INDUSTRIAL LOAN ASSOCIATIONS

REPORT OF THE

COMMISSION TO STUDY MATTERS

RELATING TO INDUSTRIAL LOAN ASSOCIATIONS

to

THE GOVERNOR

and

THE GENERAL ASSEMBLY OF VIRGINIA

COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1959

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COMMISSION TO STUDY MATTERS RELATING TO INDUSTRIAL LOAN ASSOCIATIONS

Richmond, Virginia

August 26, 1959

To: THE HONORABLE J. LINDSAY ALMOND, JR., *Governor of Virginia*

and

THE GENERAL ASSEMBLY OF VIRGINIA:

There has been apprehension on the part of many concerning the lack of regulation of industrial loan associations because a number of these associations solicit and accept savings from the public. The advertising practices of some of these associations, the lack of insurance on savings, or the adequateness of such insurance where it has been effected, and the preferential position enjoyed by all of them with respect to permissible interest charges, have also been matters of concern.

The essential problem to be considered is this: industrial loan associations may receive the savings of the public the same way that banks do. Having received these savings, the association has the legal right to invest them in anything it chooses: stocks, bonds, second mortgages, or any other form of investment. They can put the money in real estate, improved or unimproved. While no industrial loan association in Virginia has ever become insolvent, it appears that any corporation licensed by the State to accept savings in the same way that banks do should be subject to the same sort of regulations as banks. This problem is not a new one but has been previously recognized and was the subject of a study made by the Virginia Advisory Legislative Council resulting in its report to the Governor and the 1950 General Assembly (Senate Document 12, 1950).

This and related problems led the General Assembly at its 1958 Regular Session to adopt House Joint Resolution No 51, creating a Commission to determine whether industrial loan associations should be regulated in a manner similar to that in which banks and other financial institutions are regulated. This resolution follows:

HOUSE JOINT RESOLUTION NO. 51

Creating a Commission to Study Matters Relating to Industrial Loan Associations.

Whereas, industrial loan associations are subject to certain restrictions concerning the operation of their business, but these restrictions are not as stringent as those applicable to other types of financial institutions which lend to the public; and

Whereas, it is proper that a study be made to determine whether industrial loan associations should be regulated in the same manner and to the same extent as other financial institutions which lend to the public; now, therefore, be it

Resolved by the House of Delegates, the Senate concurring, that a Commission be and there hereby is created to make a study and report upon the restrictions which should be made applicable to industrial loan associations in their lending and other operations. The Commission shall consist of seven members of whom three shall be appointed by the House of Delegates from the membership thereof, two shall be appointed by the President of the Senate from the membership thereof, and two shall be appointed by the Governor from the State at large. The Commission shall consider the restrictions applicable to other financial institutions which make loans to the public and shall determine whether such restrictions should be made applicable to industrial loan associations. All agencies of the State shall assist the Commission in its study. The Commission shall conclude its study and make its report to the Governor and General Assembly not later than September 1, 1959. The members of the Commission shall receive no compensation for their services but shall be paid their necessary expenses for which, and for such secretarial and other expenses which the Commission may incur, there is hereby appropriated the sum of fifteen hundred dollars to be paid from the Division of Banking, State Corporation Commission.

Pursuant to this resolution, the President of the Senate appointed to the Commission from the membership of the Senate the following: Gordon F. Marsh, of Portsmouth, and Thos. C. Phillips, of Abingdon; the Speaker of the House of Delegates appointed to the Commission from the membership of the House the following: Shirley T. Holland, of Windsor, Edward E. Lane, of Richmond, and H. Ray Webber, of Low Moor; and the Governor appointed to the Commission George L. Hunter, Jr., Commissioner of the Revenue, Fredericksburg, and Thomas D. Jones, Jr., Deputy Commissioner of Banking, Hanover.

The Commission, at its organization meeting, elected Edward E. Lane Chairman and Thos. C. Phillips Vice-Chairman, and appointed John B. Boatwrigth, Jr., Secretary.

The Commission met several times and also held a public hearing which was well attended. There appeared at the hearing representatives of the Virginia Bankers Association and the Virginia Industrial Bankers Association, and other individuals, including officers of banks and industrial loan associations, who presented their views, comments and suggestions to the Commission.

HISTORY OF INDUSTRIAL LOAN ASSOCIATIONS

The original act providing for the incorporation of industrial loan associations was approved February 21, 1920 (Acts 1920, Chapter 74, page 61.) The purpose of the law, expressed in its enacting clause, reads as follows:

"Be it enacted by the General Assembly of Virginia, That for the purpose of encouraging thrift amongst industrial classes similar to that encouragement now being offered by building and loan associations, and to reach a certain class of industrial workers who are not reached by either building and loan associations or the banks and as a means to such end and for the purpose of incorporating industrial loan associations to make such loans on security and at low rates of interest it is provided as follows:"

The original act did not provide that industrial loan associations could sell certificates of investment. It was purely a loan act, and, although it was expressly enacted to encourage thrift, it did little, as enacted, to serve that purpose. Interest on loans was limited to the legal rate of interest, with permission to charge interest, in advance, on the entire amount of the loan. No loan could be made for a longer period than four years, or in a greater amount than ten per centum of paid in capital and surplus.

It is, perhaps, significant that at its next previous regular session the General Assembly had enacted the first Virginia Small Loan Law (Acts 1918, Chapter 402, page 662). Under that law small loan companies were permitted to make loans to a maximum of $300 to any one borrower at a rate considerably in excess of the six per centum per annum permitted by the general usury law. Thus the Industrial Loan Act provided for a type of financial institution that was empowered to make loans at a rate of interest more favorable to the borrower than that permitted to small loan companies. At the time of the enactment of the Indusrial Loan Act, banks were not engaged in making small instalment loans or in consumer financing to the extent that they are today. The loans of savings and loan associations were represented principally by loans on the security of their shares and loans secured by real property.

By Acts of 1928 (Chapter 448, pages 1142 through 1144) industrial loan associations were first authorized to sell certificates of investment, as follows:

"Any association incorporated under this act or any corporation doing an industrial loan business may sell certificates of investment or similar obligations upon either the fully paid or partial payment system, and may pay thereon such rate of interest as may be prescribed in its certificate of incorporation or by-laws."

METHOD OF OPERATION

Those associations that sell certificates of investment use both the fully paid and the partial payment system. A fully paid certificate of investment is similar to a certificate of deposit issued by a bank. Under the instalment or partial payment system, the customer opens an account with a relatively small payment and is issued a card or booklet, similar to a pass book issued to depositors by banks. The account bears interest and has the characteristics of a savings deposit in a bank.

