

**ELEVENTH ANNUAL REPORT OF THE FEDERAL
HOME LOAN BANK ADMINISTRATION**

LETTER

FROM

**THE COMMISSIONER, NATIONAL HOUSING AGENCY,
FEDERAL HOME LOAN BANK ADMINISTRATION**

TRANSMITTING

THE ELEVENTH ANNUAL REPORT OF THE FEDERAL HOME LOAN BANK ADMINISTRATION FOR THE PERIOD JULY 1, 1942, THROUGH JUNE 30, 1943, COVERING THE OPERATIONS OF THE FEDERAL HOME LOAN BANKS, THE FEDERAL SAVINGS AND LOAN ASSOCIATIONS, THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, THE HOME OWNERS' LOAN CORPORATION, AND THE UNITED STATES HOUSING CORPORATION



NOVEMBER 14, 1944.—Referred to the Committee on Banking and Currency and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

LETTER OF TRANSMITTAL

NATIONAL HOUSING AGENCY,
FEDERAL HOME LOAN BANK ADMINISTRATION,
OFFICE OF THE COMMISSIONER,
Washington, D. C., October 30, 1944.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington, D. C.

MY DEAR MR. SPEAKER: I am sending you herewith the Eleventh Annual Report of the Federal Home Loan Bank Administration for the period July 1, 1942, through June 30, 1943, covering the operations of the Federal Home Loan Banks, the Federal Savings and Loan Associations, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the United States Housing Corporation.

Again this year, as a wartime economy, we have substantially curtailed the text of the report and have had it multilithed in our own duplicating section. The attached copy is one of a very limited number which have been prepared in compliance with instructions contained in Budget Circulars No. 379 and No. 389.

Sincerely yours,

JOHN H. FAHEY, *Commissioner.*

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ELEVENTH ANNUAL REPORT OF THE FEDERAL HOME LOAN BANK ADMINISTRATION

I. THE YEAR IN RETROSPECT

During the fiscal year 1943, the war overshadowed all other influences affecting economic trends. The national effort was devoted increasingly to war production. By the end of the reporting period, expenditures for war activities amounted to more than \$7,000,000,000 a month.

This tremendous effort absorbed the output of millions of American workers, many of whom migrated to the centers of war production. War-housing needs rose, requiring action by the housing agencies consolidated under the National Housing Agency.

At the same time, incomes of American workers increased to the highest levels in the history of the Nation. As the result of growing shortages of civilian goods, and the monetary requirements of the Federal Government, a large portion of these incomes was either invested in War bonds or otherwise permitted to accumulate as savings.

However, these increased incomes are being used in part to purchase real estate. Because of the demand for homes by war workers who need quarters in centers of war production, and who have more purchasing power available than ever before, there is inflationary pressure on real-estate prices. This upward pressure on prices, coupled with the fact that lending institutions have difficulty in finding satisfactory investment outlets, results in a temptation to make inflated loans based on appraisals reflecting temporary market conditions. This may develop a situation which could become a menace and interfere with the prompt resumption of home building after the war.

RESIDENTIAL CONSTRUCTION AND THE REAL ESTATE MARKET

Residential construction.—The fiscal year 1943 was the first full year during which the War Production Board's Order L-41 limiting construction had been in continuous operation. As might be expected, there was a substantial decline in residential construction. This is shown by the table of nonfarm dwelling units presented as exhibit 1 of this report.

During the fiscal year 1943, the number of nonfarm dwelling units completed was approximately 391,700, compared with 652,100 during the 1942 fiscal year and 697,900 during the 1941 fiscal year. The decline during the reporting period represents the first important interruption in the trend of new residential construction, which has been rising steadily since the depression of 1932-33.

Much of the war housing is temporary construction or is located in places where there may be no great demand for it after the war. Such construction cannot be financed privately, and this portion of war

housing must necessarily be publicly financed. Because of the increase in publicly financed construction and the decline in private construction, publicly financed units built during the fiscal year 1943 exceeded privately financed units for the first time. During the reporting period publicly financed nonfarm dwelling units totaled 196,885 as compared with 154,139 during 1942 and 106,672 during 1941.

Building costs.—In June 1943 the wholesale price index of building materials, as reported by the Bureau of Labor Statistics, was 123.5, which was up only fractionally from the index for June of 1942. The index, computed for each month of the past fiscal year, ranged only from 122.6 to 123.5.

This stability in the cost of building materials, which probably resulted from the imposition of price ceilings, is reflected in the Federal Home Loan Bank Administration's index of labor and material costs for constructing a standard six-room frame house in selected cities. During the reporting period retail material prices, as reflected in this index, rose from 121.2 to 123.0.

Labor costs, however, rose more rapidly than material costs. The index of the cost of labor to build the standard six-room house increased from 127.8 in June of 1942 to 134.3 in June of 1943. For this reason the index of total building cost rose from 123.5 to 126.8 during the same period. Exhibit 2 presents these indexes monthly for the 1942 and 1943 fiscal years.

Real-estate market.—The strength of the real-estate market during the fiscal year 1943 was demonstrated by the decrease in nonfarm foreclosures, which were estimated to be 33,402, compared with 49,890 during the 1942 fiscal year and 69,169 during the 1941 fiscal year. Foreclosures during the 1943 fiscal year were less than half those during 1941.

The improvement was general throughout the Nation, being shared by each of the 12 Federal Home Loan Bank Districts and by every State except Nevada, where the total number of properties foreclosed was so small that the general trend may have been overshadowed by random fluctuations. Even in New York, the Bank District reflecting the smallest improvement, foreclosures during the 1943 fiscal year declined one-fourth from those of the previous year. The number of nonfarm real-estate foreclosures during the last 2 fiscal years, by Federal Home Loan Bank Districts and by States, is presented in exhibit 3.

Real-estate overhang.—During the calendar year 1942, the latest 12-month period for which data are available, the estimated book value of residential real estate owned by operating savings and loan associations, commercial and mutual savings banks, life insurance companies, and the Home Owners' Loan Corporation decreased 27.5 percent from \$1,387,165,000 to \$1,005,393,000, a larger percentage reduction than that for the previous year. This reduction was due to increased demand resulting from industrial expansion, rising family incomes, and movement of war workers at a time when the supply of new homes was curtailed through the stopping of all but war housing projects.

