Journal of Accountancy

Volume 40 | Issue 6 Article 2

12-1925

Building and Loan Associations

J. G. Reis

Building and Loan Associations*

By J. G. Reis

It is difficult to appreciate how little the average layman knows of the purposes, operations and management of a building and loan association, particularly when one considers how rapidly such associations have increased in number during the past few years.

Building and loan associations date back as far as 1831, when the first association was organized in Philadelphia. Since that time they have constantly increased in number and in 1923 Philadelphia alone had over 2,400 associations with a membership of approximately 850,000 shareholders and assets in excess of $404,000,000. Pennsylvania still leads all the other states of the Union with 1,251,000 shareholders and assets totalling more than $625,000,000. Ohio, New Jersey, Massachusetts and Illinois follow closely in the order named.

ORGANIZATION AND PURPOSE

Building and loan associations in Pennsylvania are created under a special act of assembly of the commonwealth. The tremendous growth of these associations has made them an important factor in economic growth and prosperity. Generally, the purpose of a building and loan association is to furnish the members through their savings, in an easy and secure manner, the capital for building or purchasing a home. All associations are under the direct supervision of the state banking department, and they are required to make annual reports to the department and submit to special examinations from time to time by the state bank examiners. The business of a building and loan association is similar to that of a bank in the manner of receiving deposits and granting loans. The principal differences between the two are as follows:

1. The accumulated profits of a building and loan association are all distributed among the members coöperatively, whereas the profits of a bank are paid to the stockholders as dividends and not to the depositors.
2. The loans of a building and loan association are confined to members of the association, while loans made by banks are not necessarily restricted to its depositors.
3. The loans of a building and loan association are long-time loans, secured by mortgages on real estate, which are repaid in small installments. Loans made by banks are

* This paper was prepared and submitted as a graduation thesis at the Pittsburgh School of Accountancy.

short-time loans on negotiable documents. These loans are secured or unsecured. In the former case, collateral securities are assigned to the bank, and in the latter the loan is granted on endorsement or general credit established by the borrower.

4. Deposits of small amounts must be made monthly or weekly in a building and loan association, while a bank will accept deposits of any amount at any time the depositor desires to make them.

MANAGEMENT

The board of directors and officers are responsible for the management of the association. They are all elected annually by the members in a manner similar to that followed in other corporations. The directors in most cases receive no compensation from the association for their services. They consider it an honor to serve the association because they realize that the organization is a benefit to the community.

The officers are president, vice-president, secretary and treasurer. They are elected either by the stockholders or by the directors. As a general rule the secretary and treasurer are the only ones to receive compensation for their services. The attorneys representing the association are also elected by the shareholders. They, too, receive a compensation for all services rendered, but in nearly all cases this is paid direct by the borrowing member who deals with the association's attorney. All officers handling funds of the association are required to furnish a bond as protection.

The losses through failure of building and loan associations are considerably smaller than those of banks. This is due largely to the added safeguards thrown around them, and the constant and close supervision of members and directors. All associations are required to make annual reports to the state. Annual audits are usually made by committees of stockholders; audits are made at periodic intervals by the state bank examiners, and in a great many cases, independent audits are made by certified public accountants.

MEETINGS

Some associations have monthly meetings but most of them meet once a week. At these meetings dues, premiums, interest, fines, etc. are received by the association. Immediately following the regular business meeting, the directors meet. At this meeting of directors the reports of the appraising committee and of the solicitor are presented. Applications for loans are then considered by the directors and either granted or rejected.

CLASSES OF STOCK

The amount of capital stock of the association is fixed by the charter much like that of any other corporation, although the method of payment is entirely different. A minimum capital and the par value per share are stated at the beginning. These may be increased from time to time as the association grows and necessity demands. The stock is issued in series and paid for in weekly or monthly installments, and for this reason it requires several years before subscriptions are fully paid. By allowing the profits to accumulate this term is somewhat reduced, thus advancing the date of maturity. When the stock has reached par by combining the payments and the accumulated earnings, it is said to have matured and must at that time be retired. Technically speaking, it is all retired at maturity although if the member desires it may be converted into full-paid stock. It is the general practice when a series matures to draw a cheque for the shares and if the member desires to convert them to full-paid stock, the cheque will be endorsed by him and returned to the association for the purchase of the full-paid stock.

The various classes of stock issued by the majority of associations are:

1. *Installment stock.* Ownership of this class of stock is usually evidenced by a pass book. Payment therefor is made in weekly or monthly installments. This class participates in all the earnings of the association.
2. *Full-paid stock.* In this class of stock ownership is usually evidenced by a stock certificate which is similar in all respects to that issued by other corporations. In most associations owners of this class of stock draw a given rate of interest. In others, they may participate in earnings in the same manner as holders of installment stock.

