

financing can and will be applied to water service and modern sanitary improvements in the near future. It is a problem that confronts water companies all over the country, and it is a solution that means more service on their mains, the use of more water and the improvement of the health of whole communities.

Whether or not water companies or municipally-owned waterworks systems embark in the plumbing business, directly or indirectly, is a matter of small moment and local conditions. But even for the water utility that is restricted as to business by its charter or its ownership, there is no great difficulty in the partial payment plan. The automobile distributor has pointed out the way, and the way is easy to adapt.

For example, in Indianapolis there is an outlet from the mains of the water company for every 7.5 persons in the city. The average size of a family is five. It follows that the business of the water company is $33\frac{1}{3}\%$ less than it might be. This one-third represents the field of prospects, and any merchandising expert will say that one-third of the whole of a city's population is a desirable field to cultivate.

With one-third the city as the field, there is necessary to the development of business capital sufficient to equip the possible user of water for its enjoyment. The installation desired in the class of homes in the city that now have no water service has been estimated at a physical cost of from \$100 to \$250, according to size and location. Taking the lowest figures as a basis, interest at 6 per cent. for two years and a brokerage charge of 6 per cent. could be added, and the installation made at a partial payment cost of \$4.92 a month for twenty-four months. To this should be added the cost of water, not exceeding \$1 a month, making, in all, a charge against the property of \$5.92 a month, or approximately 19.7 cents per day. This should prove a fairly attractive proposition for the man with a small property whose concern is a safe water supply, such as is furnished by water utilities. Other advantages, such as baths and toilets, will follow quickly on the heels of the first installations, and their costs will be relatively small.

Brokerage charges should be no greater for the large installation than the small, if based on cost, but policy might dictate a sliding scale in order that first costs of installation be reduced. The organization of a funding company with capacity to handle this business should not be difficult. Capital would, of course, demand an ample margin of security, but it is the opinion of legal authorities that this security could easily be provided.

Two methods have been suggested for the protection of the capital necessary to make a home sanitary. Indiana laws provide for a lien against property so improved to protect the capitalist who makes the improvement. The process, however, is not without its troublesome delays and risks, and, unfortunately, it is possible for more than one lien to be filed against a property, thus making it necessary at times for the satisfaction of all liens in order to satisfy one.

A more applicable plan is the leasing of such fixtures as enter into the house to be improved. The cost of the fixtures in a modern home is not the major item of expense, but the fixtures are the necessary item to the enjoyment of sanitation. It is urged by plumbers and others that no property owner who has once had plumbing fixtures installed can afford to have them removed from a house. The removal is attended by such wreckage that the property would depreciate in value to a point far in

excess of the cost of the fixtures and the labor necessary to sanitary plumbing. It is argued that an owner who has profited by better rentals or greater conveniences would exhaust every resource rather than suffer the removal of plumbing fixtures which have only recently been installed. Consequently, those who have investigated the credit problem maintain that a lease drawn to cover the fixtures installed in the house, and affording legal right to enter and remove these fixtures in event of non-compliance with the terms of the lease, would in practically all instances be sufficient protection for capital, no matter how timid it might be.

It is also argued that the funding company would deal only with that class of persons who have demonstrated their thriftiness and integrity in the acquisition of property, and the moral risk would be of the highest class. However, it is to be presumed that some lessees would fail in performance, and then, with a proper lease, the funding company would be in a position to take a lien on the labor done, or to remove the fixtures if it were deemed advisable.

Organization and operation of the funding company is possible at a very small overhead cost. The amount of capital actually necessary is dependent on the size of the field, but a consideration not to be overlooked is the fact that each month brings part of the capital back for reinvestment, and with each monthly payment the individual account becomes more secure.

Operating expenses of the funding company would consist of three branches: promotion of business, investigation of risks, and collection. The expenditure necessary for the promotion of business will depend on the method of operation finally adopted.

Investigation shows the great cost involved in installations such as are under construction is not the plumbing, but the sanitary sewer, the very thing that sanitation demands. This cost is not one of material, but of labor, and probably no one plumber has any advantage over another in doing it. Plumbing is largely a matter of labor, and in most communities is so restricted by ordinance that it must be made standard. Fixtures furnish the greatest opportunity for cost reduction by purchase in bulk, but there are other advantages to be considered in determining whether a funding company should work in conjunction with all local plumbers or take over plumbing as a part of its business.

In the automobile business it has been found more desirable to have the funding company separate from the sales agency, in name at least. Perhaps this would be more advisable in sanitary funding. Certain it is, that if the funding company were holding out to each plumber an opportunity to do work and collect his money immediately, even though the employer is not in a position to pay him cash, every plumber in the community would become an enthusiastic salesman and the cost of sales would be greatly reduced for the funding company.

A desirable situation seems to involve the organization of a company with sufficient capital or financial backing to be able to say to the property owner, "Hire any plumber you choose and select any fixtures you desire. We will pay the entire cost and give you two years in which to repay us."

Then, with the plumbers of a city the enthusiastic boosters of the funding company, the examination of the risks is the next important operating detail. It has been estimated that this work can be accomplished at a minimum fee of five dollars a risk. The burden of showing