Liquidation of real estate held by mortgage lenders has been so rapid in recent years that the total held on December 31, 1942, was little more than one-third of that held by these lenders 4 years before. In 1942, as in the previous year, savings and loan associations led all

types of lenders in disposing of real estate owned. During the year the holdings of such associations declined from \$327,620,000 to \$203,819,000, a decrease of 37.8 percent. The holdings of mutual savings banks and of commercial banks decreased by 33.3 and 33.0 percent, respectively. For the Home Owners' Loan Corporation, the reduction in real estate owned was 19.3 percent. The smallest percentage decline, 17.6 percent, was shown by the life insurance companies, which now hold more residential real estate than any other class of lender. Figures for the residential real estate owned by financial institutions are presented in exhibit 4.

In the Northeastern States the problem of the real-estate overhang is especially acute. Most of the small amount of real estate now owned by the Home Owners' Loan Corporation, for example, is now concentrated in these States. The concentration of the problem for savings and loan associations is indicated by the fact that these associations in New Jersey and Pennsylvania own more than one-third of the real estate owned by the entire savings and loan industry at the close of 1942, although only about 10 percent of the outstanding mortgages were located in these two States.

However, the widespread extent of improved conditions is shown by the fact that residential real estate owned by savings and loan associations was reduced in each of the Federal Home Loan Bank Districts during 1942. The decrease ranged from 12.4 percent in the Los Angeles and 14.3 percent in the Portland regions to 43.4 percent in the Chicago and 46.0 percent in the Boston Districts.

The rapid reduction in properties held by financial institutions means that these institutions will be better prepared to finance housing demands in the post-war period. Also, the real-estate market will then be in a healthier condition because it will be freed in most localities from the depressing influence of institutionally owned properties which are either actively or potentially a threat to the stability of the market. Real-estate holdings of mortgage lenders have now been reduced so greatly that the properties still held are largely those which, because of obsolescence, local conditions, or other reasons are unusually difficult to sell.

MORTGAGE FINANCE AND SAVINGS

Home mortgage lending in 1942.—The volume of new mortgage-loans written on nonfarm one- to four-family dwellings was estimated to be \$3,082,000,000 during the calendar year 1942. This compared with \$3,768,000,000 during 1941 and \$3,270,000,000 during 1940. The drop in 1942 was caused in large part by the decrease in new building resulting from the order of the War Production Board limiting construction.

The decline in mortgage lending activity would have been even greater had not loans made to finance home purchases expanded. The migration of workers to war centers where many were forced to buy homes because of inability to rent, and the higher incomes which encouraged many families to buy homes, resulted in a large volume of lending to finance real-estate sales.

Figures for the mortgage loans written by each of the major lending groups are presented in exhibit 5. It will be noted that savings and loan associations as a group ranked first, writing more than a third of

all mortgages originated in 1942. Mortgages written by the associations totaled \$1,051,000,000 during the year, a decline of 23.8 percent from the total of \$1,379,000,000 for the previous year.

Similar declines were experienced by the mutual savings banks, which wrote \$130,000,000 of mortgages, or 24 percent less than in 1941, and by the commercial banks, which, with their trust departments, wrote \$606,000,000, or 24.1 percent less than in 1941. The experience of "individuals and others" was more favorable, their new mortgage loans declining only 10.6 percent to a total of \$881,000,000. Lending activity credited to the Home Owners' Loan Corporation during 1942 was \$40,000,000, a decrease of 36.5 percent from 1941. This amount represents the estimated total of purchase-money-mortgages given by the Home Owners' Loan Corporation to purchasers of the Corporations' properties, together with advances to enable the Corporation's borrowers to pay taxes, make essential repairs, etc. The decline from 1941 to 1942 was caused by a reduced volume of sales of its real estate, due to the smaller inventory of Home Owners' Loan Corporation properties and by a lower volume of advances to borrowers. The only lenders who, as a group, originated more loans in 1942 than in 1941 were the life insurance companies which wrote \$374,000,000 of loans in 1942, up slightly from the \$371,000,000 of the preceding year.

A study can be made of mortgage lending on a fiscal-year basis by means of the mortgage-recording data collected for several years by the Bank Administration. Although recordings cannot be taken as an accurate measure of new lending, because they include changes in existing mortgage contracts as well as new lending, nevertheless, recordings give a valuable picture of trends in mortgage financing and in the activity of the different types of lending institutions.

During the fiscal year 1943, mortgage lenders throughout the country recorded 1,237,396 nonfarm mortgages of \$20,000 or less in the total amount of \$3,639,814,000. This compares with 1,537,314 mortgages in the amount of \$4,519,573,000 during the preceding fiscal year. A breakdown of the figures, by types of lenders and by Federal Home Loan Bank Districts and by States, is given in exhibit 6.

Home-mortgage debt.—After 5 years of continuous expansion, the nonfarm home-mortgage debt registered a decrease in the calendar year 1942. On December 31, 1942, the aggregate outstanding debt on one- to four-family dwellings was \$19,917,000,000, a reduction of \$178,000,000 from the \$20,095,000,000 outstanding 1 year previous. This decrease compares with an increase of \$992,000,000 during 1941. The decrease in 1942 was caused in part by an accelerated rate of repayment made possible by higher incomes, and in part by the fact that new lending was largely for purposes of home purchase and refinancing. New loans for these purposes do not cause a great increase in the total mortgage debt inasmuch as these loans are frequently accompanied by the cancelation of previous mortgages. Construction loans, which do represent a net addition to the total mortgage debt, decreased substantially in volume during the year.

The outstanding mortgages of the Home Owners' Loan Corporation were reduced by \$210,000,000, or 12 percent during the calendar year 1942. Accordingly, if the mortgage portfolio of the Corporation is disregarded, the combined total of all other lenders increased \$32,000,000 during the year. The mortgage holdings of miscellaneous lenders decreased by \$240,000,000, and of mutual savings banks by

\$30,000,000. An insignificant increase in outstanding mortgages was noted for savings and loan associations and commercial banks. The major gain was effected by insurance companies, which increased their mortgage portfolios by 14 percent, or \$279,000,000.

Savings and loan associations retained their prominent position in the home-mortgage field, as is indicated by the fact that these institutions on December 31, 1942, held \$4,565,000,000, or 22.9 percent of the total mortgage debt. The loans held by such institutions were exceeded only by those of the miscellaneous group, which held 31.9 percent of the mortgage debt. The following table summarizes the debt held by each type of mortgagee at the end of the last 2 calendar years. A survey of the estimated home-mortgage debt from 1929 to 1942 is presented in exhibit 7.

