



A Building and Loan Association receiving Monthly Dues.
(From an instantaneous photograph.)

CO-OPERATIVE HOME-WINNING.

SOME PRACTICAL RESULTS OF BUILDING ASSOCIATIONS.

By *W. A. Linn.*

SO manifold are the bearings of money upon the lives and characters of mankind, that an insight which should search out the life of a man in his pecuniary relations would penetrate into almost every cranny of his nature," says Henry Taylor. "He who knows, like St. Paul, both how to spare and how to abound, has great knowledge. For if we take account of all the virtues with which money is mixed up—honesty, justice, generosity, charity, frugality, forethought, self-sacrifice—and of their correlative vices, it is a knowledge which goes near to cover the length and breadth of humanity; and a right measure and manner of getting, saving, spending, giving, taking, lending, borrowing, and bequeathing, would almost argue a perfect man."

While the accumulation of wealth is mixed up with many of the grievous evils

of this world, this statement of the importance of a right method of saving will not be denied; and of equal importance with a knowledge of saving is the knowledge how best to use what one has saved. The great initial problem with the multitude is how to save at all. Next comes the needed lesson, how not to squander what has been accumulated.

Experience has shown that some *system* is absolutely necessary to induce a large proportion of the persons of moderate means to lay aside a part of their incomes. The smaller the income, the greater, of course, is the temptation to spend it all in order to supply wished-for comforts of life. When money saving means a denial of some creature comfort, some equivalent for the denial must be presented clearly to view. The naturally frugal spy out this equivalent for themselves. But there are so many

who are not by nature frugal ; and it is for them that a *system* must be devised.

The most efficient system of this kind should combine three things : 1, An easily perceived inducement to save ; 2, regularity in laying aside the savings ; 3, as much compulsion as may be in enforcing the economy.

The most widely known system of this kind is that which is supplied by the savings banks. The value of these banks in our social economy is universally conceded. But, tested by the above requirements, it must be acknowledged that they are in part lacking. The satisfaction felt by the depositor in his growing deposit, and the knowledge of the value it

so generally understood, but long tried and rapidly extending its operations—claims attention. This is the form of co-operation known most generally as the Building and Loan Association. In a former number of this Magazine * I gave a history of this kind of co-operation, and explained at length its business methods. In view of the growing interest in the subject, and the eager demand that is manifested for the opinions of members who have tested these associations, as well as the experiments of different associations with particular plans of business, I propose to bring together some experiences, gathered by personal inquiry, and by correspondence with of-



House of a Carpenter at Wollaston, Mass., cost \$1,800.

will be to him in the future, supply the inducement. But as he may make his deposits at his own pleasure, and suffer no penalty if he stops them altogether, the second and third requisites named are wanting. Here another system—not

ficers of associations all over the country. A sufficient demonstration of the importance of the subject will be found in the following statistics, compiled from the reports of 4,000 of these associations in

* SCRIBNER'S MAGAZINE for June, 1889.



Row of Houses in Reading, Pa., built by Building and Loan Associations.

the United States, and printed in the last report of the Secretary of Internal Affairs of Pennsylvania :

Shares	5,450,000
Members	872,000
Borrowers	272,000
Borrowed shares	1,496,000
Assets	\$336,483,080
Receipts, one year	130,323,934
Expenses	1,375,960
Gains	70,512,200

Stated in the briefest form possible, a co-operative building and loan association is a corporation, formed under a State law, the members of which agree to pay in each a fixed sum, at stated periods, on each of their shares of stock, until the payments with the accumulated profits bring the stock to its par value. The money, as it is paid in, is lent to those members (and to members only) who wish to buy or build houses, or remove incumbrances from real estate they already own. If there are more applicants for loans than the treasury can supply, the funds on hand are put up at auction, and awarded to the member who offers the highest premium in addition to the regular interest, the statutes providing that the associations may do this without incurring a penalty for usury. As the money paid in is loaned out immediately, the interest is compounded, and in this way the period required for the stock to mature is greatly

shortened. When the stock of a series matures, the borrowing members receive notice that their mortgages are cancelled, and those who have not borrowed are paid the value of their shares in cash.

Important elements of this system are regular dates for making the payments (usually a certain day of each month), and the infliction of a fine on delinquents. If a non-borrower is delinquent he knows that the fine will reduce his profits, and the borrower has the same inducement to be punctual, with the added knowledge that continued defaults will be followed by a foreclosure of his mortgage, and the consequent loss of his home. These are advantages which the Building and Loan Association system has over the savings bank. In addition it may be stated that the associations are conducted much more economically than the banks, that they consequently pay larger dividends, that they can be successfully carried on in places too small to support a bank, and that, by advancing money to members to purchase homes, they provide an immediate investment, and give the borrower the strongest possible inducement to continue his saving.