Installment stocks are issued under several plans. A brief description of the usual plans follows:

1. *The terminating plan.* This was one of the first plans in use. It required all shares of stock to be issued under the same date. Consequently each share always had the same value. This meant that all members must join as of the same time. Any who desired to join subsequent to the

date of organization were compelled to pay an amount equivalent to the value of the share as at the date of joining. It can readily be seen that any person desiring to join a considerable time after the date of issue of shares would be required to make a large initial payment, or else wait until the issue had expired and a new issue begun. This plan proved very unsatisfactory as it was not suited to the class of people who most desired the benefits of the association. It has since been discontinued in most cases.

2. *The serial plan.* This plan, which is also commonly known as the "Pennsylvania plan", is the one in most common use throughout the country. It is based on the terminating plan, and by the modification of some of its features and the introduction of others is made more flexible. Under this plan the stock is issued in series, a new series beginning annually, semi-annually, quarterly or monthly. A person desiring to become a member is required to pay only the back dues to the beginning of the series. Any person who does not wish to make the back payment of dues may wait until the beginning of the next new series, which is usually only a short time. The series are numbered consecutively, beginning with number 1. The profits are apportioned annually, semi-annually or even oftener. In making this apportionment the number of shares in the series and the age of the respective series must be taken into consideration. Each series is independent of every other and therefore has a different date of maturity and a different value. Each series is retired or converted to full-paid stock at maturity.
3. *Permanent or perpetual plan.* This plan is also known as the non-serial and the "Dayton" or "Ohio plan". It is another modification of the serial plan. Under this plan the association cannot begin business until the required amount of stock has been subscribed. New members may join at any time thereafter and are on equality with all other members. Each share of stock stands on its own merits, its status being entirely separate from that of any other share. Members are permitted to withdraw at any time by complying with the by-laws of the association. By waiting until the shares mature a member receives the proportion of the profits allotted to the shares. By withdrawing before maturity a portion of the profits is forfeited. The amount received varies according to the by-laws of the association and the time during which the withdrawing member has been in the association. The members who wait until maturity share in the losses of the members who withdrew before maturity. This plan has gained popularity because of its attractive feature

whereby one may join at any time without paying back dues. However, the monthly serial plan which is being used by most associations serves practically the same purpose and is equally convenient.

METHOD OF HANDLING LOANS

Loans made by associations are classified as follows:

1. Installment mortgage loans.
2. Straight mortgage loans.
3. Stock loans.

MORTGAGE LOANS

The procedure generally followed in making a mortgage loan is as follows:

1. A borrower, in order to secure a loan from the association, must be a member or become one at the time the loan is made to him.
2. A regular blank form is provided by the association to be used for the purpose of making application. This application must state the amount of the loan desired, the size of the lot, the location, description of the building, value of the property, assessed valuation, tenant, rental, present encumbrances if any, and any other information which the association should possess.
3. This application is given to the appraising committee, consisting of selected members of the board of directors, with a request that they inspect the property and report upon the advisability of making the loan.
4. The report of the appraising committee is usually made on the application blank. This report is then brought before the board of directors for action. If the report is favorable and accepted by the directors a full record thereof is spread upon the minutes.
5. The secretary then authorizes the solicitor to draw the necessary papers, make examination of title, procure fire insurance, etc. The authorization is usually made on the reverse side of the application blank and refers to the loan granted on the application in accordance with resolution of the board of directors.
6. The report of the solicitor, in which certification is made as to the examination of title, is also usually made on the application blank.
7. The bond, mortgage, and all papers pertaining thereto, including the application, after being duly executed, recorded, etc., are returned to the association and are filed with either the secretary or treasurer.

8. A warrant or order for payment is then made on the treasurer. He then issues a cheque bearing his own signature and that of the president or vice-president.
9. A record of all details of the loan is made in a loan register. The loan is also recorded in the shareholders' ledger.

Terms and nature of the loan. Building and loan associations generally make loans on either first or second mortgages. The majority, however, lend only on first mortgages except where both first and second mortgages are in the name of the association. This is usually termed a split mortgage. The former is a prior lien while the latter is a secondary lien on the property. Where the first mortgage is not held by the association, the members must for their own protection see that all interest payments, taxes and insurance are kept up to date. Regardless of whether the loan is made on a first or second motrgage, a safe margin of security is required. This usually ranges anywhere from 10 to 50 per cent or more of the valuation of the property.