Estimated balance of outstanding mortgage loans on nonfarm 1- to 4-family dwellings

[Millions of dollars]

Type of mortgagee	December 31—		Percent change
	1941	1942	
Operating savings and loan associations.....	\$4,552	\$4,565	+0.3
Insurance companies.....	1,976	2,265	+14.1
Mutual savings banks.....	2,730	2,700	-1.1
Commercial banks.....	2,470	2,480	+0.4
Home Owners' Loan Corporation.....	1,777	1,567	-11.8
Individuals and others.....	6,590	6,350	-3.6
Total.....	20,095	19,917	-0.9

Private savings.—Additions to total long-term savings of individuals during 1942 were more than twice as great as the largest annual increase during the last 22 years. The increase in savings represented by accounts in savings and loan associations, life-insurance policies, savings deposits in banks, postal savings, and United States savings bonds is estimated at \$8,921,000,000 for 1942, as compared with \$3,907,000,000 for 1941. Total long-term savings in these selected forms are estimated to have been \$70,461,000,000 on December 31, 1942, or about three and one-half times the 1920 total.

The following table indicates the gain during 1942 in each of the selected savings media. The distribution of long-term savings from 1935 through 1942 and an explanation of the source of these figures are presented in exhibit 8.

Volume of long-term private savings in selected savings media

[Millions of dollars]

	December 31—		Increase	
	1941	1942	Amount	Percent
Life insurance companies.....	\$26,877	\$29,043	\$2,166	8.1
Mutual savings banks.....	10,490	10,621	131	1.2
Insured commercial banks.....	13,261	13,820	559	4.2
Savings and loan associations.....	4,685	4,950	265	5.7
Postal savings.....	1,392	1,417	25	1.8
2½ percent postal-savings bonds.....	85	84	-1	-1.2
United States savings bonds.....	4,750	10,526	5,776	121.6
Total.....	61,540	70,461	8,921	14.5

The investment in outstanding United States savings bonds (not including series F and G) represented by far the greatest single increase in private savings. The \$5,776,000,000 increase in investment in these bonds during 1942 was greater than the amount held in such form on December 31, 1941. Next in importance were the life-insurance companies, which received \$2,166,000,000, an increase of 8.1 percent over the previous year. Savings bonds and life-insurance companies absorbed 89 percent of the net additions to savings invested in the media studied.

Savings and loan associations led the banking groups in rate of growth, the savings held by the associations increasing 5.7 percent during the year. Deposits in insured commercial banks increased 4.2 percent. Postal savings and deposits in mutual savings banks increased 1.8 and 1.2 percent, respectively, while there was a small decrease in funds invested in postal savings bonds.

Private savings continued the same trend during 1943. United States savings bonds continued to absorb the greatest proportion of these savings, as is indicated by the fact that outstanding savings bonds increased in value from \$10,526,000,000 on December 31, 1942, to \$14,895,000,000 on June 30, 1943. The increase of \$4,369,000,000 during these 6 months compared with the increase of \$5,776,000,000 during the whole of 1942. These figures do not include sales of F and G bonds, some of which are sold to individuals.

The investment in savings bonds during the first 6 months of 1943 did not reduce the rate at which funds flowed to private financial institutions. Savings deposits held by mutual savings banks rose from \$10,620,958,000 on December 31, 1942, to \$11,104,707,000 on June 30, 1943. The increase of \$483,749,000 during these 6 months was more than three times as great as the increase for the entire year 1942. During the first 6 months of 1943, insured savings and loan associations experienced an increase of \$287,524,000, or 9.6 percent, in private share capital, as compared with \$138,733,000, or 5.3 percent, during the same period of 1942. Postal savings increased by \$160,120,000, or 11.3 percent, during the first 6 months of 1943, as compared with \$1,163,000, or less than one-tenth of 1 percent in the first 6 months of 1942.

Savings by private individuals throughout the Nation have reached an all-time high. This, of course, has been made possible by the increase in incomes resulting from war production, while limitations on production for civilian use have reduced the flow of goods which can be purchased with the augmented income. Such a situation insures that an unprecedented total of savings will be available after the war. These savings may be used to satisfy the desire for new housing that will undoubtedly exist when millions of servicemen and war workers resume normal civilian life.

II. SAVINGS AND LOAN ASSOCIATIONS

Funds used in this country to finance building and ownership of homes are derived largely from savings accumulated through the thrift of the American people. In part, savings are made available by direct loans from those who have done the saving. However, the greater portion of the savings used to finance homes are first collected by savings and loan associations, mutual savings banks, life insurance companies, and commercial banks.

For the first three types of institutions the Federal Home Loan Bank System operates as a central credit reserve system. For savings and loan associations, the Bank Administration performs additional functions. Many of the associations are Federal savings and loan associations, chartered and supervised by the Federal Home Loan Bank Administration. Federal associations, and some of the State-chartered associations, are insured by the Federal Savings and Loan Insurance Corporation, another of the component units of the Bank Administration.

NUMBER AND ASSETS

In recent years the total resources of member savings and loan associations of the Federal Home Loan Bank System, as well as of insured State and Federal associations, have been increasing rapidly, as is evident from the following table.

Assets

[Thousands of dollars]

Date	All member savings and loan associations	All State-chartered insured associations	All Federal associations	Uninsured nonmember associations ¹
June 30, 1938	\$3,704,259	\$769,827	\$1,210,744	\$2,113,806
June 30, 1939	3,935,641	899,654	1,439,988	1,943,049
June 30, 1940	4,232,681	983,367	1,725,817	1,957,681
June 30, 1941	4,626,920	1,131,625	2,028,138	1,292,245
June 30, 1942	4,885,049	1,255,307	2,205,921	1,170,926
June 30, 1943	5,249,414	1,454,920	2,426,079	1,061,147

¹ Estimated.

NOTE — Figures for State-chartered insured associations in this and the following tables include a few insured associations which are not members of the Federal Home Loan Bank System. On June 30, 1943, there were 4 of these associations with total assets of \$5,665,000.

During the fiscal year 1943 the total assets of all member associations increased by \$364,365,000; the increase was \$220,158,000 for Federal savings and loan associations and \$199,613,000 for the insured State-chartered savings and loan associations. An outstanding trend in recent years has been the rapid decrease in the number and resources of that group of savings and loan associations which are not members of the Federal Home Loan Bank System.