The State of Massachusetts has an excellent law governing these associations, and they have thrived there for many years without, I believe, a single failure. The

Massachusetts law calls them Co-operative Banks, and it is very specific as to their business methods, leaving much less latitude to the by-laws than the statutes of other States do. The growth of the associations there has been especially rapid during the last year, twenty-seven new ones having been formed in that time. The number of members on October 31, 1889, was 36,747, and the assets amounted to \$7,041,001. I have secured some very interesting statements of the experiences of Massachusetts members who have actually secured the ownership of homes through this system of co-operation.

J. T., a carpenter, owns the house in Wollaston, a suburb of Quincy, Mass., which is represented in the illustration on

and finished paying for it last August. It has been a good thing for me. I could not have done as well in any other way. If I had borrowed the money of a savings bank I would have paid the interest, but not the principal. I had about \$1,000 of my own to start with, and the loan of \$700 I got enabled me to put up the house. It was eleven years ago last July that I borrowed the money. My monthly payment, including principal and interest, was \$7.70. The house cost \$1,800. Things were cheaper then than they are now. It would cost \$2,100 to build the same house to-day. I have had a family of six children, so that there have been eight of us to support. We had no money coming in from any source except what I earned; the children were



House of a Clerk in Pittsburg, Pa., cost about \$2,200.

p. 570. Here is his story: "I have been connected with the Pioneer Co-operative Bank from its beginning. I took some of the very first shares, built a house,

too small to earn anything. We had to live pretty close, but we did it, and now we have the house all paid for, so there is no longer any rent. I like the co-op-

erative system well. I would always have been in debt if it had not been for the co-operative bank. The money cost me six per cent. I have had work right along in the same place for thirty-three years. I am now fifty-three years of age. A young man cannot do better than to try this system if he wants to get a home of his own. I am going to build again on the same plan. I shall borrow the money of the bank and build another house. The rent will pay the interest and all of the dues, and at the end of eleven years I shall own the house clear. The rent will cover the taxes and insurance, too. The house I now own has seven rooms, with city water."

Here is the story of another Massachusetts borrower, John J. F., a coachman, living at No. 39 Sawyer Street, Boston (Roxbury):

"It was eleven years ago, the twenty-second of January, 1890, that I bought nine shares of the co-operative bank. There was much building going on then, and I had to pay nine per cent. for my loan. But all stockholders have a privilege of buying the money over again, and I bought again and got it for seven and a half, after three years. It cost me about \$20 to get my papers renewed. My monthly payments were \$23.80 at first, but afterward they were \$18.80. I bought the house and 904 feet of land for \$1,900, paying \$200 down. Inside of eleven years I held the place with a clear title. The house has eleven rooms, city water, and sewer connection. I have had but one child to support. I have had only \$35 a month since I bought the

house, and for the last six years I have had nothing to do for three months every summer. I did not have a cent coming



House of a Western Union Telegraph Superintendent at Mount Vernon, N. Y., cost \$2,200, exclusive of ground.

to me outside my wages, and nobody gave me a cent to make my payments. But I had to work hard and save my money. I did not dress in expensive clothing and go like a dude on the streets with a cane. If a man does that he will never get anything done. I got the idea of saving and building from some other coachmen I met at Newport, from Philadelphia, who owned their own homes in this way.

"Now, I am rather fond of giving advice, and I would say to any laboring man who is industrious and wants a home for himself and his family—especially if he is a mechanic, or one who works by the day or month, or piece-work—get into some corporation like this. When they are paying their monthly dues they are really paying for their own houses."

It should be explained that this investor receives his board from his employer, which permitted him to make his payments on the wages he received. His house is a small two-story brick one, with a mansard roof, standing at the end

of a block. It is well built, neatly kept, and tastefully furnished.

Co-operation of this kind has been tested longer and more thoroughly in Pennsylvania than in any other of our

find use for the funds. But many of the Reading co-operators, a large number of whom are wage-earners, and many of foreign birth, have always manifested a disposition to see one series of stock at-



House in Sixty-seventh Street, Bay Ridge, L. I., cost \$2,500.

States. As a consequence, many variations in the methods of transacting the associations' business have been introduced in different cities and towns, none of them, of course, in conflict with the co-operative principle. In Reading, where there are forty associations, the "terminating," or single series plan, is very popular. This plan is not so generally adopted throughout the country as the "serial," because in the latter the addition of new members from time to time at the starting price of the original stock keeps up the supply of borrowers. A "terminating" association, in time, requires a large payment to become a member (all the stock being kept at the same price), and it becomes difficult to

tain its par value before another is begun. All the terminating associations there are operated on practically the same principle, which may be thus described: The par value of shares is usually \$200, \$300, or \$500, the most popular amount being \$300 or \$500. The monthly dues on the \$200 shares are \$1 per share, while on the others they are \$2. An unusual feature is that there is a fixed premium demanded of both borrowers and non-borrowers; on a \$300 share this is \$30, and on a \$500 share \$50. In the first three years of an association's life, the competition of bidders for the money in the treasury is generally so brisk that the premiums are run up to \$5 a share above the fixed amount.