Some building and loan associations require a premium in addition to the regular rate of interest, which in Pennsylvania is 6 per cent. Building and loan associations are permitted by law, as a matter of safety, to charge a premium in addition to the regular rate of interest. The amount of the premium varies up to 25 cents a share, depending usually on the valuation of the property and the amount of available funds of the association. It is usually larger for a second-mortgage loan than for a first-mortgage loan. It is interesting to note that some of the larger associations do not charge the borrowers a premium in any circumstances.

The procedure followed and the method of handling straight mortgage loans is similar in all respects to that of installment mortgage loans. In most associations every member who has an installment mortgage loan with the association is entitled to a straight mortgage loan equal to the amount of the par value of his shares in the association. The only difference between the two is in the manner of repayment, which will now be considered in detail.

The repayment of installment mortgage loans is made in small installments. These installments are usually weekly or monthly payments for the purchase of stock of the association, which when fully paid is applied against the loan. Straight mortgage loans in most cases are paid in full at the date specified in the mortgage. However, installment payments can be made on a straight mortgage at any meeting. These payments are applied directly to the loan, thus reducing the interest payments on the principal. When the loan is repaid the mortgage is satisfied of record and all securities are returned to the borrower.

Bond and mortgage. Bond and mortgage are executed by the borrower for every mortgage loan. The bond is the principal obligation and it can not be recorded except in a case of default of payment of dues, interest, premium and fines, for the time stated in the mortgage. The entire debt then usually becomes due and payable and foreclosure proceedings can be enforced in accordance with the manner prescribed in the by-laws of the association. The mortgage is always placed on record in the office of the county recorder. The purpose of placing it on record is to protect the association against subsequent encumbrances. Most associations have mortgages drawn up in their own form, printed for their own use. These forms contain special clauses and stipulations permitting installment payments, premiums, fines, etc. The straight mortgage which is used is the form which is ordinarily given by an individual or corporation.

Stock loans. A stock loan is one secured by shares of stock in the association. Stock loans are generally of a temporary nature and are usually repaid in full within a short period. The loan is based on the withdrawal value of the share, and may be repaid in monthly installments including interest and premium. The loans are usually made up to 90% of the withdrawal value of the stock. In negotiating a stock loan a note is given to the association by the borrower, and his stock is assigned to the association. A premium is also usually charged on stock loans. The rates vary according to the policy of the association, and some associations have adopted a plan of not charging premiums on either stock loans or mortgage loans.

Records. The records used by building and loan associations are similar in many respects to those of banks. The following accounting records are necessary in a medium-sized building and loan association:

The general records consist of minute-book, general ledger, journal, cash records, and a borrowed-money register which is a term peculiar to building and loan associations for a bills-payable ledger.

Records that are peculiar to building and loan associations are members' pass-books, loan register, shareholders' ledger, warrant book and card index of members.

Some associations use loose-leaf records throughout, while many others still prefer the bound book.

Minute-book. The minute-book is perhaps the most important book of the association. In it are recorded all the official activities and resolutions of the board of directors. These include the loans approved, authority to foreclose on mortgages on which payments are in arrears, salaries of the secretary and treasurer, special powers granted the secretary as to assessing of fines, etc. and many other important business matters of the association. The minute-book should be up to date at all times and contain a complete record of all meetings of the association. The form of minute-book used is similar to that used by other corporations. No particular form has been prescribed. Many associations use the bound book, although a typed loose-leaf book is preferable.

General ledger. The nature of several of the accounts in the general ledger is somewhat different from those ordinarily found in other corporations or in banks.

The asset and liability accounts are:

Asset accounts:	Liability accounts:
Installment mortgage loans	Due shareholders
Straight mortgage loans	Full-paid stock
Stock loans	Interest accrued
Loans to other associations	Borrowed money
Prepaid interest	Reserve for depreciation
Investments	Profits due shareholders
Real estate	
Furniture and fixtures	
Cash in banks	
Petty cash	

An explanation of the various classes of loans and the methods of handling them has previously been given, and will therefore not be repeated at this time. The asset accounts—installment mortgage loans, straight mortgage loans and stock loans are controlling accounts, the total of which represents loans of the various classes made to members of the association.

Cases often arise where one building and loan association makes a loan to another. A loan of this nature is usually made on a note and is repaid in a short period.

Often members of the association will be in arrears in the payment of dues, interest and premium. Again, some members may have paid dues, interest and premium in advance. The accrued interest and premium should all be taken into the accounts. The amount of dues in arrears or the amount paid in advance is usually determined only for statement purposes. It is the practice of only a few of the associations to make full accruals. Some figure the accruals only at the close of the fiscal year when the annual statements are prepared.

Some associations have become so large and their business so extensive that it is to their advantage to own their own buildings. The term "real estate" generally speaking, however, consists of property on which loans have been foreclosed.

