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THE PROVIDENT LOAN SOCIETY OF NEW YORK

An Account of the Largest Remedial
Loan Society

BY
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DEPARTMENT OF REMEDIAL LOANS
RUSSELL SAGE FOUNDATION



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FOREWORD

PERIODS of financial crisis and industrial depression invariably bring forth a variety of plans for relief. Too often these plans, even though helpful, are designed for the immediate emergency only. Frequently the emergency outlasts the term for which the plan was formulated, or the plan comes to fruition too late to be of important service. New emergencies find the facilities created during former crises discontinued and the experience poorly recorded. New plans must then be prepared and put into effect by a repetition of arduous and expensive effort. Emergency plans during times of depression are desirable and necessary, but it is the permanent social agencies, spurred up to meet the crisis, that give the best account of themselves.

The panic of 1893-1894 was the impetus to the organization of the Provident Loan Society of New York. Although called into existence by an emergency, it was organized for continuous, permanent service. Its history has amply demonstrated the wisdom of this policy. In 1894 it made 14,000 loans; in 1907 it made 300,000 loans; in 1922, 400,000; and in 1931 more than 530,000. Although the Society experiences an unusually large demand for small loans during times of depression, the demands for its service grow steadily through good and bad times. Financial trouble is not limited to depression periods. It is a continuing and inevitable condition of a portion of all classes of society.

Realization of the continuing need of emergency loans by large numbers of people and of the excessive charges generally made for them led in 1909 to the establishment of a Department of Remedial Loans by the Russell Sage Foundation. The aim of this Department has been to increase legitimate facilities for making small loans available to persons who need to borrow from time to time in order to meet the ordinary exigencies of life and to prevent extortionate interest charges which in the past have cut heavily into the standard of living of many American families. The program of the Department has included:

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The program of the Department has included:

1. Drafting and securing the enactment of laws which provide

for reasonable supervision and regulation of commercial money-lenders by state officials.

2. The promotion of co-operative credit unions through which members may meet their own credit needs by borrowing from the savings of the group.

3. The encouragement of community remedial loan societies.

Remedial loan societies are corporations which impose on themselves a limitation of dividends. They are organized by socially minded people in order to ameliorate small loan conditions in their own communities by providing loans at the lowest cost consistent with a fair return on invested capital. When the Department of Remedial Loans was organized, nine such societies were operating. The Department later helped to organize some twenty others.

Prominent among the early societies and by far the largest is the Provident Loan Society of New York. It was not the first, for the Collateral Loan Company of Boston had been operating for thirty-five years before the former was organized and two others had been operating for shorter periods. But in all other respects the Provident Loan Society of New York is outstanding. It has contributed more than any other society to the encouragement of remedial loan societies in other cities. Its idealism has been steadfast; its usefulness to the city of New York immeasurable.

The number of remedial loan societies has been gradually declining. In 1915 there were 38. Today there are 27. Several societies have been liquidated, some have been sold to commercial interests, and others have rejected their dividend limitation. No new societies have been organized since 1917. The decrease in the number of remedial loan societies is no doubt due in part to the success of other phases of the Department's program. Since 1917, the increase in the number of states that have adopted the Uniform Small Loan Law has led to a more widespread development of a licensed and regulated small loan business making loans at reasonable and lawful rates. Under these circumstances the necessity for remedial loan societies is no longer so great as it used to be.

During times of depression, however, the value of a loan institution in which the desire to serve predominates over the desire for financial return becomes apparent. Obviously, the need for the Provident Loan Society still exists in New York. Other cities have similar needs. Many communities are considering the organization

of emergency loan funds. Cannot a permanent place in community life be found for these so that they may be available in future emergencies?

It is with the hope that the inspiring history and record of the Provident Loan Society may encourage the organization of similar societies that we publish this pamphlet. Twenty-six cities now have remedial loan societies. Hundreds of other communities would profit by following the example of this Society.

