

APPENDIX No. 3

ment on the purchase price, so we come to you and ask if the society will be ready to loan us those \$200. We have no real security to give, the house standing as security for the seller. We cannot offer anything but our good reputation, and perhaps our mother may come in and give her signature for us as well.' 'Well,' I said, 'I will submit the question to the board of credit; come to-morrow and I will let you know the answer.' The next day the question was submitted to the board and agreed to unanimously, and that is a point to which I wish to draw your attention. The board must be unanimous on every loan. If one says 'no,' the loan is not made. The board in this case was as usual unanimous, and the loan was made. I said to the young men, 'Here are the \$200,' the conditions of reimbursement fixed being \$20 a month, or ten months in all.

By the Chairman:

Q. You can accept partial reimbursements?—A. Yes, that is a great advantage to the borrower. I have had reimbursements of fifty cents a week of a sum of \$20. But to return to the case I was speaking of, the loan was made, the house was bought, the house is now paying itself by the rent, and the \$200 were reimbursed in less than eight months. The young men were so completely pleased and so hopeful that they worked almost day and night to clear that off.

By Mr. Verville:

Q. How much interest do you charge?—A. The interest is fixed by the board of administration. In fixing the interest we had to take into consideration the general state of the market, the general rate that is charged for high protected loans, and we had at the same time to see, not to imitate them, what is done at usury shops, and, lastly, the legitimate remuneration to be granted to the thrifty who provides the funds. Taking these three elements together we fixed the rates.

By the Chairman:

Q. Are there any shavers at Lévis?—A. There were two or three before, but God knows where they are now.

By Mr. Bourassa:

Q. It is an effective way of stopping usurers?—A. Upon a loan the borrower is charged seven per cent interest if he chooses to pay the interest in advance, or eight per cent when he wants the right of reimbursing either partially or the whole amount before the time expires. We charge then only for the time that has elapsed one per cent more, assuring the borrower the advantage of reimbursing when he pleases.

Q. Of course you do not exact the eight per cent on the total amount of the loan, they get the benefit of the interest on any instalment they make?—A. Exactly. I will give here a practical instance. A member of our society came about the month of July last and said: 'I expected a payment due to me of \$150, I counted upon it to pay my insurance premium on my life, but the man who owes me the money has not come; the premium must be paid to-morrow, I have not a red cent in my possession and I want you to let me have \$150 in order to pay my premium when due. What are the conditions?' I said, 'You have the option of either paying seven per cent in advance or eight per cent, with the privilege of paying then only for the time you keep the money or any part thereof.' He said to me, 'I prefer the eight per cent rate because you might have the money to-morrow or to-night.' He came the next morning and he got \$150, after I had submitted his demand to the board of credit. Five days afterwards he came back and he had the money from the man who owed him. He had paid his premium and said, 'Now, according to the condition, how much do I owe you?' I think it was twenty-three or twenty-four cents for the whole amount.

Mr. BOURASSA.—If he had discounted the note at the bank the interest would have run thirty days at least.