"Due shareholders" is a controlling account which discloses the total amount of installments paid in by shareholders. Some associations prefer to use several control accounts in the general ledger—one for each series. This division could be made, however, by placing sub-control accounts for each series in the shareholders' ledger, the total of the respective sub-control accounts equalling the amount of the control account in the general ledger.

"Profits due shareholders" is the accumulated earnings, after all expenses of operation have been deducted, which are for distribution among the shareholders. Some associations do not show this account in their financial statement or in the books, but make the apportionment annually or oftener, crediting same to the shareholders' accounts.

Associations are permitted by law in Pennsylvania to create a reserve for contingencies as a protection against possible loss. This reserve may be up to 5 per cent of the total assets.

The principal sources of income are interest on loans and on bank balances; income on investments; entrance, transfer and withdrawal fees; premium on loans; fines; rents; profit on sale of real estate, and profits on withdrawals which have been withheld by the association. Nominal accounts are usually created in the general ledger according to the above classifications. Many associations do not maintain such a complete classification of accounts, but combine similar items of income under one account classification. This procedure can be satisfactorily followed by the smaller associations, but with the larger ones it is necessary to have a complete classification of income.

The operating expenses of the association are few, as most of the officers serve for a small salary and devote a great deal of their time for the general welfare of the association. However, some associations require a small fee from the members once or twice a year to meet operating expenses. This method is adopted especially in associations which do not charge a premium to borrowing members. The operating expenses of the association are in most cases less than one-half of one per cent. According to statistics, they amount to approximately seven-tenths of one per cent of the entire assets of all associations in the United States. When we consider this it is no wonder that these organizations thrive. In most associations the secretary and treasurer are the only ones who receive salaries, although small fee allowances are usually made to the appraising committee, directors and other persons for services rendered.

The principal operating expenses of associations are salaries of officers, stationery and printing, advertising, rent of office, interest on borrowed money and full-paid stock, dividends on withdrawals and matured shares, light and heat, repairs to property, insurance, taxes and other sundry items of expense. As in the income accounts, a complete classification is seldom found in the general ledger. This is especially true in the smaller associations where the items are not numerous and similar items can be combined under one account classification. In fact many associations do not maintain any classification of income or expense accounts in the general ledger, but use only the single profit-and-loss account as is still the custom in some banks. These associations post the various income and expense items monthly from the cashbook directly to the profit-and-loss account. The use of the single profit-and-loss account is not advisable, as in order to secure the necessary figures for the annual statements an analysis of the profit-and-loss account or a summarization of the monthly totals of the income and expense columns of the cashbook is required.

The postings to the general ledger accounts are usually made each month in summary form from the books of original entry, although in some associations the postings are made quarterly.

THE JOURNAL

The journal is the ordinary simple form used by other organizations. It usually contains only two money columns—one for the debit and one for the credit accounts. In associations where conditions warrant it, this may be amplified by the addition of columns. The journal in most cases is used only for closing entries and for correcting entries which have been made through the cashbook.

THE CASHBOOK

The cashbook is in the ordinary columnar form although the column headings are quite different from those usually found. Forms "1" and "2" show the ruling and the headings of the debit and credit sides respectively. Entries are made in the cashbook after each meeting. The receipts are entered from a cash sheet (form 4), while the disbursements are entered from the cheque-book stubs. The books and records of the association are usually in the custody of the secretary. At the end of the month the various debit and credit columns are footed and the totals of the columns are posted to the appropriate general ledger accounts. The monthly entry would appear as follows:

Cash	xx	
To dues	xx	
Interest received		xx
Fines		xx
Admission fees		xx
Transfer fees		xx
Rentals		xx
Stock loans		xx
Installment mortgage loans		xx
Straight mortgage loans		xx
Notes payable		xx
Certificates, full-paid stock		xx
For cash received during month from above sources.		

The amounts entered in the sundries column are posted in detail to the ledger accounts as the entries are made.

Sundries to cash		xx
Stock loans	xx	
Installment mortgage loans	xx	
Straight mortgage loans	xx	
Withdrawals—dues	xx	
Withdrawals—dividends	xx	
Matured shares—dues	xx	
Matured shares—dividends	xx	
Notes payable—principal	xx	
Notes payable—interest	xx	
Certificates, full-paid stock—principal	xx	
Certificates, full-paid stock—interest	xx	
Salaries of officers	xx	
Expenses (posted in detail from analysis)	xx	
For cash disbursements during the month for above purposes.		

As with receipts the amounts entered in the sundries column are posted in detail as made. The use of only one column for expenses as above makes it necessary to maintain a subsidiary analysis or record in accordance with the ledger account classification. The purpose of this subsidiary expense analysis is to reduce the size of the cashbook to a minimum, so that it will not be cumbersome to handle. Where a loose-leaf cashbook is maintained an additional fly-leaf may be inserted to provide the additional columns necessary on the credit side for a detailed analysis of the operating expenses. A form of expense analysis operated as a subsidiary record adaptable for this purpose is shown in form 3.

