word it may select, and shall end with the word "Company" or with the word "Association," and it shall also use in its name in any order it may designate, and if it so desires, with other

* By Judge O. P. Sperra, Ex-Deputy Inspector of Building Associations of the State of Ohio.

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words not forbidden by law, any one or more of the following words, or combinations of words, at its option, to wit: "Savings," "Building," "Loan," "Savings and Loan," or "Building and Loan." Provided, however, such association shall not use the words "bank," "banking" or "trust", or any one or more of them in combination.

In organizing a building association under the act of February 21, 1867 (64 v. 18), the certificate of incorporation was by mistake acknowledged before a notary public, instead of being acknowledged before a justice of the peace, as then required. In proceedings instituted under the act of March 10, 1859 (S. & C. 1172), the mistake was subsequently corrected: Held, that the effect of the correction was to make the association a corporation *de jure* from the date of its organization, not only as against persons dealing directly with the association, but as against all others: *Spinning v. Building Ass'n*, 26 O. S. 483.

ORGANIZATION.

SEC. 3. The capital stock named in the articles of incorporation shall be deemed to refer to the authorized capital, and the organization may be completed and business commenced when 5 per cent thereof is subscribed, and when the names and addresses of its officers and not less than two copies of its constitution and by-laws have been filed with the Inspector of Building and Loan Associations.

SEC. 4. Directors may be elected for any term, not less than one year nor longer than three years, but if such term be longer than one year, it shall be so arranged that the term of office of an equal number of directors, as nearly as may be, will expire each year.

POWERS.

SEC. 5. Such corporation shall have all the powers set forth in the following sections of this act.

SEC. 6. To receive money on deposit, and all persons, firms, corporations and courts, their agents, officers and appointees are hereby authorized to make such deposits and stock deposits, but such corporation shall not pay interest thereon exceeding the legal rate; and whenever any such deposits or stock deposits are made to the joint account of two or more persons, whether adults or minors, with a joint order to the corporation that such deposits or any part thereof are to be payable on the order of any one or more of said joint depositors, and that such deposits shall continue to be so payable notwithstanding the death or incapacity of one or more of the persons making such joint deposits, such account shall be payable to any one or more of such survivors or survivor or order notwithstanding such death or incapacity. And no recovery shall be had against said corporation for amounts so paid and charged to such account.

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SEC. 7. To issue stock to members on such terms and conditions as the constitution and by-laws may provide. Each member shall have the right to vote his stock in whole or fractional shares, as the constitution and by-laws may provide, but no person shall vote more than twenty shares in any such corporation in his own right, and no one shall have the right to cumulate his votes, provided, however, every subscriber for stock shall have the right in accordance with the constitution of the association, to vote the amount of stock so subscribed for, in no event to exceed twenty shares.

Each association should provide itself with a corporate seal as directed by the general statutes of the state and all issues of stock by the association, in addition to having the signatures of the president and secretary, should also bear the impress of such seal. (Ruling of the Department.)

SEC. 8. To assess and collect from members and others, such dues, fines, interest and premium on loans made, or other assessments, as may be provided for in the constitution and by-laws. Such dues, fines, premium or other assessments shall not be deemed usury, although in excess of the legal rate of interest.

These various charges in excess of usual conventional interest are not usurious. *Lucas v. Greenville B. A.*, 22 O. S. 339.

A member who paid by giving the secretary checks payable to the society which the secretary appropriated, the constitution requiring payments in legal money cannot hold the society, and estoppel arises from the directors having frequently taken his checks, for their power is limited by the constitution: *Mueller v. Cohen*, 27 Bull, 352.

Payments should be made at the usual place of business of the association, and during the time fixed by the by-laws, and while the board of directors are in session and should be in cash and paid to the board, and also are good if so made to any officer or director in the presence of the directors: *Sachs v. The Duckworth Bldg. and Loan Ass'n.*, 4 N. P. 214; 6 O. D. 254.

If payments are made otherwise they are good, if the party paying shows that the money actually reached the association. *Id.*

The burden is on the party paying to show payments as above stated; the introduction of a pass book showing credits is not sufficient. *Id.*

FINES — Reasonable fines may be imposed, but only one fine for the same due and none for default on interest: *Hagerman v. Ohio B. A.*, 25 O. S. 186; *Forest City B. A. v. Gallagher*, 25 O. S. 208.

The mortgage may secure fines though the statute is silent, for power to fine implies power to take security for it: *Hagerman v. Ohio B. A.*, 25 O. S. 186.

Fines cease on a decree for sale, for interest then begins and the society cannot have both: *Windisch v. Korman*, 5 Bull. 364.

Fines are not stopped by the mortgagor's assignment for benefit of creditors, but run until payment of the mortgage under a decree to sell: *Hutchinson v. Straub*, 9 Cir. D. 171; 16 C. C. 452.

INTEREST — No interest is chargeable on the premium: *Forest City B. A. v. Gallagher*, 25 O. S. 208; *Risk v. Bldg. Ass'n*, 31 O. S. 517, 519.

The law of 1880 (§ 3835) reduced the interest bearing power of loans by annual rebate, but did not provide thereby for cancelling parts of a loan by crediting dues year by year: *Seibel v. Bldg. Ass'n*, 43 O. S. 371.

The borrower's contract as to rebate of interest and payment of dividend is a vested right and cannot be altered as a condition of granting a loan: *Betz v. Fulton B. A.*, 1 N. P. 42; 1 O. D. 58.

PREMIUMS — The premium can be fixed only by competitive bidding. A minimum premium is not to be fixed as a condition of granting a loan: *State v. Greenville B. A.*, 29 O. S. 92; *State v. Bldg. Ass'n*, 35 O. S. 258.

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A premium not fixed by competitive sale is usurious if it raises the interest above the legal rate: *Bates v. People's Ass'n*, 42 O. S. 655.

A stipulation in the mortgage that the whole loan should become due on default of payment was held void where the premium was all deducted in advance, for it amounted to forfeiting the premium: *Hagerman v. Ohio B. A.*, 25 O. S. 186, 205.

The premium on existing loans cannot be increased by any change of by-laws, unless power to do so is explicitly reserved: *Burke v. Home Bldg. Ass'n*, 7 Bull. 114; *Home Bldg. Ass'n v. Boning*, 7 Bull. 174.

The right to fix the premium is conferred upon the association alone since (§ 3836-3) is in force: *People's S. & L. Ass'n v. Roberts*, 5 N. P. 86.

The premium may be in excess of the legal rate of interest: *Id.*

1. USURY LAWS SUBJECT OF LEGISLATIVE CONTROL.

Usury laws are statutory, and their application may be extended or limited at the pleasure of the legislature.

2. SECTION 3836-3 REVISED STATUTES EXEMPTING BUILDING AND LOAN ASSOCIATIONS FROM USURY LAWS IS CONSTITUTIONAL.

Section 3836-3 Rev. Stat. exempting building and loan associations from the operation of the usury laws of the state, with respect to loans made to members and depositors, is neither violative of Sec. 26, Art. 2, of the constitution which requires all laws of a general nature to have uniform operation throughout the state, nor Sec. 1, Art. 18, which provides that the general assembly shall pass no special act conferring corporate powers, nor of Secs. 1 and 2, Art. 1, of the constitution.

Brooklyn B. & L. A. Co. v. Desnoyers et al. Vol. XLIX Ohio Law Bull. 352, 26 O. C. C. 352.

1. Section 3836-3 Rev. Stat., which confers power on building and loan associations "to assess and collect from members and depositors, such dues, fines, interest and premium on loans made, or other assessments as may be provided for in the constitution and by-laws,"—and which further provides, that "such dues, fines, premiums or other assessments, shall not be deemed usury, although in excess of the legal rate of interest,"—is a valid enactment, and is not in conflict with Sec. 26, Art. 2, nor with Sec. 2, Art. 1, of the constitution of Ohio.

2. Under the provisions of said statute, the premium for a loan, if reasonable in amount, need not be ascertained by competitive bidding for precedence in obtaining the loan, but it may be fixed at a uniform rate by the constitution and by-laws of the association. *Simon W. Cramer v. Southern Ohio Loan & Trust Co.* Error to the circuit court of Paulding county. 50 Ohio Law Bull. 163.

BUILDING AND LOAN ASSOCIATIONS—USURY—CONSTITUTIONAL LAW.

(Richland Common Pleas, January 3, 1905.)

1. PETITION MAY BE CONSTRUED AS MAKING DIRECT ALLEGATION, WHEN.

Although there is no direct allegation in the petition that defendant is a building and loan corporation, it will be construed as making such allegation when it charges defendant with doing that which such a corporation alone may do.

2. PRESUMPTION IN FAVOR OF LEGISLATIVE ENACTMENTS NOT OVERCOME EXCEPT WHERE INVALIDITY CLEARLY APPEARS.

The presumption is that legislative enactments are not in conflict with the organic law; and such enactments will not be declared invalid except where the conflict clearly appears.

3. STATUTE EXEMPTING BUILDING AND LOAN ASSOCIATIONS FROM USURY LAWS (LAN. R. L. 6279) VALID.

Laning R. L. 6279 (B. 3836-3) exempting building and loan associations from the operation of the usury laws of the state, is not in conflict with the organic law, nor violative of Secs. 1 and 2, Art. 1, of the Ohio bill of rights.

4. LOWER COURTS NOT BOUND BY DECISIONS OF SAME COURT, ETC.

There is no rule of law which makes the decisions of a circuit court more authoritative than the decisions of the district court, or the decisions of one circuit court more authoritative than those of another; and in case of conflict, the one will be followed which is supported by the best reason. *Lucretia Carmichael v. Indemnity Sav. & Loan Co.*, 15 O. D. 341.

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SEC. 9. To permit members to withdraw all or part of their stock deposits, at such times, and upon such terms, as the constitution and by-laws may provide. Any member, however, who withdraws his entire stock deposit, or whose stock has matured, shall be entitled to receive all dues paid in and dividends declared thereon, less all fines or other assessments, and less the pro rata share of all losses, if any have occurred. To permit withdrawal of deposits upon such terms and conditions as the association may provide except by check or draft; provided, however, that no such association shall be permitted to carry for any member or depositor any demand, commercial or checking account, but nothing in this act shall be construed to prevent members or depositors from withdrawing funds by non-negotiable orders.

Notice of withdrawal will not save a member from liability for losses incurred before he succeeds in getting his money: *Harrison Bldg. Ass'n v. Howell*, 39 B. 386, edit.

Notice of withdrawal does not terminate liability for losses by depreciation of securities sustained at the time of notice: *Vincent v. Harrison B & L. Co.*, 7 O. D. 353; 5 N. P. 273; *Id.* 390.