SHELBY M. HARRISON, *General Director*
Russell Sage Foundation

THE PROVIDENT LOAN SOCIETY OF NEW YORK

FOR generations the word "pawnshop" has brought to mind a gallery of vivid pictures, sordid, depressing or ludicrous according to one's own experience—Shylock demanding his pound of flesh; the three-ball sign of the Medici family; ramshackle, dirty shops; sharp-practiced shopkeepers; despondent, down-and-out borrowers.

And yet to this business, maligned and ridiculed throughout the centuries, have been brought many of New York's outstanding financiers—Robert W. de Forest, James Speyer, Otto T. Bannard, Jacob H. and Mortimer Schiff, Frederick H. Ecker, Cornelius Vanderbilt, Percy Rockefeller, George F. Baker, and others of equal distinction. Few institutions in the United States can show a similarly distinguished list of names on their past or present directorates. To the Provident Loan Society of New York, engaged in the business of pawnbroking, these men have given their abilities without compensation as a contribution to a public service.

Singularly enough, the circumstances under which the Society was organized were similar to those in which we now find ourselves. In 1894 the full effect of the panic that had dealt New York business a serious blow was just being felt. Unemployment and business losses had eaten up the rainy-day reserves of thousands of people, and charitable organizations were swamped with appeals for help. Two years earlier a committee of the Charity Organization Society appointed by Robert W. de Forest, its president, had recommended the organization of a semi-philanthropic agency to make loans to people in need. And in the meantime, James Speyer had studied the operation of the *Monts de Piété*, or municipal pawnshops, in Europe. On his return he published a pamphlet in which he wrote:

Public institutions governed by business principles to assist poor people in temporary need to make small loans at reasonable rates on articles of daily use have been in existence in Europe for nearly three hundred years. The earliest example of such an institution is furnished by the city of

Freising, Germany, in 1290 and the city of Salans, in Burgundy, in 1350 where some philanthropic citizens combined to raise a fund for the above purpose. These institutions exist in Italy, Spain, France, Austria, Germany and Holland under government or municipal supervision. Why should not a number of public-spirited and philanthropic citizens combine to form a society for that purpose? Why should not such a society, profiting by the experience gained elsewhere, succeed in New York City?

The largest Mont de Piété was the Crédit Municipal de Paris. It was known throughout the city familiarly as "my aunt," an appellation which probably has some relation to the American "uncle" as the proverbial source of emergency credit. The Mont de Piété in Paris financed starving poets by lending money on their small possessions; it bought tools for artisans on the security of clothing or jewelry; and helped numerous other persons who needed money to tide them over temporary troubles.

Pawnshops were practically the only agencies that were willing to lend to people who were out of jobs and had no stocks, bonds, or real estate to offer as security. The seriousness of the business depression and the enthusiasm of Mr. Speyer were the necessary stimuli to forming such an institution in New York City. Mr. de Forest called a meeting in the office of the Charity Organization Society for January 29, 1894. When the meeting adjourned \$40,000 had been subscribed to a loan fund and a committee had been appointed to proceed with incorporation.

On February 22, 1894 a bill was introduced in the legislature chartering the Provident Loan Society of New York, and on April 13 this bill was signed by the governor, having passed both houses.¹ A month later the Society opened its doors for business.

In less than four months capital had been raised; a special legislative charter had been secured; an office, supplied rent-free by the Charity Organization Society, had been remodeled and equipped; a staff had been selected; and loans were being made to the public.

At the close of the first week of operation \$6,762 had been lent. After three weeks the loan balance totaled \$18,251, of which approximately \$1,000 had been lent on clothing and the remainder on jewelry. The average loan was only \$10.66, indicating that the new organization had already done business with some 1,800 persons.

¹ See pp. 18-19 for copy of Act of Incorporation.