Membership of savings and loan associations in the Federal Home Loan Bank System, after an initial period of rapid increase, reached its

high point in 1938. Since that time, despite the increase in total assets, the number of member associations has decreased slowly because of mergers and consolidations. This is illustrated by the following table:

Number

Date	All member savings and loan associations	All State-chartered insured associations	All Federal associations	Uninsured nonmember associations ¹
June 30, 1938.....	3,909	681	1,337	5,651
June 30, 1939.....	3,897	790	1,380	4,474
June 30, 1940.....	3,865	816	1,421	4,007
June 30, 1941.....	3,798	861	1,452	3,341
June 30, 1942.....	3,772	910	1,464	3,101
June 30, 1943.....	3,729	960	1,468	2,757

¹ Estimated.

On June 30, 1943, the number of member associations was 3,729, as compared with 3,772 a year previous. The net decrease of 43 resulted from 53 admissions to membership and 96 terminations. Of the terminations, 44 were caused by merger, consolidation, or sale of assets to other member institutions, actions which did not result in the complete withdrawal of the assets held by these institutions. On June 30, 1943, 37 applications for membership were pending as against 56 on June 30, 1942.

In contrast to the slow decrease in the number of member associations, State-chartered insured savings and loan associations continued during the 1943 fiscal year the steady growth in number which was characteristic of recent years. The increase of 50 insured State-chartered associations during the reporting period resulted from the granting of insurance to 53 associations and the termination of insurance of 3 insured institutions.

The number of Federal savings and loan associations increased slightly. Such associations increased by 4 during the 1943 fiscal year, compared with 12 the previous year and 31 2 years before. The net increase of 4 was the result of 23 additions and 19 terminations. Of the 23 additions, 2 were newly organized associations and 21 were converted State associations. The 19 terminations occurred as the result of 17 mergers, 1 involuntary liquidation, and 1 instance of dissolution and sale of assets.

Nonmember institutions are decreasing rapidly in number as well as in total resources. There has been little net change in the average size of these nonmember institutions over the last 5 years, as shown in the following table:

Average size of associations

Date	All member savings and loan associations	All State-chartered insured associations	All Federal associations	Uninsured nonmember associations ¹
June 30, 1938.....	\$947,623	\$1,130,436	\$905,568	\$374,059
June 30, 1939.....	1,009,916	1,138,803	1,043,470	434,298
June 30, 1940.....	1,095,131	1,205,207	1,214,509	488,565
June 30, 1941.....	1,218,252	1,314,315	1,396,789	386,784
June 30, 1942.....	1,295,082	1,379,458	1,506,777	377,596
June 30, 1943.....	1,407,727	1,515,542	1,652,642	384,892

¹ Estimated.

Because of the increase in total resources of member institutions since June 30, 1938, and the slow decrease in numbers, the average size of member institutions increased by 48.6 percent. The growth and increasing importance of the System, therefore, appear largely due to the fact that the individual member institutions are growing rapidly in size and financial strength.

The Congress, in providing for the establishment of Federal savings and loan associations, contemplated, first, that these associations would provide adequate thrift and home-financing facilities for localities which lacked such facilities and, second, anticipated that a group of home-financing institutions, operating with the highest standards and practices, would be developed under Federal charter. The average size of the Federal savings and loan associations is growing more rapidly than that of other member associations. In 1938 the Federal savings and loan associations, with an average size of \$905,568 (see table) were smaller than either the State-chartered insured associations (average size of \$1,130,436), or all member associations of the System (average size of \$947,623). In contrast, on June 30, 1943, the average size of Federal savings and loan associations was \$1,652,642, or more than the average for either State-chartered insured associations (\$1,515,542) or for all member associations (\$1,407,727).

The increase in total assets of savings and loan associations resulted from the continued large flow of private share capital to such associations. During the 1943 fiscal year new share investments and repurchases of share capital proceeded at the rate indicated in the following table. Of the flow of new share investments to savings and loan associations, a smaller proportion is offset by repurchases by Federal associations than by either the State-chartered insured or all member associations.

[Thousands of dollars]

	New share investments	Repurchases	Net increase	Ratio of repurchases to new investments
				<i>Percent</i>
All member savings and loan associations.....	\$1, 221, 468	\$721, 918	\$499, 550	59. 1
All State-chartered insured associations.....	349, 843	211, 733	138, 110	60. 5
All Federal associations.....	663, 428	345, 861	317, 567	52. 1
Uninsured nonmember associations ¹	178, 552	133, 888	44, 664	75. 0

¹ Estimated.

As a result of this new private share capital, a high rate of repayment of outstanding mortgages, and the difficulty of finding suitable investments, member associations during the 1943 fiscal year retired a substantial amount of their Federal Home Loan Bank advances, and Government share investments. By authorizations of Congress in 1933, 1934, and 1935, the United States Treasury invested \$49,300,000 and the Home Owners' Loan Corporation invested \$223,856,710 in savings and loan associations in order to increase the funds available for home financing. During the reporting period the outstanding balance of these investments was reduced from \$186,512,410 to \$119,887,410, a decrease of \$66,625,000. Outstanding advances from the Federal Home Loan Banks decreased from \$192,644,936 on June 30, 1942, to \$90,191,577 a year later, a decline of \$102,453,359.

OPERATIONS IN A WARTIME ECONOMY

Lending operations.—The war has had an important influence on the lending operations of savings and loan associations. The construction limitation order of the War Production Board, effective on April 8, 1942, greatly reduced new construction after that date. Most residential construction since then has been confined to war housing required by workers migrating to war-production centers and defense areas.

This situation naturally resulted in a rapid decrease in construction loans. During the fiscal year 1943, the first entire annual period in which the limitation was effective, construction loans by member savings and loan associations totaled \$112,308,000, as against \$311,039,000 during 1942 and \$389,559,000 during 1941. Loans of this type were 63.9 percent less during the fiscal year 1943 than during the previous year. Reconditioning loans likewise decreased, undoubtedly by reason of the same restrictions. During 1943 loans for reconditioning purposes amounted to \$29,070,000, as compared with \$43,503,000 the year before.

New loans made by member associations, by purpose

Purpose of loan	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	Percent change
Construction.....	\$311,039,000	\$112,308,000	-63.9
Home purchase.....	477,193,000	545,580,000	+14.3
Refinancing.....	152,561,000	148,017,000	-3.0
Reconditioning.....	43,503,000	29,070,000	-33.2
Other purposes.....	79,149,000	60,559,000	-23.5
Total.....	1,063,445,000	895,534,000	-15.8

The large decrease in construction loans and smaller decreases in loans for refinancing, reconditioning, and other purposes were offset in part by the increase in loans made to finance the purchase of homes. Loans for this purpose aggregated \$545,580,000 during 1943, as compared with \$477,193,000 during 1942 and \$388,376,000 during 1941. The growth in loans for home purchase was the natural accompaniment of the purchase of homes by war workers and others with rising incomes. As a result of the increase in loans for home purchase, at a time when loans for other purposes were decreasing, such loans accounted for 60.9 percent of total loans by member institutions in the fiscal year 1943, as compared with 44.9 percent in 1942, and 35.8 percent in 1941. The changes in the purposes for which loans were made during the last few years are shown in exhibit 9.