After that, a borrower can generally get accommodation at the fixed rate, upon good security. The regular interest rate is six per cent. When the bidding for loans by members becomes slack, or falls off, as it does when an association has run five years or more, then the directors look out for other means of investment. Sometimes the money is loaned to other associations whose funds in hand do not satisfy their borrowers. A larger use, however, is found in buying lots of ground, and erecting buildings thereon, which are sold at prices varying from \$2,000 to \$7,000 each. The picture on p. 571 shows a row of these houses. I



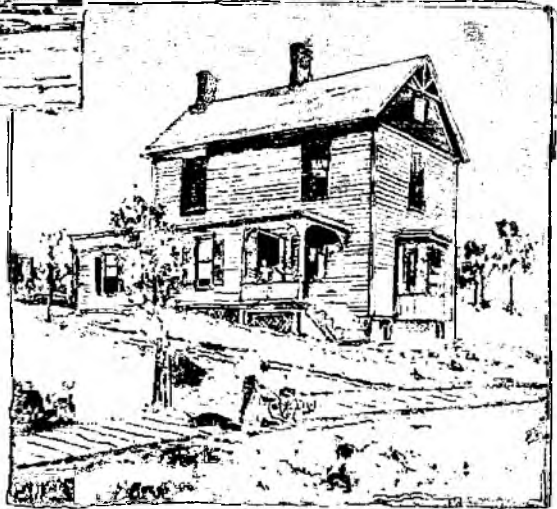
"Then and Now." Four rooms rented in the upper floor of this building at \$9 per month.

am informed that a ready market is almost always found for them; if a season of hard times comes on, the associations are "easy" with the purchasers. I have said that non-borrowers also pay the fixed premium in these associations. To illustrate: Z invests in four \$500 shares, paying in \$8 a month as dues for eleven or twelve years, as the case may be. When the final distribution of assets is made he receives four times \$500 (\$2,000), less the fixed premium of \$200.

The growth of Reading has been so assisted by the building and loan associations, that a few months ago, the Board of Trade there tried to induce them to lend out their funds to stimulate new business enterprises, particularly manu-

factures. Only one favorable response was received, however, to the proposition, wise conservatism having prevailed. A new association has since been started there, with a large amount of capital subscribed, whose constitution contains a special provision for loaning funds to manufactories. Innovations of this kind endanger the good reputation of the building and loan association system. They are mixed up with speculation, and are certain in time to incur disaster. When this system of co-operation has had its excellence and safety proved, its friends should insist that it be not endangered by speculative experiments. If co-operative manufacturing offers a field anywhere, let it be conducted under its own name.

Of the general results of co-operative home-winning in Reading, a resident of that city writes me: "Though building associations have been in continuous operation here over thirty years, the management of their business has been in such able and safe hands that only one has had a defaulting treasurer in all that period. The community, almost without



House built and occupied by the same man in Hackensack, N. J., cost \$1,050, monthly payment \$11.50.

exception, holds them in high esteem. When the Schiller Association terminated, it paid its stockholders twelve per cent. The Franklin expired in ten years, and its stockholders realized twelve per cent."



House of a Wholesale Dry-Goods Merchant at Bayonne, N. J.

Another Pennsylvania city where this form of co-operation has stood the test of long trial is Pittsburg, its extensive industries furnishing a large population who can hope to become house owners in no other way. The picture on p. 572 represents the house which a Pittsburg clerk owns by the aid of one of these associations. His story shows how economically a business of this kind can be conducted, and how capable wage-earners are to manage it.

"When I had purchased my lot, I took twenty-two shares of building association stock. The par value in my association was \$100. I was permitted to borrow \$2,200 on my stock and lot. At our second meeting, as many slips of paper as there were stockholders, and numbered from one up, were put into a hat, and each man took out one. The drawer of No. 1 was entitled to borrow the first money paid in. I got a big number, which would have prevented me from borrowing for about six years. Fortunately the man who drew No. 2 was not in a hurry, and I exchanged with him. Every week I paid 30 cents a share principal, and 12 cents a share interest, a total of \$9.24, a heavy drain on my pocket-book; but I kept it up until our stock

reached par and the association expired, which happened after five years and six months. At the final settlement we found that \$82 had been paid in dues on each share, the par of which was \$100. So I made \$18 on each share. I had paid in interest \$732.16. To sum up my experience, I had been allowed to pay back the loan in such small weekly instalments as would not be accepted by a big corporation, and virtually I only paid \$1.15 a week interest, or less than three per cent. I place the actual interest paid as the amount left after subtracting \$396, the gain on the shares, from \$732.16, the amount I was credited on my book as interest paid. I never could have secured a home in any other way, and I had the pleasure of living in my own house from the start.

"Our association was operated on economical principles. We met in a cigar store, paid no rent, and the only salaried officer was the secretary. The initiation fee of 25 cents a member, with the fines, paid the biggest part of our expenses. Before the association expired the stockholders had all become borrowers. A Pittsburg blacksmith, who is still working at his trade, and who has never earned over \$3 a day, owns \$75,000 of

real estate, while a city official in Municipal Hall owns \$30,000 worth, all secured by the aid of building and loan associations. As a general rule, these men bought improved property and made the rent pay both dues and interest."