The business grew rapidly. Within a short time larger quarters were necessary. Since cash was the commodity in which the Society dealt, more capital was constantly needed. The original subscribers were asked to increase their contributions.

Those who contributed funds were given "certificates of contribution." These instruments were very unusual in their form. They entitled the holder to receive such interest, not in excess of 6 per cent, as the trustees might decide to pay out of earnings. It was not expected that any interest would be paid in the early years, but by the end of the second year of operation the trustees voted to pay 6 per cent interest and this rate of payment on certificates has been maintained ever since.

In case of liquidation certificate holders are entitled only to the face value of their certificates. Any surplus must be distributed to charitable organizations.

In addition to the issuance of certificates of contribution, debenture bonds bearing $4\frac{1}{2}$ per cent interest were also sold. At first the burden of selling these securities fell chiefly on the trustees; several years later the debentures of the Society were underwritten by the New York Trust Company and were admitted to trading on the New York Stock Exchange. This issue of bonds has since been redeemed.

Investments in certificates are not limited to members. The portfolios of 130 educational, charitable, and religious institutions contain Provident Loan Society certificates, and numerous individuals, not members of the Society, also hold them.

One of the chief advantages which accrued to the Society from the quality of its directorate was good credit. It was not compelled to offer its investors high interest rates or opportunities for large profits. Cheap credit is one of the many economies that the Society has passed on to small borrowers in the form of low interest rates.

Control is exercised through membership in the Society, which is limited by its constitution to 100 members in addition to eight ex officio members, who are officials of New York City and of important private charities. With the exception of these ex officio members, vacancies in membership are filled by election by the trustees. Each member must hold at least one \$500 certificate of contribution but has only one vote regardless of the extent of his certificate holdings. Management of the affairs of the Society is

vested in a board of 15 trustees, who are divided into three classes of five each for terms of three years. Trustees are elected by the members at the annual meetings of the Society. One in each class is always elected upon the nomination of the Charity Organization Society of New York.

To those who have given it their time and thought voluntarily and to those who contributed funds when the success of the undertaking was extremely dubious, the Provident Loan Society is a philanthropy. But in its relations with borrowers it is a business institution. Its underlying policy is perhaps best stated in the resolution of the Board of Trustees on the death of D. O. Mills in 1910, who served for twelve years as trustee of the Society. A part of the resolution reads:

His best claim to fame and distinction is that he was among the first to perceive and recognize, in this or any other country, that the philanthropic impulse to ameliorative agencies should be guided and directed by business principles. He was a supporter in act of the thesis that it is better, as to many things, to enable purchase at a reasonable price than to give and thus to pauperize and to weaken.

Throughout its history the Society has followed this principle. With a few minor fluctuations, its interest rate has been one per cent a month. The present rate is 12 per cent per annum computed for the exact number of days elapsed, with a minimum charge of one-half of one per cent for periods of less than fifteen days. This is from one-third to one-half of the interest rate permitted licensed pawnbrokers in New York. Its unpaid directorate, its tremendous volume of business, excellent management and organization, and an accumulation of valuable records and experience make this rate possible. Even with these advantages the interest rate might have to be increased sometime if it were not for the fact that the Society has built up a substantial surplus over a period when operating costs of all kinds were appreciably lower.

In spite of a steady increase in the volume of lendable funds, the Society has been forced on several occasions to reduce severely its maximum loan limit in order to meet the demand for small loans. During the panic of 1907 its maximum loan was cut from \$1,000 to \$50 for almost a year. Again in 1921 the maximum loan had to be placed temporarily at \$100.

In this policy of making small loans in preference to large ones lies one of the important justifications of the existence of a semi-

philanthropic agency in a competitive business. Smaller loans are less profitable than larger ones. During times of depression when the demand for emergency credit increases, the inevitable tendency is for the commercial pawnbroker to select the larger and more profitable loans and turn down the small ones. Faithful to its purpose of supplying money to those in distress, the Society reverses this process and makes loans to the more needy borrower at such times. A large proportion of its loans are therefore unprofitable.