The constitution providing that withdrawal claims could only be paid in the order of notice given, a borrowing member, having purchased a withdrawal claim not yet payable, cannot have his mortgage canceled upon his tendering as payment the withdrawal claim: *Ward v. Bldg. Co.*, 5 N. P. 133; 8 Low. D. 489.

A withdrawing member is, until paid, a stockholder and not a creditor: 8 Low. D. 594; 6 N. P. 185; *Rehn v. North Fairmount B. & S. Co.*, 7 Low. D. 398; 5 N. P. 314.

Notice of withdrawal before the appointment of a receiver and when there was sufficient money on hand to pay him, will not exonerate him from sharing losses already incurred, though this was not then known. *Vincent v. Harrison B. & L. Co.*, 7 Low. D. 353; 5 N. P. 273; *S. C. as Harrison Bldg. Ass'n v. Howell*, 39 B. 386.

The right to compromise with the association is not a right to obtain what would be grossly inequitable and a fraud on other shareholders: *Main St. B. and L. Co. v. Richter*, 9 Cir. D. 74; 16 C. C. 191.

Withdrawal and cancellation of the mortgage of a borrowing member, on his paying an assessment for losses, where the society is then hopelessly insolvent and the assessment grossly inadequate, will not relieve him from liability to contribute further: *Galvin v. Albers*, 9 Low. D. 279; 6 N. P. 273.

SEC. 10. To cancel shares and parts of shares of stock upon which the credits have been withdrawn, or upon which loans have been repaid, and re-issue them as new stock.

SEC. 11. To issue stock to minors and receive deposits thereon and permit both stock and deposits to be withdrawn, transferred, pledged and voted by such minors as other stock and stock deposits; to receive deposits of money by or for minors and to pay the same to such minors, or upon their order, and the receipt or paid order of such minor, therefor, shall be a valid acquittance of the rights of all concerned.

SEC. 12. To lease, acquire, hold, encumber, convey and rent such

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real estate and personal property as is necessary for the transaction of its business, or necessary to enforce or protect its securities.

Purchases of land to be allotted among members is *ultra vires* and the purchase notes are voidable: *Vos v. Cedar Grove B. A.*, 9 Bull. 194.

A corporation is an artificial being, which exists only in legal contemplation, and, being a mere creature of the law, possesses only those attributes which the law confers, or such as may be implied as necessary to its existence, and it can exercise no powers but such as are given to it by its charter, or such as are necessary to carry into effect the powers expressly conferred: *Bonham v. Taylor*, 100-108; and corporations are strictly limited to the exercise of such powers, and in such manner and by such agents, as are provided in their charters; *Bartholomew v. Bentley*, 1 O. S. 37.

Where property which a corporation, under certain circumstances, is authorized by its charter to acquire, is purchased in a mode or for a purpose not authorized, the title of the corporation to the property cannot be defeated by a party who is a stranger to the agreement by which the property was acquired, and who is not injured by the transfer: *Ehrman v. Insurance Co.*, 35 O. S. 324, *Okey, J.*, dissented.

A corporation can make no contracts, and do no acts, either within or without the state which creates it, except such as are authorized by its charter: *Ewing v. Bank*, 43 O. S. 31.

SEC. 13. To borrow money, not exceeding twenty per cent of the assets, and issue its evidences of indebtedness or other security therefor.

SEC. 14. To make loans to members and others on such terms, conditions and securities as may be provided by the association.

A building and loan association cannot loan its funds without other or further security than the promissory note of the borrower, no matter how many signers or endorsers there may be to the note. Ruling of the Department supplemented by opinion of the Attorney-General.

Collecting money from members or depositors and loaning it among members is not exercising banking powers: *Forest City, etc., B. A. v. Gallagher*, 23 O. S. 208; *Dearborn v. Bank*, 42 O. S. 617.

The use a member intends to make of his loan need not be ascertained by the society: *Hagerman v. Ohio B. A.*, 25 O. S. 186.

Loans to non-members or buying their notes is *ultra vires* nor are loans to members at usurious rates authorized: *State v. Greenville B. A.*, 29 O. S. 92.

A colorable deposit to qualify one to borrow estops him when sued for the loan to deny that he was a depositor: *Bates v. People's Ass'n*, 42 O. S. 655; and so thought that he drew out his deposit next day: *Lockwood v. Robbins* (1 Cleveland Reporter 101).

If the mortgagor is not in default on foreclosure, a stipulated attorney's fee, payable on foreclosure, is not chargeable: *Kesting v. Donahue*, 2 Oh. Dec. 567.

The effect of a provision in the by-laws of a building and loan association requiring members making loans, to be secured by mortgages, to insure the property for a sum to be named, and to keep it insured in a company approved by the association during the continuance of the loan and to deposit the policy with the treasurer of the company, and authorizing the association, upon failure of a member so to do, to make renewals at the expense of the borrower, is mutual benefit or insurance. Such a provision makes the association the agent of the borrower and imposes upon it the duty of renewing the policy if the borrower fails to do so; and if the association neglects to keep the property insured, and it is destroyed by fire, it is liable for the loss: *Geswine v. Star B. & L. Co.* (Lawrence (4th) Circuit Court) 13-23 O. C. C., 477.

A mortgagor of improved premises who stipulates in her mortgage, as a condition thereof, to procure insurance for the benefit of the mortgagee, does not thereby become the agent of the mortgagee in procuring the insurance.

Where an insurance company issues a policy of insurance upon mortgaged property in which it unconditionally stipulates to pay the loss thereunder to the

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mortgagee as her interest may appear, it is no defense to the claim of the mortgagee, who has been made a party to an action commenced on the policy by the mortgagor and has set up her mortgage interest by cross-petition, that the policy was procured by the fraudulent representations and concealments of the mortgagor, when it does not appear that the mortgagee was a party to the insurance contract or had any knowledge of the fraud: *Clara E. Agner v. Fireman's Insurance Co. et al.*, 14 O. Dec. 268.

A mortgage executed agreeably to the provisions of Sec. 4106 Rev. Stat. of Ohio, and attested and acknowledged as therein provided, is not invalid and cannot be impeached, in the absence of fraud or undue advantage, merely because the witnesses who attest the signature of the mortgagor and the notary public taking his acknowledgment are stockholders of, but not otherwise interested in, the corporation named in said mortgage as grantee.

In taking and certifying an acknowledgment, as provided in said Sec. 4106 Rev. Stat., the act of the notary public or other officer taking and certifying the same is a ministerial and not a judicial act: *Read, as Assignee for the Creditors of Lindsay v. The Toledo Loan Co.*, 68 Ohio St. 280.

Under Sec. 5464, Rev. Stat. the dower interest of the judgment debtor may be subjected to the payment of his debt, notwithstanding such interest has not been assigned: *Gildhaus et al. v. Fidelity Building & Savings Co. et al.*, Ohio Law Bull., Vol. 48, p. 110.

Where an action is commenced by the mortgagor against the mortgagee, upon a defectively executed recorded mortgage, for the purpose of having the same reformed and for sale of the premises: Held, that judgment liens obtained after the commencement of the action and before decree reforming the mortgage, do not have a preference over the mortgage lien, and that the claim of the mortgagor should be first satisfied out of the fund arising from the sale of the property: *Caldwell Building and Loan Ass'n v. J. W. Bigley et al.*, 25 O. C. C. 431.

Where the property of an insolvent debtor by order of court, is placed in the hands of a receiver to be administered upon for the payment of the insolvent's debts, a creditor who holds collaterals taken to secure his claim, and upon which he has realized before a dividend is declared; is entitled to a dividend on only so much of his debt as remains after deducting the proceeds of the collaterals; and this sum may be ascertained at the time dividend is declared, although the claim had formerly been proven and allowed for the full amount: *Buckingham et al. v. Springfield Building and Loan Association et al.* (decided October 13, 1903). Ohio Law Bull., Vol. 48, p. 914.

The doctrine *caveat emptor* applies to mortgage foreclosure sales of real estate; and one who has entered into competitive bidding for the purchase of property at such sale cannot, after his bid is accepted, avoid the sale or refuse to complete his purchase because of the existence of liens and encumbrances thereon, or defects in the title. Such purchaser is bound to examine the public records to ascertain the condition of the title before entering his bid, or, failing so to do, abide the consequences of such neglect.

A sale of real property at foreclosure sale is not void because the journal entry recites that the attorney for plaintiff also confessed judgment as attorney for defendant, as the presumption is, in the absence of proof to the contrary, that such action was authorized; nor because the published notice of sale designates "C. E. Millers et al.," instead of "Charles E. Miles et al.," as defendants, and gives the docket number of the case as "16,149," instead of "43,834." Such errors are mere irregularities, neither preventing the passing of the title to the purchaser, nor affecting the validity of the sale: *Brickell v. Miles et al.* (Franklin Common Pleas, February 24, 1904) 14 Dec. 456.

A judgment for the amount due at the date of its rendition, instead of at the date of filing the petition, is not excessive because no supplementary petition was filed, when the petition prays "that an account be taken" and judgment be rendered for the "amounts found due," and no new facts have arisen after the filing of the petition, and all the facts necessary to determine the amount becoming due thereafter are averred therein. A supplementary petition is unnecessary under such circumstances: *Martha N. Miller v. Highland Ave. L. and B. Co.*, 25 C. C. 733.

CONTRACTS. RULE AS TO STATUTES BEING A PART OF CONTRACT. The rule that the law writes into every contract the provisions of the statutes that are applicable to the transaction refers only to statutes existing at the time the contract was made, and not to subsequent statutes such as would abrogate or impair the contract. Supreme Court of Illinois, Vol. 226 at page 57.

The West Virginia Supreme Court of Appeals held in the case of William

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B. Burkheimer, Jr. *v.* National Mutual Building and Loan Association of New York, that a change of the plan of a building and loan association making a material departure from its original plan is sufficient to justify a dissolution of its contract with a member. 4 L. R. A. (N. S.) 1047.

SEC. 15. To cancel such loans and release the securities on such terms as the board of directors may provide. But any member may have his loan canceled upon the following terms, to wit: After the premium for one year has been paid, and also the interest and premium up to the date of cancellation, the borrower shall pay the sum actually borrowed less the dues paid and dividends credited. He shall pay also any fines or other assessments required by the constitution and by-laws.

Withdrawal or release on bona fide and reasonable compromise is legal both for drawn and undrawn shares: *State v. Bldg. Ass'n*, 25 O. S. 285; *Wangerien v. Aspell*, 47 O. S. 250.

A bona fide compromise will not be rescinded because the released member received more than a pro rata share: *Wangerien v. Aspell*, 47 O. S. 250.

