

retains to pay off gradually, and this very sum enables him to carry on the requirements of his new and really handsome farm with advantage, comfort, and independence, and without the least fear of a six months' notice to pay off the mortgage. An immense advantage it is to the borrower that he has the entire control of the mortgage money for the full term agreed on, whilst, if he wishes, by giving three months' notice he can pay it off at any time.

The company, by having connected with it a sinking fund, will destroy most of the evils attendant on the present system of mortgaging; it will create habits of order among proprietors, by rigorously enforcing the punctual payment of the interest when it becomes due; by receiving and investing these small annual payments at compound interest, it not only is enabled to restore to the borrower his estate perfectly free, but also makes him feel that every year his debt is decreasing in amount through his own prudence. And he sees in the spirit of our motto, there is "freedom from debt by means of a sinking fund."

Another advantage of the sinking fund is, that it is at least a check on the inclination of some parties to borrow for undesirable objects. They know before hand that they must pay, back annually, and therefore if they do not invest the money borrowed judiciously, it will be out of their power to comply with this requirement, and their estate will be lost to them. The chief object of the Company is to assist Agriculture—and it looks to the annual increase of the land as the best and surest means of repayment of both principal and interest. Experience, however, shows that some few persons will borrow for extravagant and undesirable objects, no matter at what cost. It cannot be prevented, but it is believed the system pursued by the Company will at least act as a check on such propensities.

Another important feature in the new system is, the Debenture.\* Whilst the plan of paying a mortgage debt off gradually was in use in England at a very early period the plan of raising mortgage money by debenture or "Lettre de gage," as it is called on the Continent, is of modern date, at least it is coincident with the system established there. The debenture, in fact, supplies the place of the mortgage deeds which represent the land, and which instead of being handed to the lender, remain in the hands of his agent, or in other words, with the Company who hold them for him. The lender may keep the debenture in his strong box, contented in knowing that he has improved land for his security, and that he receives the interest with regularity half-yearly, just as he would do if it were an ordinary mortgage, with this difference and this great advantage, that if at any time he wished again to have the use of his principal, the debenture is easily negotiated, and being made payable to bearer, is transferred without expense. It is a marketable commodity, and at any moment can be converted into money. Bankers and Capitalists not only accept but seek after these Landed Credit Debentures, for if on the one hand they lose the advantage of having a debt which they can demand payment of only at a fixed period, on the other hand they find in these simple instruments, the precious facility of receiving their capital when convenient to them by negotiation.

\* It is a promissory note based upon the credit of the capital of the Company, and on the securities held on real estate by the Company, and given in exchange for money lent to the Company.