The bulk of the lending is still done in those small denominations that indicate exceptional need. Funds for food, shelter and clothing, and to meet emergencies arising from childbirth, sickness and death are a necessity to thousands whom the Society serves. In 1931, 62 per cent of its loans were for less than \$50, and 95,000 loans were for less than \$10. Many of these were made on security as insignificant as a cheap watch or a fountain pen.

While the Society prefers to make small loans, large loans are made when it has unused funds. All loans exceeding \$2,000, however, must be approved by one of the vice-presidents.

During periods when loans were less in demand, the Society expanded its facilities. Its first branch office was opened in 1899 on the lower East Side. In this the Society followed the example of the *Crédit Municipal* which already had a system of branches throughout the city of Paris. In later years when its surplus had increased, the Provident Loan Society purchased sites and constructed other branch buildings.

All loans are made for a period of one year, but they may be paid off in whole or in part at any time. The borrower gets the full amount of the loan in cash, and the interest charge is computed on outstanding balances for the exact number of days. Loans may be renewed as often as desired by the payment of the interest due and at least 5 per cent amortization of the principal. In normal times 99 per cent are paid or renewed. During periods of business depression the proportion decreases. In 1907, 1922 and 1930 slightly less than 98 per cent of the loans were redeemed or renewed; and in 1931 the percentage was less than 97 per cent, the lowest proportion in the history of the Society. In case the loan is not paid or renewed, the pledge is sold at public auction after the year has elapsed.

Unlike other lenders, pawnbrokers hold no notes of borrowers. A banker can bring suit on the borrower's note if the collateral

memorating other feats of skill have also been among its pledges. A sick child may be the reason for the pledge of a wedding ring against a ten dollar loan; a workman's watch may be offered to guarantee a loan for medicine for his wife. But the purpose of borrowing is purely a matter for speculation or of chance discovery, for the Provident Loan Society asks no questions except to establish ownership.

The type of customer varies among its branch offices. The Times Square, Fourth Avenue, East 60th Street, and City Hall offices make comparatively large loans and their customers are generally well dressed and prosperous looking. The Grand Street, Eldridge Street, and Brownsville offices make smaller loans on poorer grades of security. On busy days these offices are frequently crowded with women carrying children in their arms, sometimes making loans, sometimes making payments on loans. Many of the customers of these branches cannot speak English. In some sections the name "Provident Loan Society" is practically unknown, but anybody can direct one to the "Penny Pein (pawn) Bank."

For the first ten years of its existence the operations of the Society were in charge of practical pawnbrokers under the close supervision of the Board of Trustees. At the end of that time the extent of operations of the Society and the character of its problems dictated the engagement of an executive of wider knowledge of social problems and greater capacity in financial matters. Frank Tucker, then director of the Association for Improving the Condition of the Poor, was selected as executive vice-president in 1904. He served the Society for a quarter of a century with distinction.

Mr. Tucker planned and executed the greater part of its expansion program, extending its service into the boroughs of the Bronx and Brooklyn. One of his greatest contributions to its success was the development of its branch offices and the construction of the distinctive buildings which house its operations.

Mr. Tucker's successor was Arthur H. Ham, who became associated with the Society as vice-president in 1918 following ten years of service as director of the Department of Remedial Loans of the Russell Sage Foundation. He brought to the Society a broad knowledge of borrowing needs and of various types of lending, having led many campaigns against usurers and drafted the Uniform Small Loan Law, which is now in effect in most of the

states in the Union. He had also aided in drafting the enabling act for the operation of co-operative credit unions in New York.