Mortgage loans are still made in substantial volume. However, in contrast with conditions existing a few years ago, present lending is not resulting in any addition to the total outstanding mortgage debt. During the calendar year 1940, when \$3,270,000,000 was loaned on one- to four-family dwellings by all types of lending institutions, there was a net increase of \$27 in outstanding mortgages for every \$100 of new loans. In 1941 new loans increased to \$3,768,000,000, and there was a net increase of \$26 in outstanding loans for every \$100 of new loans. However, in 1942, despite the fact that total new loans of \$3,082,000,000 were not much below the total

amount loaned during 1940 there was a decrease of \$6 in outstanding loans for each \$100 of new loans made during the year.

Undoubtedly, the two most important reasons for this sharp reversal were (1) the fact that mortgages are now being repaid at a rapid rate because of higher incomes and (2) the shift in mortgage lending from construction loans to loans for home purchase. New loans made for home purchase, which represented such a large proportion of the total during 1942, are frequently offset in large part by the cancelation of existing mortgages. The same is true of re-financing mortgages.

Reduction in the outstanding total of mortgage loans, together with the continued flow of savings funds toward financial institutions, has resulted in a competitive market for mortgage loans. With lending institutions competing for good loans in order to invest their funds, there is danger that lending standards will be lowered. For this reason it is more than ever important that lending institutions at the present time place emphasis on accurate appraisals and careful analysis of risk in making loans.¹

Service to the public.—The increase in the private share capital of savings and loan associations and the stagnation in their total of outstanding mortgage loans, both of which have already been discussed, represent important investment problems for savings and loan associations. Funds now being received by these associations are, of course, invested largely in United States bonds in furtherance of the war effort. Insured savings and loan associations increased their holdings of such bonds from \$70,852,000 on June 30, 1942, to \$376,177,000 on June 30, 1943.

Increased strength of savings and loan associations.—Savings and loan associations are now in a strong position. By the end of 1942 the assets of reporting member savings and loan associations of the Federal Home Loan Bank System passed the \$5,000,000,000 mark for the first time. Liquid assets increased markedly during 1942. Cash increased approximately \$58,000,000 to a total of more than \$336,000,000, while United States Government obligations increased approximately \$185,000,000 to a total of about \$260,000,000. As a result, cash and Government securities held by member associations on December 31, 1942, were 14.5 percent of total private repurchasable capital, as compared with 9.4 percent for the previous year and 8.5 percent for 1940.

The strength of member associations of the System was also increased by the repayment of borrowed funds and by the disposition of the real-estate "overhang" discussed previously. In addition, the growth in average size of member associations is making it possible for an increasing number of them to obtain full-time experienced management and to operate in ground-floor quarters of a type that will promote the prestige of the System and increase public confidence.

These conditions are all improving the ability of the member associations and of the Federal Home Loan Bank System to meet post-war problems. With the disappearance of the real-estate overhang, and the increase in resources, liquidity, and borrowing power, the ability of the savings and loan associations to serve the public is growing rapidly.

¹ For a more extensive discussion of this subject, see the article, Lending Policies in a Competitive Market on page 323 of the August 1943 issue of the Federal Home Loan Bank Review.

FINANCIAL OPERATIONS

Balance sheet.—The continued financial growth of member savings and loan associations is reflected in the consolidated balance sheet as of the close of the calendar years 1941 and 1942, contained in exhibit 10. From a study of this balance sheet, it will be noted that the total assets of member savings and loan associations increased from \$4,797,758,000 on December 31, 1941, to \$5,025,451,000 at the end of 1942. During the same period the assets of all State-chartered insured associations increased from 24.7 percent of the total for all member associations to 26.7 percent; the assets of Federal savings and loan associations increased from 45.1 percent of the total to 45.7 percent. The greater proportion of assets held by State-chartered insured savings and loan associations is due not only to the growth in size of the individual associations, but also to the insurance of previously uninsured associations.

First-mortgage loans, including interest and advances, held by all member savings and loan associations grew from \$3,788,190,000 on December 31, 1941, to \$3,863,832,000 a year later, a growth of 2 percent. The rate of growth of first-mortgage loans held by the Federal savings and loan associations was approximately the same. However, first mortgage loans held by all State-chartered insured associations increased from \$921,661,000 to \$1,010,969,000, or 9.7 percent during the year.

Real estate owned by all member associations declined from \$189,429,000 to \$124,752,000 during the calendar year, a decrease of 34.2 percent. Real estate owned by State-chartered insured associations and by Federal savings and loan associations declined by 30.8 and 28.8 percent, respectively.

Growth in liquidity is indicated by the fact that the cash held by all member savings and loan associations increased from \$278,696,000 to \$336,281,000, or 20.7 percent. Cash held by Federal savings and loan associations advanced 19 percent, while the greatest percentage increase was experienced by cash holdings of all State-chartered insured associations—33.5 percent. Holdings of United States Government obligations by member associations increased severalfold during the year. For all member associations the growth was from \$75,244,000 to \$259,678,000, or 245 percent. For State-chartered insured associations the increase was 268 percent, while the most rapid growth was that of Federal savings and loan associations, whose holdings of United States Government obligations rose 378 percent.

On the capital and liability side of the ledger the private repurchasable shares of member savings and loan associations increased 10 percent, compared with an increase of 13 percent for Federal savings and loan associations and 19 percent for State-chartered insured associations. Advances from Federal home-loan banks and other borrowed money decreased from \$239,226,000 for all member savings and loan associations on December 31, 1941, to \$142,682,000 a year later, a drop of 40.4 percent. Advances and borrowings of Federal savings and loan associations and of insured associations decreased by comparable percentages during the year.

General reserves and undivided profits and surplus held by all member savings and loan associations went from \$327,594,000 on December 31, 1941, to \$368,400,000 a year later. This represented an increase from 6.8 percent of total assets to 7.3 percent of total assets

during the calendar year. The growth was more rapid for Federal savings and loan associations and for State-chartered insured associations. The general reserves and undivided profits of Federal savings and loan associations increased from 5.1 percent of total assets on December 31, 1941, to 5.8 percent of total assets on December 31, 1942. For State-chartered insured associations, the similar increase was from 7.6 to 8.1 percent during the calendar year.