The constitution providing that withdrawal claims could only be paid in the order of notice given, a borrowing member, having purchased a withdrawal claim not yet payable, cannot have his mortgage cancelled upon his tendering as payment the withdrawal claim: *Ward v. Bldg. Ass'n Co.*, 5 N. P. 133.

All canceled shares of stock must be preserved with the files and other papers of the association in such manner as to be readily accessible. (Ruling of the Department.)

An answer to a foreclosure suit that the by-laws provide against foreclosure until the dues are three months in arrears states a defense to a suit begun in two and one-half months: *Home Bldg. Ass'n Co. v. Tenny*, 8 Low. D. 391; 7 N. P. 130.

On foreclosure, when the mortgagor is not in default, a stipulated attorney's fee, to be paid on foreclosure, is not enforceable: *Kesting v. Donahue*, 6 Cir. D. 262; 13 C. C. 653.

A mortgage reciting that the borrower owned a certain number of shares and that the company advanced to him \$1,480, the estimated value thereof, as a loan and that to secure payment thereof he mortgaged the property, is not within the rule that the property alone can be looked to without judgment over unless the rule that the property alone can be looked to without judgment over, unless hence a judgment for deficiency after sale is proper: *McHenry v. Batavia Bldg. & L. Co.*, 9 Cir. D. 531; 17 C. C. 206.

A building and loan association is without authority to withdraw mortgage credits for the purpose of paying fixed charges.

SEC. 16. To accumulate from the earnings a "Reserve Fund" for the payment of contingent losses, and an "Undivided Profit Fund," both of which may be loaned and invested as other funds of the association; and to invest any of its idle funds, or any part thereof, in bonds or interest bearing obligations of the United States, or of the District of Columbia, or of the state of Ohio, or of any county, township, school district, or other political division in the state of Ohio, or of any incorporated city, village, or other incorporated municipality in the state of Ohio; and in such other securities as are now or may hereafter be accepted by the United States to secure government deposits in National banks; provided that such investments shall at no time amount in the aggregate to more than twenty

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per cent of the assets of such corporation. Also to deposit any of said funds or any part thereof, in any financial institution that is subject to inspection by the United States, or by the state of Ohio; and receive therefor certificates of deposit and to buy but not sell, except in case of financial emergency and then only with the consent previously had of the Inspector of Building and Loan Associations, interest bearing obligations secured by real estate mortgages, which shall in all respects comply with, and be within the rules adopted for making mortgage loans by the corporation making such investments, and such mortgage investments may be held and reported as mortgage loans.

SEC. 17. To make such annual or semi-annual distribution of the earnings as is hereinafter provided, and as the constitution and by-laws may prescribe

The ownership of a share of stock involves the right to participate in the dividends declared from the profits of the business, and, upon the dissolution of the corporation, to a proportionate share of the fund remaining after payment of the corporate debts: *Jones v. Davis*, 35 O. S. 476, 477.

SEC. 18. To increase or decrease its authorized capital or the face value of its shares, or change the name of the corporation at any time, by a majority vote of its board of directors; and a certificate of such action shall be made by the president and secretary, and duly filed with the secretary of state, after which in the use of the changed stock and changed name all rights of all parties shall remain the same as before any such change was made.

SEC. 19. To dissolve the corporation when its continuance shall be deemed by a majority vote of the stock entitled to be voted under its constitution and by-laws, which shall not be inconsistent with the provisions of section 7 of this act, to be no longer desirable, subject, however, to the contract rights of its borrowers, and the vested rights of its members.

But as to dissolution, see section 48 of this act. See also sections 5687 and 5688.

Building societies are to be wound up like other corporations for profit, as if dues were payments on stock subscriptions. If all members have stopped paying dues, a borrowing member's stoppage is not a default under a clause making his whole amount due on default. Interest continues during proceedings to wind up, but not dues, except as assessments are ordered: *Hinman v. Ryan*, 3 C. C. 529.

Where the board of directors, merely as such, of a building association ask for a receiver, without asserting an individual right as stockholders or otherwise, though on the grounds of insolvency and inability to manage the affairs of the company, the court has no power to grant a receiver without notice to or consent of stockholders. Only shareholders can apply for a receiver: *Schone v. Consolidated B. & S. Co.*, 6 Low. D. 246; 4 N. P. 216.

When a building association, by general consent of its stockholders, concludes to cease business as a going concern, and by general consent the closing up of its affairs is left in the hands of the board of directors, the directors retain all

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the power they previously had with reference to the disposal of the assets of the association: *Roth v. St. Clair B. and L. Co. et al.* (Superior Court of Cincinnati, General Term, 1902.) (18 Dec. 154.)

LOAN ASSOCIATIONS. ASSOCIATIONS MAY CONTRACT FOR ATTORNEY'S SERVICES AFTER AUDITOR HAS PLACED CUSTODIAN IN CHARGE. The act of the State Auditor in putting a custodian in charge of the assets of a building and loan association does not deprive the association of the power to make a contract for services of attorneys to resist the appointment of a receiver.

SAME. WHEN COURT MAY ALLOW FEES TO ATTORNEYS RESISTING RECEIVERSHIP. In a receivership proceeding against a building and loan association the court has power, where the equities of the case so require, to allow a claim for attorney's fees for services rendered to the association in resisting the receivership, even though the litigation was unsuccessful and the contract of employment was made after the State Auditor had placed a custodian in charge of the assets; and the allowance of such claim is binding upon the purchaser of the assets who has agreed in his bid "to pay in full the general creditors of the estate such claims against the estate as may be allowed by the court." Supreme Court of Illinois, Vol. 225 at page 508.

SEC. 20. To amend its articles of incorporation, and to increase and decrease the number of its directors, by complying with all the requirements provided in its own constitution for the amendment thereof, and the other officers of such corporations shall consist of a president, one or more vice-presidents, one or more secretaries and such other officers as its constitution and by-laws may provide.

This right to amend does not extend to a substantial change of the original purpose of the organization: *State ex rel v. Taylor*, 55 O. S. 67.

SEC. 21. To provide, by constitution adopted by its members, and by-laws adopted by its board of directors, for the proper exercise of the powers herein granted, and the conduct and management of its affairs.

Amending the constitution and by-laws is a power incidental to all corporations, and though this may be limited by the constitution, mere silence does not take it away: *Wangerien v. Aspell*, 47 O. S. 250, 260.

By-laws are sufficiently proved if appearing on the records and uniformly acted on. Proof of a formal vote of adoption is not necessary: *Hagerman v. Ohio B. A.*, 25 O. S. 186.

SEC. 22. To have all such other powers as are necessary and proper to enable such corporation to carry out the purpose of its organization.

While the law neither requires the directors nor gives them authority to appoint an attorney, yet an association may by virtue of this section adopt a constitution providing for an attorney: *New German Loan and Bldg. Co. v. Kuehnert*, 6 O. D. 502.

REGULATIONS. BONDS OF OFFICERS.

SEC. 23. The board of directors shall designate a bank or banks, in which it shall cause the funds of such corporation to be deposited in the name of the corporation, and such funds when so deposited, can

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be withdrawn only in such manner and for such purpose as may be provided in the constitution and by-laws and authorized by law.

All bank books showing such deposits shall be open to the inspection of any director at any time.

All officers of such association who have charge or possession of money, securities, or property, shall give bond before entering upon their duties, to the satisfaction of the board of directors, for the faithful performance of the same, and the safe keeping and proper application of all moneys or property coming into their hands. All officers of such corporations on being re-elected to office shall renew their bonds. The bond may be increased or additional securities required at any time by the board of directors. Directors shall not be eligible as bondsmen, and shall be individually liable for any loss to members, caused by their neglect to comply with the provisions of this section.

As to bonds of building association officers and actions thereon, see *Building Ass'n v. Cummings*, 45 O. S. 664.

An attorney for an association is not an officer: *New German Loan and Bldg. Co. v. Kuehnert*, 6 O. D. 502.

His bond is not an official bond: *Id.*

Sureties on an attorney's bond "during his continuance in office," his appointment being at pleasure, are liable for any default during the attorney's incumbency, he being continued in office from time to time without giving a new bond: *Id.*

See note to same case § (3836-4).

This would include entering into of sufficient bonds by the president and vice-president of an association. (Ruling of the Department.)

Each officer required to give a bond must have at least two sufficient sureties thereon, or it can be signed by a surety company authorized under the laws of Ohio. (Ruling of the Department.)

BONDS.

[Hamilton (1st) Circuit Court, June 22, 1907.]
Swing, Giffen and Smith, JJ.

EDWARD DIENST ET AL. V. FISCHMANN' LOAN & BLDG. CO.

SUBROGATION OF BUILDING ASSOCIATION AGAINST GENERAL CREDITORS.

A building association through the negligence of its attorney loaned \$1,000 to one holding a defective title to the property upon which he gave a mortgage to secure the loan. The mortgagor died. The proceeds of the loan could not be traced to his creditors, but were probably used by the widow in satisfaction of her allowance of \$1,500 for the first year's support of herself and minor children. The attorney moved out of the jurisdiction and in the present suit on his bond service could not be obtained upon him: *Held*,

(1) In an action on a bond which is in the nature of a joint obligation, the fact that one of the obligors could not be served with summons because not within the jurisdiction of the court does not prevent the taking of judgment against obligors who are within the jurisdiction.

[For other cases in point, see 2 Cyc. Dig., "Bonds," §§ 834-847.—Ed.]

(2) The building association was without remedy on its mortgage by way of subrogation against the general creditors of the mortgagor or the first year's allowance to the widow.

[For other cases in point, see 2 Cyc. Dig., "Bonds," §§ 1110-1116; 7 Cyc. Dig., "Subrogation," §§ 8-23.—Ed.]

(3) The attorney having knowledge of the mistake which he had made, notice to him or his bondsmen of the loss the building association had sustained was not necessary, and laches or estoppel cannot be pleaded in their behalf.

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RESERVE FUND.

SEC. 24. The amount to be set aside to the Reserve Fund, for the payment of contingent losses shall be determined by the board of directors, but in all permanent or perpetual associations, at least five per cent of the net earnings shall be set aside each year to such fund until it reaches at least five per cent of the total assets. All losses shall be paid out of such fund until the same is exhausted, and whenever the amount in said fund falls below five per cent of the assets as aforesaid, it shall be replenished by annual appropriations of at least five per cent of the net earnings as hereinbefore provided until it again reaches said amount.

The reserve fund belongs pro rata to all members whether borrowers or not: *Seibel v. Bldg. Ass'n*, 43 O. S. 371, 375.

Charges made from the contingent fund should, in each instance, show for what purposes they are made. (Ruling of the Department.)

DIVISION OF EARNINGS.

SEC. 25. All expenses of such association shall be paid out of the earnings only, and so much of the earnings as may be necessary shall be set aside each year for such purpose. But charges incident to a loan, if paid by the borrower, shall not be deemed a part of the current expenses.