However much its directorate, executives, and staff may have contributed to the success of the Society, one must look for still other reasons for its success. No management could have brought about the tremendous volume of business now done by the Society unless there was something fundamental in the service it was rendering. Pawnbroking, thousands of years old, abused and chastised by monarchs and by legislatures, condemned by religious creeds, scoffed at by the public, a stock joke of the stage for centuries, has not been replaced by more modern lending techniques. The reasons are obvious. It is the only type of agency that makes loans as small as one dollar and as large as several thousand dollars. The pledge loan is made quickly; the time necessary to complete a loan transaction with the Society is only a few minutes. Friends of the borrower are not involved in the transaction as in the case of loans secured by endorsements. The cost of loans from the Society is low in comparison with the cost of similar loans made on other kinds of security. The loan may be paid when convenient within a year and no periodic schedule of payment is required. No fines are charged for delinquency. If the loan is in default, the lender cannot bring suit. His only recourse is to sell the collateral pledged. These are real advantages for borrowers who have jewelry or silverware to offer as security but who cannot meet the requirements of commercial banks.

The influence of the Provident Loan Society has not stopped with its service to a half million borrowers annually. Locally, it has affected the whole pawnbroking field in New York City. It has extended the same courteous treatment to its customers that they would expect from a commercial bank. By means of its low interest rate it has compelled many pawnbrokers to reduce their charges, especially on larger loans, in order to compete.

The Society has done much to popularize the use of jewelry and silverware as a source of credit. These are possessions of value just as much as stocks or bonds. It has been the character of the lenders rather than of the transaction that has in the past demanded secrecy of pawnbroking loans and permitted openness in making bank loans. The attitude of the public toward pawnbroking is changing rapidly. The Society has replaced the three balls with the conservative sign, "The Provident Loan Society

of New York—Loans on Jewelry, Silverware and Other Personal Property." It has placed its offices on prominent streets and has housed them in dignified buildings.

The Society is now the largest agency in the world lending on pledge of personal property. It does more business in New York City than all licensed pawnbrokers put together. In 1931, with assets of over \$32,000,000, it lent over \$36,000,000 to more than half a million people. This is ten times the annual volume of business done by the *Crédit Municipal de Paris*. An average of 200 transactions a day are handled by each of its 17 branch offices scattered throughout Greater New York.

Nationally, the Society has served as an example to other communities in their own small loan problems. Although several remedial loan societies antedate it, the Provident Loan Society of New York has undoubtedly been the most effective example for the community loan societies which have been formed since. Twenty-six organizations, including the Provident Loan Society, having a common characteristic of limited interest returns on money invested now belong to the National Federation of Remedial Loan Associations. In this organization the Society has always been a leader.

Of the 15 distinguished men who constituted its original Board of Trustees, 11 died in office. Only one is still active in its affairs. This is James Speyer, who played so important a part in the Society's organization. Mr. Speyer has been a trustee for thirty-seven years and has served at various times as secretary, treasurer, and president of the Society. Three years ago Otto T. Bannard, for many years president of the Society and a trustee since its organization, died after thirty-five years of service on its executive committee. In 1931 the Society lost Robert W. de Forest, its first president and a trustee throughout its entire history, and Mortimer Schiff, who served as an officer or executive committee member for twenty-six years. New men with unquestioned ability have taken their places.

Service to the Society seems to be a responsibility that is inherited with family fortunes or passed on through business partnerships. Jacob H. Schiff and Solomon Loeb, his father-in-law and business partner, were incorporators and original contributors to the Society. When Solomon Loeb died, his grandson, Mortimer Schiff, succeeded him as a trustee and was in turn succeeded by

his son, John M. Schiff. In the house of Morgan, J. P. Morgan, Sr., was an incorporator and an original contributor. J. P. Morgan, Jr., was later a member and Dwight Morrow and Russell C. Leffingwell, Morgan partners, became trustees. Mr. Leffingwell is still serving. Joseph Milbank was one of the first contributors. His son, Jeremiah Milbank, is now a trustee. V. Everit Macy served as trustee for twenty-seven years; his son, Valentine E. Macy, is now a member of the Society. Cornelius Vanderbilt, Jr., was elected to the Board after the death of his father, one of the original trustees. William Sloane succeeded his father, John Sloane, and now William Sloane Coffin carries on the family tradition on the Board of Trustees. The same has been true of the Tods, the Jenningses, the Bakers, and the de Forests.