New York is far behind not only Philadelphia, that great city of co-operative homes, but cities insignificant in size by comparison, as regards these associations. A principal reason for this is her insular situation, and the consequent lack of any suburban district of her own where land is within the reach of men of moderate means. The system, too, received a set back in New York State through mismanagement some years ago, from which it has been slow to recover.

bers, is conducted by teachers in the public schools, with ladies in the board of directors, and one takes the well-known name, "Western Union." The latter claims the honor of starting the renewal of interest in this subject in New York City after the long period of inactivity. The association was incorporated in January, 1885, after two years of preliminary effort on the part of a few New York telegraphers. The management is very conservative, all temptation to speculation by the association being prevented by a clause in the constitution which forbids it to buy property. During the last five years it has received and invested \$153,000, loaned to ninety members, who are now in possession of their own homes, for which they are paying in easy



Hall built by the Columbia Association, Jersey City, cost, with lot, \$4,730.

The reaction has begun, however, and a number of associations are doing good work in the city, although the majority of their loans are made on property outside the city limits. Some of these associations are in the hands of newspaper workers; one, with over a thousand mem-

instalments. It is conducted on the serial plan. It makes loans on accepted real estate anywhere within one hundred miles of the city, and it does not restrict its membership to telegraphers. I select this association for notice only in order to show that building and loan



House of a Young Business Man in Rochester, N. Y. Built on a weekly payment of \$7.25, for a period of about nine years.

associations are a possibility even in a metropolis like New York.

As none of the series is old enough to have matured, none of the borrowers can be said strictly to "own" his home. But a good example is afforded of the satisfactory working of the system by the statement of Mr. F. A. C., the manager of the Western Union Telegraph Office in the Windsor Hotel. His house is in Mount Vernon, three miles outside the city limits. A view of it is given in the illustration on p. 573. "I had in 1885," said Mr. C., "a lot valued at \$700. In March, 1885, I borrowed of the association \$2,000, and in March, 1886, I borrowed \$200 more, which completed my house. Since the last date my monthly payments have been: dues, \$11; interest, \$11; premium, \$4.35; a total of \$26.35. Since the house was built I have added the corner lot to my plot, and I now value the house and lot at \$3,370. My house would easily rent for \$30 a month, which is more than all my monthly payments."

If this borrower's association closes out his series in nine years, his interest account will stand as follows:

Total payments per year (\$26.35 a month).....	\$316 20
In nine years.....	2,845 80
Interest charge (deducting \$2,200 principal).....	645 80
Interest charge per year.....	71 76

which is at the rate of but a little over three per cent. a year.

Brooklyn, N. Y., has a large extent of adjoining unimproved property, not held at exorbitant prices, and it is therefore a good field for co-operative building. The latest list of associations there numbers twenty-seven. Among the best known of these is the "Arcanum," some of whose business methods are worthy of mention. This association, of which Mr. J. J. Ashforth is secretary, was organized in December, 1885; it is not old enough, therefore, to have matured a series. It gives members the privilege of

withdrawing at any time. It is conducted now on the instalment premium plan. A balance is struck every April and October, and withdrawing members receive all their accrued profits. The premium is kept practically fixed at three per cent. a year. This is done by educating the members to pay that amount, not by any compulsory clause in the constitution. The demand for loans makes it easy to



House of a Pressman in New Orleans, cost, with lot, \$4,227.

maintain that limit. If any anxious borrower wants to exceed it, he is given to understand that the officers will not look favorably on his application, and that a large margin will be required on the loan. The secretary informs me that this matter of regulation gives them little

and three finished rooms in the attic. It is built in the best manner, with furnace, range, hot and cold water, and gas, and it cost \$2,500. The owner borrowed \$2,400, and his monthly payments, including interest, premium, and dues are \$30. His balance sheet stands thus:



House of a Tailor in St. Paul, Minn., cost \$1,860.

trouble. One of the special features of this association is the formation of a "safety fund." Out of the premiums, entrance fees, and fines, all the expenses are first paid. The balance goes into the "safety fund" which is allowed to accumulate, the income from it going to the profit of the members, and the principal being held to make good any possible losses.

The illustration on p. 574 represents one of the houses acquired by the members of this association. It is in Sixty-seventh Street, Bay Ridge, within five blocks of the Brooklyn boundary. It measures 20 x 30 feet, with an extension, two stories, and attic; has a parlor, dining-room, and kitchen on the first floor, three bedrooms and bath-room on the second,

Former annual payment for rent	\$420 00
Payments to association	\$360 00
Taxes (less than)	20 00
Insurance	7 50
Extra car fare now required ..	20 00
Total	\$407 50
Allow four per cent. interest on owner's equity in premises (\$600)	24 00
Grand total	\$431 50

or \$11.50 a year more than he expended as a rent payer. The present estimate is that the interest rate of this association's borrowers, when their stock matures, will be about five and a half per cent.