After payment of expenses and interest, a portion of the earnings to be determined by the board of directors, shall also be placed annually or semi-annually in the Reserve Fund for the payment of contingent losses, as hereinbefore provided, and a further portion of such earnings, to be determined by the board of directors, shall be transferred as a dividend annually or semi-annually, in such proportion to the credit of all members as the corporation, by its constitution and by-laws, may provide, to be paid to them at such time and in such manner in conformity with this act as the corporation by its constitution and by-laws, may provide. Any residue of such earnings may be held as undivided profits to be used as other earnings, provided, however, that such undivided profit fund shall at no time exceed three per cent of the total assets of the association.

All losses shall be assessed in the same proportion and manner on all members after the amounts in the reserve fund and the undivided profit fund have been applied to the payment of the same.

Prior to the act of 1886 dividends were to be declared to borrowers and non-borrowers alike without discrimination: *Seibel v. Bldg. Ass'n*, 43 O. S. 371.

After that act the society could confine borrowers to dividends on the previous six months' dues: *Deiringer v. Carlisle Bldg. Ass'n*, 2 Ohio Decision, 543.

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One who on borrowing is fully advised as to how dividends are declared and received them for 8 or 9 years on that basis, and allowed other members to be dealt with in the same way, and to recast the accounts now would entail great loss on the society, will be estopped to deny the legality of the division: *Buehlman v. Atlantic Bldg. Ass'n*, 6 C. C. 285, and see *Deiringer v. Carlisle B. A.*, 2 Ohio Dec. 543 (aff'd by Supreme Court, no report, 38 Bull. 328).

No dividends could be allowed in 1884 on dues paid in advance, as where \$9,000 was borrowed and \$7,000 was paid back two years later and credited on weekly dues: *Turner Bau Verein v. Woodburn*, 27 Bull. 409.

A borrowing member is one who receives the par value of his shares in advance and agrees to pay dues and interest until dues and undrawn dividends equal the par value of his shares, and his share of losses, when he ceases to be a member and is entitled to a cancellation of his mortgage. *Eversmann v. Schmitt*, 53 O. S. 174.

Where a foreclosure was begun in December, 1896, an answer that the dividends due in January, 1897, will pay all balances due, states a good defense; for when the par value of the stock has been paid this satisfies the mortgage: *Home Bldg. Ass'n Co. v. Tenny*, 8 Low. D. 391; 7 N. P. 130.

A member's certificate of stock contained a promise to pay the share in full in five years. But having borrowed the amount his mortgage to the society required him to pay until the amount was repaid: Held, the mortgage controls and he is not entitled to have it canceled at the end of five years, though by reason of defalcations the time is prolonged: *Haynes v. People's B. and S. Ass'n*, 3 Low. D. 228; 2 N. P. 181.

The premium may now (B. R. S. § 3836-3) be fixed by by-laws of the society. The borrower no longer has a right to fix it by his bid. It is not now a premium for the right of precedence, but is a premium on the loan. This has been so since 1896. *People's Sav. and Loan Ass'n v. Roberts*, 5 Low. D. 489; 5 N. P. 86.

§ (3836-3) in giving the associations an exemption from the usury laws if a premium fixed by them without competitive bidding exceeds what other institutions may charge, grants a special privilege contrary to Const. 1, 2, and is so far void: *Mykrantz v. Globe B. and Loan Ass'n*, 10 Cir. D. 250; 19 C. C. (Aff's 41 B. 262, edit.). Overruled; see *Spies v. Southern Ohio Loan and Trust Company*, 24 O. C. C. 41.

A borrowing member in case of losses is like a non-borrower assessable on all dues and earnings which should stand to the credit of his stock and no annual settlement crediting dues paid to a loan and rebating interest thereafter can limit the liability to the dues of the current year only: 6 Low. D. 95; 4 N. P. 97; *Main St. B. and L. Co. v. Richter*, 9 Cir. D. 74; 16 C. C. 191.

A borrowing member who has acquiesced for several years in rebate of interest and dividends only upon the current year's dues, in a society organized prior to the law of 1880, is estopped to demand a credit of dividends on the entire amounts paid in as dues, and the purchaser of his property is also estopped. *Atlantic B Ass'n v. Vogeler*, 5 Low. D. 581; 7 N. P. 606.

Where a borrower's dividends were wrongly confined to dues for the last six months only, and not on all dues, paid in his silence for several years, does not estop him to object to the mistake: 55 O. S. 681; *Deiringer v. Carlisle Bldg. Ass'n*, 2 Low. D. 543.

Premiums of 16 $\frac{2}{3}$ cents per month on each \$100 share, and fines of 10 cents per month during default of dues of 50 cents per month on each such share, imposed by a building and loan association upon a borrowing member in addition to 6 per cent interest upon his loan, are not in the nature of usury or unreasonable in amount: *Spies v. Southern Ohio L. and T. Co.*, (Lucas (6th) Circuit Court, 1902.) 24 O. C. C. 41.

Section 3836-3 Rev. Stat., in exempting building and loan associations from the operation of the usury laws, is not in violation of Secs. 1 and 2, Art. 1 of the constitution: *Mykrantz v. Globe B. and L. Ass'n*, Circ. Dec. 250 (19 R. 51), overruled.

Losses must be shared by borrowers and non-borrowers alike: *Eversmann v. Schmitt*, 53 O. S. 174.

Where borrowing member's mortgage contained a stipulation to pay such assessments as might be levied on him as a member, a receiver to wind up the association may make a pro rata assessment upon him to meet a shortage, and he is not entitled to cancellation of the mortgage until he has paid the assessment: *Eversmann v. Schmitt*, 53 O. S. 174.

If a certificate of stock contains a promise to pay the share in full in five years, but the mortgage requires dues to be paid until the loan is paid in full,

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the mortgage controls, though the time is prolonged by defalcations. Haines v. People's B. A., 2 N. P. 181; 3 O. D. 228.

A borrowing member, like a non-borrower, is assessable for losses on all dues and earnings which should stand to the credit of his stock, and no annual settlement, crediting dues paid to a loan and rebating interest thereafter, can limit the liability to the dues of the current year only: Main St. B. and L. Co. v. Richter, 16 C. C. 191.

TAXATION.

SEC. 26. The shares and loans advanced to its members, shall be exempt from taxation, except shares or stock upon which no loans have been made or money advanced by the company, shall be considered and held as credits, and the said members individually shall list for taxation the number of shares held by them, and the true value thereof in money, on the day preceding the second Monday in April each year, and the same shall be assessed at such valuation for taxation and taxes as other property.

A building and loan association advancing or paying taxes on real estate securities mortgaged to it, should first examine carefully the provisions of House Bill No. 339, filed in the office of the Secretary of State April 16, 1906, entitled, "An act to revise Section 2847 of the Revised Statutes of Ohio and to further safeguard the real estate securities of banks and others," and which said act is as follows:

"Be it enacted by the General Assembly of the State of Ohio:

Section 1. That section 2847 of the Revised Statutes of Ohio as amended April 19, 1904 (97 v. 100) be and the same is hereby amended so as to read as follows:

Sec. 2847. Every person holding lands as aforesaid shall pay the tax which may be assessed thereon each and every year; provided, that agents and attorneys shall not thus be obliged to pay such taxes, unless sufficient moneys of their principals be in their hands to pay the same; and provided, further, that any persons owning lands as aforesaid, may authorize or consent to the payment by any other person, of the taxes levied upon such lands, and any person so paying such taxes shall first obtain from the owner or owners of such lands a certificate of authority to pay such taxes signed in the presence of two witnesses, and duly acknowledged before an officer authorized to administer oaths, which certificate shall contain an accurate description of the property as shown by the tax duplicate, the amount of the taxes levied thereon, the year for which the same were levied and the name of the person authorized to pay the same and the date of the payment thereof; and shall, within ten days from the date of the payment of such taxes, file the same in the office of the county recorder for record, and when such certificate has been filed as aforesaid, the amount thereof with interest at the rate of eight per cent per annum from the date of the payment of such tax, shall operate as a lien upon such real estate in preference to all liens thereafter attaching to the property and in preference to all pre-existing liens, the holders of which have executed and acknowledged such certificate of authority and the money so paid, together with the interest thereon, may also be recovered by action for money paid to his use against the person or persons legally liable for the payment of such tax, which action may be brought by such person so paying such tax as aforesaid, at any time after the expiration of one year from the date of the payment thereof; that such certificate so filed as aforesaid with the county recorder, shall be recorded and cancelled in the same manner as mortgages on real estate, in a book to be separately kept and indexed by him for that special purpose, and such recorder shall receive such fees as are prescribed by law for recording real estate mortgages.

Section 2. That section 2847 of the Revised Statutes of Ohio as amended April 19, 1904 (97 v. 100) be and the same is hereby repealed."

See Vol. 98 Laws of Ohio, pages 285 and 286.

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INSPECTION.

SEC. 27. There is hereby established in the department of insurance a bureau to be known as the bureau of Building and Loan Associations, which shall be charged with the execution of the laws of this state relating to such associations.

Duty under act to regulate certificate, etc., companies, etc., other than building and loan companies, and to regulate investment guaranty companies doing business on the service dividend plan, see § 3821r et seq.

SEC. 28. The chief officer of said bureau shall be known as the "Inspector of Building and Loan Associations." The superintendent of insurance shall ex-officio be also such inspector and as compensation for his services as such inspector he shall be entitled to receive such compensation as provided by law. Before entering upon his duties, he shall give bond to the state of Ohio in the sum of ten thousand dollars, to be approved by the governor, conditioned for the faithful discharge of his duties, and the bond, with his oath of office and the approval of the governor endorsed thereon, shall be filed with the secretary of state.

The inspector shall appoint a deputy, who is hereby authorized to perform the duties attached by law to the office of inspector, and such deputy shall receive as compensation therefor the sum of three thousand dollars per annum and this salary shall be in full for all services rendered to the state for inspection of bond investment companies and for services rendered under this act.

He shall also appoint such clerks and examiners as may be necessary.

SEC. 29. The adjutant general shall provide suitable accommodations for the conduct of the business of the bureau in the office of the superintendent of insurance and furnish the necessary furniture, etc., and the expense of the same shall be paid out of the state treasury, on the certificate of the inspector and the warrant of the adjutant general.

SEC. 30. It shall be the duty of the inspector to see that all the laws of this state relating to building and loan associations and to savings associations are faithfully executed.

FOREIGN ASSOCIATIONS.