Statement of operations.—A consolidated statement of operations for all reporting member associations, State-chartered insured associations, and Federal associations is presented in exhibit 11. For the 3,722 reporting member savings and loan associations, gross operating income totaled \$255,328,422. Of this, 88.55 percent was obtained as interest from mortgage loans. For State-chartered insured associations the percentage was 85.57, while 90.65 percent of the gross income of Federal savings and loan associations was obtained as interest from mortgages.

Of net income received, 70.65 percent was paid out as dividends by the reporting member associations. State-chartered insured associations paid 71.26 percent of net income as dividends and Federal associations paid 68.70 percent, the smallest percentage of net income as dividends. Approximately three-tenths of net income was transferred to reserves and undivided profits.

III. FEDERAL HOME LOAN BANK ADMINISTRATION

Under the provisions of the First War Powers Act, 1941, the President of the United States, by Executive Order No. 9070, dated February 24, 1942, placed all Government agencies relating to urban housing under a newly created National Housing Agency, under the direction of an Administrator. The Federal Home Loan Bank Administration is one of the three principal units designated by the President's Executive Order to comprise the National Housing Agency. Pursuant to the terms of this Executive Order, the Federal Home Loan Bank Administration, under the direction of a Commissioner, continues to exercise the functions, powers, and duties which the Federal Home Loan Bank Act, as amended, conferred upon the former Federal Home Loan Bank Board.

The major components of the Federal Home Loan Bank Administration are the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation. Functions relating to the United States Housing Corporation, which was formed during the last war for the purpose of housing workers in congested war-industry areas, have been administered in the Federal Home Loan Bank Administration since 1942.

In the performance of its functions, the Federal Home Loan Bank Administration receives recommendations from the Federal Savings and Loan Advisory Council, which is authorized to confer with it on general business conditions and on special conditions affecting the Federal Home Loan Banks and their members and the Federal Savings and Loan Insurance Corporation. Two meetings of this Council, which was created by an amendment to the Federal Home Loan Bank Act, were held during the fiscal year. A list of the members of the Council as of June 30, 1943, is contained in exhibit 12.

ADMINISTRATIVE EXPENSES OF THE FEDERAL HOME LOAN BANK ADMINISTRATION

The Federal Home Loan Bank Administration obtains its operating funds by assessments upon the Federal Home Loan Banks, charges made for services rendered to the Federal Savings and Loan Insurance Corporation and the Home Owners' Loan Corporation, as well as from fees received for the examination of home-financing institutions.

Expenses of the Administration's Examining Division, which constitute the major portion of the Administration's authorized operating budget, are reimbursed by the institutions examined. During the fiscal year 1943 total receipts of the Federal Home Loan Bank Administration amounted to \$1,357,747, as compared with \$1,608,790 for the previous fiscal year. In addition, a cash balance of \$353,374 was carried over at the beginning of the fiscal year 1943. Administrative disbursements during the same two periods aggregated

\$1,302,002 (1943) and \$1,495,375 (1942), respectively. The cash balance as of June 30, 1943, amounted to \$409,119. Exhibit 13 presents detailed information with respect to administrative receipts and disbursements for the last 2 fiscal years.

The personnel of the Federal Home Loan Bank Administration (Federal Home Loan Bank System) totaled 319 at the close of the reporting period. Of this total 233 employees constituted the staff of the Examining Division. Exhibit 14 contains a summary of personnel, by departments, as of June 30, 1942, and June 30, 1943.

IV. FEDERAL HOME LOAN BANK SYSTEM

The Federal Home Loan Bank System entered upon the second decade of its existence during the fiscal year 1943. The number and assets of member institutions at the close of the previous and present fiscal years are reflected by Federal Home Loan Bank Districts and by States in exhibit 15. The following tabulation reflects the total number and approximate assets of member institutions of the Federal Home Loan Bank System as of June 30, 1942, and June 30, 1943:

*Number and assets of member institutions of the Federal Home Loan Bank System,
June 30, 1942, and June 30, 1943*

[Dollar amounts in millions]

	June 30, 1942		June 30, 1943		Net change	
	Number	Assets	Number	Assets	Number	Assets
Savings and loan associations:						
Federal associations.....	1,464	\$2,206	1,468	\$2,426	+4	+\$220
State-chartered insured member associations.....	906	1,250	956	1,449	+50	+199
Uninsured member associations.....	1,402	1,429	1,305	1,374	-97	-55
All member associations.....	3,772	4,885	3,729	5,249	-43	+364
Other member institutions:						
Savings banks.....	17	341	22	429	+5	+88
Insurance companies.....	26	418	23	367	-3	-51
All member institutions.....	3,815	5,644	3,774	6,045	-41	+401

Lending activity of Regional Banks.—Federal Home Loan bank advances outstanding on June 30, 1943, aggregated \$90,191,577, or 53 percent less than the total advances of \$192,644,936 outstanding at the close of the previous year. Advances made by the Federal Home Loan Banks to member institutions during the fiscal year 1943 aggregated \$96,346,313, the smallest amount advanced during any year since 1939. On the other hand, repayments reached a new peak of \$198,799,672. From the beginning of operations through June 30, 1943, the Federal Home Loan Banks have made total advances of \$1,025,280,215, of which \$935,088,638 was repaid.

Advances outstanding to members which, as already indicated, totaled \$192,644,936 on June 30, 1942, declined thereafter to March 31, 1943, when such advances reached \$78,606,524, the lowest amount outstanding at the end of any month since May 1935. The increase during April 1943 of \$8,762,476 in advances outstanding was almost offset by a decline of \$8,137,641 during the month of May. An increase of \$10,970,217 during June resulted in outstanding advances as of June 30, 1943, totaling \$90,191,577.

The ratio of short-term advances of 1 year or less to total advances outstanding continued to increase during the fiscal year 1943. On June 30, 1943, short-term advances represented 51.3 percent of total advances outstanding, as compared with 41.6 percent at the close of the previous fiscal year. Lower interest rates charged by several of

the Federal Home Loan Banks on short-term advances, together with a reduced demand for long-term money on the part of member institutions, may be considered as the principal reasons for this trend. There was but little change in the ratio between secured and unsecured advances during the fiscal year 1943. Exhibit 16 contains detailed information reflecting the various changes in advances made by the Federal Home Loan Banks during the fiscal year 1943, together with a summary of lending activity in previous years.

