

immediate, and institutions of a similar nature speedily followed in other parts of Germany.

The institutions are divided, according to the report of M. Dumas, into two groups.

One resting upon the base of the association itself, and administered by its own members.

The other founded and regulated by the State, or by provincial authorities.

Without entering into any detailed account of the minor distinctions between the different groups or classes of institutions, and as the most of the German societies are ranged under the first group, we may be permitted to translate the words of the report, to a sufficient extent to show their form and manner of operation:—

*Admittance into the Association.* Admittance into the association is optional so long as the proprietor of land has not borrowed; but it becomes obligatory by the simple fact of borrowing.

Prussia is an exception to this rule. Every proprietor is a member of the association. Thus he can demand, as a *right*, his part of credit.

*Demand for Credit.* Whoever would borrow must present to the directors of the association a memorandum of the registry of mortgages made on his real property, (*immeubles*.) Then follows the process of the valuation.

*Valuation.* In order to arrive at a valuation, as impartial as possible, there is established for every district or circle, distinct principles of appraisal conformably to the particular character of the locality.

(Less is loaned on the buildings than on strictly agricultural property, (*biens ruraux*.)

*Opening of Credit.* The mean value of the property once found, the association gives to the borrower a credit which ordinarily does not reach beyond the half of the value thus found.

In general, loans are only made on first mortgage. Where there exists on the property an anterior mortgage, it must either be previously cleared, or converted into *lettres de gage*, if the creditor consents to it.

*Lettres de Gage.* To this effect, there is delivered to the borrower an obligation hypothecaire, called a *lettre de gage*, signed with the name of the institution.

In some countries, every *lettre de gage* bearing these words—"withdrawn from circulation," (*mise hors de cours*), is inalienable. By this simple addition, the holder can guaranty himself from the consequences of a fraudulent abstraction.

The *lettres de gage* are free from execution. They are generally to bearer. Their nominal value varies from 20 to 2,000 thalers, (25 to 2,500 dollars.) They suffer less than other negotiable securities the influence of political events. One of the most admirable of the effects of the institution is, that while facilitating the purchase and sale of the securities it has created, it furnishes small scope for stock-jobbing.

The mode of emission of the *lettres de gage* varies in different provinces. In some states the association delivers them to the borrowers, leaving to them the negotiation of them. In others the inverse mode is preferred, that is, the association interposes directly between capitalist and proprie-