Cash sheet (form 4) is used at each meeting of the association for the purpose of recording receipts from members. The secretary or treasurer usually receives payments and enters them on the sheet, making distribution according to the proper classification. Space is also provided on the form for inserting the pass-book number. At the time entry is made on the cash sheet the amount is also entered in the member's pass-book. The entry in the pass-book is made by a director, who enters the date, amount —classified as to dues, interest, and fines, and places his initials thereafter. A page of the member's pass-book ordinarily used by associations is submitted in form 5. The pass-book is the receipt by the association to the members for the payments made.

It appears to be the general practice of a great many of the directors and officers of building and loan associations to accept money representing dues of members at other than the designated place of meeting of the association. Money should be accepted from members only at the designated place of the meeting for the following reasons:

1. The money may be mingled with the director's or officer's own funds and no record be made of it, with the result that the member may never receive credit for the payment.

2. The money may be given to a director who is unable to attend a meeting for some time. During the interval he may entirely forget the payments made him.

It can readily be seen that this practice might also result in fraud against the members and the association.

BORROWED-MONEY REGISTER

Associations are permitted to borrow money from banks and from other building and loan associations.

A borrowed-money register should be maintained by all associations, especially where the association borrows large amounts from several sources. A complete record of the details thereof, such as from whom borrowed, amount, date, rate of interest, due date, etc. should be made in the register. The aggregate amount which can be borrowed by an association in this manner is twenty-five per cent of the withdrawal value of the stock. There is no law as to the rate of interest which associations may pay on such loans, but there is a ruling of the state banking department in Pennsylvania that it must be less than six per cent.

LOAN REGISTER

The loan register contains a complete record of all loans of the association. It is usually divided into sections according to the classification of loans. The total of each classification should agree with the respective loan account in the general ledger. Applications for loans as received are entered in the application book and kept on file. When formally approved the details on the application should be recorded in the loan register. A page of the loan register is shown in form 6. This form is for the mortgage loan division. The stock loans do not require all of the information that is required on mortgage loans. In the division for the recording of stock loans, information is recorded as to the name of the borrower, book number, series and number of shares. Columns are also provided for the date and amount of loan, premium, date and amount of payments. In addition to the loan register a space is provided in the shareholders' ledger account for recording the amount of the loan and the payments. Associations do not always maintain loan registers. Some record similar information on cards, while many others use the envelope containing the mortgage and other papers for this purpose.

SHAREHOLDERS' LEDGER

The shareholders' ledger contains accounts with the various members of the association. The ledger is usually divided according to series. The balances of the individual accounts in the shareholders' ledger must agree with the control account "due shareholders" in the general ledger. A sheet is used for the account of each member and contains information as to the name, address, series number, book number and number of shares. Columns are also provided for recording the date, payments of dues, interest, fines, admission and sundry payments, amount of mortgage loan, amount of stock loan and amounts repaid. Form 7 shows a form of the shareholders' ledger account used by some associations. Postings to the accounts are made at the time of meeting when payments are received, the entries being made by a director or in some cases by the secretary. In associations where the transactions are numerous, postings are usually made from the cash sheet (form 4) at a later date. These must be made before the next meeting of the association, as it might be necessary to refer to some of the accounts. Trial balances should be taken of the shareholders' ledgers once each month.

WARRANT BOOK

The warrants are bound in book form with stubs, similar to notes or cheques, and are signed by the secretary and usually by the president or vice-president. The treasurer does not disburse money except on warrant or order from the secretary. The warrant book is not used by all associations. It would not be necessary to use a warrant in associations where the cheques are made out and signed by the secretary and then go to the treasurer for his signature and that of the president or vice-president. The above plan saves time by doing away with the warrant book. When the warrant book is used the cancelled warrant comes back to the secretary and the cancelled cheques to the treasurer. Both are filed in separate files in numerical order. It is also customary when the warrant is used to have the payee endorse it as well as the cheque.

CARD INDEX OF MEMBERS

A card index of members with addresses should be available, particularly in large associations. These cards should be filed in alphabetical order and contain complete information in regard to each member, as to nature and amount of loans, shares of stock, book number, ledger page of account, series, etc.