There are three principal sources of funds for industrial loan associations: (1) capital stock; (2) the sale of certificates of investment; and (3) borrowed money. Appendix A shows the amount of certificates of investment outstanding, the amount of capital stock outstanding, the amount of borrowed money, and the totals of these items for all industrial loan associations doing business in Virginia as of December 31 of each year since 1945.

The total assets of all industrial loan associations as of December 31, 1958 amounted to $42,011,160. Of that amount $36,790,656 was represented by loans and discounts. Several industrial loan associations are engaged principally in lending on the security of second mortgages; one lends solely on the security of automobiles. An industrial loan association cannot make a loan for a longer period than ten years; nor for a greater amount to one borrower than twenty per centum of its paid in capital and surplus.

Industrial loan associations may charge interest in advance at the rate of $6.00 upon $100 for a year and proportionately for a greater or less sum for a longer or shorter time upon the entire amount of the loan, and the loan may be repaid in weekly, or other periodical instalments. In addition, they may charge an investigation fee not in excess of two per centum of the amount of the loan. There is no requirement that unearned interest be returned upon anticipation of the loan. The interest rate permitted to industrial loan associations is the same rate permitted to banks. However, industrial loan associations may charge the above mentioned investigation fee on the amount of the loan but banks cannot charge an investigation fee on loans in excess of $1,000. Credit unions are allowed to charge one per centum per month on unpaid balances. Small loan companies may charge two and one-half per centum a month on unpaid balances up to $300 and one and one-half per centum a month on the remainder of loans in excess of $300. The maximum amount that a small loan company can lend to any one borrower is $600. The law places no maximum limit on the interest rates charged by savings and loan associations.

FINDINGS

The twenty industrial loan associations now operating in Virginia had, as of December 31, 1958, total assets of $42,011,160. Ten sell certificates of investment. These ten associations had assets of $24,415,325 as of the same date, which is fifty-eight per centum of the total assets of all industrial loan associations operating in Virginia as of that date. Appendix B shows the total assets of all industrial loan associations as of December 31 of each years since 1945.

Industrial loan associations are not eligible for insurance by the Federal Deposit Insurance Corporation because they do not meet the definition of banks of discount and deposit under its regulations. These certificates of investment are protected solely by the resources of the associations issuing them, except that two associations now hold policies of insurance issued by an insurance company not licensed to do business in Virginia, which policies undertake to insure their outstanding certificate of investment. This insurance company had, as of December 31, 1958, total admitted assets of $78,084 and a net worth of $60,716. The total amount of outstanding certificates of investment issued by its two Virginia insureds alone amounted as of that date to $6,129,099. Yet, these policies of insurance enable the associations holding them to state in advertisements that their certificates of investment are insured, and advertisements containing this statement have appeared.

Although the phrase "industrial loan association" has a definite meaning under the Virginia statutes, this definition does not extend widely to other jurisdictions. In some states those organizations that are known in Virginia as "industrial loan associations" are known as "industrial banks", in others as "Morris Plan Banks or Companies", "discount companies", or "consumer finance companies". There are other designations, but it is not considered necessary to state them here.

The laws of the various states regulating banking operation are divergent. Seven states have industrial banking laws under which institutions so chartered qualify for membership in the Federal Deposit Insurance Corporation. Twenty-one states have statutes authorizing industrial banking companies to make loans on the discount plan and to issue certificates of investment under various descriptive titles. In seventeen states and the District of Columbia there are no laws that authorize industrial banking companies to accept savings or issue certificates of investment. In these states there are a large number of companies operating on the discount loan plan and since they cannot accept savings or issue certificates of investment, they depend upon bank borrowings and other methods to supplement their capital stock as a source of funds for making of loans. Three states are not subject to classification in this respect.

Appendix C presents a synopsis of the laws of the several states pertaining to industrial loan associations and similar institutions.

While industrial loan associations exercise most of the powers exercised by banks, they are not subject to the extensive statutory regulations to which banks are subjected. This is illustrated by the fact that the Virginia Banking Act contains 129 sections of the Code while laws relating to industrial loan associations contain 21 sections. There is set forth in Appendix D a comparison of statutory provisions pertaining to banks and industrial loan associations.

After thorough consideration of the problems herein set forth, the views expressed at the public hearing and the findings of previous study groups, the Commission submits the following recommendations:

RECOMMENDATIONS

1. It should be provided by law that all industrial loan associations incorporated after July 1, 1960, shall have all powers conferred on banks by the Virginia Banking Act and that they shall be subject to all restrictions applicable to banks, and shall for the purpose of State supervision and control be banks.

2. An industrial loan association that had certificates of investment outstanding on January 1, 1959, should be permitted to become a bank on complying with the provisions of the Virginia Banking Act; and associations that had no such certificates outstanding on that date should not be permitted to issue them in the future.

3. The privilege accorded industrial loan associations of charging in advance the legal rate of interest upon the entire amount of the loan should be extended to any person or corporation engaged in the business of lending money except a small loan company or credit union. The privilege of charging an investigation fee in connection with each loan should be similarly extended.

4. An industrial loan association which has certificates of investment outstanding should be forbidden to:

(a) Advertise that it is subject to regulation or supervision by the State Corporation Commission or the Bureau of Banking, or publish any advertisement suggesting that it is engaged in the business of banking or that it receives deposits.

(b) Advertise that it carries insurance unless its certificates of investment are insured or guaranteed by a State or federal agency or an insurance company authorized to do business in Virginia.

(c) Own any shares of stock issued by any other corporation, except to the extent it is legal for banks to do so.

(d) Invest more than 80% of the amount of its outstanding certificates of investment in loans secured by liens on real estate.

(e) Make any loans secured by liens on real estate in an amount in excess of 2/3 of the appraised value of the real estate.

(f) Issue certificates of investment for the purpose of borrowing money.

(g) Issue a certificate of investment paying a higher rate of interest than 4½% per annum.

REASONS FOR RECOMMENDATIONS

The Commission does not recommend that all the regulatory provisions applicable to banks be made applicable to industrial loan associations. There could be no reason to do so in the case of associations that do not issue certificates of investment. There would be good reason to do so in the case of associations that do issue such certificates; but such associations might be unable to continue to operate if all the restrictions applicable to banks were applied to them.

1. The first recommendation does not apply to existing associations and therefore does not deprive anybody of any privilege that he now enjoys.