The Society stands today as a monument to an ideal of community service, witnessing that even a despised business can be raised to high standards of excellence and usefulness if ability, vision, and the will to serve are combined in the effort.

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(Chapter 295 of the Laws of 1894)

AN ACT TO INCORPORATE
THE PROVIDENT LOAN SOCIETY
OF NEW YORK

*The People of the State of New York, represented in the Senate and Assembly,
do enact as follows:*

SECTION 1. Otto T. Bannard, Charles C. Beaman, Henry R. Beekman, William L. Bull, Frederic R. Coudert, Charles F. Cox, John D. Crimmins, R. Fulton Cutting, Robert W. de Forest, William E. Dodge, Charles S. Fairchild, David H. Greer, Abram S. Hewitt, James J. Higginson, Adrian Iselin, Jr., D. Willis James, John S. Kennedy, Seth Low, Solomon Loeb, Alfred B. Mason, Victor Morawetz, J. Pierpont Morgan, Oswald Otten-dorfer, Jacob H. Schiff, Gustav H. Schwab, Charles S. Smith, James Speyer, Walter Stanton, J. Kennedy Tod, Abraham Wolff, and Cornelius Vanderbilt, together with such persons as they may associate with themselves, and their successors are hereby constituted a body corporate by the name of "The Provident Loan Society of New York," for the purpose of aiding such persons as said Society shall deem in need of pecuniary assistance, by loans of money at interest, upon the pledge or mortgage of personal property.

SECTION 2. The Society hereby formed shall have all the powers and be subject to all the restrictions provided by the General Corporation Law so far as applicable thereto. It may borrow money for its corporate purposes at a rate of interest not exceeding the lawful rate. The persons named in the first section of this Act, or a majority of them, shall hold a meeting and organize the Society, and adopt a Constitution and By-Laws not inconsistent with the Constitution and Laws of this State. The Constitution shall prescribe the qualifications of members of the Society; the manner of electing the members; the number of members who shall constitute a quorum for the transaction of business at meetings of the Society; the number of Trustees by whom the business and affairs of the Society shall be managed; the qualifications, powers, and the manner of selection of the Trustees and Officers of the Society; and it may contain any other provisions for the management of the property and regulation of the affairs of the Society. No member or Trustee of the Society shall receive any compensation for his services, or any profit other than lawful interest on

money loaned to it, nor shall any member or Trustee be personally liable for any debts incurred by the Society.

SECTION 3. Said Society shall be entitled to act as pawnbroker, and shall be subject to and entitled to all the benefits of all the provisions of the laws of this State concerning pawnbrokers, except that it shall not be required to obtain a license or file a bond.

SECTION 4. This Act shall take effect immediately.

(Became a law April 13, 1894)

CONSTITUTION of THE PROVIDENT LOAN SOCIETY OF NEW YORK

(Organized under Chapter 295 of the Laws of 1894)

*As amended January 9, 1911, November 11, 1918, February 3, 1919,
and February 3, 1920*

ARTICLE I

Title

The name by which this Society shall be known is "THE PROVIDENT LOAN SOCIETY OF NEW YORK."

ARTICLE II

Objects

Its objects are to aid such persons as the Society shall deem in need of pecuniary assistance, by loans of money at interest upon the pledge or mortgage of personal property.

