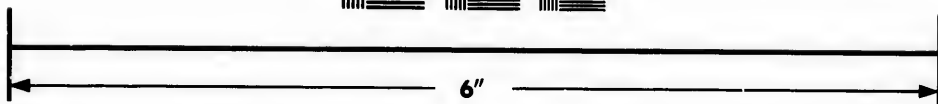
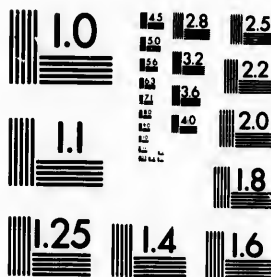


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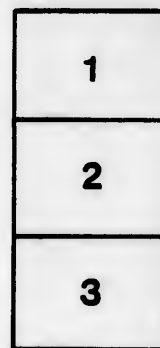
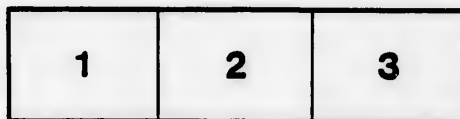
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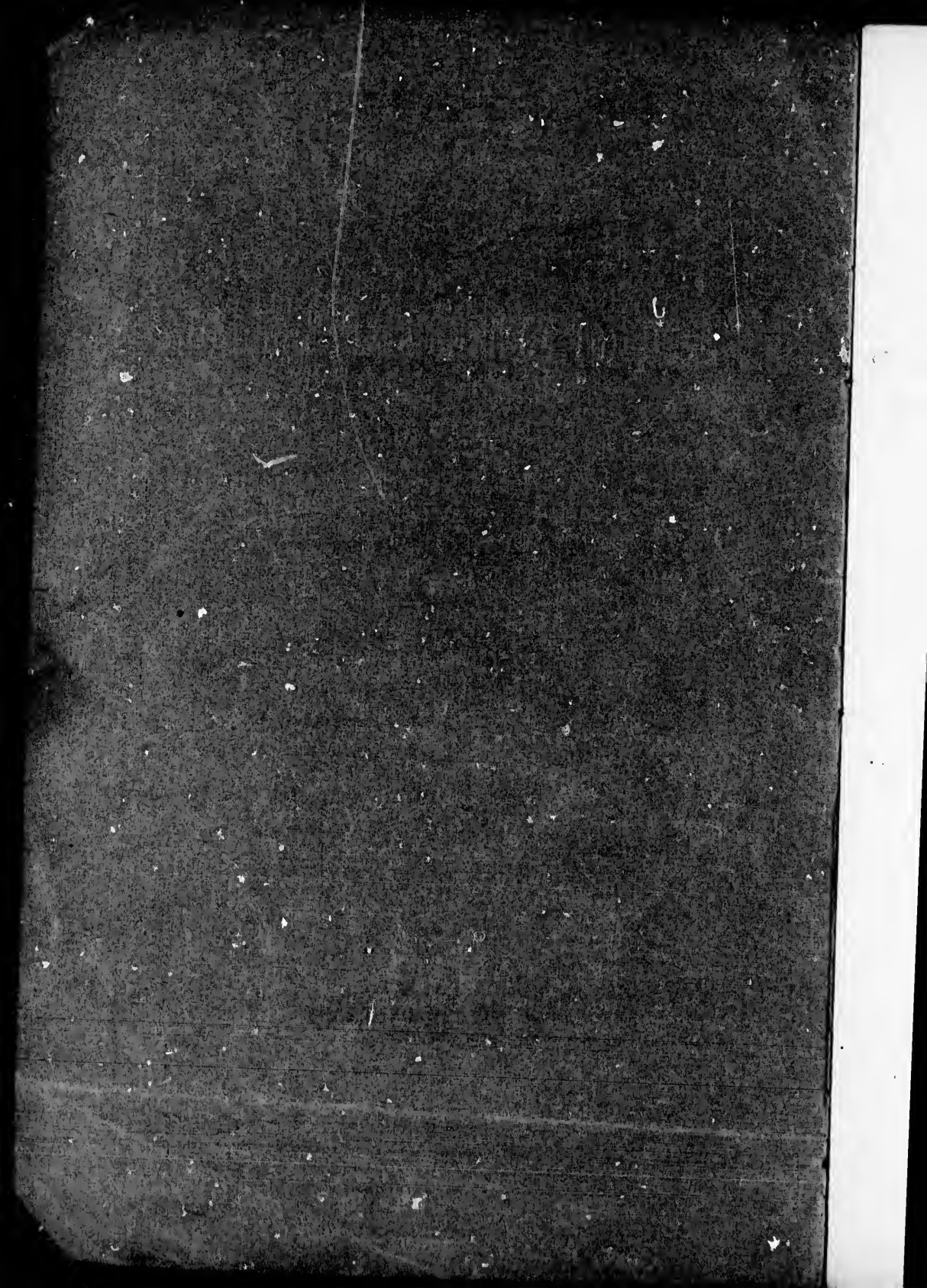
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(1775)

20.