Recognizing that, for the protection of the public, the restrictions applicable to banks ought to apply to industrial loan associations, the recommendation is that all such restrictions be made applicable to future industrial loan associations. If they are subject to all the restrictions on banks, it follows that they should have all the privileges of banks. They will then be eligible for F. D. I. C. insurance. The proposed amendment of § 6-245 will remove as to future associations the provisions that have made existing industrial loan associations ineligible for insurance. We recognize the probability that future incorporators of financial institutions might desire such institutions to be identified as industrial loan associations rather than as banks, and the recommendation of the Commission in this respect permits such recognition.

2. The second recommendation deals differently with associations that do and those that do not issue certificates of investment. Those that have not received the savings of the public in the past should not hereafter go into that business. This is accomplished by the proposed amendment to § 6-255 and will not deprive any association of any privilege that it is now enjoying.

Existing associations that do issue certificates of investment should have the privilege of becoming banks if they wish to do so and if they are willing and able to comply with the restrictions applicable to banks. This privilege is conferred on existing associations by the proposed paragraph added to § 6-245 and the repeal of § 6-12. There have been several instances where industrial loan associations have desired to convert to banks. The provisions of § 6-12 make such a conversion cumbersome. Repeal of that section will permit a conversion by charter amendment. At present such conversion can be effected only by a dissolution of the industrial loan association followed by a transfer of assets and liabilities to a bank incorporated to receive them.

3. As previously pointed out, 10 of the 20 industrial loan associations doing business in Virginia do not issue certificates of investment. It appears that these associations were incorporated for one purpose only: to exercise the privilege of charging in advance the legal rate of interest upon the entire amount of the loan and an investigation fee in connection with each loan. § 6-253 is the section that now permits industrial loan associations to charge interest in advance and to require repayment by instalments. This method of making loans constitutes what has long been known as "the Morris Plan." The same privilege is conferred on banks by § 6-348. This method of lending money is nationwide in scope and has received wide acceptance and approval. There can be no valid reason for restricting this particular privilege to banks and industrial loan associations; and it is accordingly recommended that § 6-253 be replaced by a new § 6-348.2 in the general usury law applicable to all lenders except credit unions and small loan companies, which operate under statutes that forbid the taking of interest in advance.

Objection has been made to this proposal in that it will permit lending institutions not supervised by the State Corporation Commission to charge a true interest rate in excess of 6%. There does not seem to be reason for a State agency to supervise the making of instalment loans that would not apply equally to the making of straight loans, and it has not been suggested that the making of all loans should be supervised by an administrative agency. A lender who can legally charge only 6% is just as likely to charge more than the statutory limit as a lender who can legally charge the rates authorized for banks and industrial loan associations, and there is no reason for the State to supervise the activities of one lender more than the other.

§ 6-337 (in the Small Loan Act) makes it a misdemeanor for any person to engage in the business of lending amounts in excess of $600 at rates greater than the rates otherwise permitted by law. § 6-282 forfeits the entire principal and interest of loans made in violation of the Small Loan Act. These provisions apply whether the illegal loan is a straight loan or an instalment loan.

There is no difference between straight loans and instalment loans so far as enforcement of the usury laws are concerned. To restrict the making of instalment loans on the "Morris Plan" to a few favored lenders is to grant a special privilege where none can be justified in the public interest.

The seven recommendations embodied in recommendation numbered 4 are proposed on the assumption that the preceding recommendations will be adopted. There are twenty industrial loan associations doing business in Virginia. Ten receive the savings of the public. We have proposed that the associations that have chosen not to engage in the business of receiving savings be forbidden to go into that business hereafter. We have proposed that associations that do accept savings be authorized to convert to banks on submitting to all the regulations applicable to banks. It is probable that a number of them will avail themselves of that privilege. We have proposed that associations incorporated hereafter be subject to all the regulations applicable to banks. If these recommendations are adopted there will be only half a dozen or so associations that will be subject to the following recommendations. Because of the small number of associations to which the recommended restrictions will apply, the restrictions have been reduced to the irreducible minimum in order not to inconvenience these associations. No industrial loan association in Virginia has ever gone into bankruptcy. Making future associations subject to the restrictions applicable to banks will safeguard future associations, and the proposed recommendations are adequate for the small number of existing associations.

4. (a) Since these few existing associations are not subject to the restrictions applicable to banks they should not suggest in their advertising that they are subject to the restrictions applicable to banks. If they advertise that they are regulated by the Bureau of Banking, some members of the public who have not read the banking laws are apt to believe that the associations are restricted in the same way that banks are.

(b) The public is aware of the F. D. I. C. insurance of bank deposits. If an industrial loan association advertises that its savings accounts are "insured" many members of the public will be led to believe that the accounts are insured by a governmental agency. At present there is no insurance company licensed in Virginia that insures these accounts. Two of the associations have taken out insurance with an unlicensed company whose assets are so small that they would be wiped out by the failure of any one insured industrial loan association. Those associations had certificates of investment amounting to approximately $6,129,000 at December 31, 1958, and thus the total assets of the insurance company, at that date, would pay less than two cents on the dollar. To advertise that the accounts are "insured" is, in those circumstances, optimistic.

(c) It is recommended that industrial loan associations be not allowed to invest their assets in shares of stock except to the extent that banks are permitted to do so. Under the present statutes they could put all their assets in common stock and thereby speculate for their own advantage with the savings of the public.

(d) Investments in real estate loans should be limited to 80% of the outstanding certificates of investment. Banks are allowed to invest only 70% of their savings deposits in real estate loans in order to promote a diversification of investments.

(e) The proposed requirement that loans secured by real estate should not exceed two-thirds of the appraised value of the real estate is an obvious and customary precaution.

(f) Associations should not be allowed to issue certificates of investment for the purpose of borrowing money. The declared statutory purpose of certificates of investment is to encourage thrift among the industrial classes. The giving of such certificates to evidence a loan from a bank does not encourage thrift. And, of course, borrowed money should be listed on the association's statement as borrowed money and not as savings accounts.

(g) Industrial loan associations should not be permitted to pay more than 4½% on certificates of investment. That is a high maximum for savings accounts and the statute should put a ceiling on competition for savings accounts.

Attached hereto are drafts of proposed bills to carry out the recommendations made in this report.

Respectfully submitted,

Edward E. Lane, Chairman

Thos. C. Phillips, Vice-Chairman

Shirley T. Holland

George L. Hunter, Jr.

Thomas D. Jones, Jr.

Gordon F. Marsh

I do not concur in recommendation Three of the report. I do not concur that section 6-253 be repealed. I do not concur that a new section 6-348.2 be adopted.