ARTICLE III

Membership

SECTION 1. The following persons shall be members of the Society:

- (1) Its incorporators.
- (2) Such persons as its incorporators may associate with themselves at the meeting held to organize the Society on April 25, 1894.
- (3) Any person who may hereafter become a holder of a certificate of contribution to the Society of not less than \$500, and who may be elected a member by the vote or assent in writing of three-fourths of its Board of Trustees or of all the members of its Executive Committee. Any such member who shall cease to be the holder of a certificate of contribution to at least the above amount shall be deemed to have resigned his membership.
- (4) The number of members shall be limited to one hundred, exclusive of *ex-officio* members, and new members shall be elected at the annual meeting in each year to fill any vacancies then existent.

SECTION 2. The Mayor of the City of New York, the Comptroller of the City of New York, the President of the Police Department, the President of the Department of Charities, and the President of the following named societies, viz., the Charity Organization Society of the City of New

York, the Association for Improving the Condition of the Poor, the Society of St. Vincent de Paul, and the United Hebrew Charities, shall be *ex-officio* members of the Society.

ARTICLE IV

Management

The business and affairs of the Society shall be managed by a board of fifteen Trustees, all of whom shall be members of the Society. The first Board of Trustees shall be elected by a majority of the persons named as incorporators in the first section of the act incorporating the Society, at the meeting held to organize the Society on April 25, 1894. Upon their election they shall divide themselves into three classes of five each, to hold office respectively until the first Monday after the first Thursday of February, 1895, 1896, and 1897, and until their successors are elected.

Five Trustees shall be elected at each annual meeting to fill the places of the class which shall then expire, who shall hold office for three years and until their successors are elected. One of the said five Trustees shall always be elected upon the nomination of the Charity Organization Society of the City of New York, which originated and furthered the plan of organizing this Society.

ARTICLE V

Officers

The officers of the Society shall be a President, a Secretary, and a Treasurer.

They must all be Trustees.

The President, Secretary, and Treasurer shall be elected at the first meeting of the Trustees after the annual meeting of the Society, and shall hold office for one year, and thereafter until their successors are duly elected.

They shall have the usual powers and duties of such officers.

The President shall not be eligible for election for more than three successive terms.

The Trustees may appoint, from time to time, such other officers or agents as they may deem expedient.

ARTICLE VI

Executive Committee

The Trustees shall elect at the same meeting at which officers are elected an Executive Committee of four, in addition to the President, Secretary, and Treasurer, who shall be *ex-officio* members of such Committee. Members of this Committee shall hold office for one year and until their successors are elected. This Committee shall exercise all the powers of the Board of Trustees, between the times of its meetings, which can be lawfully delegated.

ARTICLE VII

Meetings

The annual meeting of the Society shall be held on the first Tuesday of February in each year. Special meetings may be held at any time upon the call of the President or of any ten members of the Society.

Regular meetings of the Board of Trustees shall be held on the first Tuesday of February and April, and on the second Tuesday of November. Special meetings of the Trustees may be held upon the call of the President or of any five members of the Board.

Notice of each meeting of the Society shall be given by publishing the same at least ten days before the meeting in a newspaper published in the City of New York, and by mailing a copy thereof to each member of the Society who shall have left his address with the Secretary for that purpose.

Notice of meetings of the Trustees shall be given for such time and in such manner as the Trustees may determine.

ARTICLE VIII

Vacancies

The Trustees shall have power to fill any vacancies occurring in their body or in any of the offices of the Society, for the unexpired term of those whose offices become vacant.

ARTICLE IX

Compensation for Services or Profit

No member or Trustee of the Society shall receive any compensation for his services or any profit other than lawful interest on money loaned to it.

ARTICLE X

Funds

Money for the corporate purposes of the Society shall be obtained from the following sources:

- (1) Gifts or bequests.
- (2) Contributions made on condition that the contributor shall receive a Certificate for the amount given entitling the holder thereof to such amount, not exceeding in any year lawful interest on the sum contributed, as the Trustees may determine to pay *pro rata* to certificate-holders out of earnings.
- (3) Loans at a rate of interest not exceeding the lawful rate.