CLOSING THE BOOKS

The books are closed annually, semi-annually, quarterly or even monthly by some associations. Before closing the books all accruals of both income and expense applicable to the period should be made. The entries setting up these accruals should be made through the journal. The closing entries are as follows:

Interest earned	xx	
Fines	xx	
Admission fees	xx	
Transfer fees	xx	
Rental received	xx	
To profits due shareholders		xx
To transfer income for period.		
Profits due shareholders	xx	

To dividends on withdrawals	xx
To dividends on matured shares	xx
Interest on notes payable	xx
Interest on certificates (full-paid stock)	xx
Salaries of officers	xx
Stationery and printing	xx
Advertising	xx
Rent of office	xx
Light and heat	xx
Repairs to property	xx
Insurance	xx
Depreciation	xx
Taxes	xx
To transfer expenses for period.	

STATEMENTS

The principal statements prepared by associations are the financial statement, statement of receipts and disbursements and a share statement. These statements must also be furnished in the annual report to the state banking department, together with other information as to date of incorporation, authorized capital stock, names and addresses of the officers and directors, etc.

There are several different methods in use by associations for the apportionment of the profits to the series. The principle, however, is similar in all cases. In the share statement presented herewith the series are divided into three distinct terms of maturity. The weekly dues to be paid vary according to the term of maturity, and in this case are 15 cents, 30 cents, and 60 cents per share weekly. The profits must first be apportioned to the series according to the term the series must run. The earning powers of each series must next be determined. In determining the earning power the 15-cent-weekly basis is used, slight adjustments being necessary in certain instances. These adjustments are not absolutely mathematically accurate. For example, refer to series number 21 as shown on the share statement. This series is in force 39 weeks with weekly payments of 15 cents making the total dues paid to date $5.85. This is the shortest term on which the earning power is computed and therefore has the least common denominator, resulting in an earning power of one, the next series in the same term having an earning power of 3 and so on. Series 53 of the double-payment series therefore has an earning power of 2 (twice the amount and once the time, 2 x 1). It is given twice the amount of series 21 in order to bring it to the same basis of calculation. The earning powers of each series are then multiplied by the number of shares in force, which gives the product. The profit apportioned to the particular term is then divided by the total products of all series in that term. This will give the multipliers, which when multiplied by the product of the respective series will give the portion of profits due each series. In order to determine the profit per share, the profit for the series is divided by the number of shares in the series.

Example:

Shares		*Powers*		*Product*		*Multiplier*		*Profit per Series*		*Profit per Share*
986	×	1	=	986	×	.18	=	$177.48÷986	=	$.18
942	×	3	=	2,826	×	.18	=	508.68÷942	=	.54

The withdrawal value of the share is of a different amount in nearly every association. The method employed in determining the withdrawal value of shares is also different. The principles used are similar in practically all associations. The percentage of the withdrawal value to the book value used in the attached share statement is as follows:

If a member of the association, at time withdrawal is made,

(1) Less than two years, he receives no portion of the profits.
(2) Two to three years, 10% of the profits due him.
(3) Three to four years, 20% of the profits due him.
(4) Four to five years, 30% of the profits due him.
(5) Five to six years, 40% of the profits due him.
(6) Six to seven years, 50% of the profits due him.
(7) Seven to eight years, 60% of the profits due him.
(8) Eight to nine years, 70% of the profits due him.
(9) Over nine years, 100% of the profits due him.

It can readily be seen that a member withdrawing during the period when the series is only a few years old loses a considerable portion of the profits earned.

BLANK BUILDING AND LOAN ASSOCIATION
Balance-sheet as at December 31, 1924

ASSETS	
Installment mortgage loans	$862,550.00
Straight mortgage loans	158,800.00
Stock loans	68,150.00
Real estate	800.00
Furniture and fixtures	621.05
Accounts receivable	306.32
Cash	26.56
Total	$1,091,253.93

LIABILITIES	
Installment stock dues	$669,483.35
Full-paid stock	151,700.00
Borrowed money	174,828.00
Earnings due shareholders	95,242.58
Total	$1,091,253.93

Blank Building and Loan Association

Cash statement for the year ended December 31, 1924

RECEIPTS

Cash balance, December 31, 1923	$19,427.00
Dues	285,074.50
Interest	55,418.53
Fines	452.64
Admission fees	2,237.40
Transfer fees	130.20
Rentals	758.24
Stock loans repaid	47,250.00
Installment mortgage loans repaid	105,650.00
Straight mortgage loans repaid	4,675.00
Borrowed money	157,436.74
Certificates, (full-paid stock)	150,100.00
Sundries	33.50
Total	$828,643.75

DISBURSEMENTS

General expenses	$2,948.69
Salaries of officers	4,843.00
Interest on borrowed money	6,979.47
Borrowed money repaid	152,867.74
Installment mortgage loans	336,250.00
Straight mortgage loans	64,650.00
Stock loans	67,175.00
Withdrawals, dues	45,065.10
Withdrawals, dividends	34.00
Withdrawals, certificates (full-paid stock)	13,400.00
Withdrawals, interest	785.35
Matured shares, dues	116,431.75
Matured shares, dividends	16,818.25
Expenses on real estate owned	193.54
Sundries	175.30
Cash balance, December 31, 1924	26.56
Total	$828,643.75