H. Ray Webber

RECOMMENDED BILLS

A BILL to amend and reenact § 6-245 of the Code of Virginia, relating to powers of industrial loan associations, so that all such associations hereafter incorporated shall have all powers of, and be subject to all restrictions upon banks, and to prescribe how certain of such associations may become banks; and to repeal § 6-12 of the Code, prohibiting the granting of certain powers to banks and industrial loan associations.

Be it enacted by the General Assembly of Virginia:

1. That § 6-245 of the Code of Virginia be amended and reenacted as follows:

§ 6-245. All such corporations engaged in the industrial loan business *on July 1, 1960* shall, for the purposes of State supervision and control, be banks of limited powers. *All such corporations incorporated after July 1, 1960 shall have all the powers conferred on banks by the Virginia Banking Act, shall be subject to all restrictions applicable to banks, and shall for the purposes of State supervision and control be banks.*

An industrial loan association that had certificates of investment issued and outstanding on January 1, 1959 may become a bank on complying with all the provisions of the Virginia Banking Act.

2. That § 6-12 of the Code is hereby repealed.

A BILL to amend and reenact § 6-255 of the Code of Virginia, relating to sale of certificate of investment by industrial loan associations, so as to delete provision on rate of interest paid, and to provide that certain industrial loan associations may not hereafter sell certificates of investment.

Be it enacted by the General Assembly of Virginia:

1. That § 6-255 of the Code of Virginia be amended and reenacted as follows:

§ 6-255. Any *industrial loan* association * may sell certificates of investment * upon either the fully paid or partial payment system *. *Provided that an association that had no certificates of investment issued and outstanding on the first day of January, 1959, may not sell certificates of investment after the effective date of this act.*

A BILL to amend the Code of Virginia by adding a new section numbered § 6-348.2, so as to confer privileges relating to interest charges in advance, instalment payments, acceleration upon default and investigation fees upon persons and certain other corporations lending money as well as upon industrial loan associations; and to repeal § 6-253, as amended, of the Code, conferring such privileges upon industrial loan associations.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding a new section numbered 6-348.2, as follows:

§ 6-348.2. Any person or corporation engaged in the business of lending money except a small loan company or a credit union may charge in advance the legal rate of interest upon the entire amount of the loan, and the loan may be repaid in approximately equal weekly, monthly or other periodical instalments, with the privilege to the lender to declare the entire unpaid balance due and payable in the event of default in the payment of any instalment for a period of thirty days. The lender may also charge an investigation fee not exceeding two per centum of the amount of the loan. If the combined charges for interest and investigation fee would not amount to one dollar, the lender shall be entitled to a minimum charge of one dollar in lieu thereof.

2. That § 6-253, as amended, of the Code is hereby repealed.

A BILL to amend and reenact § 6-251, as amended, of the Code of Virginia, relating to limitation of powers of industrial loan associations, so as to impose additional limitations upon certain industrial loan associations.

Be it enacted by the General Assembly of Virginia:

1. That § 6-251, as amended, of the Code of Virginia be amended and reenacted as follows:

§ 6-251. No such corporation shall *:

1. Advertise that it is subject to regulation or supervision by the State Corporation Commission or the Bureau of Banking, or publish any advertisement suggesting that it is engaged in the business of banking or that it receives deposits.

2. Advertise that it carries insurance unless its certificates of investment are insured or guaranteed by a State or federal agency or an insurance company authorized to do business in Virginia.

3. Own any shares of stock issued by any other corporation except to the extent legal for banks.

4. Invest more than 80% of the amount of its outstanding certificates of investment in loans secured by liens on real estate.

5. Make any loan secured by liens on real estate in excess of two-thirds of the appraised value of the real estate.

6. Issue certificates of investment for the purpose of borrowing money.

7. Issue a certificate of investment paying a higher rate of interest than four and one-half per cent per annum.

Provided that the provisions of this section shall not apply to any industrial loan association that has no certificate of investment issued and outstanding.

APPENDIX A

Sources of Funds for Industrial Loan Associations as of December 31, 1945-1958:

Dec. 31	Certificates of Investment	Capital Stock Outstanding	Borrowed Money	Totals
1945	$ 4,376,217.53	$1,081,247.50	$ 174,600.00	$ 5,632,065.03
1946	5,525,183.76	1,172,537.50	659,650.00	7,357,371.26
1947	6,293,631.91	1,224,377.50	682,150.00	8,200,159.41
1948	5,731,545.17	1,426,150.49	654,050.00	7,811,745.66
1949	6,921,010.98	1,366,852.50	831,936.94	9,119,800.42
1950	7,180,522.38	1,493,694.50	1,026,029.78	9,700,246.66
1951	8,086,343.51	1,689,594.50	1,015,451.01	10,791,389.02
1952	9,661,966.49	1,866,889.50	2,968,735.23	14,497,591.22
1953	10,707,531.28	2,166,969.50	8,365,241.63	21,239,742.41
1954	12,394,889.85	2,276,297.50	10,921,440.98	25,592,628.33
1955	13,865,503.45	2,274,289.50	12,295,393.07	28,435,186.02
1956	14,712,106.78	2,401,201.17	14,735,906.61	31,849,214.56
1957	13,631,404.83	2,272,589.50	16,312,492.48	32,216,486.81
1958	15,877,079.21	2,400,889.50	14,679,870.18	32,957,838.89

APPENDIX B

Resources of Industrial Loan Associations as of December 31, 1945-1958.

Dec. 31	Totals
1945	$ 7,989,291.20
1946	9,389,447.06
1947	10,656,803.33
1948	11,206,837.30
1949	11,772,500.79
1950	12,592,065.20
1951	14,004,753.04
1952	18,072,223.01
1953	25,973,057.04
1954	31,599,707.45
1955	35,879,383.58
1956	39,383,825.68
1957	40,434,535.49
1958	42,011,159.97

APPENDIX C

A SYNOPSIS OF THE LAWS OF THE VARIOUS STATES PERTAINING TO INDUSTRIAL LOAN AND SIMILAR ASSOCIATIONS

ALABAMA

Not authorized.

1. Designation of the Act: Industrial Banks.
2. By whom Supervised: Banking Department.
3. Minimum Capital Requirements: Cities with population of less than 15,000: $15,000. Cities with population of 15,000 to 50,000: $50,000. Cities with population of over 50,000: $100,000.
4. Allowable interest rate: 10% in advance for one year on amounts not exceeding $1,000. Refund of unearned discount required. Minimum interest charge $3.00.
5. Restrictions as to loans:
   (a) Maturity: One year.
   (b) Liability of borrower: $1,000.
6. Right to accept:
   (a) Deposits: Yes.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: Not reported.
   Number of institutions reporting: Not reported.
8. Restrictions as to investments: To same extent as banks.