Mr. Ashforth has given me this further illustration: "A teacher in one of the public schools in Brooklyn borrowed



House of a Building and Loan Association Secretary in St. Louis, cost, without lot, \$7,000.

\$4,000 of the association, and built a three-story apartment-house, with all modern improvements. She was paying \$25 a month rent for a flat when she built. She now occupies a flat in her own building, and rents the remaining two for \$25 and \$24, respectively. Her account stands thus :

Mortgage.....	\$4,000 00
Equity.....	3,000 00
Payments to association per annum..	\$600 00
Taxes.....	100 00
Insurance.....	6 00
Interest (four per cent.) on equity..	120 00
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Total.....	\$826 00
Deduct rentals received.....	588 00
Leaves her net rent.....	238 00

or at the monthly rate of \$19.84, while all the time she is paying off her debt."

The illustration on p. 575 shows at a glance what a poor man who lives in rented apartments may gain by building a house of his own through the co-operative system. Mr. H. is a man of family, in the employ of a New York business firm. He rented four rooms in a building on a business street in Hackensack, N. J., paying \$9 a month rent. The lower floor was used for business purposes. His apartments were crowded and inconvenient, and by no means safe in case of fire. In the spring of 1888, he bought three lots near the town, where some farm land had been recently cut up into building lots, paying \$75 each. Then he

borrowed \$1,100 of the Hackensack Building and Loan Association, on the three lots, and put up his house, at a cost of \$1,050, the association lending him very close because of the smallness of the loan, the certain rise in the value of his property, and his excellent character. His premium (gross) was \$38.50. Now he pays to the association, as dues and interest, only \$11.50 a month—which is only \$2.50 a month more than he paid as rent—and in about eleven years he will have the premises free and clear. Meanwhile, he has a house all to himself. And a very neat and attractive house it is, although it cost so little, with a parlor, a dining-room, and a kitchen on the first floor, and three bed-rooms above. His wife said to me when they were settled: "It came very hard to pay out that \$9 a month for rent, but now we know the money we pay to the association is paying for our home."

An association which has had a remarkable history is the Mutual No. 1, of Bayonne, N. J. (a suburb of Jersey City). It was organized on the terminating plan, in June, 1879, and its final statement was dated August 12, 1889. The original estimate was that its stock would mature in ten years. It actually matured in one hundred and twenty-three months. The secretary's final report says: "Loans since 1885 had to be made outside the association, mostly on call, realizing whatever interest could be obtained, and only while the money was employed. The serial plan has a decided advantage in this respect; the introduction of new series provides employment for money, and prevents accumulation. . . . Membership, whether investors or borrowers, was not confined to any class of society; professional persons, merchants, wage-earners of all degrees, and others of independent means, men and women, shared in the prosperity. The officers of the association, except the secretary and treasurer (one person), served without compensation or emolument of any kind. No one ever lost a cent by any act of the association. The association never lost a cent of dues, interest, or fines; never foreclosed a mortgage, never had a fire insurance case to settle, and never owned an inch of real estate."

The picture on p. 576 represents one

of the homes bought through this association. I give it to show that it is not only wage-earners who may be benefited by this form of co-operation. This house is owned and occupied by a wholesale dry-goods merchant, doing business in this city, or, to be exact, by his wife, as he deeded it to her. "I went to Bayonne to live," said this gentleman, "about the time the association was started. A friend mentioned the enterprise to me, and I took five shares to see what it amounted to. Soon I bought some lots and decided to build. As I did not care to take the money for the house out of my business, I borrowed it from the association after taking more shares. My dues and interest were \$40 a month, and my payments ceased in ten years and two months. My experience was altogether satisfactory, and I would recommend the same course to any man in my position, who does not feel like taking out of his business the money to buy or build a home."

Some associations in Jersey City, N. J., have found it advisable to erect buildings to serve as their headquarters. The picture on p. 577 represents one of these, the building of the Columbia Association. The reasons which induced the erection of this building were as follows: The association was organized in the outskirts of the city, and in the heart of a district which, after being occupied for farm purposes, had recently been cut up into lots. A change of ownership in the building where the association met having compelled it to seek new quarters, the proposal was made to erect a building of its own, which took definite shape. The necessary money was taken from the general funds. The building complete, with lot, cost \$4,730.65. It was occupied in August, 1888. In the first fourteen months it brought in a net revenue of \$346.14, which was a little over six per cent. on the investment. The ground floor is used as a hall, with a real estate office in front. The upper floor contains six large rooms, with bath and all other modern improvements. Arrangements have been made to rent the hall for the present year, which will increase the income.

As the association is a serial one, and the building will be a permanent asset,

as each series matures the value of the building will be estimated, and a settlement be made with the retiring shareholders on that basis, as would be done in a business firm on the retirement of a partner. It is probable that the association will eventually realize a handsome profit on the investment.

