

REPORT OF THE HOME LOAN BANK BOARD FOR CALENDAR YEAR 1949

Reports of the operating units of the Home Loan Bank Board which describe their activities for calendar year 1949 indicate the character and extent of the Board's participation in promoting savings and the financing of home ownership. The Federal Home Loan Bank System as a reservoir of funds for home financing, the Federal Savings and Loan Associations as federally chartered instruments for the local accumulation of savings and encouragement of home ownership, the Federal Savings and Loan Insurance Corporation as a Federal instrumentality for the protection of private savings, and the Home Owners' Loan Corporation as a salvaging agency, operate under the administrative direction of the Home Loan Bank Board. Each year distinctive phases develop which serve to distinguish the work of the Board from previous years and help to emphasize its functions.

In 1949 two undertakings, outside the customary program of administration, engaged the Board's attention. One was a careful revision and simplification of its rules and regulations governing each of its four operating units; another was a reduction in the volume of reports and interoffice transactions between the national, regional, and local offices of member organizations.

Early in 1948 the Board had appointed a committee to improve its outstanding rules and regulations by making them more clear and by eliminating obsolete provisions and accumulated conflicts and duplications. In October 1948 the first substantial simplification was effected in the lending and investment regulations for Federal Savings and Loan Associations. Revision of the Federal Home Loan Bank regulations was then begun. By January 1, 1949, the revisions were completed and published. A part of the former Home Loan Bank Board regulations controlling functions under the Board was separately incorporated into the general regulations of the Home Loan Bank Board and regulatory authorities were also reestablished and defined for the operations of the Home Owners' Loan Corporation which primarily affected the internal affairs and contractual relations of that Corporation. With the issuance of the 1949 edition of the Code of Federal Regulations, all of the Board's regulations were renumbered and redesignated in chapter I of title 24-B of the Federal Code.

Continuing the revision of regulations for Federal Savings and Loan Associations, a second major improvement was proposed in the form of a new simplified charter designated "Charter N." In March 1949, after wide clearance in the industry, the proposal of this revision was published. It was further modified to meet objections and finally was adopted in July, effective August 15, 1949. Proposed regulations for insurance of accounts by the Federal Savings and Loan Insurance Corporation were published in December 1949. They have also had the benefit of wide preliminary circulation in the industry and are scheduled for the final consideration of the Board early in 1950.

Reduction in Required Forms and Reports

In connection with the revisions of its rules and regulations published by the Board in 1949, the Board on October 6, 1949, rescinded its actions over a series of years from 1937 to 1948 by which it required that certain specified forms of record and reporting be used either in dealing with its own accounts and operations or with the public. Like the rules and regulations, these forms ran the whole gamut of activity from savings and home financing through accounting and reporting. Some of the forms were so approved as to permit the individual institution, upon specific approval by the Board, to use a substitute form or wording. Others without change or alteration were mandatory.

Of the 53 forms which from time to time were prescribed, only 7 now are required to be used by Federal Savings and Loan Associations and sent to the Home Loan Bank Board. These are standard forms covering (1) Application for Permission to Organize, (2) Public Notice of Application and Hearing, (3) Subscriptions to Capital Stock, (4) Petition for Charter, (5) Certificates Evidencing Ownership of Savings Share Accounts, (6) Fidelity Bonds, and (7) Forms for the Submission of Monthly and Annual Reports. Each State-chartered organization seeking to convert to a Federal charter or seeking to be insured by the Federal Savings and Loan Insurance Corporation also is required to file forms and reports similar to those required of Federal associations, but the number has been largely reduced.

Initially, the forms were prescribed during the early stages of development of the Bank System as a means of obtaining uniformity of methods and standards of operation. The broad purposes sought by the prescribed practices have been achieved. While the continued use of many of the forms will be considered necessary or desirable by the executives of local institutions, their operating experience and standards are such that wide latitude for individual preferences can now safely be given. The Board considers that many of the specific forms and much of the prescribed wording are no longer necessary.