SEC. 31. Foreign building and loan associations doing business in this state, shall conduct the same in accordance with the laws of the state governing domestic associations, and no such association shall do any business in this state until it procures from the inspector a

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certificate of authority to do so. To procure such authority, such association shall comply with the following provisions:

First. It shall deposit with the inspector one hundred thousand dollars, either in cash or bonds of the United States or the State of Ohio, or of any county or municipal corporation in the state of Ohio, satisfactory to the inspector.

Second. It shall file with the inspector a certified copy of its charter, constitution and by-laws, and other rules and regulations showing its manner of conducting business, together with a statement such as is required annually from all associations.

Third. It shall also file with the inspector a written instrument, duly executed, agreeing that a summons may issue against it from any county in this state, directed to the sheriff of the county in which the office of the inspector is situate, commanding him to serve the same by certified copy personally upon the inspector or by leaving a copy thereof at his office. The inspector shall, however, mail a copy of any papers served on him, postage prepaid, to the home office of such association.

SEC. 32. Whenever such association has complied with the provisions of this act, and the inspector is satisfied that such association is doing business according to the laws of this state, and is in sound financial condition, he shall issue his certificate of authority to such association to do business in this state. Annually thereafter, upon the filing of the annual statement herein provided for, if the inspector shall be satisfied as aforesaid, he shall issue a renewal of such certificate of authority.

SEC. 33. Such foreign association may collect and use the interest on any securities so deposited, so long as it fulfills its obligations and complies with the provisions of this act. It may also exchange them for other securities of equal value and satisfactory to the inspector.

SEC. 34. The deposit made with the inspector shall be held as a security for all claims of residents of this state against said association, and shall be liable for all judgments or decrees thereon and subjected to the payment of the same in the same manner as the property of other non-residents. Should any association cease to do business in this state, the inspector may release securities in his discretion, retaining sufficient to satisfy all outstanding liabilities.

See also Section 148d of the Revised Statutes of Ohio.

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ANNUAL REPORT OF ASSOCIATIONS.

SEC. 35. Every building and loan association doing business in this state shall annually, at the end of each fiscal year, or within forty days thereafter, make a full and detailed report in writing of the affairs and business of the association for the preceding year, and showing its financial condition at the end of said fiscal year. With the first report made by any association it shall also file a certified copy of its constitution and by-laws or other rules and regulations, showing its manner of doing business.

SEC. 36. The statement shall be in such form and contain such information as may be prescribed by the inspector of building associations. It shall be sworn to by the secretary, and its correctness attested by at least three directors, or an auditing committee appointed by the board. The original shall be filed with the inspector of building associations within forty days after the close of the fiscal year, and such an abstract thereof as the inspector may require shall be posted for sixty days in the office or meeting place of such association, and also published in some paper regularly issued in the county in which said association is located.

EXAMINATION OF ASSOCIATIONS.

SEC. 37. The inspector shall make or cause to be made by some person or persons by him appointed for that purpose, examinations into the affairs of every such association at least once in each year. The expense of all examinations provided for herein shall be paid by the State of Ohio; provided, that when, by the laws of any other state, district, territory or nation, examinations of such associations of this state are required or permitted to be made by any official or other authority of such other state, district, territory, or nation, at the expense of such associations, then the expenses of all such examinations, made by the inspector of this state, of such associations of such state, district, territory or nation, shall be respectively charged to and collected from such associations so examined.

SEC. 38. Should the inspector, upon examination, find any domestic association conducting its business in whole or in part contrary to law, or failing to comply with the law, he shall so notify the board of directors of such association in writing, and if, after thirty days, such illegal practices or failure continue, he shall communicate the facts to the attorney general, who shall cause proceedings to be instituted in the proper court to revoke the charter of such association.

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SEC. 39. Should the inspector find, upon examination, that the affairs of any such association are in an unsound condition, and that the interests of the public demand the dissolution of such association, and the winding up of its business, he shall so report to the attorney general, who shall institute the proper proceedings for that purpose.

SEC. 40. Such examiners shall have access to and may compel the production of all the books, papers, securities and moneys, etc., of the association, under examination. They shall have power to administer oaths to, and examine the officers and agents of such associations as to its affairs.

SEC. 41. When the inspector deems it to the interest of the public, he may publish the result of such examination in some newspaper of general circulation in the county in which such association is located, if it be a domestic association, and in some newspaper in the city of Columbus, Ohio, if it be a foreign association.

SEC. 42. Should the inspector find, upon examination, that any foreign association does not conduct its business in accordance with the law, or that the affairs of any such association are in an unsound condition, or if such association refuses to permit examination to be made, he may cancel the authority of such association to do business in this state, and cause a notice thereof to be mailed to the home office of the association, and to be published in at least one newspaper published in the city of Columbus. After the publication of such notice, it shall be unlawful for any agent of said association to receive any further stock deposits from members residing in this state, except payments on stock on which a loan has been taken.

FEEES.

SEC. 43. Foreign building and loan associations shall pay to the inspector the following fees, to wit: For filing each application for admission to do business in this state, one hundred dollars. For each certificate of authority and annual renewal of same, fifty dollars; both foreign and domestic associations shall pay to the inspector for filing each annual statement, as follows: If the assets of the association, as shown by the statement filed, amount to \$50,000.00 or less, \$3.00; if more than \$50,000.00 and less than \$100,000.00, \$5.00; if more than \$100,000.00 and less than \$250,000.00, \$10.00; if more than \$250,000.00 and less than 500,000.00, \$20.00; if more than \$500,000.00 and less than \$1,000,000.00, \$30.00; if more than \$1,000,000.00, \$50.00. For each copy of a paper filed in his office, twenty-five cents per folio.

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For affixing the seal of office and certifying any paper, one dollar. The fees provided for herein shall be deposited by said inspector, with the state treasurer upon the warrant of the state auditor.

SEC. 44. All securities of cash deposited with the inspector shall be immediately deposited with the treasurer of state, who, with his sureties, shall be responsible for the safekeeping thereof. The treasurer shall deliver such securities only upon the written order of the inspector of building associations.

PENALTIES.

SEC. 45. It shall be unlawful for any building and loan association to do business in this state without having first complied with the provisions of this act, and any association violating any of the provisions of this act, or failing to comply with any of its provisions, shall be fined not less than fifty nor more than one thousand dollars, to be recovered by an action in the name of the state, and on collection paid into the state treasury.

SEC. 46. Every president, director, trustee, member of any committee, secretary, treasurer, attorney or any other officer at any time created, or agent of any such corporation, who embezzles, abstracts or willfully misapplies any of the moneys, funds or credits of such corporation, or who issues or puts into circulation any warrant or other order, or who assigns, transfers, cancels or delivers up any note, bond, draft, mortgage, judgment, decree, or any other written instrument belonging to such corporation, or raises money otherwise, or receives money from any member or other person for and in the name of such corporation, unless duly authorized by the board of directors of such corporation; or who shall sign the name of any person to an order or warrant for the payment of money without proper power of attorney or written order from such person to whose order such warrant or order is made payable; or any member or members of the board of directors who shall vote to declare, or any financial or first secretary of such corporation who shall declare or advise the board of directors of such corporation to declare a greater dividend than what has been actually earned by the corporation, for the purpose of deceiving the people or defrauding the members of such corporation; or who certifies to or makes any false entry on any book, report or statement of or to such corporation, with intent in either case to deceive, injure or defraud the corporation or any other company, body politic or corporate, or any individual person, or to deceive anyone appointed to examine the affairs of such cor-

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poration; and every person who with like intent aids or abets any president, secretary, treasurer, committee or other officer or person in any violation of this section shall be deemed guilty of a felony, and shall be imprisoned not less than one year nor more than ten years, and shall be liable civilly to the party injured, to the extent of such damage thereby incurred, and suit may be brought against such person and the sureties on his bond given to such corporation for the faithful performance of his duty. Any officer whose duty it is, failing to make the reports required by this act, and any officer, employe, or other person, who solicits business for, aids or assists any building and loan association to do business contrary to the provisions of this act, or without having complied with its provisions, shall be guilty of a misdemeanor, and on conviction thereof shall be fined not more than five hundred dollars, or imprisoned not more than six months, or both. Such fines, when collected, to be paid into the state treasury.

SEC. 47. The inspector shall keep and preserve in permanent form a full record of his proceedings, including a concise statement of each association examined, and he shall, annually, make a report to the General Assembly of the general conduct and condition of the building and loan associations doing business in this state, with such suggestions as he may deem expedient. Such report shall also include the information contained in the statements required of the associations, and arranged in tabulated form. He shall also report the names and compensation of the clerks employed by him, the whole amount of the income, the source whence derived, and the expense in detail, during the year ending on the thirty-first day of December.

SEC. 48. Building and loan associations and savings associations shall be authorized to provide in their constitutions and by-laws for the time and terms of the dissolution of such corporations; also for the consolidation for two or more of such corporations into one, upon such terms and conditions as may be determined upon by their boards of directors; also, in the case of the dissolution of any such corporation, its board of directors may, by a majority vote, be authorized to sell and transfer its mortgage securities or other property, or both, to another corporation, person, or persons subject always to the contract rights of the mortgagors.

SEC. 49. The following acts and parts of acts are hereby repealed, to wit, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and 26, of an act entitled, "An act to

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provide for the organization, regulation and inspection of building and loan associations," passed May 1, 1891, (Vol. 88, page 469.)

Also section 1 of an act entitled, "An act to provide for the dissolution and consolidation of building and loan associations" as passed April 27, 1893. (Vol. 90, page 315.)

Also sections 3836-18 and 3836-22 of an act passed May 12, 1902, (Vol. 95, pages 614-615), entitled, "An act to amend sections 3836-18 and 3836-22 of the Revised Statutes of Ohio."

Also section 3a of an act, passed March 18, 1904, (Vol. 97, page 43), as to investment of funds, entitled, "An act to supplement section 3 of an act entitled 'An act to provide for the organization, regulation and inspection of Building and Loan Associations'" passed May 1, 1891.

Also section 3 of an act, passed March 31, 1906 (Vol. 98, page 173), relating to minors, entitled "An act to amend section 3 of an act to provide for the organization, regulation and inspection of Building and Loan Associations," passed May 1, 1891, and all acts or parts of acts inconsistent herewith are repealed.

FREEMAN T. EAGLESON,

Speaker of the House of Representatives.

JAMES M. WILLIAMS,

President of the Senate.

Passed May 1, 1908.

Approved May 11, 1908.

ANDREW L. HARRIS, *Governor.*

SEC. 5687. (*Directors may appoint trustees to settle affairs of corporations.*) The board of directors or other officers having the control and management of any corporation in this state, may appoint three trustees to adjust and settle the affairs of such corporation, and the trustees so appointed shall be authorized to use the corporate name of the corporation, for such period as may be necessary for the adjustment and settlement of its affairs, by suit or otherwise. (50 v. 272, § 2; S. & C. 367.)