An association with a very interesting history, to which I would be glad to devote more space than I can command, is the Mutual of Newark, N. J. This association was organized in June, 1867, and is still in prosperous operation. I can call attention only to two points in regard to it. The period of its existence covers the panic and the hard times of the '70s. Although, up to 1877, it had loaned in Essex County (a manufacturing district) \$156,800, it had been obliged to foreclose on only three pieces of property. During the latter part of 1877 and in 1878, twelve pieces of property came into possession of the association, on some of which losses were made. There has been no foreclosure in the last eleven years. It received from 1867 to 1889, cash, from all sources, \$659,603.61; has lent on bond and mortgage \$443,925; has collected \$5,501.43 in fines, and \$105,376.86 as interest; and its total expenses for twenty-two years were only \$11,483.25. It has always been conducted on the "gross" premium plan. A second point worth noting, is the long terms of its officers. On the publication of its history in pamphlet form, in 1886, the president had held his office for ten years (after three years as vice-president, and four as director); the treasurer for nineteen years; and the secretary, Mr. John Pardue, for sixteen years, after three years as director. The same treasurer and secretary are still in office.

Building and loan associations flourished in central and western New York during the period when the movement was at a standstill in the southeastern part of the State. The first picture on p. 578 shows the house of a young business man in Rochester. He figures as follows on his investment: "My total payments to the association are \$7.25 each week. If the association pays annual dividends of an average of ten per cent., as, from its record, there is every reason to believe

it will do, my mortgage will be paid off in a little less than nine years, and I shall have paid but 3.95 per cent. interest for the use of the money."

Building and loan associations have been in operation in St. Paul, Minn., for over twenty years, and nowhere have they vindicated their object more conclusively than in that city and its twin, Minneapolis. The illustration on p. 579 is the picture of the house (in its winter dress) of D. H., a tailor, at No. 183 E. Belvidere Street, St. Paul. Here is his own story of the way in which he acquired it:

"I was induced to join a building association in 1876, when I began by saving \$10 a month. I was in several series at different times, but it seemed that, as often as I got a few hundred dollars ahead, I would have to use it to meet some pressing need. But I always began over again, until in March, 1883, having about \$350 to my credit, I thought I would 'plant it' where I couldn't get it out so easily. So I bought two lots for \$700 and paid \$350 cash on them. In about a year and a half I had paid off the mortgage and a street assessment. Times were rather flush in 1885, and I bought thirteen shares of stock of the St. Paul B. and L. Association No. 1, for about \$375. I had been paying rent for years (I am over fifty now), at from \$20 to \$25 a month. I now found that I could borrow enough money of the association on my lots (which had increased in value to \$1,500) and stock to build a good house, and have only \$26 a month to pay on it. I got \$1,860 net, of the association, with which I put up an eight-room house, two stories high. I have as fine a view as any of the nabobs of Summit Avenue, and can see up the river half-way to Minneapolis.

"I shall have to pay for thirty-one months more, at \$26 a month, when I will be out of debt, and own a place worth \$4,000. I have refused an offer of \$3,000 for the house and one lot."

I am indebted to Mr. Thomas A. Rice, of St. Louis, author of a useful work on building association book-keeping, for the following account of the growth of this system of co-operation in his city, coupled with his own personal experience:

"I joined my first building associa-

tion, the *Hibernia*, at its organization, in July, 1873; I was totally in the dark as to its methods, but I took some shares on the advice of friends. Some three years later, on the resignation of the secretary, being a practical accountant, I was put in his place, and was thus forced to study the subject in all its bearings. I now say, unhesitatingly, that there is nothing on the face of the earth so beneficial to all who join it—especially to wage-earners who need help and encouragement in saving their money and getting a home, as a well-managed building association.

"The six associations of which I am now secretary have loaned out \$891,200 to two hundred and ninety-two borrowers, the majority of whom used the money for building houses. When the *Hibernia* was about five years old I, myself, borrowed \$2,500 on my five shares and bought a house and lot, living there for ten years, and now renting it for \$25 a month. Of course, since the association matured (in 1882, having run just nine years), I have had nothing to pay on it. A year and a half before the *Hibernia* matured it retired all its free shares, paying the stockholders the full amount of money paid in by them, and interest on the same at the rate of seventeen per cent. per annum for the average time.

"Seeing the success of this association, I easily persuaded its members, and some other persons, to organize the *Laclede Association*, now eight and a half years old. Of this association I was secretary for the first two years, and I still hold fifty-five shares of its stock. On these I borrowed \$11,000, and bought a five-story stone front building, No. 322 Chestnut Street. My monthly dues and interest on this loan are \$110, and I receive \$125 a month rent. I spent some \$2,000 of my own money on it.

"When the *Hibernia*, whose capital was \$250,000, divided into five hundred shares of \$500 each, matured in 1882, the members were so well pleased that the *Hibernia No. 2* was organized the same day, with a capital of \$500,000, divided into \$200 shares. Every share of this stock was taken at the first meeting, and the stock sold the next day at a premium of fifty per cent. To accom-

modate those who could not get into this association, I organized the *Mound City* six months later, with a capital of \$800,000, divided into \$300 shares. This association, during the last seven years, has handled \$511,742.50, at a total expense of \$6,221.82—or only one and a quarter cent on every dollar. To-day we have in St. Louis about one hundred and ten associations, of an average capital of \$600,000, and a total membership of about forty thousand.