As of June 30, 1943, no borrowers from the Federal Home Loan Banks were more than 30 days delinquent on such indebtedness. As of that date, one member borrower in liquidation was indebted to a Federal Home Loan Bank in the amount of \$6,427, the entire amount of which was represented by unmatured principal installments. This indebtedness was amply secured by home mortgages pledged with the lending Bank, the estimated value of which was \$22,083, and a statutory lien on such borrowing member's stock in the Federal Home Loan Bank having a paid-in value of \$3,000.

As in previous years, the indebtedness to the Federal Home Loan Banks of Federal savings and loan associations constituted the larger part of the Banks' outstanding advances. On June 30, 1943, 386 Federal associations accounted for advances of \$56,600,000, or 62.7 percent of the outstanding advances of the Banks on that date. As of the same date the outstanding advances to 254 insured State-chartered members totaled \$22,500,000, while the outstanding advances to uninsured State-chartered member institutions totaled \$11,100,000.

During the fiscal year 1943 a majority of the Banks amended their effective interest rates on advances to members and modified the limitations placed upon advances. In general, the changes which were made resulted in decreases of one-half of 1 percent in the interest rates affected. Rates of interest on advances to members are established by the board of directors of each Bank, within the range established by the Federal Home Loan Bank Administration, which at present permits a maximum of 3 percent. Exhibit 17 reflects the effective interest rates charged on advances by each of the Federal Home Loan Banks as of July 1, 1943.

Members' deposits.—Total deposits of members in the Federal Home Loan Banks increased to the extent of \$1,500,000 during the fiscal year 1943. During this period members' time deposits increased \$5,000,000, which increase, however, was offset by a decrease of \$3,500,000 in demand deposits. This shift from demand to time deposits may be attributed to a lack of demand upon the members for home loans, thus enabling them to place excess funds on a time-deposit basis with the Federal Home Loan Banks. The fact that members' deposits did not reflect a greater increase during the year may be attributed to their large purchases of Government securities and the retirement of investments made by the United States Treasury and the Home Owners' Loan Corporation in the shares of member institutions. Interest may be paid by the Federal Home Loan Banks on time deposits remaining for 30 days or more, at rates established by the board of directors of each Bank, within ranges fixed by the Federal Home Loan Bank Administration, which permit the payment of interest on such deposits up to 2 percent per annum. As of June 30, 1943, 11 of the Federal Home Loan Banks were paying interest on members' time deposits at the rate of one-half of 1 percent per annum.

Debenture financing.—At the beginning of the fiscal year 1943 the total amount of consolidated Federal Home Loan Bank debentures outstanding aggregated \$91,500,000. As of June 30, 1943, the consolidated debentures outstanding totaled \$35,000,000. Up to the close of the year covered by this report a ready market has been found for the sale of consolidated Federal Home Loan Bank debentures and no difficulty has been encountered in thus financing the cash requirements of the 12 Federal Home Loan Banks. Consolidated Federal Home Loan Bank Debentures, which represent the joint and several obligations of all Federal Home Loan Banks, are not guaranteed by the United States Government either as to principal or interest. It is the policy of the Federal Home Loan Bank Administration to issue such debentures only when the cash available in the 12 Federal Home Loan Banks is deemed insufficient to meet their anticipated requirements. From the beginning of operations to the close of the current fiscal year, the total debentures issued aggregated \$363,200,000, of which \$328,200,000 was retired and/or refunded at maturity, resulting in the balance of \$35,000,000 outstanding, as above indicated.

Financial statements.—A statement reflecting the condition of the 12 Federal Home Loan Banks, on an individual and consolidated basis, will be found in exhibit 18. The primary change reflected in such statement may be said to be the net repayment of advances by members aggregating \$102,453,359, hereinbefore referred to. The funds thus made available as the result of these repayments, together with available cash on hand at the beginning of the fiscal year 1943, enabled the Federal Home Loan Banks to reduce their outstanding debenture liability to the extent of \$56,500,000, and to make a net investment of approximately \$85,600,000 in Government securities during the fiscal year 1943. These changes primarily accounted for the decline in cash of the Federal Home Loan Banks from \$47,300,000 on June 30, 1942, to \$14,800,000 on June 30, 1943. The Federal Home Loan Banks increased their investments in obligations of, or guaranteed by, the United States from \$69,367,915 on June 30, 1942, to \$154,931,939 on June 30, 1943.

There was an increase of \$3,929,200 in stock in the Federal Home Loan Banks owned by member institutions during the fiscal year 1943, which compares favorably with the increase of \$4,249,450 reflected during the preceding fiscal year. The amount of stock in the Federal Home Loan Banks owned by the United States (Reconstruction Finance Corporation) remains unchanged at \$124,741,000. The Federal Home Loan Bank Act provides that—

after the amount of capital of a Federal Home Loan Bank paid in by members equals the amount paid in by the Secretary of the Treasury * * * such bank shall apply annually to the payment and retirement of the shares of the capital stock held by the United States, 50 per centum of all sums thereafter paid in as capital until all such capital stock held by the United States is retired at par.

The increase in stock owned by member institutions in one of the Federal Home Loan Banks would indicate that, if the previous trend of purchases of stock by members continues, that Federal Home Loan Bank will soon be in position to begin retiring the stock owned by the Reconstruction Finance Corporation in such bank, pursuant to the above-quoted provision in the act. The following tabulation reflects the capital stock structure of the 12 Federal Home Loan Banks as of June 30, 1943:

CAPITAL

Capital stock (par):	
Members (fully paid).....	\$54, 627, 300. 00
Members (partially paid).....	157, 600. 00
Total.....	<u>54, 784, 900. 00</u>
Less unpaid subscriptions.....	64, 050. 00
	<u>54, 720, 850. 00</u>
U. S. Government, now owned by Reconstruction Finance Corporation (fully paid).....	124, 741, 000. 00
Total paid in on capital stock.....	<u>179, 461, 850. 00</u>
Surplus:	
Reserve as required under sec. 16 of the Act.....	7, 292, 016. 39
Reserve for contingencies.....	2, 170, 531. 03
Total surplus.....	<u>9, 462, 547. 42</u>
Undivided profits.....	6, 680, 848. 96
Total surplus and undivided profits.....	<u>16, 143, 396. 38</u>
Total capital.....	195, 605, 246. 38

A comparison of reserves and undivided profits of the Federal Home Loan Banks as of June 30, 1942, and June 30, 1943, is reflected in the following tabulation:

	June 30, 1942	June 30, 1943
Reserve required by sec. 16 of Act.....	\$6, 505, 036 53	\$7, 292, 016. 39
Reserve for contingencies.....	1, 792, 157 47	2, 170, 531 03
Undivided profits.....	5, 808, 727 26	6, 680, 848. 96
Total.....	14, 105, 921. 26	16, 143, 396. 38

The Federal Home Loan Banks have consistently maintained higher reserves and undistributed earnings than required by statute. As of June 30, 1943, the total earned surplus was 221 percent of the legal reserve requirements. An analysis of the surplus and undivided profits of the Federal home-loan banks for the period covered by this report is presented in exhibit 19.

