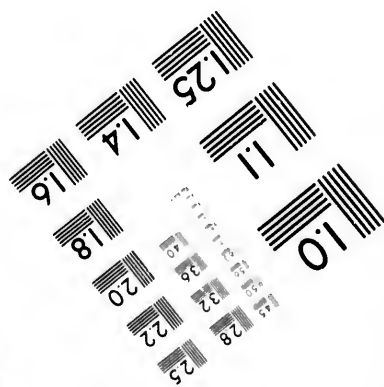
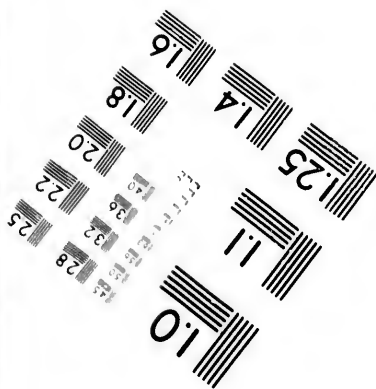
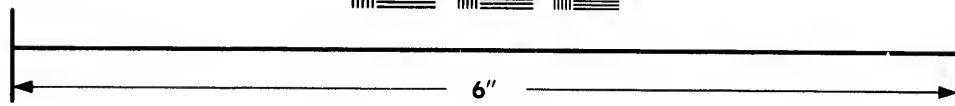
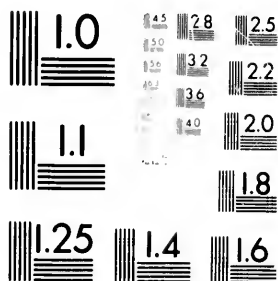


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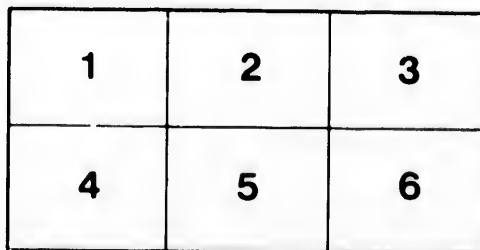
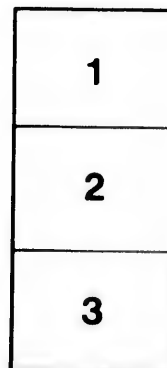
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THE  
BRITISH COLUMBIAN  
Investment and Loan Society.

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INCORPORATED

*Under an Ordinance of British Columbia.*

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CAPITAL UNLIMITED,

Consisting of Permanent and Accumulating Stock, in Shares of \$50 Each.

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VICTORIA, B. C.

McMillan, Book and Job Printer.

1869.

700

971.53

B872S





## **The British Columbian Investment and Loan Society.**

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EDITOR BRITISH COLONIST:—Bearing in mind the assistance rendered by you ever since the Union of the Colonies of British Columbia and Vancouver Island, on the several applications to the Legislative Council for the passage of an Ordinance to encourage the establishment of Investment and Loan Societies, now that the Ordinance has received the assent of the Crown and “The British Columbian Investment and Loan Society” has been incorporated under its provisions, I desire to avail myself of a space in your columns as a medium through which an explanation of the objects and system of the Society, and also some of the advantages which may be derived therefrom, may be placed before the public in a concise form; but before attempting this explanation it is as well to state that societies established under the Ordinance will be in operation to those known as “Investment Building Societies” and

also to distinguish the "Permanent" form the "Terminating Building Societies," as the latter, although popular at first, have deservedly fallen into disfavour in consequence of the uncertainty of the time at which the funds will be divisible amongst the Investing members, the period being dependent on the sufficiency of the securities taken for loans, because the funds of the society are not divisible amongst the members until the moneys paid as instalments on the shares and profits thereon are equal to the aggregate of the nominal amount of the shares, that is the amount subscribed for. For instance: supposing the shares to be \$50, each, payable as follows; \$2 on a given day, say, the 1st of January 1869, and the balance by twelve monthly instalments of \$4 in advance, on the first day of each month. As the payment on all of the shares in the "Terminating Societies" have to commence as from the given day the funds of the Society would (if there had not been any losses and expenses or profits) be divisible amongst the members at the expiration of one year from the given day, i.