# PROSPECTUS

OF

## LE CREDIT FONCIER DU BAS CANADA

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C. J. COURSOL, Esq., Q. C., President.  
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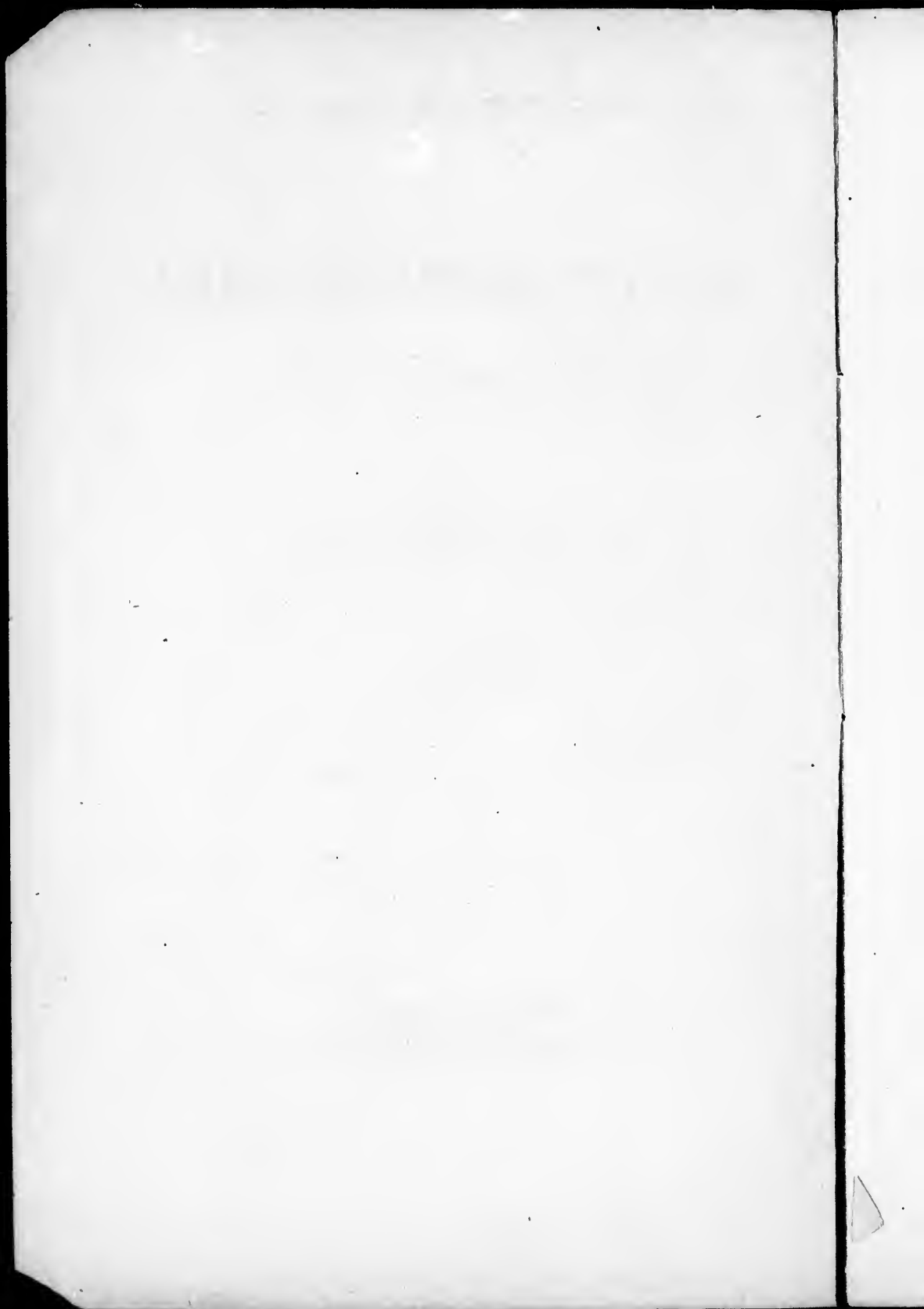
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MONTREAL

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222, Notre Dame Street.

1874





# PROSPECTUS

OF

## LE CREDIT FONCIER DU BAS CANADA

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The object of this Company is to loan and advance on real estate and to Fabriques, Municipalities and Corporations, sums of money to be repaid at long or short dates.

The Company will only lend and advance money on first mortgage on real estate, the value of which shall be at least double the amount of the loan.

Such real estate should be of such a class as to yield a settled and lasting income.

