

REAL ESTATE CONTRACTS

Bank of America N.T. & S. A.  
Exam 8/31/39

( - - - 000 omitted - - - )

	<u>Book</u>	<u>Appraised</u>	<u>Appreciation</u>	<u>Depreciation</u>
Calif. Lands, Page 7 Insert 21	10,913	10,447	1,384	1,850
Capital Co., Page 7 Insert 24	<u>18,794</u>	<u>15,526</u>	<u>1,412</u>	<u>4,680</u>
	29,707	25,973	2,796	6,530x Gross
			<u>Net</u>	<u>\$3,734</u>

x reported \$6,490,000  
after adjustments

Bank of America National Trust & Savings Assn.

If the "Earnings" published as news items in San Francisco morning papers were "net" earnings available for dividends in whole or in part, or additions to Capital accounts, the results would be as follows:

Dec. 31, 1933	Capital, Surplus, Undivided Profits, and Reserves for Contingencies (per "Call" report)		104,911,000.
Year 1934	"Earnings"	10,530,000.	
1935	"	16,276,000.	
1936	"	22,522,000.	
1937	"	<u>19,203,000.</u>	<u>68,531,000.</u>
			173,442,000.
Year 1934	Dividends	3,750,000.	
1935	"	6,000,000.	
1936	"	8,000,000.	
1937	"	<u>8,800,000.</u>	<u>26,550,000.</u>
	If "Earnings" were "net", balance would be		146,892,000.
Dec. 31, 1937	Capital, Surplus, Undivided Profits, and Reserves for Contingencies were		<u>110,845,000.</u>
	"Earnings" to be accounted for		36,047,000.

SUMMARY OF CONTRACT WITH BANK OF AMERICA N.T. & S.A.  
AND LIQUIDATION THEREOF

Assets acquired under contract:

June 26, 1931		\$14,999,905.06
December 31, 1931		9,999,997.55
February 13, 1932		<u>10,214,000.00</u>
		\$35,213,902.61

Less:

Reduction from recoveries of written-off assets	\$7,714,453.98(A)		} <i>out of \$550,000.00</i> <i>see page 79</i> <i>118-page letter to Comptroller</i> <i>Dec 12 1939</i>
From proceeds of pledged collateral:			
Bank of America State	\$3,200,000.00		
Bank of America N. A., New York	100,000.00		
First National Bank in Grass Valley	47,636.10		
Vallejo Commercial National Bank	<u>96,751.45</u>	3,444,387.55	
From charge to Earnings		none	
From write-up of United States Bonds		9,000,000.00)	
From charge against write-up of other bonds		5,007,788.34)	(B)
From charges against write-up of other assets		none	
All other reductions		<u>none</u>	\$25,166,629.87
Balance of contract, November 30, 1936			<u>\$10,047,272.74(C)</u>

(A) Additional recoveries of \$744,890.92, applied during December 1936, thereby reducing contract balance to \$9,302,381.82 at the year-end.

(B) \$5,667,436.58 of these write-ups have been realized through sales of written-up securities.

(C) This amount appears on the statement of financial condition of Inter-America Corporation under the heading "Reserve for liability and possible loss under outstanding inter-company contract". When the assets were acquired from Bank of America N.T. & S.A., Paid-in Surplus was charged \$35,213,902.61 and a reserve set up in equal amount for liability and possible loss on eventual liquidation. As recoveries were credited to the contracts Surplus account was credited and the Reserve debited so that balance of contract - \$10,047,272.74 now equals the balance of "Reserve for liability and possible loss under outstanding inter-company contract" on the books of Inter-America Corporation.

*x settled by*  
*Hal City Stock*  
*? Guarantors loan*  
*deals*