January 1870; but the division may take place before or after 1st January 1870, according to the profits or losses and expenses. If this uncertainty is considered objectionable by the investing members, how much more so must it be to a borrower, who, under the impression that the Society will terminate at an early date, may have purchased shares (most probably, if not an original member) at a premium, and after having obtained an advance thereof from the Society at a discount (as was almost always the case) discovers that from unforeseen circumstances the termination of the Society will not take place for double the length of time he had anticipated and that he will have to continue paying the instalments on his shares with interest on the nominal amount of the shares for the extended period; that is to say, until the actual cash in the possession of the Society shall be equal to the aggregate of the nominal amount of the shares.

In the Permanent Societies the system is different. In these Societies an investor is entitled to withdraw the

amount of his share (with profits if any) after payment of a certain number of instalments at stated times, and a borrower can repay his loan with interest by a stipulated number of instalments.

THE OBJECTS OF THE SOCIETY ARE :

To create and foster provident habits amongst the industrial classes and to accumulate their savings.

To enable persons of small means to make some provision for their old age and to secure portions for their children.

To facilitate the acquisition of homesteads.

To enable persons, whether shareholders or depositors, to obtain readily, a safe and profitable investment for money, whether in large or small sums, free from anxiety or doubt as to its safety or the regularity of their returns.

To provide a fund from which the owners of real estate may obtain loans at a fixed rate of interest, with the privilege of paying off the loans and the interest thereon by small sums in the most convenient way to themselves.

## THE SYSTEM OF THE SOCIETY

as regards the *accumulation of money* is to amass a fund by means of payment on shares in the Society and receiving deposits of small sums; to set apart a portion of the profits as a Reserve Fund to meet contingencies; and to allow members who make payments in advance (whether in respect of shares or repayment of loans) an equal credit afterwards when other payments become due.

The Capital Stock of the Society is unlimited and will consist of the moneys paid on the unadvanced shares in the Society, and comprises two classes of stock the "Permanent Stock" and the "Accumulating Stock".

The amount payable on each share in the Society is \$50.

The Shares in the "Permanent Stock" must be paid for in full when taken, and money invested in the purchase of these shares cannot be withdrawn, but periodical dividends will be paid thereon out of the profits of the Society, and the shares may be sold and transferred.

The shares in the "Accumulating

Stock" may be paid for, by instalments extending over a period of one, two or four years, at the option of the Shareholder.

An entrance deposit of \$2 is payable on each share in the Accumulating Stock and the monthly subscription on each share to be paid up in one year is \$4; in two years \$2; or in four years \$1, making the total payments on each share \$50; And the shares will arrive at maturity and be payable on the expiration of one month after the last monthly subscription thereon shall have become due.

The shares in the Accumulating Stock may at the discretion of the Directors be paid for in advance, and in case of such payment a discount will be allowed.

Under special circumstances the Directors will be at liberty to allow the monies paid on these shares to be withdrawn before the maturity of the shares.

New shares may be taken at any time and the subscription thereon will commence *on or as from* the 1st day of the month in which the share shall

The due payment of the shares in the "Accumulating Stock" at maturity will be assured by the reserve fund, and the monies invested in the purchase of permanent stock; And the reserve fund will be applied in meeting contingencies in exoneration of the permanent stock.

No portion of the profits of the Society will be paid to the holders of shares in the accumulating stock until the maturity of the shares; but when the profits are from time to time declared, an equitable proportion thereof will be allotted for each share, and will be payable to the registered owner of the share, with the amount of the share, when the share becomes due and payable.

To ensure punctuality in payment of the instalments, a small fine will be levied on defaulters, and the fines will be a charge on their shares.

And as regards *the investment of the funds of the Society*, the system is, to loan money under the supervision of a Board of Directors for any time not exceeding five years, repayable by monthly instalments, with interest at a fixed rate (for

the purpose of illustration) say nominally \$12 per cent., then supposing the loan to be five hundred dollars for five years or sixty months, the interest would be \$300 and the mortgage would be taken to secure \$800; The monthly instalments would be \$13 34 and at the expiration of the five years the debt would be discharged; but a mortgagor will be allowed to redeem his property at any time, on payment of the money then due from him to the Society and such reduced sum as the Directors may consider reasonable in satisfaction of the instalments which shall not then have become payable, and should it not be convenient for him to make the repayment monthly he will merely have to make a payment in advance to entitle him to a corresponding time for future payments, so that if he desires to make the repayments half-yearly, on making a payment of three instalments in advance he would not for the space of six months be required to make any other payment.

