

THE WATAUGA BUILDING & LOAN ASSOCIATION

QUESTION What is a Building and Loan Association? **A** Building and Loan Association is a company organized and conducted for the purpose of enabling people to make systematic savings and to become owners of homes.

Q. What kind of an Association is the Watauga Building and Loan Association? **A.** The Watauga Building and Loan Association of Boone, North Carolina is purely mutual, organized without stockholders or capital stock, under obligation to no one, so that all profits from whatever source go to the holders of installment stock.

Q. What is the plan? **A.** The Building and Loan Association has no capital stock. Therefore no stockholders to receive special benefit as the name implies.

They are strictly mutual in every respect. All officers and directors are stock holders.

Q. What is guaranteed by Building and Loan Associations? **A.** Building and Loan Associations guarantee that members only shall share and share alike in all profits. That its affairs be economically conducted and that every cent of profit shall be apportioned among the installment share holders.

Q. Are share holders also called stock holders? **A.** Yes, also. But in Building and Loan Associations share holder is the proper word. Though that is unimportant if understood.

Q. Are the books of the Watauga Building and Loan Association ever audited? **A.**—Yes, by special auditors recommended by the Insurance Department of this State.

Q. How many kinds of shares are issued by the Watauga Building and Loan Association of Boone North Carolina? **A.**—two kinds. Paid up and installment shares.

Q. What is meant by paid up shares? **A.**—By paid up shares is meant certificates issued to persons wishing to deposit fifty dollars or multiples thereof on which they receive full six per cent interest paid annually on or before the first day of January of each year. But these paid up shares do not participate in any profits in excess of six per cent.

Q. Can paid up shares be withdrawn? **A.**—Yes, paid up shares may be withdrawn at any time upon one months notice and in the order of application.

Q. Why is this precaution taken? **A.**—This precaution is taken because very little idle money is kept on hand. It is invested as fast as possible in first mortgages so that it is not always convenient to return the deposits the same day notified. But we have never taken as much as thirty days on any withdrawals when needed.

Q. What entrance fee is charged to installment share holders? **A.**—There is an entrance fee of fifty cents per share each share representing one hundred dollars.

Q. What security have paid up and installment share holders? **A.**—The total assets of the Association, consisting of first mortgages and carefully selected real estate.

Q. What is meant by installment shares? **A.**—By installment shares is meant shares for even hundreds of dollars but to be paid for in monthly installments in advance on or before the first Monday in each month.

Q. What are the monthly payments on installment shares? **A.**—One dollar per month will carry one hundred dollars and ten dollars per month carries one thousand dollars.

Q. When can shares be taken out? **A.**—We open two series a year, the first day of January and on the first day of July and we endeavor to sell the bulk of our shares during these months.

Q. Suppose a member becomes in arrears? **A.**—All payments must be made at least once monthly in advance. If a member misses his payment he is charged five cents per share per week so long as he is in arrears.

Q. Do I have to pay taxes on money in the Watauga Building and Loan Association. **A.**—No you do not. It is gross profit, is net profit.

Q. When a share holder needs a little money is it best to withdraw or borrow? **A.**—It is best to borrow as you can borrow up to 90 per cent. of the amount paid in on your shares at six per cent interest and then you have the privilege to pay this stock back if you can and at the same time your stock continues in force.

Q. Suppose the payments become burdensome is there any relief? **A.**—Yes, you may withdraw all installment payment at any time and take out a smaller number if you desire.

Q. When will installment shares mature? **A.**—Just as soon as the monthly payments together with the credited profits amount to one hundred dollars per share but should be in about seventy eight to eighty months.

Q. How much profit would this show on my investment? **A.**—Approximately twenty dollars.

Q. What rate of interest does this profit represent? **A.**—More than six per cent.

Q. What are the assets of the Watauga Building and Loan Association? **A.**—Nearly \$200,000.00 in first mortgages with all titles guaranteed by attorneys and with all loans protected by fire insurance and with all loans recommended by two directors of said Association.

Q. Is due care exercised in valuing property offered for loan? **A.**—As the directors are all stockholders and would share in any loss, they are exceedingly careful to run no risk of over-valuation, therefore the assets of the Watauga Building and Loan Association are of the very highest character, assuring absolute safety and profit to its members.

IT SEEMS VERY EVIDENT THAT THE WATAUGA BUILDING AND LOAN ASSOCIATION OFFERS THE GREATEST INDUCEMENT TO PEOPLE HAVING MONEY TO INVEST EITHER IN PAID UP SHARES, PAYING 6 PER CENT OR INSTALLMENT SHARES PAYING OVER 6 PER CENT, BUT DOES IT OFFER ANY INDUCEMENT TO THOSE WHO WISH TO BUILD HOMES WHO ARE NOT ABLE TO PAY CASH FOR THEM? THIS IS REALLY THE CHIEF OBJECT OF THE WATAUGA BUILDING AND LOAN ASSOCIATION AND THE PLAN IS VERY ATTRACTIVE

Q. Please explain. **A.**—The Watauga Building and Loan Association lends money with which to build a home, taking first mortgage and allowing the members to repay the loan in easy monthly installments.

Q. What will be the monthly installment on \$1000 borrowed? **A.** \$15 per month.

Q. Does this include interest on the money borrowed? **A.**—Yes.

Q. What rate of interest is charged? **A.**—6 per cent.

Q. For how long a time? **A.**—Until your shares mature, which cancels the debt and clears the property, and which should be in about six and one half years.

Q. Can the amount of a loan be reduced other than by the installment payments? **A.**—Certainly, by paying any number of one hundred dollars at one time; then the interest on the amount so paid stops, which reduces the monthly payments.

Q. Can the loan be paid in full at any time? **A.**—Yes.

Q. Can payments be made less frequently than monthly? **A.**—Yes, they can be made monthly or quarterly, in fact any way so they are paid monthly in advance.

Q. Can a loan be obtained on any other than real estate security? **A.**—No, except on shares in the Association.

Q. Suppose I have no lot on which to build a home and have no money? **A.**—In this case you have no collateral and could not obtain a loan.

Q. Then how can I ever become a home owner? **A.**—The only way we can assist you is for you to take some installment shares and carry them until you have paid enough on your shares to buy a lot.

Q. Why is it better to borrow from the Watauga Building & Loan Association than a straight Loan from other sources? **A.**—If you borrow from such a source you will have to pay the loan some time in one lump sum which you would have to accumulate in some manner, and you may fail; while in the Watauga Building and Loan Association you repay the loan like paying rent and it is comparatively easy.

Q. After a loan is obtained, can payments be demanded before the shares mature? **A.**—Not if installments and interest are paid promptly, when due.

The above are a few questions answered which we hope will be of some help to those who might be interested in becoming stockholders of our Association. The tenth series of our Association is now open and we are offering prepaid or installment stock in any amount from fifty dollars up. Why not take some stock in this way and make systematic monthly payments

The Watauga Building & Loan Association

W. H. GRAGG, Secretary and Treasurer