SEC. 5688. (*Removal and duties of trustees.*) The trustees so appointed shall report annually to the stockholders of the corporation a full and succinct statement of its affairs; and a majority in interest of the stockholders may remove a trustee, or appoint a person to a vacancy occasioned by the death, resignation, or removal of a trustee. (50 v. 272, §§ 3, 4; S. & C. 367.)

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DIVIDENDS.

(3269-1) SEC. 1. (*Corporate dividends to be paid from surplus profits only.*) Be it enacted by the General Assembly of the State of Ohio, That it shall not be lawful for the directors of any corporation organized under the laws of this state to make dividends except from the surplus profits arising from the business of the corporation. (1888, April 11; 85 v. 182.)

(3269-2) SEC. 2. (*Unpaid interest due corporation not to be included in profits.*) In the calculation of the profits of any corporation previous to a dividend, interest then unpaid, although due, on debts owing to the company, shall not be included. (1888, April 11; 85 v. 182.)

(3629-3) SEC. 3. (*Surplus profits: how ascertained; prohibiting advertisement of capital not subscribed and paid in.*) In order to ascertain the surplus profits, from which alone a dividend can be made, there shall be charged in the account of profit and loss, and deducted from the actual profits

1. All the expenses paid or incurred, both ordinary and extraordinary, attending the management of the affairs and the transaction of the business of the corporation.

2. Interest paid, or then due or accrued on debts owing by the corporation.

3. All losses sustained by the corporation, and in the computation of such losses, all debts owing to the corporation shall be included which shall have remained due without prosecution, and no interest having been paid thereon for more than one year, or on which judgment shall have been recovered, and shall have remained for more than two years unsatisfied, and on which no interest shall have been paid during that period; and no such corporation shall advertise a larger amount of capital stock than has actually been subscribed and paid in; also, shall not advertise a greater dividend than what has been actually earned and credited or paid to its stockholders or members. (1889, April 10; 86 v. 228; 85 v. 182, 183.)

Borrowing members whose interest is rebated each year are not entitled to dividends except upon the current year's dues: *Atlantic B. Ass'n v. Vogeler*, 5 Low. D. 581; 7 N. P. 606.

(3269-4) SEC. 4. (*Penalty for violation of section 3.*) Every director who shall violate, or be concerned in violating, any provision of the preceding sections of this act contained, shall be liable personally to the creditors and stockholders respectively of the corporation of which he shall be a director, to the full extent of any loss they

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may respectively sustain from such violation. (1888, April 11; 85 v. 182, 183.)

§ (3269-5) was changed by the legislature to § 148d.

SEC. 3229. (*Corporation thereby created, and its general powers.*) Upon such filing of the articles of incorporation, the persons who subscribed the same, their associates, successors, and assigns, by the name and style provided therein, shall thereafter be deemed a body corporate, with succession, and power to sue and be sued, contract and be contracted with, acquire and convey at pleasure all such real or personal estate as may be necessary and convenient to carry into effect the objects of the incorporation, to make and use a common seal, the same to alter at pleasure, and to do all needful acts to carry into effect the object for which it was created. (50 v. 274, §3; S. & C. 273.)

A contract made with a company before it is incorporated, is void for the want of mutuality: *Turnpike Co. v. Coy*, 13 O. S. 84.

A deed was executed by S. in his name, as president, and under his own seal. Held not to be the deed of corporation: *Hatch v. Barr*, 1 O. 390.

Where contract has been performed by either, the other will be estopped to insist that contract was *ultra vires*: *Hays v. Galion G. L. & C. Co.*, 29 O. S. 330.

See case of *Ehrman v. Insurance Co.*, 35 O. S. 324, under § 3235.

An executory agreement between a manufacturing corporation of this state and one of its stockholders, for the purchase of the stock of such corporation by the former from the latter, cannot be enforced, either by action for specific performance or for damages: *Coppin v. Greenlees & Ransom Co.*, 38 O. S. 275.

Filing the articles do not make a corporation, but are simply authority to do so. There is no corporation until the requisite stock is taken and paid and the directors chosen: *State v. Ins. Co.*, 49 O. S. 440.

A corporation comes into existence as soon as articles of incorporation are filed: *State ex rel. v. Robinson* (Ham. Dist. Court), 12 W. L. B. 269.

A chattel mortgage executed by the president and secretary of a corporation who are members of the board of directors, executed to secure a corporation debt, without the knowledge of the directors is valid as to the mortgagee who had no knowledge of that fact: *Bosche v. Toledo Horse Display Co.*, 14 C. C. 292; 7 O. D. 374.

A corporation may give a chattel mortgage to secure an antecedent loan created for carrying on its business, and it is not void against creditors, there being no intention at the time to cease business; although afterwards threatened with attachment, it asks for a receiver: *Bosche v. Toledo Horse Display Co.*, 14 C. C. 292; 7 O. D. 374.

A corporation cannot give a secret inchoate preference, allowing other creditors to give it credit, and by a signal previously given, allow this inchoate secret preference to be made absolute to the exclusion of the other creditors: *Benedict et al. v. Market National Bank et al.*, 4 N. P. 231; 6 O. D. 320.

SEC. 3262. (*Increase of capital stock.*) A corporation for profit, after its original capital stock is fully subscribed for, and an installment of ten per cent on each share of stock has been paid thereon, or a corporation not for profit, having a capital stock, may increase its capital stock or the number of shares into which its capital stock is divided, by the unanimous written consent of all original subscribers, if done prior to organization, and after organization then by a vote of the holders of a majority of its stock, at a meeting called by a

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majority of its directors, at least thirty days' notice of the time, place and object of which has been given by publication in some newspaper of general circulation, and by letter addressed to each stockholder whose place of residence is known; or such increase may be made at any meeting of the stockholders at which all the holders of such stock are present in person, or by proxy, and waive in writing such notice by publication and by letter; and also agree in writing to such increase, naming the amount of increase to which they agree; and a certificate of such action of the corporation shall be filed with the secretary of state. (90 v. 141; 83 v. 134; 80 v. 23; Rev. Stat. 1880; 69 v. 24; 70 v. 37, § 1.)

Where stock issue has been irregular, but stockholder has acquiesced, he is bound on stock liability: *Clarke v. Thomas*, 34 O. S. 46.

Stock must be fully paid up before right to increase capital stock accrues: *Peter v. The Union Manfg. Co., et al.*, 56 O. S. 200.

SEC. 3258 The stockholders of a corporation who are the holders of its shares at a time when its debts and liabilities are enforceable against them, shall be deemed and held liable, equally and ratably, and not one for another, in addition to their stock, in an amount equal to the stock by them so held, to the creditors of the corporation, to secure the payment of such debts and liabilities; and no stockholder who shall transfer his stock in good faith, and such transfer is made on the books of the company, or on the back of the certificate of stock properly witnessed or tendered for transfer on the books of the company prior to the time when such debts and liabilities are so enforceable, shall be held to pay any portion thereof. Provided, however, that the above provisions of this section shall not apply to stockholders in any corporation created after the twenty-third of November, 1903, nor shall it apply to any debts or liabilities of any corporation incurred after said date; and as to all debts and liabilities of corporation for profit incurred after said date, the stockholders of said corporations shall be under no liabilities other than those stated in article XIII, section three, of the constitution of Ohio.

SEC. 3258a. An action upon the liability of stockholders under the last preceding section, can only be brought within eighteen months after the debt or obligation shall become enforceable against stockholders.

APPENDIX.

FEE BILL OF SECRETARY OF STATE.

AS THE SAME APPLIES TO BUILDING AND LOAN ASSOCIATIONS ORGANIZED UNDER
THE LAWS OF OHIO.

For filing articles of incorporation of a building and loan association....	\$10 00
For filing a certificate of increase of capital stock of any such association..	5 00
For filing a certificate of reduction of capital stock of any corporation....	5 00
For filing a copy of the decree of court changing the name of any corporation	5 00
For filing a certified copy of the acceptance by any corporation incorporated prior to the adoption of the present constitution of any of the provisions of the Revised Statutes.....	5 00
For filing an amendment to articles of incorporation of any corporation...	5 00
For filing for any corporation a certificate of extension of purpose or change of domicile.....	5 00
For filing other certificates not hereinbefore enumerated.....	5 00
For filing the certificate of subscription required to be filed by Section 3244 of the Revised Statutes.....	2 00
For making a certificate under the great seal of the State.....	1 00
For recording miscellaneous records, papers or other documents required by law to be recorded in the office of the Secretary of State, 20 cents a hundred words.	
For making copies, 10 cents a hundred words.	
For affixing seal of office to copies.....	50

The statutes provide that all fees collected by the Secretary of State shall be paid into the State Treasury; and that he shall neither file nor record any of the articles of incorporation, certificates or other papers hereinbefore referred to unless the fees for filing same are first duly paid.

APPENDIX.

Rights Granted and Liabilities Imposed by the New Ohio Law.

Subject to the provisions of the Constitution and By-Laws

(C. J. McKEE)

SEC. 7. To issue stock to members on such terms and conditions as the constitution and by-laws may provide. To permit subscribers for stock to vote the amount of stock subscribed for, not to exceed 20 shares.

SEC. 8. To assess and collect from members and others, dues, interest and premium on loans made or other assessments.

SEC. 9. To permit members to withdraw all or part of their stock deposits at such time and upon such terms as the constitution and by-laws may provide. To permit withdrawal of deposits upon such terms and conditions as the Association may provide, except by check or draft.

SEC. 14. To loan money on such terms and conditions as are provided by the Association.

SEC. 15. To require borrowers to pay all fines or other assessments required by the constitution and by-laws.

SEC. 17. To make annual or semi-annual distribution of earnings as is hereinafter provided, and as the constitution and by-laws may provide.

SEC. 19. To dissolve the corporation.

SEC. 20. To amend articles of incorporation. To increase the number of directors. To decrease the number of directors. To provide officers additional to President, one or more Vice-Presidents, and one or more Secretaries.

SEC. 21. To provide for the proper exercise of powers granted in the act and the conduct and management of the affairs of the Association.

SEC. 23. To provide the manner in which, and the purpose for which, funds may be withdrawn from bank.

SEC. 25. To provide for the proportion and time of payment of dividends to members.

CONSTITUTION.*

ARTICLE I.

NAME AND LOCATION.

SECTION 1. The name of this Association shall be.....
.....and its principal office shall be located in
....., in.....County, in the
State of Ohio.

ARTICLE II.

PURPOSE.

SECTION 1. This Association is organized for the purpose of raising money to be loaned to its members and others, and for such other purposes as are authorized by law.

ARTICLE III.

CAPITAL STOCK.

SECTION 1. The capital stock shall be \$.....divided into shares of \$.....each.

