

securities, it seems very probable that the future market for this class of securities will tend to broaden. While there have recently been a few scattered instances of promotional lending, it is assumed that unworthy loans are not likely to interest the careful and informed investor. Historically securities in the religious and nonprofit corporation category have yielded the investor a somewhat higher interest return so that individuals, banks, insurance companies, pension funds, etc. have found it profitable to participate in these issues. It is assumed that future financing will have a similar relative degree of variation in yield and return. The practice of providing for serial retirement of loans is almost universal with religious and nonprofit organization loans. It has long been a characteristic of this type, and the practice may thus have contributed substantially to the excellent performance record. The serial mechanics have, moreover, been an important factor in marketing. Some investors require liquidation at certain dates and prefer to hold an obligation that matures at the appropriate time rather than rely on the marketability of some security which is due and payable at a later date. Church, school, and hospital loans are usually written for a shorter term of years than other corporate or utility obligations. Thus the combination of serial maturities and relatively shorter maximum term and a fair rate more ideally meet the requirements of investors than many other types of investment opportunities.

The continuance of sound lender and underwriting practices, the continuing excellent performance of loans and issues in the private nonprofit organization group, adequate competitive rates, and mechanics tailored to meet the investor's preferences and requirements are of importance to all segments of the securities market. As the total volume of individual savings grows, the volume of purchases in the group under study should grow. Likewise in periods of healthy economic climate participations by institutions should grow. However, it is likely that the underwriting industry will not be content to rely merely on normal volume increases. This has been a fairly competitive and aggressive field, and there is every likelihood that effective promotion of the product will further expand its total volume.

3. FACILITIES FOR SERVICE

Church, school, and hospital financing in volume is currently feasible largely because the field was soundly developed by securities underwriters. Persistent education and selling for more than a half century was involved in getting recognition from investors over a wide geographic area and in getting recognition among financial analysts for larger institutional accounts. Many issues are listed in the reports of the valuation committee of the National Association of Insurance Commissioners as being "Eligible for Amortization" when included among insurance company investments. A goodly number of the larger issues have been rated by Fitch Investors Service, New York.

There is keen competition among the top underwriters in the field. During recent years several large insurance companies, metropolitan banks, labor union treasuries and pension funds have been interested in direct loaning. The outlook for the future is that sound institutions with a sound building or expansion project will be well served. Unique