ARTICLE XI

Distribution of Property or Surplus

No member of the Society shall have the right to share in the distribution of any property belonging to the Society, however acquired, by reason of membership. If the Society shall be dissolved, or its existence termi-

nated in any way, each holder of any certificate of contribution shall be entitled by virtue thereof to receive back the contribution evidenced by such certificate, with interest thereon at six per cent. from the last date at which interest was paid, and no more. Any surplus remaining after providing for this repayment shall be distributed among such charitable organizations, whether certificate-holders or not, which are located in the City of New York and conduct their operations chiefly within that city, as the then Trustees shall determine. The Trustees may from time to time make distributions to such charitable organizations out of surplus earnings as they may deem expedient.

ARTICLE XII

Interest on Loans Made by the Society

The Society shall not charge or receive any interest on loans at a greater rate than one per cent. per month or fraction thereof.

ARTICLE XIII

By-Laws

The Trustees may make such By-Laws or Rules not inconsistent with the Charter and Constitution of the Society as they may deem expedient.

ARTICLE XIV

Quorum

Ten members of the Society shall constitute a quorum for the transaction of business at meetings of the Society.

ARTICLE XV

Amendments

This Constitution, except Articles I, II, and IX, all of which are contained in the Charter and can therefore only be amended by act of the legislature, may be amended by the Trustees at any time by the affirmative vote or written assent of two-thirds of their entire number, provided, however, that Article III shall be amended only by the affirmative vote or written assent of not less than thirteen Trustees, and that Articles XI and XII shall be amended only by the affirmative vote or written assent of all the Trustees, approved by a majority of the members of the Society.

This Constitution, except the aforesaid Articles which are contained in the Charter, and except Articles XI and XII, may also be amended by the Society at any time by the vote of two-thirds of all the members thereof, at any meeting called for this purpose, the call for which shall have specified any particular amendment proposed.

The members may vote by proxy on any subject requiring their action or approval.

REMEDIAL LOAN SOCIETIES OPERATING IN THE UNITED STATES IN 1932¹

NAME	CITY	DATE OF INCORPORATION
Collateral Loan Company	Boston, Massachusetts	1859
Workingmen's Loan Association	Boston, Massachusetts	1888
Provident Loan Society of New York	New York, New York	1894
Worcester Collateral Loan Association	Worcester, Massachusetts	1896
Workingmen's Loan Association	Providence, Rhode Island	1898
First State Pawners Society	Chicago, Illinois	1899
Citizens' Mortgage Loan Company	Cincinnati, Ohio	1900
Newark Provident Loan Association	Newark, New Jersey	1905
Provident Loan and Savings Society of Detroit	Detroit, Michigan	1906
Equitable Loan Association	Minneapolis, Minnesota	1910
Welfare Loan Agency	Kansas City, Missouri	1910
Provident Loan Company	Seattle, Washington	1910
Provident Loan Company	Portland, Maine	1911
Provident Loan Society	St. Paul, Minnesota	1912
Utica Provident Loan Association	Utica, New York	1912
Provident Loan Association	Sioux City, Iowa	1912
Indianapolis Public Welfare Loan Association	Indianapolis, Indiana	1912
San Francisco Remedial Loan Association	San Francisco, California	1912
Provident Loan Society of Rochester	Rochester, New York	1912
Onondaga Provident Loan Association	Syracuse, New York	1913
Duluth Remedial Loan Association	Duluth, Minnesota	1913
Portland Remedial Loan Association	Portland, Oregon	1914
Provident Loan Society	Dallas, Texas	1914
Lynn Remedial Loan Society	Lynn, Massachusetts	1915
Provident Collateral Loan Company	Dayton, Ohio	1915
Provident Loan Society of Omaha	Omaha, Nebraska	1916
Colorado Springs Provident Loan Society	Colorado Springs, Colorado	1917

¹ With one exception, these societies are all members of the National Federation of Remedial Loan Associations.