The security of the Company shall then be always 200 per cent at least.

The Company will upon the same principle open credit accounts secured by mortgage, on which the Company will advance money at short dates.

Loans for a long term will be reimbursed by way of a sinking fund calculated so as to repay the debt in 6, 10, 15 and 20 years.

These loans shall bear 7 per cent interest, and 1 per cent for costs of management.

The annuities will be paid at the office of the Company semi-annually and in advance and the portion applied to the sinking fund shall bear interest at the rate of 4 per cent compounded every six months in favor of the debtor.

Out of this difference between the interest charged on the loans and that allowed on the sinking fund, the Company will realize 10 per cent on their capital.

In order to raise capital, the Company is authorised to issue and in or out of Canada negotiate mortgage bonds or debentures even to ten times their capital, provided always that the amount of such debentures shall in no case exceed the amount of loans already made.

Thus with \$100,000 paid on the subscribed stock and invested in loans, it shall be lawful to the Company to issue \$100,000 debentures to further new loans which in their turn shall allow a new issue and a new investment and so on up to the amount of \$1,000,000.

So that with \$100,000 paid up capital loans could be made to the amount of \$1,100,000, whose hypothecary guarantee would amount to \$2,200,-.

000 affording thus a perfect security both to the bond holders and to the Company.

The Company to provide for regular payments of interest to bond and stock holders will cause the payments of their debtors to fall due three months before the date of dividends and interest due to the bond and stock holders. Arrears might thus be paid up in time to meet such obligations of the Company.

The Company is obliged by law to withdraw annually from circulation a portion of the mortgage bonds proportioned to the amount of the sinking fund paid in, so that all the bonds which have been issued may be withdrawn from circulation at the expiration of the time fixed for their becoming due.

Thus supposing the Company had loaned \$100,000 to be repaid gradually in the space of 15 years, \$100,000 debentures could then be issued and should be withdrawn from circulation in the same length of time. In the present case the yearly sinking fund being about 5 per cent, the same proportion of debentures would be annually withdrawn and the whole of them would be bought up in the said 15 years.

By these means not only the debentures will be withdrawn from circulation in an imperceptible way, but they shall never be allowed to exceed at any time the amount due on the loans.

Leading Bankers of London have already promised to negotiate our debentures at a very profitable rate. And we really do not see why this institution could not succeed in that as well as the Landed Credit Company of Canada, which does business in the Province of Ontario.

Debentures can certainly be negotiated there at the rate of 6 per cent including costs of commission and management, then the loans yielding a mean rate of 10 per cent to the Company, there would be 4 per cent profits to realize; even by taking these profits to be only 3 per cent the amount of debentures being 2, 3, 4, 5, 6, 7, 8, 9 and 10 times the amount of the stock, the profits on these would rise to 6, 8, 12, 15, 18, 21, 24, 27 and 30 per cent upon the stock, and the stock itself yielding 10 per cent the whole profits in favor of the shareholders would reach accordingly 16, 19, 22, 25, 28, 31, 34, 37 and 40 per cent.

This might seem a little exaggerated, however we have only to look at the Credit Foncier de France and see how profitable is that system.

Established in 1852, The Credit Foncier de France yielded the first year but 6.25 frs per share of 500 frs.. it yielded 17.50 the four succeeding years and 32.50 frs. later. In 1872 after two years of the most disastrous war, it was yielding 72.50 frs. per share and had even an accumulated reserve fund of 20,000,000 frs. out of

a capital of 120.000.000 frs. And these considerable profits arise generally from  $\frac{1}{4}$  per cent between the rate of their loans and that of their debentures.

Taking into consideration the applications for loans that would be filed from the city and the country at large, there is reason to believe that not only the capital but also five times that amount in debentures of the Company could be used and invested in the space of four or five years, and would yield a very handsome profit.

There is no doubt that there is not the slightest risk in lending money on property in the conditions herein above mentioned when such property in a new country cannot but increase in value in the same ratio as population.

The Company is confident under the supervision of the Minister of Finances and the Direction of its Board, by the security of their investments and punctuality in fulfilling their engagements, by the regularity they will exact from borrowers, that they will secure the custom of the public and increase their business to a high degree.

The capital is \$1.000.000 divided into 10.000 shares of \$100 each. There remains but \$500.000 to be subscribed.

The Board does not intend to call in more than 50 per cent of the capital subscribed, namely : 10

per cent now, 10 per cent in December next, 10 per cent in 1875, 10 per cent in 1876 and 10 per cent in 1877.

The Company proposes itself to pay the other 50 per cent to shareholders by way of Bonus.

Dividends will be paid to shareholders semi-annually from the 1st day of July last.

J. B. LAFLEUR.

Cashier.

Montreal, 1st August 1874.