"In May, 1886, I borrowed from the *Mound City Association* \$11,100, with which I purchased a lot at Garfield and Spring Avenues, and put up the house shown in the picture, [p. 580]; \$7,000 of the money was used to erect the house. My monthly payments on this loan are \$129.50, \$2 dues on each of thirty-seven shares, and \$55.50 interest. This is pretty heavy, but my lot is 141 x 120, paid for out of this loan, and the vacant part has advanced in value to about \$5,000."

Cincinnati supports about four hundred building associations, with an average capital of about \$2,000,000. In the twenty years of their history there, not half a dozen of those properly organized have met with disaster, and in no case has there been a total failure. At least ten thousand houses, mostly in the suburbs, have been paid for through the associations, their average cost being about \$3,500. The picture at the top of p. 585 shows one of these suburban houses, owned by the bookkeeper of a Cincinnati firm. He took two shares, worth at par \$500 each. The weekly dues are \$2; his weekly interest on \$1,000 borrowed is \$1.20, and his weekly premium 16 cents, making an annual payment of \$174.72, which is about what he paid for rent before building. It is calculated that his shares will mature in less than eight years. The house and lot cost \$2,400.

The associations have found a secure hold in the far West—in Utah, California, and Oregon. The lower picture on p. 585 shows the pretty home of one of the members of the *Citizens' Building and Loan Association of San Francisco, Cal.*, at Berkeley, just across the bay. The owner, a bookkeeper, borrowed \$2,000, and had his mortgage cancelled in one hundred and eleven months.

While, for some reason, savings institutions have not gained so general a foothold in our Southern States as they have in the North, the building association system is doing an excellent work in many Southern cities. I have space to speak of their work in only three of these cities, but this may be looked upon as typical.

There are a number of associations in Washington, D. C., the Equitable being, perhaps, the most prominent. It has about four thousand members, at least ninety-five per cent. of whom are clerks in the Government departments, clerks in stores, small merchants, and wage-earners. Some five hundred are colored people, and probably thirty-three per cent. are females. The loans have ranged from \$100 to \$8,000. There have been eighteen issues of stock, embracing 42,623 shares, of which 28,213 have been redeemed. The association has made about one thousand nine hundred loans, has foreclosed on only one, and has never lost a dollar.

The illustration on p. 586 represents the house of one of the members of this association, a clerk in the Surgeon-General's office. It is situated on "Mt. Pleasant," a northern suburb of the city. It was built two years ago at a cost of \$4,000, with money borrowed of the association.

The building and loan (or "homestead associations," as they are locally called in some instances) are a recognized feature among the business institutions of New Orleans, and a considerable part of the annual "trade editions" of the *Picayune* and the *Times-Democrat* are devoted to them. There are fifteen associations in the city, and six or eight in other parts of Louisiana. The *Times-Democrat*, in its trade edition of last September, said: "All of those in the city are in excellent financial condition, and hundreds of homes have been secured for members. The solidity of these organizations is demonstrated by the fact that, while several of them have gone out of business during the year, or consolidated with other associations owing to lack of membership, not a single shareholder has lost a nickel. While the number of residences has been materially increased, the number of renters has been proportionately diminished, and land-

lords have been compelled to pay more attention to the comfort of their tenants."

A representative Southern home, secured by co-operation, is shown in the second picture on p. 578, the house of Mr. P. K., a pressman on the *Picayune*. It is situated at No. 81 Bolivar Street. Mr. K. has held his present position since 1886. When the People's Homestead Association was organized in New Orleans, the business manager of the *Picayune* advised the employees to join it. Mr. K. subscribed for eight shares, and a few years later took twenty more. He had been a rent-payer since 1866, but his savings in the association now enabled him to enjoy the independence of a home of his own. He paid \$3,400 for his house and lot, and has land enough to set off another building lot if he were inclined. By the time he has paid in full for the property, his outlay, including taxes and insurance, will amount to \$4,227.50. The place is said to have cost originally over \$12,000.

Atlanta, Ga., has enjoyed the benefits of these associations for a number of years, and the members there have given some interesting testimony to the benefits they have received. The secretary of the People's Mutual Loan and Building Association sent out postal cards to all the members, about a year ago, asking them to give him a statement of their experience. Here are a few of the answers:

"The association has been the means of my saving \$1,600."

"The association has kept our boys' money safely invested, and they are \$925 better off than two years ago." (These boys had formerly spent all their money for drink.)

"I owe all I have in the world to the association."

