

investment, and make absolutely no mention of the liability in connection with installments not yet due. The manager, of course, should be informed about these items, and should not neglect to acquaint Head Office with the details when they are pertinent to the matters under consideration.

In order to keep themselves well posted in regard to the affairs of their customers, branch managers find it necessary to search at the registry office, from time to time, the real estate property appearing in their customers' statements, especially if the amount or value is important. At times there are secret transfers to near relations or others, which, if allowed to pass unchallenged, may seriously prejudice the customer's position toward the bank. Early knowledge of such transactions may enable the bank to take proceedings that will avert loss. Thus, in cases where necessary, the Head Office expects to be informed as to the date on which the real estate was last searched. Needless to say, it is taken as an evidence of good and careful management if the date of the last search is reasonably close to the date of the application for credit and manager's letter of recommendation.

The question of insurance should also engage careful attention. It is advisable to make it quite clear to the Head Office whether adequate fire insurance is carried, both on the liquid and the fixed assets of the customer. Frequently in sending down a balance sheet and application, the manager neglects to comment on apparent shortages in this respect. The statement may show large assets and a totally inadequate protection against loss by fire. The bank does not wish to lend its money freely or liberally to parties who deliberately run big risks in this way. So where there is apparently an unusually large opening for disaster, it is expected that the manager furnish the explanation. There may possibly be an explanation which will clear the customer's reputation from the imputation of foolhardiness, and, if so, he should in justice receive the benefit of such explanation. On the other hand, if he is deliberately taking chances, and refuses to receive the manager's suggestions to the effect that he safeguard himself sufficiently, Head Office should be placed in possession of the item of information. It is well, also, in dealing with the insurance to submit brief remarks stating whether the fire insurance carried represents the obligations of sound and reliable insurance companies.

In certain accounts the matter of life insurance also has considerable consequence. This applies more especially in case of partnerships, and it is of common occurrence for the individual partners to insure their lives in favor of the firm or