junior mortgage securities would not appeal to investors. Again, in railroad reorganization junior mortgages are often replaced by debentures thus lightening the load of mortgages that has been carried. A third reason for their issue is that a conservative corporation may wish to reserve some of its resources for future mortgage issues. And lastly, if bonds are issued to be sold in Europe the debenture form is often used as it is highly regarded there.

Income bonds. The income bond partakes of the nature of both bonds and stocks. The principal sum is usually secured by a mortgage, but the interest is paid only if earned. For all practical purposes such bonds are equivalent to preferred stock, without voting power. Income bonds are usually the outcome of reorganizations, and take the place of junior mortgages. Their advantage to the corporation is obvious, as they do not impose any fixed charge on the corporation.

Other types of bonds. A "participating" bond is one that gets a fixed rate of interest and in addition a share of whatever is earned by its underlying security. "Profit-sharing" bonds give the holder principal and interest, and also a share in the increased value of the underlying assets if such arises before the retirement of the bonds. "Joint bonds" are obligations of two or more corporations which join in issuing them. A "receiver's certificate"—not properly a bond—represents money spent by the receiver of an insolvent corporation, under the authority of the court. They represent a claim on the property of the corporation superior to all other claims whatsoever.

Purposes, manner of payment, and conditions of redemption of bonds. The descriptive words applied to bonds and indicating their purposes are self-explanatory. "Unifying," "refunding," "adjustment" and "consolidation" imply that previous issues of bonds are to be retired and replaced in some way. According to the use to which the money which is derived from the sale of the bonds is put, the words "construction," "improvement," etc., are used. "Purchase-money" bonds are sold before the property on which they are based is actually bought. Usually the proceeds are turned over to a trustee, who receives a mortgage on the property as it is bought.

A registered bond can be transferred only on the books of the company. A coupon bond is payable to bearer. A gold bond requires interest and principal to be paid in gold. A convertible bond is one that may, within a definite time and at a fixed price, be converted into some type of stock. This privilege may attach to any kind of bond, mortgage, debenture, collateral trust or income. These bonds are, as a rule, semi-investment, rather than investment securities, as the object in