plished through the medium of a Trust Agreement.

This Trust Agreement is a legal contract between the golfers on one hand who are lending the money necessary for the purchase and construction of the course and the city which will agree to operate the course and out of the receipts obtained from its operation will agree to pay the premiums on the insurance policies.

The city will agree to do this with the understanding that when the premiums have been paid in full, the city will then own the golf course. The course will have cost the municipality little or nothing for the income from its operation should be sufficient to pay the premiums and cost of operation.

Experience has shown that the premiums on these policies usually aproximate about 5 per cent of the amount borrowed for the first year and over the 33 years that they are payable, they will average about 3 per cent. This means that the city has all of the advantages of a long term loan without the burden of heavy interest charges that can amount to a very considerable sum of money over the years. Under this plan the amount paid out in premiums will never amount to more approximately than the amount borrowed.

Can Take 33 Years

The municipality can take as long as 33 years, if it so desires, in which to pay the premiums on the insurance policies, however, as the golf course prospers and there is a surplus left in its treasury at the end of a year, it can take this money and pay up the premiums in advance on a certain number of policies at a discount. By so doing the municipality would not only be getting out from under the necessity of having to pay interest on the money borrowed to pay for the course but in this way it can discount the principal of the debt.

To illustrate the above opportunity, some years ago the Country Club at Piqua, O., refinanced a debt of $31,000 under this plan of financing. The club prospered and a few years after, it was able to pay up the premiums in advance and so got rid of the debt at a total cost to the club of only $27,125. The subscribers who had originally loaned the $31,000 to the club received paid-up insurance policies to the amount of $46,500. In California, the San Diego Club refinanced a debt of $175,000 just before World War II. The war came along and the club prospered and by paying up the premiums in advance, it was able to get rid of this debt of $175,000 for a total cost to the club of only $162,000.

In actual practice, the plan would work as follows — John Doe agrees to invest $1,000 in a pro rata share of the mortgage on the golf course property. In this case he pays cash. In return, he receives the ownership of his part of the mortgage and in addition he receives a 35 year Endowment Insurance Policy for 50 per cent more than the amount of his investment. In his case, he has the insurance placed on his own life. A year from this time, he has the misfortune to get into an accident and is killed. He has made his wife the beneficiary. She now has two things that the Trustees want, the pro rata share in the mortgage and the insurance policy for $1,500.00.

Immediately upon notification, the insurance company would send the Trustees a check for the face value of the insurance policy. In this case it would be $1,500. The Trustees would hold that check until Mrs. Doe came in and surrendered and cancelled the insurance policy and that share of the mortgage. When she did this, the Trustees would then turn over to her the insurance company's check for $1,500. This would mean that she would get back the $1,000 that her husband had invested in the golf course mortgage plus a profit of $500.

By her cancelling the insurance policy and the share of the mortgage, the debt on the property would be reduced to the amount of $1,000. As John Doe only lived a year in this case, it only cost the Trustees one year's premium in order to get rid of $1,000 of its debt and next year the Trustees would have one less premium to pay.

The Insurance policy is a standard policy.

The principle back of this plan is just about as old as insurance itself. It is the principle of an insured loan. Under an insured loan I borrow money and then take out insurance to the amount of the loan so that in case of my unexpected death, the money received from the insurance company will be there to pay the debt. Under this plan, insurance is used as a means to accumulate the money needed in order to pay a debt.

Western GA Publishes New Caddy Book

The further development of golf and the citizens of tomorrow through extensive caddie programs are the general themes of the latest booklet published by the Western Golf Assn.

All phases of the caddie program, from recruiting and training to qualifications for an Evans scholarship, are described in the manual which should be a must for any club's caddy committee.

The book may be obtained by writing the WGA, 8 So. Dearborn St., Chicago 3.