ARKANSAS

1. Designation of the Act: The Industrial Loan Institutions Act.
2. By whom Supervised: State Banking Department, Securities Division.
3. Minimum Capital Requirements: Cities with population of less than 6,000: $50,000. Cities with population of 6,000 to 50,000: $100,000. Cities with population of over 50,000: $200,000.
4. Allowable interest rate: Ten per centum per annum. Apparently in advance. Late charge of 5¢ for each default of $1.00 or fraction thereof, not cumulative.
5. Restrictions as to loans:
   (a) Maturity: Apparently none.
   (b) Liability of borrower: 20% of paid in capital.
6. Right to accept:
   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: $2,489,000.
   Number of institutions reporting: 6.
8. Restrictions as to investments: Not reported.

CALIFORNIA

1. Designation of the Act: Industrial Loan Act.
2. By whom Supervised: Division of Corporations.
3. Minimum Capital Requirements: Cities with population of less than 50,000: $50,000. Cities with population of 50,000 or over: $100,000.
4. Allowable interest rate: 2½% per month on unpaid principal balance up to and including $100.00. 2% per month on unpaid principal balance of over $100.00 to and including $300.00. 5/6 of 1% per month on unpaid balance of $300.00 or over.
5. Restrictions as to loans:
   (a) Maturity: 2 years but 20 years on obligations insured by a Federal Agency. 3 years on conditional sales contracts purchased or discounted.
   (b) 5% of capital and surplus. 20% if secured by collateral valued at least 115% of amount of loan.
6. Right to accept:
   (a) No.
   (b) Yes.
7. Total resources of such associations at December 31, 1957: $171,000,000.
   Number of institutions reporting: 42 Head Offices, 92 Branches.
8. Restrictions as to investments: Real estate limited to fixtures and premises to a maximum of 33 1/3% of capital and surplus.

COLORADO

1. Designation of the Act: Industrial Bank Act.
2. By whom Supervised: State Banking Commission.
3. Minimum Capital Requirements: Cities with population of 4,000 or less: $25,000. Cities with population of 4,000-50,000: $50,000. Cities with population over 50,000: $100,000. Plus cash surplus of 10% of capital stock.
4. Allowable interest rate: 10%, in advance, plus $1.00 for each $25.00 for investigation fee not to exceed $5.00. Late charge 1½% per

5. Restrictions as to loans:
   (a) Maturity: None.
   (b) Liability of borrower: 10% of capital and surplus.
6. Right to accept:
   (a) Deposits: Yes.
   (b) Issue certificates of investment or similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: $23,000,000.

   Number of institutions reporting: 29.

8. Restrictions as to investments: May invest in real estate for business office only.

CONNECTICUT

1. Designation of the Act: Industrial Banks.
2. By whom Supervised: Banking Department.
3. Minimum Capital Requirements: Towns of less than 50,000, $100,000 capital plus $100,000 surplus. Towns of more than 50,000, $200,000 capital plus $200,000 surplus.
4. Allowable interest rate: 6% per annum plus service charge not exceeding $1.00 for each $50.00, or fraction thereof, to a maximum of $10.00.
5. Restrictions as to loans:
   (a) Maturity: 36 months except mortgage loans.
   (b) Liability of borrower: 10% of capital and surplus.
6. Right to accept:
   (a) Deposits: Yes.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $10,000,000.
   Number of institutions reporting: 5.
8. Restrictions as to investments: Restricted to same extent as banks unless otherwise specifically provided.

DELAWARE

Not authorized.

FLORIDA

1. Designation of the Act: Industrial Savings Bank Act.
2. By whom Supervised: State Commissioner of Banking.
3. Minimum Capital Requirements: Cities with population of less than 5,000: $25,000. Cities with population of 5,000 to 10,000: $50,000. Cities with population of 10,000 to 50,000: $100,000. Cities with population of 50,000 to 200,000: $200,000. Cities with population over 200,000: $300,000. Plus a paid in surplus of not less than 20% of paid up capital, and undivided profits of 5% of paid up capital.
4. Allowable interest rate: 8% discount plus 2% investigation fee in advance. Late charge: 5¢ per $1.00.
5. Restrictions as to loans:
   (a) Maturity: None.
   (b) Liability of borrower: 10% of capital and surplus on unsecured loans. 25% of capital and surplus on secured loans.

6. Right to accept:
    (a) Deposits: Yes.
    (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: Not reported.

    Number of institutions reporting: Not reported.
8. Restrictions as to investments: Restricted as to investments and real estate holdings.

GEORGIA

1. Designation of the Act: Industrial Loan Act.
2. By whom Supervised: Comptroller General.
3. Minimum Capital Requirements: $10,000.
4. Allowable interest rate: 8% per annum in advance on loans repayable 18 months or less, and on contracts repayable over a greater period interest added to principal amount of the loan, plus a loan fee in an amount not greater than $1.00 plus 8% of the first $600.00, plus 4% of the excess. Late charge 5¢ per $1.00.
5. Restrictions as to loans:
    (a) Maturity: 24 months.
    (b) Liability of borrower: $2,500.
6. Right to accept:
    (a) Deposits: No response, but apparently no.
    (b) Issue certificates of investment or similar obligations: No response, but apparently no.
7. Total resources of such associations at December 31, 1957: Not reported.

    Number of institutions reporting: 665.
8. Investments: Not restricted.

IDAHO

Not authorized.

ILLINOIS

Not authorized.

INDIANA

1. Designation of the Act: Industrial Loan and Investment Act.
2. By whom Supervised: Department of Financial Institutions.
3. Minimum Capital Requirements: $50,000.00.
4. Allowable interest rate: 1½% per month.
5. Restrictions as to loans:
    (a) Maturity: None.
    (b) Liability of Borrower: 10% of "sound capital."

6. Right to accept:
    (a) Deposits: No.
    (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: Not reported.

    Number of institutions reporting: 72.
8. Restrictions as to investments: Real estate only for transaction of its own business.

IOWA

1. Designation of the Act: Loan Corporation Act.
2. By whom Supervised: State Auditor.
3. Minimum Capital Requirements: Same as banks. Cities or towns with population of 3,000 or less: $25,000. Cities or towns with population of 3,000, but not exceeding 6,000: $50,000. Cities or towns with population of 6,000, but not exceeding 15,000: $75,000. Cities or towns with population of over 15,000: $75,000. All must have a paid in surplus of at least 20% of capital.
4. Allowable interest rate: Apparently 7% per annum.
5. Restrictions as to loans:
    (a) Maturity: No provision.
    (b) Liability of borrower: No provision.
6. Right to accept:
    (a) Deposits: No.
    (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: Not reported.
    Number of institutions reporting: 39.
8. Restrictions as to investments: Same as banks.

