# "FRIENDSHIP INC." Organization

**PLAN:** Financing on a 36 monthly repayment basis, 20,000 basic residential units, over a three-year period, in eiqht Brazilian cities.

**U. S. PATRONS:** 20,000 corporations, companies, or individuals willing to lend US$360.00 each, on a non-interest basis, for a period of four years, are required. Each patron's loan would be applied to the financing of one specific Brazilian lodging which would, upon completion, bear a small metal plaque stating in Portuguese "Friendship House, financed by......." (name of patron). A photograph of the structure, taken with the occupying family, would be mailed to this patron, together with a translated copy of the approved loan application. Repayment of loan to patron would be made by U. S. sponsor, 48 months after date lent. (The extra 12 months beyond the term of Brazilian financing allows for application of funds, and necessary exchange delays). The four years of interest which the patron would fail to earn would constitute a contribution.

**U. S. SPONSOR:** A foundation or other charitable organization is required to assume the role of U. S. sponsor. This might also be a corporation, a union organization, or a semi-governmental agency. The sponsor would publicize the appeal, and receive from the U. S. patrons the funds lent. It would acknowledge such loans, deposit to its account with U. S. banking organization, and issue appropriate 48 month repayment guarantees to lenders. This U. S. sponsor would be prepared to underwrite any deficits of the program, if service charges proved insufficient to cover losses and expenses.

**U. S. BANKING ORGANIZATION:** One or more U. S. banks, having international banking relations (preferably with branches in Brazil) would handle accounts for U. S. sponsor. The bank or banks would deposit funds lent by patrons, and on order of sponsor would open appropriate cruzeiro credits in Brazil. The interest from funds so deposited should cover the expenses of these operations.

**"FRIENDSHIP INC." (BRAZIL):** Central office would be located in Rio de Janeiro or São Paulo, if possible in connection with offices of local U. S. Chambers of Commerce in Brazil. Attempt would be made to have these chambers sponsor and supervise activities. In each city where operation is contemplated, a voluntary committee of four local resident Americans would function as local directors. In these cities, office space would be solicited from U. S. owned firms, on a rent-free basis. A minimum of two, and a maximum of four clerks in each city, would be required to handle loan routine. These could be "peace-corpsmen". Minimum office supplies should be the only other expense.

**BRAZILIAN BANKING ORGANIZATION:** The local branches of a U. S. owned bank in each Brazilian city would assist the "Friendship Inc." directors in processing loan applications. All disbursements and receipts would be handled directly by bank, which would assess a 15% service charge on loans effected. For propaganda purposes, no interest would be charged. (Unheard-of in a country where interest rates run to 2% monthly in banks, and 5% monthly from money lenders). One-fourth of the service charge would be credited to the account of Friendship Inc. Brazil (headquarters), for defrayal of clerk's wages, office supplies, and similar minimum expenses. Another one-fourth would be held in reserve against losses. The remaining one-half, or 7 ½% of the amount of the loans made, would be retained by the bank to cover handling expenses. (These charges and the distribution percentages are subject to further study.)

**BORROWER (BENIFICIARY), BRAZIL:** Only family men, of good reputation, owning no property and having at least three dependents, would be eligible for financing. Applicant should have been employed for at least two years, by present employer, from whom a letter of recommendation would be required. An assignment of wages, or a suitable co-signer, would be obligatory. Evidence of authorized occupancy of proposed site of construction would be mandatory. Loan would be in amount equivalent to US$360.00, to be repaid in 36 monthly installments.

**CONTRACTOR, BRAZIL:** Would submit bid for placing, on any site within a given radius, one 6 x 6 meter (20 x 20 ft.) precast concrete slab house, complete with cement floor and wood-tile roof. House would have interior partitions to provide one 20 x 10 ft. main room, and two 10 x 10 ft. smaller rooms, four wood-shutter windows, and two exterior doors. Design of structure would be distinctive and uniform, recognizable on sight as a "Friendship House". This structure can be raised in Bahia, Brazil for approximately Cr$90.000,00 Brazilian currency, roughly US$360.00. Outhouses, kitchen, plumbing and electricity would not be included, these "luxuries" to be provided by owner when possible. Payment of contractor would be made by check, through "Friendship Inc." director, at time of informal ceremony accompanying delivery of house to owner.

**CONSTRUCTION PROGRAM, BRAZIL:** Would follow the volume of patron's loans, and respective credits opened by sponsor. Assuming participation of 500 U. S. sponsors per month, during a three-year period, a possible yearly distribution of loans in various Brazilian cities follows: (Cities having branches of U. S. owned banks)

| City | Units — 1962 | 1963 | 1964 | Total |
|---|---|---|---|---|
| São Paulo | 1500 | 2500 | 2500 | 6500 |
| Rio de Janeiro | 1200 | 2000 | 2000 | 5200 |
| Recife | 500 | 800 | 800 | 2100 |
| Porto Alegre | 500 | 700 | 700 | 1900 |
| Salvador, Bahia | 500 | 700 | 700 | 1900 |
| Santos | 200 | 300 | 300 | 800 |
| Belo Horizonte | 300 | 500 | 500 | 1300 |
| Brazilia | 100 | 100 | 100 | 300 |

A more effective demonstration of American democracy, American friendship, and the workings of American economics, would be difficult to encounter.

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