

Despite the loan company's dire predictions of failure, the teachers' association organized a credit union. Then came a great rush of applications for loans, from teachers who wished to borrow money from their credit union in order to refinance their 42 per cent loans from the commercial loan companies; and during the first few months, the credit union's operations were devoted to the granting of such remedial loans. Next, the teachers' credit union inaugurated a constructive type of loan, for such purposes as the financing of vacations, study tours, bulk purchases of coal at the most advantageous price obtainable, and cash rather than high-cost installment purchasing of automobiles and household appliances. The commercial money-lenders in Pittsburgh who operate within the law charge four times the interest rates that the teachers' credit union members charge themselves; the "bootleg" money-lenders charge many times more than the "legitimate" loan companies. Yet, at their moderate interest rates, the teachers' credit union has accumulated a reserve of \$100,000 in two or three years and has paid 6 per cent dividends to its members.

In January, 1917, the municipal employees of one of our largest cities awoke to the realization that they were the victims of loan sharks. They went

about the organizing of a credit union. By the time its charter had been granted, the credit union had accumulated the sum of \$570. Sixteen years later, it had a capital of \$1,709,880. It has loaned close to \$18,000,000 to its members, and has paid over \$700,000 to its members as dividends on their holdings. Nevertheless the interest rates charged its members by this credit union are less than one-third those permitted by law to be charged by the high-rate operators in their state.

In Europe, the credit cooperative has been largely a farmers' movement; here, its development among the rural consumers of credit is only beginning. However, it is catching on rapidly; and in the rural groups the credit union is of utmost significance, as it is there that it has its best chance of developing alongside other consumers' cooperative organizations.

Credit Unions in U. S.

There are today roughly four thousand credit unions in the United States, with assets of over \$75,000,000 and making loans to the estimated amount of \$100,000,000 a year. New credit unions are being organized at the rate of a hundred and fifty a

month. Through their state and national associations, credit unions are spending part of their profits, as in all true cooperatives, for educational and propaganda purposes.

A credit union is organized very simply within any homogeneous group, large or small. A state charter may be obtained from 41 states and anywhere in the United States from the federal government. In most instances, a charter can be obtained on the signatures of seven incorporators and the payment of a small fee; in some states, New York for example, no fee is charged. After its charter has been issued, the credit union selects a board of directors, a credit committee to pass on the loan applications, and a supervisory committee. The supervisory committee is in practice an internal auditing committee, the internal audit being made in addition to the periodic examinations by the supervising state or federal department charged with such responsibility.

The Credit Union National Association, Raiffeisen House, 142 East Gilman Street, Madison, Wisconsin, will supply information about the organizing and conducting of a credit union and will put the inquirer in touch with a group operating a successful credit union in his vicinity.

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