Denver Law Review

Volume 3 | Issue 11 Article 5

January 1926

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By LUKE J. KAVANAUGH

RECENT completion of a large office building by a Denver building and loan association has caused many people to marvel at the growth of these organizations and to wonder just what they are and where they derive their assets.

In connection with real estate development, building and loan associations are a most important factor in the United States today. Few lawyers or laymen realize that the assets of these organizations aggregate the staggering total of $5,500,000,000.00. In the past two years the increase in resources has averaged $800,000,000.00, per year. Total resources equal approximately two-thirds of the combined assets of all the banks of the country.

California building and loan associations have accumulated $210,000,000.00. The growth in Colorado has not been so great. However, on June 30, 1926, the assets of such corporations doing business in this State reached $35,186,058.00 as compared to $6,465,564.00 in 1918.

Of 110,000,000 people in continental United States statistics show that one in every eleven is a member of a building and loan association. Colorado companies have 85,144 members.

BEN FRANKLIN THE FOUNDER

Ben Franklin, that versatile genius, is credited with introducing the building and loan plan into the United States from England. The system used is simple. The greater part of the funds comes from shareholders, the majority of whom pay $5.00 or $10.00 or more a month over a period of from 5 to 15 years when their contract matures and they receive their original investment plus accrued earnings. Paid up certificates are also in use.

Unlike bank depositors, shareholders are not permitted to withdraw their money at will or upon short notice. This feature enables associations to furnish long time loans and also permits them to do business with little idle cash.

Monthly repayments are made by borrowers. Receipts from depositors are invested almost immediately. Compounding interest monthly upon assets, with comparatively small expense, has resulted in the vast accumulation of funds mentioned above.

In many of the cities of the country, the larger banks have quit encouraging savings accounts and these funds have gone into building and loan associations. The recent published statement showing that savings accounts in Denver are nearly three times as great as those in Kansas City is interesting in this respect.

STRINGENT LAWS OF CONTROL

Statistics show, that where savings bank accounts are large, building and loan association assets are relatively small and vice versa. Apropos of this, one Missouri town, with 7500 population, has a building and loan association with assets in excess of thirty-five millions of dollars, or slightly less than the combined total of all savings accounts in Denver banks.

Stringent laws govern such corporations. The notes executed by borrowers are not negotiable. None but members are permitted to borrow. By statute in most states and custom elsewhere, loans are usually restricted to residence and business property. In some states municipal bonds and warrants may be purchased when building loans are not available.

The Wisconsin statute, a common type, provides:

"It shall be unlawful for any association (building and loan) to make any loans on property used for manufacturing purposes, or upon any theater, public hall, church, school building, hotel or public garage."

In many States building and loan associations are not allowed to loan in excess of $20,000 to one borrower.

NO FAILURES FOR YEARS

Colorado companies are compelled to furnish semi-annual reports showing in minute detail all receipts and expenditures. In addition, each is subject at any time, without advance notice to a thorough audit of its books by the State Building and Loan Department which is under the able direction of Byron L. Miller. Largely because of strict state supervision, there has not been a failure of a building and loan association in Colorado since 1913.

It is interesting to note that in 1925, the percentage of losses to depositors of building and loan associations in the United States was less than one-tenth of one per cent of the total assets.

Loans are made upon the amortized plan with monthly payments, the notes usually maturing in from five to fifteen years. Except for those mentioned above, there are few essential differences between ordinary loans and those made by these organizations.

Applicants

The following applicants for admission to membership in the Denver Bar Association will be voted on at the meeting of November 1, 1926.

JOHN R. ADAMS:

Born at Denver, Colorado; received his degree of Bachelor of Arts at University of Colorado in 1926; admitted to practice in Colorado in 1926; recommended by Cass M. Herrington and Victor Arthur Miller; now engaged in the practice of law with Cass M. Herrington.

G. WALTER BOWMAN:

Born at Denver, Colorado; received his degree of Bachelor of Laws from Westminster Law School in 1926; admitted to practice in Colorado in 1926; recommended by Floyd F. Walpole and W. A. Black; now engaged in the practice of law with Black and Wingren.

SAMUEL J. FRAZIN:

Born at Chicago, Illinois; a resident of Colorado since 1906; received his degree of LL. B. at Westminster Law School in 1924; admitted to practice in Colorado in 1924; recommended by R. P. Shatz and W. E. Foley; now engaged in practice of law independently.

SIDNEY MORITZ, JR.:

Born at Denver, Colorado; received the degrees of Bachelor of Arts and Bachelor of Laws at Colorado University in 1925 and 1926 respectively; admitted to practice in 1926; recommended by S. R. Robertson and Clarence L. Ireland; now engaged in the practice of law with Clarence L. Ireland.

EDWARD L. WOOD:

Born at Columbus, Ohio; came to Colorado in 1901; received his degrees of Bachelor of Arts at Stanford University in 1921 and J. D. in Stanford University in 1923; admitted to practice in Colorado in 1925; recommended by F. B. Goudy and Albert J. Gould, Jr.; engaged in the practice of law with F. B. Goudy.