SEC. 2. Stock may be issued to members in whole or fractional shares upon such terms and conditions as the By-Laws may provide.

ARTICLE IV.

MEMBERS.

SECTION 1. Any one, upon subscribing for, or in any manner becoming entitled to, or the owner of any part of the capital stock of this Association, shall be deemed a member thereof and a stockholder therein to the extent of the balance of his credits of record on account of said stock.

SEC. 2. At all meetings of the members, each member having stock of record for at least 30 days prior thereto, shall be entitled either in person or by proxy held by a member, to one vote for each share of stock, and a proportionate fractional vote for each fractional share of stock, so held of record by him, and on which all past due

* Specimen Constitution prepared by the Ohio Building Association League Committee.

APPENDIX.

installments of dues and other charges have been fully paid, but no member shall cumulate his votes, and no member shall vote more than twenty shares held in his own right.

ARTICLE V.

ANNUAL MEETINGS.

SECTION 1. An annual meeting of the members of this Association for the election of Directors, the consideration of amendments to this Constitution, and for the transaction of all other proper business shall be held at the office of the Association, or at such other place as the Board of Directors may appoint, on the.....day ofof each year,o'clock.....m.

SEC. 2. Should the Board of Directors appoint any place other than the office of the Association for such meeting, they shall publish a notice of the same, in some newspaper regularly issued in and of general circulation in.....County, Ohio.

SEC. 3. All elections for Directors shall be by ballot, and the polls for voting shall be kept open from 7:00 p. m. until 9:00 p. m. They shall be conducted by two judges and two clerks, previously appointed by the Board. A plurality of the votes cast shall be sufficient to elect, and in case of a tie between candidates, it shall be decided by lot.

SEC. 4. The members present shall constitute a quorum.

SEC. 5. Candidates for Directors may be nominated by any member by filing the names of the same with the Secretary at least two weeks prior to the election.

ARTICLE VI.

* WEEKLY MEETINGS.

SECTION 1. Weekly meetings of the Association and the Board of Directors, for the receipt of money, the making of loans, and for the transaction of all the ordinary business of the Association, shall be held at the office of the Association at such times as the By-Laws may provide.

ARTICLE VII.

DIRECTORS AND OFFICERS.

SECTION 1. This Association shall have a Board of..... Directors, elected by the members in such number at each annual meeting, to serve for such times that the terms of one-third of the Directors as nearly as may be will expire each year.

* To associations that have weekly meetings as their only office hours the above is recommended. Otherwise see Sec. 3, Art. VII.

APPENDIX.

SEC. 2. The Directors shall choose annually a President, one or more Vice-Presidents, from their number, and a Secretary, Treasurer and Attorney, who may or may not be members of the Board. They may create such committees as they may deem necessary.

SEC. 3. The Directors shall hold at least one meeting each week at such time and place as they may select, or as the By-Laws may provide; members shall constitute a quorum.

SEC. 4. The Directors shall have the right to fill all vacancies occurring in their own body, or in any of the offices of the Association, for the unexpired term.

SEC. 5. The Directors shall fix the salaries and determine the compensation of all officers and employes of the Association, and they may, at their discretion, remove or suspend any officer or employe for malfeasance in office or neglect of his duties.

SEC. 6. The Directors shall have the power to adopt, amend, repeal and enforce such By-Laws, resolutions and orders as they may deem necessary to enable them to properly manage and control all the business, property, rights and affairs of this Association. They shall provide for the issue and cancellation of stock; for the deposit with and the withdrawal of funds from designated depositaries; and the carrying of funds in the office of the Association for the most convenient transaction of business; for the making of loans, and no loan shall be made until it has been approved by the Board of Directors; and they are hereby authorized to do all and singular the things necessary to enable this Association, through them, to exercise all the powers authorized by law that are not inconsistent with this Constitution.

ARTICLE VIII.

AMENDMENTS TO CONSTITUTION.

SECTION 1. This Constitution may be amended at any annual meeting of the stockholders of the Association by a two-thirds vote of the stock represented in person or by proxy held and voted by members of this Association; provided, however, that all proposals to amend shall be presented in writing to the Board of Directors at some regular meeting, at least thirty days prior to the annual meeting, and the amendment adopted shall be substantially the same as proposed.

ARTICLE IX.

CONSOLIDATION OR DISSOLUTION.

SECTION 1. The association being a permanent one, it cannot be determined at what time it shall or can be consolidated or dissolved. If, however, the shareholders desire to consolidate or dissolve it, a

APPENDIX.

resolution in writing, signed by members representing at least one-third of the shares, asking for such consolidation or dissolution, must be submitted to the Directors at a regular meeting. The Board of Directors shall then take the legal course for calling a special meeting of the shareholders to act on the resolution. If two-thirds of all the shares vote by ballot for a consolidation or dissolution of the association it shall be consolidated or dissolved. The Board of Directors shall then take the necessary steps to consolidate or liquidate the affairs of the association.

BY-LAWS.

PRESIDENT AND VICE-PRESIDENT.

SECTION 1. The President shall preside at all meetings of the Association, and of the Directors, and shall perform such other duties as usually pertain to his office, or may be required of him.

SEC. 2. Any Vice-President shall perform the duties of the President in his absence or disability.

SECRETARY.

SEC. 3. The Secretary shall keep a complete record of all the proceedings of the Board of Directors, and of all members' meetings. He shall be the general receiving, disbursing and managing officer of the Association, and under the Board of Directors and its committees, and with the assistance of such employes and other officers as the Board may provide, shall have the care and management of all the Association's business, property, rights and affairs, not otherwise provided for.

* TREASURER.

SEC. 4. (* Inasmuch as the Treasurer is optional, associations can make their own provisions.)

ATTORNEY.

SEC. 5. The Attorney shall make or cause to be made all necessary and proper search and examination of the title to property offered as security for loans; shall see that the mortgages made to this association or purchased by it, and all assignments of mortgages, are properly drawn, executed and recorded, and file with the secretary his report in writing of the condition of title to premises described in each mortgage. He shall represent the Association in all legal

APPENDIX.

proceedings in which it is interested and shall have power to enter its appearance therein; he shall give his advice and counsel whenever requested, draw all necessary legal papers and render such further services as the Board may require.

COMMITTEES OF THE BOARD OF DIRECTORS.

EXECUTIVE OR FINANCE COMMITTEE.

SEC. 6. (As this varies so much we recommend that each association adopt such provisions as are best fitted for their work.)

APPRAISING OR SECURITIES COMMITTEE.

SEC. 7. (As this varies so much we recommend that each association adopt such provisions as are best fitted for their work.)

INDEMNITY BONDS.

SEC. 8. All officers and employes who have charge or possession of money, securities or property, before entering upon their duties, shall give bond with at least two sufficient sureties, or issued by an authorized surety company to the satisfaction of the Board of Directors.

TENURE OF OFFICE.

SEC. 9. All officers and members of standing committees shall serve until their successors shall be chosen and qualified.

MEETINGS OF DIRECTORS.

SEC. 10. Regular meetings of the Board shall be held at the offices of the Association on the.....day of each week, at.....o'clockm.

SEC. 11. Special meetings may be called at any time by the President or Secretary by notice to each Director, whenever the business of the Association may require. A majority of the Board shall constitute a quorum, but no loan shall be approved except by the unanimous vote of all Directors present.

SEC. 12. (Each association shall fix its own hours of business.)

WHO AUTHORIZED TO SIGN FOR THE ASSOCIATION.

SEC. 13. All certificates of stock and all releases of mortgages shall be signed by the President and Secretary, and all certificates of deposit, all orders, checks, drafts and other instruments for the receipt or disbursement of money, and all other instruments in writing not otherwise provided for, shall be signed by the Secretary or disbursing officer or officers.

APPENDIX.

DEPOSITARIES AND DISBURSEMENTS.

SEC. 14. All funds shall be under the control of the Board of Directors, who shall cause the same to be deposited in the name of the association with its designated depositary or depositaries, and such funds can be withdrawn from such depositaries only on check signed by the disbursing officer or officers for withdrawals, dividends, disbursements on loans, investments, expenses of management and for all such other purposes as the Board of Directors deem necessary for carrying on the business of the Association.

SEC. 15. For cash payments in the current business of the office the disbursing officer or officers are authorized to draw money from the depositaries of the Association as other funds are withdrawn, in such sums as the Board of Directors from time to time may order.

STOCK.

RUNNING STOCK.

SEC. 16. Members who do not pay the face value of their stock at the time of subscribing, may pay the same in installments of not less than 25 cents per week on each \$100.00 thereof, for which payments receipt shall be given them in a pass-book, and each member so paying shall at any time be deemed the owner of stock equal to the balance of his credits on his pass-book, and a certificate of paid-up stock may be issued for the even hundreds thereof.

PAID-UP STOCK.

SEC. 17. Where the face value of the stock is paid at the time of subscribing, a certificate therefor may be executed by the President and Secretary and delivered to the member.

* LOAN STOCK.

SEC. 18. Loan stock may be issued at the option of the Board of Directors to anyone desiring to make a mortgage loan. Each owner of this stock shall make such payment thereon as shall be agreed upon in making the mortgage loan. The Association may, at its option, or when the member requests it and the Association will consent, apply the net credit on the stock to the payment of the mortgage loan and the charges thereunder, with such cancellation of stock and reduction of the general payments as the Association will permit. All advance payments thus applied shall be deducted from the agreed payment credits.

* This section 18 to be used if you want to make all loans bona fide on stock and keep all loan accounts separate from running stock. If used must be reconciled with section 32.

APPENDIX.

PERMANENT STOCK.

SEC. 19. Permanent stock of the par value of one hundred dollars per share may be issued, which shall constitute the permanent capital of the Association, and cannot be withdrawn until the final dissolution of the Association.

DEPOSITS.

SEC. 20. Special deposits of money may be received by the Association at such times and in such amounts and upon such terms and conditions as the Board may order or as may be agreed upon at the time of the deposit, and such special deposits can be withdrawn only upon the same terms as are provided for withdrawing members in the general withdrawal rule of this Association, unless otherwise specially specified in the certificate or other evidence of deposit.

TRANSFERS.

SEC. 21. All transfers of stock and deposits shall be in writing, properly signed, and shall not be valid as against the Association until the transfer shall be duly entered upon its books upon surrender of the certificate or pass-book; and all stock and deposits shall be subject to a first lien thereon in favor of the Association for any indebtedness of the member to the Association.

JOINT AND SURVIVORSHIP ACCOUNT.

