

APPENDIX No. 3

By the Chairman:

Q. Why is a limit put upon the amount of the loan?—A. It is to prevent the centralization of the funds in the hands of one or two. You must not forget that everybody in the association has the right to obtain a loan provided he gives good security, and if you loan all the money to one or two individuals, that limits the power of the society to help other members during the year. We consider that it is better for the association that small loans should be made, and we prefer them to larger loans. Suppose the manager of such a bank had ten individuals coming to him and saying, we should like to have a loan of \$10.00, that would mean \$100.00, but suppose the eleventh came and said that he would like a loan of \$100.00, it would be better for the society if it should have to choose, to make the loan of \$10.00 to ten individuals than to loan \$100.00 to one individual.

By the Chairman:

Q. The smaller the amount—A. The larger the number of people benefited.

By Mr. Monk:

Q. Before loaning the money what is the procedure?—A. In order to prevent delay, I generally draw up a list and submit it to the board. Suppose, for instance, that Mr. Lemieux wants a loan, I would ask the board what amount of credit they would allow Mr. Lemieux. Will you limit him to \$100, or will you go up to \$1,000, our present maximum, and the board would answer, 'Well, hardly that, without an endorser,' or they would consent upon his good character, and so I would know the amount of credit they will give; I would therefore be able to say yes or no when the application is made.

By the Chairman:

Q. Would you want an endorser for that?—A. Yes, in cases of large loans. When a man comes to my office and says I want \$1,000 or \$500, I say all right, and I give him the cheque and take his note. I have no need to consult the board, because I have already done so.

By the Chairman:

Q. You do not find borrowers asking for advances not offering security besides their own?—A. Of course, we do very often loan upon personal security, because we know the borrower.

Mr. Smith (Nanaimo):

Q. What is the amount of interest on deposit?—A. Well, we have not dared to go further than three per cent.

Q. Equal to the average banks?—A. Yes.

By Mr. Monk:

Q. Suppose a carpenter or a blacksmith wanting to purchase tools for his trade, comes to you and wants \$40 or \$50. As a rule do you require endorsers?—A. Often we would not, because if a man is honest we should know it.

By the Chairman:

Q. That is the great advantage of this small area. You know who is an honest man?

By Mr. Monk:

Q. Suppose a seamstress wanted to buy a sewing machine, would you rely on your knowledge of her honesty and means?—A. Yes, and if we have not received a reference