

tor. The association constitutes itself the immediate creditor of the borrower. It delivers to the lender the *lettres de gage* representing his deposit or investment, and pays to him the accruing interest. It is the association, finally, which reimburses the capital.

Almost all the modern associations have deemed it advisable to adopt this last system. It is certain, that an association, constituted with all possible guarantees, would find more easily than simple individuals capitalists disposed to exchange money against *lettres de gage*.

*Liberation.* The borrower may liberate himself, by an annual payment, in which are comprised the interest, the expenses of administration, and the sum ( $\frac{1}{2}$  to 2 per cent) appropriated to the sinking fund.

He can also liberate by instalments paid either in money or in *lettres de gage*.

When about a fourth part of the debt is extinguished, the partial liberation of the mortgages may be demanded.

*Reimbursement of the Lettres de Gage.* The reimbursement cannot be demanded by the lenders. The experience of the dangers through which the establishments have passed from simultaneous demands of reimbursement, has caused the addition of this clause to their statutes.

The securities are reimbursable generally by lottery drawings, in proportion to the funds arising from the sinking fund.

*Guaranty.* The lenders may have for guaranty, independently of the real property hypothecated, and other property of the debtor, the mutual responsibility of all the members of the society, and in certain countries, the guaranty of the State or the provincial authorities. But such are the rules of prudence prescribed by the statutes, and observed by the directors, that this recourse is never exercised. The right of the holder, in this respect, is a dead letter, of which the only effect is the increase of confidence inspired in the *lettres* issued by the societies.

*Rights of the holder of the Lettres de Gage.* To obtain the payment of the interest the bearer does not address the borrower individually; he addresses the association, which is charged with that service, by means of the receipts of annuities due by the proprietors.

*Rights of the Association.* The associations cannot force any of their members to reimburse the sums borrowed, as long as annuities are promptly paid; but, as upon the regular payment of the annuities depend both the exactitude of the operations, and the maintenance of the credit, legislation allows them to use vigorous and summary proceedings against debtors in arrears. When the term is expired, and when a reiterated summons to pay produces no effect, the association can take possession of the property hypothecated and name a guardian for it. The sequestration continues until the entire discharge of the debt, including the capital, interest, and expenses.

The society is, besides, authorized to contract a loan on the property, in the name of the proprietor, and to devote the proceeds to the liquidation of the debt due to it.

*Administration.* The *personnel* of the institutions of *Crédit Foncier* is ordinarily composed of a government commissioner, a board of directors charged with the management of current affairs, a number of subordinate employees, a committee which meets at certain intervals, and special commissions in the various districts of the provinces.