SEC. 22. Both stock and deposit accounts, whether evidenced by certificates, pass-books or otherwise, may be issued, carried and paid as joint and survivorship accounts, in the names of two or more persons, whether adults or minors, when the joint owners have given to the Association a joint order in substance or effect as follows:

We, the undersigned owners of joint.....
account No....., in.....
Association of....., Ohio, do hereby
agree and jointly authorize and order said Association to pay any
and all of the credits now or hereafter on said account, on the order
of any one or more of us, both before, after and notwithstanding the
death or other incapacity of any one or more of us. And such pay-
ment shall be a valid acquittance of said Association as against any
one at any time concerned.

Done....., 191..

.....
.....

APPENDIX.

CANCELLATION OF STOCK.

SEC. 23. The Board of Directors may require any member to surrender his pass-book or certificate and receive the amount standing to his credit together with all dividends declared and remaining unpaid thereon and an equitable share of the earnings of the Association since the last dividend was declared, to be determined by the Board. All rights as members shall cease with the notice to surrender.

GENERAL WITHDRAWAL RULE.

SEC. 24. Members and special depositors whose stock or deposits are not pledged to this Association may as a general rule, upon written application to the Secretary, withdraw all or any part of their stock, credits or deposits at any time without previous notice, but to protect the interest of depositors and borrowers and avoid sacrifice of securities notices of withdrawal may at any time be required and the liability to pay further dues, and the right to dividend on stock credits and interest on special deposits shall cease with any application to withdraw. All persons withdrawing shall be entitled to receive the amount of all credits at the time of the application to withdraw, less any member's share of the Association's loss in excess of the contingent fund. The required notices to withdraw shall be filed in the order in which they are received and paid from the regular receipts of the Association in the order in which they are filed as fast as 50 per cent of the regular receipts of the Association will pay them; but the Board of Directors may, at its discretion, use all the regular receipts of the Association to pay withdrawals.

All withdrawals shall be taken from the oldest deposits and no withdrawal from any one account or certificate shall exceed one thousand dollars in each thirty days ahead of other pending applications for withdrawal; but the Board of Directors may, at its discretion, pay withdrawals not exceeding \$25 at one time, nor exceeding \$100 within thirty days regardless of the order of application.

SEC. 25. In case of the loss of a pass-book or certificate, payment of the money deposited thereon may be made on such terms as the Board may prescribe.

EARNINGS.

SEC. 26. *How Distributed.* On the first of..... and.....of each year the earnings of the Association for the preceding six months shall be ascertained. Out of these there shall be deducted and be applied as follows:

APPENDIX.

FIRST—All expenses, whether paid or not, and interest due,

SECOND—Such sum as the Board may determine for the Reserve Fund; provided that not less than the amount required by law shall be so reserved.

THIRD—Such dividend as the Board may declare to be computed and paid as hereinafter provided.

FOURTH—The residue of said earnings may be carried as Undivided Profits, to be used as other profits in such way as the Board under the law may direct; provided, that the total Undivided Profits shall at no time exceed 3 per cent of the assets.

DIVIDENDS.

SEC. 27. Such dividend as the Board may declare shall be divided among the members in proportion to the amount of money deposited on stock by each and the length of time the same has been on deposit with the Association less the withdrawals.

PLAN FOR CALCULATION OF DIVIDENDS.

SEC. 28. (Owing to the difference of plans this is left to the individual associations.)

LOANS AND INVESTMENTS.

SEC. 29. *To Whom Made.* The funds of this Association shall be loaned to its members and others on such terms and at such rates of interest as shall be fixed by the Board of Directors.

SEC. 30. *Security.* All loans made by this Association shall be secured by pledge of pass-book or certificate of this Association on which there has been paid in a sum equal to the amount loaned, which shall be known as temporary loans; or by first mortgage of real estate, which shall be known as "Mortgage Loans;" or by pledge of such other securities as may be acceptable to the Board of Directors, which shall be known as collateral loans. But second mortgage of real estate may be taken where this Association already holds first mortgage.

SEC. 31. *Temporary Loans.* These loans may be made by the Secretary at any time when there is money in the treasury not otherwise appropriated and upon such terms and conditions as the Board may from time to time prescribe.

SEC. 32. *Mortgage Loans.* Loans on mortgage shall be made only on application signed by the borrower or his agent, and containing such information concerning the security offered as the Board may require. Such applications shall pass at once to the Appraising Committee, who shall report on the security offered as soon as possible

APPENDIX.

and when the Board has signified its approval of the loan, the application shall pass to the attorney, who shall see that the necessary papers are executed and the loan completed; provided, the title to the property is satisfactory. Mortgage loans shall be limited to . . . per cent as nearly as may be, of the value of the security offered and where the money is loaned for the purpose of erecting buildings on the property mortgaged, it shall be advanced as the building progresses in such installments as the Board may determine.

SEC. 33. *Repayment of Loans.* Loans may be made payable in fixed annual or semi-annual payments, which shall be known as straight loans or in stated weekly or monthly payments, which shall be known as installment loans. The terms and conditions of each loan shall be set forth in the obligation given by the borrower for the repayment of the same, but in all installment loans the rate of payment shall be not less than one dollar per month on each \$100.00 borrowed, and the borrower's payments shall be applied:

FIRST—To the discharge of the interest.

SECOND—To the repayment of insurance, taxes or other charges against the borrower provided for in these By-Laws or in his obligation.

Third—The remainder of the borrower's payments shall be credited upon the principal of his obligation at such stated intervals as the Board may prescribe, which said intervals shall also be stated in the borrower's obligation, and interest shall thereafter be charged only upon the amount which the borrower still owes.

SEC. 34. *Collateral Loans.* Loans on collateral security shall be made only when there is money in the treasury in excess of the demand for mortgage and temporary loans. The procedure for obtaining a loan on collateral shall as far as possible conform to that prescribed for obtaining a loan on mortgage.

SEC. 35. *Insurance.* When the Board of Directors see fit they may require any borrower to cause the buildings on mortgaged property to be insured for the benefit of this Association against loss by fire in some fire insurance company to be approved by them, in an amount which they shall name, and to keep the same insured during the continuance of the loan, and the policy of insurance, properly endorsed by the Company issuing the same, shall be deposited with the Secretary. Upon the failure of any borrower to so insure said property as required, or upon expiration, or cancellation of any policy deposited as aforesaid, the Board may insure the same at the expense of such borrower.

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SEC. 36. *Taxes.* If any property mortgaged to the Association be in default for non-payment of taxes, the Board of Directors may instruct the Secretary to pay the same and charge the amount to the borrower.

SEC. 37. *Interest on Above Payments.* All sums advanced as above provided, for insurance and taxes on property mortgaged to this Association, shall bear the same rate of interest as the principal debt, and the mortgage given to secure any debt shall also stand as security for the repayment of such insurance and taxes and the interest thereon.

SEC. 38. *Foreclosures.* If any borrower shall permit any payment required by his obligation to remain due and unpaid for the period of.....months, the entire amount of such loan shall thereupon become due and payable, and the Directors may order such mortgage foreclosed.

SEC. 39. *Expense of Loans.* The cost of viewing the property, examining the records and any other evidence of title, and preparing and recording the mortgage for loans on real estate shall be fixed by the Board of Directors, and shall be paid by the borrower.

SEC. 40. *Investments.* The funds of this Association may be invested, as provided by law.

SEC. 41. *Reports.* Each member shall be entitled to receive semi-annual or annual reports, showing the condition of the Association.

MISCELLANEOUS.

SEC. 42. *Re-Issue of Stocks.* All shares withdrawn and forfeited and all shares paid up and the money thereon withdrawn, and also all shares on which loans have been taken and cancelled or paid up, shall revert to and become the property of the Association, and may be re-issued by the Board of Directors.

SEC. 43. *Pass-Books.* All pass-books shall be handed in to the Secretary for audit in.....and.....of each year.

SEC. 44. *Amendments.* These By-Laws may be amended at any regular meeting of the Board of Directors by a two-thirds vote of the Directors present, but all proposals to amend the same shall be made in writing at a regular meeting of the Board of Directors, at least ten days before action is taken thereon.

APPENDIX.

RULES.

In order that the members may at all times be informed as to the proper rotation or order of business, and, particularly for the convenience of the directors themselves, the directors should adopt a set of rules for governing the business of the association. These should be prepared carefully and changed and amended from time to time as may be found necessary in order to make them more practicable and popular among the members. Since such rules must be arranged to suit local conditions and circumstances it is not possible to outline them very specifically in a general work of this character.

The object of the business rules of an association and the policy of the directors should be to have the business so arranged that it will run along smoothly and rapidly, without friction or delay, so that members may not be annoyed by having to wait. At the same time the meetings should be made of as pleasant and sociable a character as possible so as to be enjoyable to members and visitors. Particular pains should be taken by the directors to make the meetings suitable and pleasant places for ladies to visit, for quite a number of ladies become members of associations.

A few specimen rules are given below which will be found suggestive:

1. At the specified time for the collection of dues the president shall call the meeting to order, and the secretary and his assistants and the members of the finance committee shall take their respective places.
2. The secretary or an assistant shall enter all dues paid in in the Dues Register and the members of the finance committee shall count all moneys and receipt for them.*
3. When the time for receiving money has expired the secretaries and the finance committee shall count the receipts and check

* In some associations the rule is that an assistant secretary, or a member of the finance committee, shall make the entries in the Dues Register, and the secretary himself shall attend to issuing books to new members and other miscellaneous business of that kind, and particularly to giving information and answering the numerous questions that are always being asked by members in an association.

During the time of receiving dues the directors who are not officers or members of the finance committee should make themselves useful by circulating among the members and visitors present, making them acquainted with one another, giving information in regard to the association and its work, and making the meeting as pleasant and attractive as possible.

APPENDIX.

up the books to see if the receipts and entries correspond. As soon as this is done they shall report to the president that they are ready to proceed with the further business of the evening.

4. The following shall be the order of business for the directors' meeting:

- (1) Call to order.
- (2) Roll call.
- (3) Reading of minutes.
- (4) Sale of money.*
- (5) Reports of officers and committees.
- (6) Unfinished business.
- (7) Miscellaneous and new business.
- (8) Reports of receipts and disbursements.
- (9) Adjournment.

* The sale of money should be placed as early as possible on the order of business so as not to keep members waiting too long. The directors' meeting does not begin until after the time of receiving dues has expired. Members who come early in the evening, in time to pay their dues, and are then compelled to wait until the directors transact all other business before they can bid on money, find the delay very irksome and annoying.

BIBLIOTEKA POLITECHNICZNA
KRAKÓW

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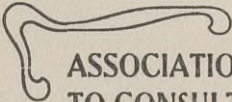
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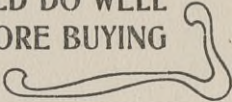
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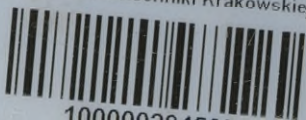
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