KANSAS

Not authorized.

KENTUCKY

1. Designation of the Act: Loan and Investment Companies.
2. By whom supervised: Department of Banking.
3. Minimum Capital Requirements: Not less than $25,000 if located in cities of 1st, 2nd, or 3rd class and not less than $12,500.00 if located in cities of 5th class.
4. Allowable interest rate: 6% per annum in advance plus investigation fee of $1.00 for each $50.00 or fraction thereof. Late charge 5¢ for $1.00. $5.00 maximum.
5. Restrictions as to loans:
    (a) Deposits: 3 years, 32 days.
    (b) Liability of borrower: Maximum $5,000.00.

6. Right to accept.

    (a) Deposits: No.
    (b) Issue certificates of investment or similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: $6,700.00. Number of institutions reporting: 19.

8. Restrictions as to investments: Not restricted.

LOUISIANA

Not authorized.

MAINE

1. Designation of the Act: Industrial or Morris Plan Banks.

2. By whom Supervised: Department of Banks and Banking.

3. Minimum Capital Requirements: Cities with population of less than 50,000: $25,000. Cities with population of 50,000 to 150,000: $50,000. Cities with population of 150,000 or over: $100,000.

4. Allowable interest rate: 12% per annum in advance plus fee of $1.00 for each $50.00 or fraction thereof. Maximum fee: $5.00.

5. Restrictions as to loans:

    (a) Maturity: 2 years.
    (b) Liability of borrower: 4% of capital and surplus.

6. Right to accept:

    (a) Deposits: No.
    (b) Issue certificates of investment of similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: $2,300,000.

    Number of institutions reporting: 2.

8. Restrictions as to investments: Same restrictions as savings banks.

MARYLAND

1. Designation of the Act: Industrial Finance Companies.

2. By whom Supervised: State Banking Department.

3. Minimum Capital Requirements: Not stated.

4. Allowable interest rate: 6% per annum discount or ½% per month, plus investigation fee on loans of $500.00 or less 4% of loan to a minimum of $4.00; over $500.00, 2% of loan, $20.00 minimum; plus late fee of 5¢ per $1.00.

5. Restrictions as to loans:

    (a) Maturity: Not reported.
    (b) Liability of borrower: $1,500.

6. Right to accept:

    (a) Deposits: No.
    (b) Issue certificates of investment or similar obligations: No.

7. Total resources of such associations at December 31, 1957: Not reported.

   Number of institutions reporting: Not reported.

8. Restrictions as to investments: No restrictions.

MASSACHUSETTS

1. Designation of the Act: Chapter 172A General Laws.
2. By whom Supervised: Department of Banking.
3. Minimum Capital Requirements: Cities with population of less than 100,000: $50,000. Cities with population of 100,000 to 300,000: $100,000. Cities with population of over 300,000: $200,000.
4. Allowable interest rate: 12% per annum discount on loans of $500.00 or less, 9% on loans of more than $500.00.
5. Restrictions as to loans:
   (a) Maturity: Not reported.
   (b) Liability of borrower: 10% of capital and surplus.
6. Right to accept:
   (a) Deposits: Yes.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $11,000,000.

   Number of institutions reporting: 4.

8. Restrictions as to investments: Same as savings banks.

MICHIGAN

1. Designation of the Act: Michigan Financial Institutions Act.
2. By whom Supervised: State Banking Department.
3. Minimum Capital Requirements: $25,000 where population does not exceed 50,000. $50,000 with population of 50,000 to 150,000. $100,000 where population exceeds 150,000.
4. Allowable interest rate: 7% per annum in advance, plus investigation fee $1.00 for each $50.00 or fraction thereof. Maximum fee $15.00.
5. Restrictions as to loans:
   (a) Maturity: 36 months.
   (b) Liability of borrower: 3% of capital and surplus.
6. Right to accept:
   (a) Deposits: Yes.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $15,000,000.
   Number of institutions reporting: 2.
8. Restrictions as to investments: Same as Banks.

MINNESOTA

1. Designation of the Act: Industrial Loan and Thrift Companies.
2. By whom Supervised: Department of Commerce, Banking Division.
3. Minimum Capital Requirements: $25,000.00 capital plus 10% surplus in cities with population under 50,000. $50,000 capital plus 10% surplus in cities with population of 50,000 to 100,000. $75,000 capital plus 10% surplus in cities with population of over 100,000.
4. Allowable interest rate: 8% discount plus $1.00 for each $50.00 or fraction thereof not to exceed $10.00 on loans up to $500.00 and 1% additional for investigation fee on loans over $500.00, not to exceed $15.00, plus delinquent charge of 5¢ per $1.00, not to exceed $5.00. If less than $50.00, aggregate fee not to exceed 50 cents.
5. Restrictions as to loans:
   - (a) Maturity: 24 months.
   - (b) Liability of borrower: 5% of capital and surplus. 10% of capital and surplus on loans secured by certain stocks and bonds.
6. Right to accept:
   - (a) Deposits: No.
   - (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $40,000,000.

   Number of institutions reporting: 78.
8. Restrictions as to investments: No restrictions.

MISSISSIPPI

Not authorized.

MISSOURI

Not authorized.

MONTANA

1. Designation of the Act: Morris Plan Company.
2. By whom Supervised: Superintendent of Banks.
3. Minimum Capital Requirements: $25,000 capital, plus surplus of 10% of capital.
4. Allowable interest rate: 10% per annum in advance, plus service charge of $1.00 for each $50.00 or fraction thereof.
5. Restrictions as to loans:
   - (a) Maturity: 1 year.
   - (b) Liability of borrower: 10% of capital and surplus.
6. Right to accept:
   - (a) Deposits: No.
   - (b) Issue certificates of investment or similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: Not reported.

   Number of institutions reporting: Not reported.

8. Restrictions as to investments: No restrictions.

NEBRASKA

1. Designation of the Act: Industrial Loan and Investment Companies.
2. By whom Supervised: Department of Banking.
3. Minimum Capital Requirements: $10,000 to $100,000 based upon population.
4. Allowable interest rate: 18% per annum simple interest on declining balance loans to $100.00. 12% per annum simple interest on declining balance loans to $100.01 to $3,000.00. 9% per annum simple interest on declining balance loans over $3,000.00. Late charges at monthly per cent.
5. Restrictions as to loans:
   - (a) Maturity: 36 months.
   - (b) Liability of borrower: 10% of capital and surplus.
6. Right to accept:
   - (a) Deposits: No.
   - (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $12,000,000.
   Number of institutions reporting: 8.
8. Restrictions as to investments: No restrictions.