No proposal for a loan will be sustained by the Directors unless



nied by the report of one of the Valua-  
 tors of the Society, who will not only  
 have to state what, in his opinion, is the  
 value of the property offered as security,  
 but will have to answer in writing the  
 printed questions required by the Direc-  
 tors to be answered by their valuator.  
 For this report the mortgagee will be re-  
 quired to pay such reasonable fee as the  
 Directors shall have previously author-  
 ized the valuator to charge.

No money will be paid to mortgagors  
 until the Solicitor of the Society shall  
 have satisfied the Directors of the suffi-  
 ciency of the title.

The powers of sale contained in the  
 deeds of security taken by the Society  
 will not be enforced until default shall  
 have been made in making a payment  
 thereby appointed to be made, for the  
 space of three months successively after  
 the payment shall have become due.

THE ADVANTAGES TO BE DERIVED FROM THE  
 SOCIETY ARE THAT

It only offers a safe and profitable in-  
 vestment for money in large or small  
 amounts and holds out as an inducement to

the industrial classes to be provident in their habits, an easy method of acquiring homesteads and making a provision for their families, but will be the means from month to month of accumulating and applying for useful purposes a large amount of money which otherwise would be distributed amongst the community in small sums and lying idle, or would be squandered.

The investor will be relieved from the trouble of considering the sufficiency of property offered as security for loans and the investigation of the title, and may feel assured that everything will receive due attention, and should a loss occur it will be spread over the whole capital of the Society and will not fall on himself alone. He will receive his income at stated times and will be relieved from the importunities of improvident or unfortunate debtors, and also from the possibility of having to enforce the provision in his deeds of security.

The borrower applies to the Society as a matter of right, and chooses the time for redemption with the

that he is giving fair value for what he receives and therefore in nowise compromises his independence; That by promptly meeting the small periodical payments which no individual mortgagee would accept, he is gradually paying off his mortgage debt; That he is not subject to the caprice of any individual who may sacrifice his property by enforcing payment unexpectedly; And that should he wish to sell, exchange, or redeem his property, he can at any time accomplish his purpose no certain equitable principles.

In the preparation of these explanatory remarks, advantage has been taken by the writer of the possession of the Prospectus and papers relating to a Permanent Building Society, and of the experience obtained during his connection with that Society which continued up to the time of his coming to this Colony.

I have now given an explanation of the objects and system of the Society, and some of the benefits it will confer. I should not, however, have it be supposed that I consider I have exhausted the sub-

ject, but I believe I have said sufficient to satisfy every person on reflection that the institution presents every prospect of being of great service to the public, and for the purpose of imparting to any hesitating mind, that confidence to which I believe the Society is entitled, I would add, that by the Investment and Loan Society Ordinance, once at least in every year, the assets of the Society are required to be audited and returns made to the Colonial Secretary in a prescribed form, verified by the declarations of the Auditor and Treasurer; That no divisions of the profits shall be made until the table on which they shall have been arrived at, shall have been sanctioned by such officer as the Governor shall appoint. And that the directors who shall sanction the declaration of a dividend when the Society is known by them to be insolvent will be liable for the debts of the Society to the extent of the aggregate amount of the dividend so declared; and further, that not only are the directors restricted from borrowing money from the Society, but they and the Secretary and Treasurer

forbidden to receive any bribe, commissions or gratuity for procuring any advance to be made by the Society, and the offenders are made liable to heavy penalties.

Messrs. E. Grancini, F. Garesche, J. Lowe, E. Marvin, T. L. Stahlshmidt, I. W. Powell, T. Prichard, J. R. Stewart, C. W. R. Thomson, and J. Trimble have been appointed the first Directors of the Society, and the prospectus will be advertised in a few days.

In the present depressed state of the Colony the Society probably will not "go ahead" so fast as it would have done a few years since; nevertheless I confidently assert that if the public will give it their support, of which I entertain no doubt, all that is required to ensure success is *caution, vigilance, and routine, and a determination on the part of the Directors to keep the working expenses of the Society as low as possible during its infancy.*

A SHAREHOLDER.