Blank Building and Loan Association

Share Statement as at December 31, 1924

Series No.	No. of weeks in force	No. of shares in force	Profit per series	Dues paid per series	Book value per share Profit	Book value per share Dues paid	Book value per share Total	With-drawal value per share
D— 1.............	65	309	$667.44	$12,051.00	$2.16	$39.00	$41.16	$39.00
2.............	39	237	169.64	5,545.80	.72	23.40	24.12	23.40
3.............	13	228	54.72	1,776.40	.24	7.80	8.04	7.80
		774	1,891.80	19,373.20				
5.............	456	81	1,895.40	5,540.40	23.40	68.40	91.80	84.78
6.............	430	38	800.28	2,451.00	21.06	64.50	85.56	79.24
7.............	404	157	2,939.04	9,514.20	18.72	60.60	79.32	71.83
8.............	378	109	1,765.80	6,180.30	16.20	56.70	72.90	66.42
9.............	352	49	696.78	2,587.20	14.22	52.80	67.02	59.91
10.............	325	279	3,364.74	13,601.25	12.06	48.75	60.81	54.78
11.............	299	87	876.96	3,901.95	10.08	44.85	54.93	48.88
12.............	273	319	2,641.32	13,063.05	8.28	40.95	49.23	44.26
13.............	247	374	2,558.16	13,856.70	6.84	37.05	43.89	39.10
14.............	221	616	3,326.40	20,420.40	5.40	33.15	38.55	34.77
15.............	195	311	1,343.52	9,096.75	4.32	29.25	33.57	30.12
16.............	169	506	1,548.36	12,827.10	3.06	25.35	28.41	25.96
17.............	143	442	954.72	9,480.90	2.16	21.45	23.61	21.67
18.............	117	491	795.42	8,617.00	1.62	17.55	19.17	17.71
19.............	91	700	756.00	9,555.00	1.08	13.65	14.73	13.65
20.............	65	942	508.68	9,184.50	.54	9.75	10.29	9.75
21.............	39	986	177.48	5,768.10	.18	5.85	6.03	5.85
22.............	13	1,565	....	3,051.75	......	1.95	1.95	1.95
		8,052	26,949.06	158,697.55				
44.............	274	887	14,688.72	72,911.40	16.56	81.90	98.46	......
45.............	247	874	11,956.32	64,763.40	13.68	74.10	87.78	78.20
46.............	221	1,441	15,562.80	95,538.30	10.80	66.30	77.10	69.54
47.............	195	958	8,277.12	56,043.00	8.64	58.50	67.14	60.23
48.............	169	872	5,336.64	44,210.40	6.12	50.70	56.82	51.92
49.............	143	927	4,004.64	39,768.30	4.32	42.90	47.22	43.33
50.............	117	952	3,084.48	33,415.20	3.24	35.10	38.34	35.43
51.............	91	1,113	2,404.08	30,384.90	2.16	27.30	29.46	27.30
52.............	65	1,367	1,476.36	26,656.50	1.08	19.50	20.58	19.50
53.............	39	1,696	610.56	19,843.20	.36	11.70	12.06	11.70
54.............	13	2,020	....	7,878.00	......	3.90	3.90	3.90
		13,107	67,401.72	491,412.60				
		21,933	$95,242.58	$669,483.35				

CASH RECEIPTS

MONTH OF ______________________ 192__

DATE	DESCRIPTION	TOTAL	DUES	INTEREST	FINES	ADMISSION FEES	TRANSFER FEES	RENTALS	STOCK LOANS	INSTALL-MORTGAGE LOANS	STRAIGHT MORTGAGE LOANS	NOTES PAYABLE	FULL-PAID STOCK	SUNDRIES
	FORWARDED													
	FORWARDED													

Form 1

CASH DISBURSEMENTS.