NEVADA

Not authorized.

NEW HAMPSHIRE

Not authorized.

NEW JERSEY

Not authorized.

NEW MEXICO

Not authorized.

NEW YORK

1. Designation of the Act: Industrial Banks.
2. By whom Supervised: Banking Department.
3. Minimum Capital Requirements: $25,000 to $100,000 based on population.
4. Allowable interest rate: Discount 6% per annum plus service charge of $1.00 for each $50.00 or fraction thereof on the first

$250.00, plus 1% of amount loaned in excess of $250.00. Maximum fee of $20.00. Late charges 5¢ per $1.00, maximum $5.00, or an aggregate of 2% of loan, but not to exceed $25.00.

5. Restrictions as to loans:
   (a) Maturity: 25 months if loan is not more than $1,200.
   37 months if loan is for more than $1,200.
   (b) Liability of borrower: $5,000.
6. Right to accept:
   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $184,000,000.

   Number of institutions reporting: 8.

   Restrictions as to investments: Restricted in same manner as banks.

NORTH CAROLINA

1. Designation of the Act: Industrial Banks.
2. By whom Supervised: Banking Department.
3. Minimum Capital Requirements: $25,000.
4. Allowable interest rate: 6% per annum in advance plus service charges which range from $2.50 to $8.00 on loans up to $1,000, and thereafter $1.00 for each $250 or fraction thereof.
5. Restrictions as to loans:
   (a) Maturity: None.
   (b) Liability of borrower: Same as banks.
6. Right to accept:
   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $21,000,000.
   Number of institutions reporting: 11.
8. Restrictions as to investments: Restricted in same manner as banks.

NORTH DAKOTA

Not authorized.

OHIO

Ohio has industrial bank laws, but all institutions chartered under these laws have commercial bank status.

OKLAHOMA

Not authorized.

OREGON

1. Designation of the Act: Industrial Loan Companies Act.

2. By whom Supervised: State Banking Department.
3. Minimum Capital Requirements: Cities with population of less than 200,000: $50,000. Cities with population of 200,000 or more $150,000.
4. Allowable interest rate: 10% discount plus fee of 3% of amount of loan, minimum fee $3.00. Late charge 5¢ per $1.00 for week. Maximum 4 weeks.
5. Restrictions as to loans:
   (a) Maturity: 18 months unsecured: 24 months secured.
   (b) Liability of borrower: 5% of capital and surplus; if secured by chattels, 10% of capital and surplus.
6. Right to accept:
   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $15,000,000.
   Number of institutions reporting: 56.
8. Restrictions as to investments: Restricted in same manner as banks.

PENNSYLVANIA

Not authorized.

RHODE ISLAND

1. Designation of the Act: Loan and Investment Companies Act.
2. By whom Supervised: Department of Business Regulation, Banking Division.
3. Minimum Capital Requirements: Capital determined by Board of Bank of Rhode Island.
4. Allowable interest rate: 6% discount. 8% discount on loans secured by real estate. Investigation fee $1.00 for each $50.00 with minimum of $1.00. 5% on real estate loans. Delinquent charges 5¢ per $1.00 with a maximum of ten successive defaults.
5. Restrictions as to loans:
   (a) Maturity: 24 months. 300 months on real property.
   (b) Liability of borrower: $10,000.
6. Right to accept:
   (a) Deposits: Yes.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $8,000,000.
   Number of institutions reporting: 6.
8. Restrictions as to investments: No restrictions.

SOUTH CAROLINA

Not authorized.

SOUTH DAKOTA

Not authorized.

TENNESSEE

1. Designation of the Act: Industrial Loan and Thrift Act.
2. By whom Supervised: Department of Insurance and Banking.
3. Minimum Capital Requirements: $10,000.
4. Allowable interest rate: 6% discount. Investigation fee 4%. Late charge 5%.
5. Restrictions as to loans:
   - (a) Maturity: 3 years.
   - (b) Liability of borrower: None.
6. Right to accept:
   - (a) Deposits: No.
   - (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: Not reported:

   Number of institutions reporting: Not reported.
8. Restrictions as to investments: No restrictions.

TEXAS

"We have no financial institution of this type in Texas."
(Advice of Texas Banking Department.)

UTAH

1. Designation of the Act: Industrial Loan Corporations.
2. By whom Supervised: Banking Department.
3. Minimum Capital Requirements: $100,000 for cities of first class.
4. Allowable interest rate: 1% per month on loans not in excess of $2,000. 3/4 of 1% per month on loans in excess of $2,000 but not to exceed $5,000. Investigation fee: 2% with a maximum of $20.00.
5. Restrictions as to loans:
   - (a) Maturity: 37 months.
   - (b) Liability of borrower: $5,000, or 5% of capital and surplus.
6. Right to accept:
   - (a) Deposits: No.
   - (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $45,000,000.

   Number of institutions reporting: 86 head offices, 43 branches.
8. Restrictions as to investments: No restrictions.

VERMONT

Not authorized.

VIRGINIA

1. Designation of the Act: Industrial Loan Associations.
2. By whom Supervised: State Corporation Commission, Bureau of Banking.
3. Minimum Capital Requirements: $30,000.
4. Allowable interest rate: 6% per annum in advance. Investigation fee 2% of amount of loan with minimum of $1.00. Late charge 10% of amount of payment, not cumulative.
5. Restrictions as to loans:
   (a) Maturity: 10 years.
   (b) Liability of borrower: 20% of capital and surplus.
6. Right to accept:
   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $40,000,000.
   Number of institutions reporting: 19.
8. Restrictions as to investments: No restrictions.

WASHINGTON

1. Designation of the Act: Industrial Loan Companies.
2. By whom Supervised: Department of General Administration, Division of Banking.
3. Minimum Capital Requirements: Cities with population of 100,000 or less: $25,000. Cities with population of over 100,000: $50,000.
4. Allowable interest rate: 10% discount, plus 2% investigation fee, plus 5% late charge.
5. Restrictions as to loans:
   (a) Maturity: 2 years.
   (b) Liability of borrower: 2% of capital and surplus.
6. Right to accept:
   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.
7. Total resources of such associations at December 31, 1957: $6,000,000.
   Number of institutions reporting: 5 head offices, 5 branches.
8. Restrictions as to investments: Same as commercial banks.