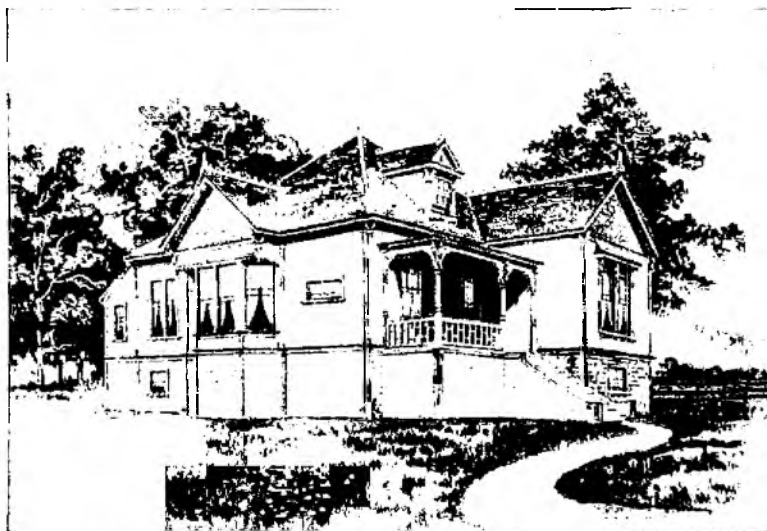
The secretary of this association, Mr. E. P. McBurney, writes to me: "A negro who, when he joined, had but \$500, has built a store costing \$4,500 in which he does business, and he is worth \$6,000. The rent of half the building more than pays his dues. Another negro member has built the house in which he lives through the association. A mechanic told me the other day that he had for four years been increasing his holding of



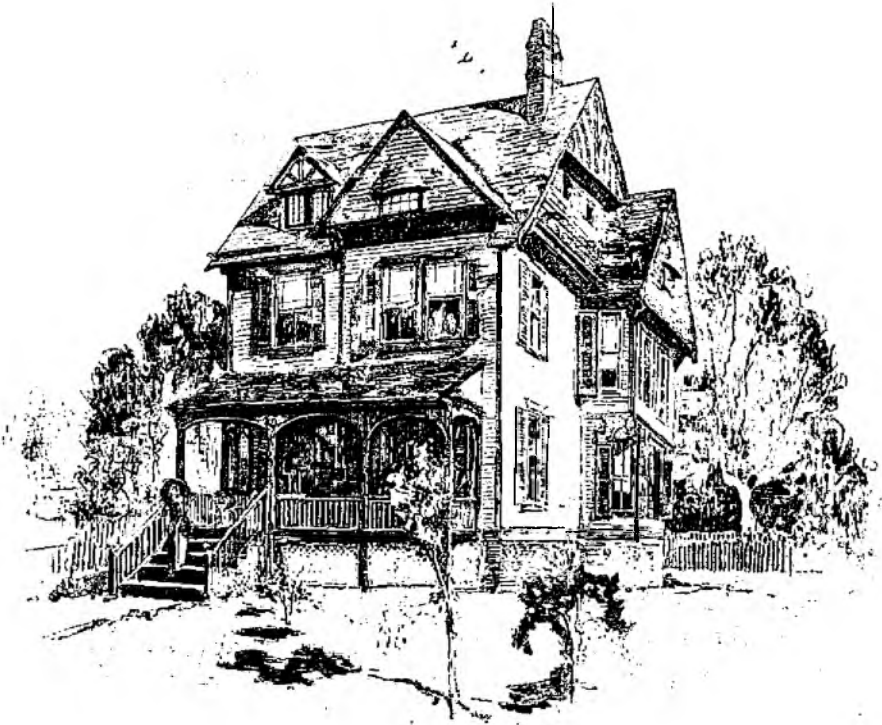
House of a Cincinnati Bookkeeper, cost, with lot, \$2,400.

stock, until he now paid in \$30 a month, whereas, four years ago, he did not think he could save a cent."

If this testimony to the beneficial operations of co-operative building and loan associations, gathered from so wide a territory, seems one-sided, I have only to say that in all the correspondence I have had on the subject I have not received one complaint. But the testimony should be accepted as proving, not that the system is not open to abuses and losses under bad management, but that beyond



House of a Bookkeeper at Berkeley, a suburb of San Francisco, Cal., cost \$2,000.



House of a Government Clerk in Washington, D. C., cost \$4,000.

dispute it is one of the greatest means for the encouragement of thrift that man has devised. No method has ever been invented, in public or private affairs, to render the custody of funds entirely safe. But no investment and management can nearer approach safety than that of a mutual building and loan association, in which the officers are well chosen and in which *all* do their duty.

I have received many requests, while writing this article, to sound a warning against those so-called "national" associations, which are trying to use the good fame of the genuine co-operative associations to build up a business whose real object is the acquisition of profits for a set of officers.

I do not think that the co-operative associations have anything to fear from

the "nationals," except the confusion that may exist with a large part of the public about the two systems, causing the actually co-operative associations to share in any discredit and disappointments that must, sooner or later, fall to the others. Any man can see that a "national" association, with heavy expenses for office hire, agents, etc., while the risk on its loans must be infinitely greater, cannot be as profitable to its members as a local association whose expenses a few hundred dollars will cover. The "nationals" are still young, but State officers are already "gathering them in," and time to prove the falsity of their system is, I think, all that will be required to get rid of them, even if the vigorous enforcement of State laws does not sooner weed them out.