MONTH OF ______________________ 192__

DATE	DESCRIPTION	CHECK No.	TOTAL	STOCK LOANS	INSTALL MORTGAGE LOANS	STRAIGHT MORTGAGE LOANS	WITHDRAWAL		MATURED SHARES		NOTES PAYABLE		CERTIFICATES		SALARIES OF OFFICERS	EXPENSE	SUNDRIES
							DUES	DIVIDENDS	DUES	DIVIDENDS	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST			
	FORWARDED																
	FORWARDED																

Form 2

ANALYSIS OF EXPENSES

MONTH OF ______________________ 192__

DATE	NAME OF DEBTOR	CHECK No.	STATIONERY AND PRINTING	ADVERTISING	RENT OF OFFICE	LIGHT AND HEAT	REPAIRS TO PROPERTY.	INSURANCE	TAXES	MISCELLANEOUS
	FORWARDED									
	FORWARDED									

Form 3

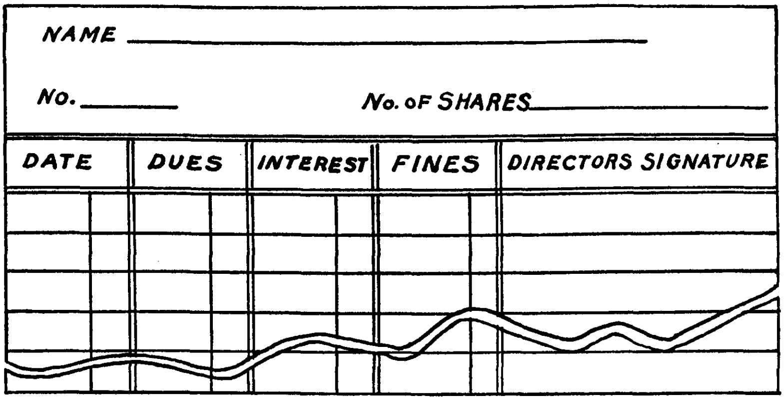
BLANK BUILDING AND LOAN ASSOCIATION

CASH SHEET

MEETING 192

BOOK NUMBER	DUES	INTEREST	FINES	ADMISSION FEES	STOCK LOANS	INSTALLMENT MORTGAGE LOANS	SUNDRIES	TOTAL
FORWARDED								
FORWARDED								

Form 4

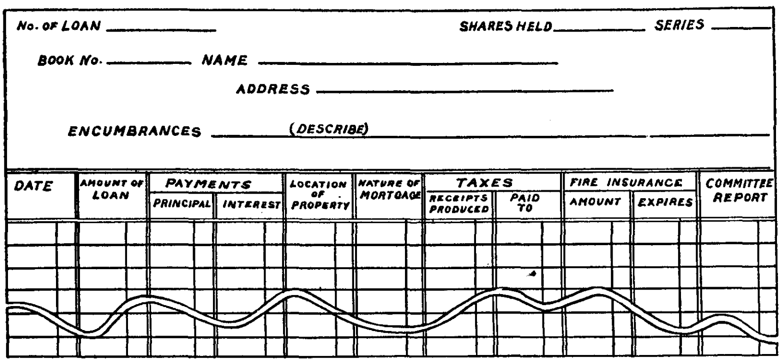


NAME

No. No. OF SHARES

DATE	DUES	INTEREST	FINES	DIRECTORS SIGNATURE

Form 5



No. OF LOAN SHARES HELD SERIES

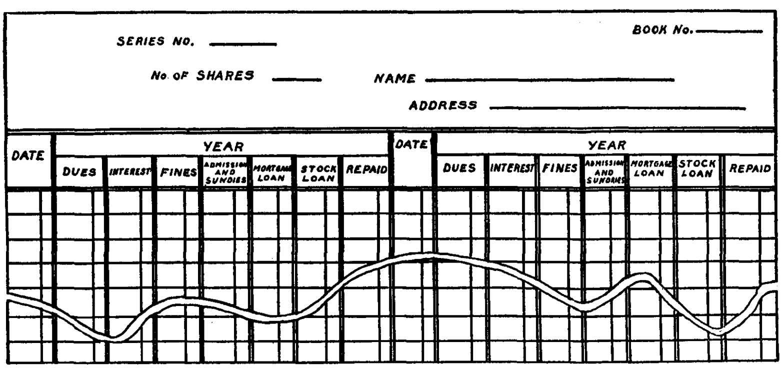
BOOK No. NAME

ADDRESS

ENCUMBRANCES (DESCRIBE)

DATE	AMOUNT OF LOAN	PAYMENTS		LOCATION OF PROPERTY	NATURE OF MORTGAGE	TAXES		FIRE INSURANCE		COMMITTEE REPORT
		PRINCIPAL	INTEREST			RECEIPTS PRODUCED	PAID TO	AMOUNT	EXPIRES	

Form 6



SERIES NO. BOOK No.

No. OF SHARES NAME

ADDRESS

DATE	YEAR							DATE	YEAR						
	DUES	INTEREST	FINES	ADMISSION AND SUNDRIES	MORTGAGE LOAN	STOCK LOAN	REPAID		DUES	INTEREST	FINES	ADMISSION AND SUNDRIES	MORTGAGE LOAN	STOCK LOAN	REPAID

Form 7