WEST VIRGINIA

1. Designation of the Act: Industrial Loan Companies.
2. By whom Supervised: Department of Banking.
3. Minimum Capital Requirements: $25,000.
4. Allowable interest rate: 6% discount plus $1.00 for each $50.00 or fraction thereof for investigation fee. Delinquent charge 5¢ per $1.00.

5. Restrictions as to loans:

   (a) Maturity: 2 years except upon authorization of Board of directors.
   (b) Liability of borrower: 10% of capital and surplus. 20% of capital and surplus on indirect liabilities.

6. Right to accept:

   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: $27,000,000.
   Number of institutions reporting: 32.

8. Restrictions as to investments: Same as banks.

WISCONSIN

1. Designation of the Act: Industrial Loan Act.

2. By whom Supervised: Banking Department.

3. Minimum Capital Requirements: None.

4. Allowable interest rate: 10% per annum, simple interest, plus 4% per annum service fee for a period not to exceed one year on secured loans. Unsecured, or discount loans: 8% to $300, 7% over $300. Investigation fees 2% with a maximum of $20.00. Late charge 1% if more than 10 days and additional 1% for each additional 20 day period.

5. Restrictions as to loans:

   (a) Maturity: Secured: None. Unsecured: 30½ months.
   (b) Liability: Secured: None. Unsecured: $2,000, excluding charges.

6. Right to accept:

   (a) Deposits: No.
   (b) Issue certificates of investment or similar obligations: Yes.

7. Total resources of such associations at December 31, 1957: $94,000,000.
   Number of institutions reporting: 304.

8. Restrictions as to investments: Same as banks.

WYOMING

Not authorized.

APPENDIX D

October 14, 1958

COMPARISON OF PERTINENT STATUTORY PROVISIONS PERTAINING TO BANKS AND INDUSTRIAL LOAN ASSOCIATIONS

(Numerical references are to the Code of Virginia.)

Banks	*Industrial Loan Associations*
Source of Funds:	
Stock, sale of common and preferred. Minimum required $50,000 for 25,000 inhabitants, or less, and $5,000 additional for each additional 10,000 inhabitants. (6-33.)	Minimum required, $30,000. (6-249.)
Borrowings from banks and other usual sources.	Same.
Deposits, time and demand, by public generally.	Not authorized to receive deposits but may sell "certificates of investment or similar obligations upon either the fully paid or partial payment system." (6-255.)
Charges for Loans:	
Interest at legal rate, 6% per year, in advance, with a minimum of $1. (6-348.)	Same, except as to minimum. (6-253.)
Investigation fee not to exceed 2% of the amount of the loan on loans not exceeding $1,000 with a minimum of $1. (6-348.1.)	"Investigation fee" not to exceed 2% of amount of loan. Minimum charge for interest *and* investigation fee $1. (6-253.)
Other charges, none specifically provided for but believed that could charge actual expenses, e.g.: insurance, recording fees, notary, title search, etc.	Same.
Repayment of loans by periodic instalments authorized. (6-348.)	Same. (6-253.)
Fine or penalty for default in payment. None specifically provided for but could be provided for by contract.	Fine not to exceed 10% of amount in default and not to be cumulative if provided for by by-laws. (6-254.)
Refunds upon payment of loan or instalment in advance, no provision.	Same.
Interest after maturity, no provision with respect to, but could probably charge contract rate for length of time loan in default.	No provision, but probably could not charge in view of specific statutory provision as to fines.

Banks	*Industrial Loan Associations*
Limitations on Activities Tending to Protect Deposits or Investment Certificate Accounts:	
Insurance provided by Fed. Deposit Ins. Corp. for each deposit up to $10,000.	None, and no governmental source of insurance for certificate of investment accounts.
Loans, restrictions on:	
To one person, general, amount not to exceed 15% of banks capital plus permanent surplus. However, dependent upon specified security, the percentage may be greater and for certain security there is no limit. (6-76.)	Not to exceed 20% of association's capital plus surplus. (6-250.)
Own stock. Cannot make loans secured by own stock. (6-51.)	No limitation.
Real estate:	
Must be appraised by two or more appraisers. (6-78.)	Not required.
Loan limited to 50% of appraised value, generally, but under certain conditions, including amortization, may be 66 2/3%. (6-78.)	No limitation.
Aggregate of amount of real estate loans limited to amount of capital plus unimpaired surplus or 70% of time and savings deposits. (6-78.)	No limitation.
To officers, directors or employees. Loan must be secured, approved by board of directors and subject to same limitations as loans to other persons. (6-77.)	No limitation, except limited as are loans to other persons.
Period of loan. No limitation.	No loan to be made for a longer period than 10 years. (6-250.)
Investments, limitations on:	
Cannot acquire own stock, or any stock, except to protect self against loss due to bad debt. (6-51.)	No limitation.
Investment in real estate limited to real estate, including furniture and fixtures, required for banking purposes and not to exceed in amount 50% of capital plus surplus, except that acquired to protect self from bad debt. (6-49; 6-50.)	No limitation.

Banks	*Industrial Loan Associations*
Dividends, payment of not to be made until surplus equals 10% of capital stock and thereafter 10% of earnings must go to surplus until surplus equals 20% of capital stock. (6-48.) If real estate holdings for banking premises exceed limitation, dividend cannot exceed 6%. (6-49.)	No limitation.
Reserve, must maintain a reserve of at least 10% of demand and 3% of time deposits. (6-52.)	No provision.
Interest to be paid on deposits (or certificates of investment) limited to 4% per annum and not to exceed rate authorized by Federal Reserve Board for member banks.	No provision.
Assets not to be pledged to secure deposits, except deposits of governments. Assets may be pledged temporarily for money borrowed but not in excess of capital plus surplus and assets so pledged not to exceed in value 150% of amount borrowed. (6-66.)	No provision.
Certificate of deposit not to be issued for money borrowed. (6-80.)	No provision.
Bonds required for active officials and employees. (6-46.)	Same, but for officers only. (6-252.)
Directors:	
Must, at least once each year, cause an examination to be made of the bank. (6-47.)	No provision.
Majority must be citizens of Virginia. (6-36.)	No provision.
Must hold meetings at least once in each calendar month. (6-43.)	No provision.
Miscellaneous:	
Branches, may establish with approval of S. C. C. (6-26.)	Not permitted.
Foreign corporation cannot conduct a banking business in Virginia. (6-10.)	No provision. But, by inference, it is probable that foreign corporations may conduct an industrial loan business in Virginia. (6-257.)
Examination of affiliates, subject to examination by S. C. C. (6-107.)	No provision.