A statement of profit and loss of the Federal Home Loan Banks for the fiscal year 1943 will be found in exhibit 20. The consolidated gross income of the Banks during the year aggregated \$5,823,440, as compared with \$6,559,202 for the previous fiscal year. This decline of \$735,762 was largely the result of repayment of advances during the fiscal year 1943. Operating expenses of the 12 Banks declined from \$2,212,090 during the previous fiscal year to \$2,052,912 during the 1943 fiscal year. The net income of the Federal Home Loan Banks for the fiscal year 1943 aggregated \$3,669,550, a decrease of 14.4 percent from the net income of \$4,285,630 reported during the preceding fiscal year. Dividends declared by the Federal Home Loan Banks during the year covered by this report aggregated \$1,897,436. Of this amount \$1,339,582 was paid to the Reconstruction Finance Corporation and \$557,854 to member institutions. The total amount of dividends paid during the current year, \$1,897,436, represents a reduction of 14.3 percent as compared with the amount of dividends (\$2,213,701) declared by the Banks during the preceding fiscal year. From the beginning of operations through June 30, 1943, the 12 Federal Home Loan Banks have declared dividends totaling \$20,310,127, of which \$15,527,075 was paid on stock subscribed by the United States Government and \$4,783,052 was applicable to stock owned by the member institutions.

V. FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was created in 1934 by title IV of the National Housing Act, with the primary objective of safeguarding small savings in order to restore and maintain public confidence in thrift and home-financing institutions, to facilitate and stabilize home-mortgage lending by reviving and maintaining the flow of private money into savings and loan associations, and to bring about a greater degree of stability in savings and loan operations by spreading the risk of loss according to accepted insurance principles. During the existence of the Corporation of almost a decade, the wisdom of the Congress in providing for insurance of accounts of investors in savings and loan associations has become increasingly evident. The gratifying growth of the number of insured institutions and of their resources testifies to the public acceptance of the principle of insurance of accounts.

Insured institutions.—The number of savings and loan associations insured by the Federal Savings and Loan Insurance Corporation increased from 2,374 to 2,428 during the fiscal year 1943. Total assets of insured institutions increased from \$3,461,228,000 to \$3,880,999,000 during the same period. Detailed information showing the progress in the number and assets of insured associations by Federal Home Loan Bank Districts and by States is presented in exhibit 21. Operations of insured savings and loan associations have been discussed previously in chapter II.

Operations of the Insurance Corporation.—The statement of condition of the Federal Savings and Loan Insurance Corporation as of June 30, 1943, is given in exhibit 22. Total assets on that date were \$143,249,154, as compared with \$134,371,152 a year previous. Reserves and surplus on June 30, 1943, amounted to \$41,406,963, as compared with \$32,665,905 on June 30, 1942. Included in reserves and surplus as of June 30, 1943, is a special reserve for contingencies, in the amount of \$24,000,000, which is equivalent to the amount of cumulative dividends since June 30, 1935, on the capital stock of the Corporation. The Corporation, since its inception, has followed the practice of building its surplus and reserves as rapidly as possible, recognizing that any insuring operation requires an adequate cushion against future losses.

The insured liability of the Insurance Corporation, representing the total of all insured accounts up to \$5,000 each, plus all creditor obligations of insured associations, totaled \$3,237,364,000 on June 30, 1943, as compared with \$2,772,012,000 at the close of the 1942 fiscal year. In terms of the relationship of liability to resources of the Corporation, there was on June 30, 1943, for each dollar of capital, reserves, and surplus of the Corporation, a potential liability of \$22.89.

Income of the Federal Savings and Loan Insurance Corporation is derived from annual premiums paid by insured institutions, from admission fees paid by associations newly entering the System, and

from interest on investments. All income over and above expenses is allocated to reserves, and losses of the Corporation in connection with insurance settlement cases are charged to these reserve accounts.

Premium income earned during the fiscal year 1943 totaled \$4,000,101, as compared with \$3,534,952 for the preceding reporting period. The annual premium paid by an insured institution equals one-eighth of 1 percent of all accounts of its insured members plus its creditor obligations. Admission fees, charged on the basis of 4 cents for each \$100 of the total amount of the institution's accounts of an insurable type plus all obligations to its creditors, totaled \$37,151 during the 1943 fiscal year as compared with \$27,502 in the preceding period.

The Insurance Corporation's investment income from July 1, 1942, to June 30, 1943, amounted to \$3,556,881. Profits from the sale of securities totaled \$2,061,498. This figure is larger than normal because of the fact that, during the fiscal year 1943, the Insurance Corporation deemed it advisable to dispose of certain securities having an early call date and invest the proceeds in United States Treasury bonds running for a longer term. Including miscellaneous items, the aggregate income of the Corporation totaled \$9,655,650 during the reporting period, an increase of \$2,480,650 when compared with the preceding year.

The Corporation's administrative expenses amounted to \$293,448 during the period under review. Nonadministrative expenses totaled \$38,641. After deduction of these administrative and nonadministrative expenses from gross income, the net income of the Corporation during the 1943 fiscal year amounted to \$9,323,561, as against \$6,817,203 the year previous. A detailed statement of income and expense for the fiscal year 1943 will be found in exhibit 23.

Total personnel actively employed by the Corporation on June 30, 1943, numbered 67. The Corporation is able to operate efficiently with this small staff because, under a cooperative arrangement, it is able to utilize the various service divisions of the Federal Home Loan Bank Administration on a reimbursable basis and does not have to maintain such departments of its own. At the present time the Corporation is able to maintain its administrative expenses at a figure lower than the interest income from its invested reserves.

Insurance settlements.—Congress established the Federal Savings and Loan Insurance Corporation to bring about a greater degree of stability in savings and loan operations by spreading the loss risk according to accepted insurance principles. It was to be expected that a certain number of problem cases would develop, for in any insuring operation losses are as much a part of normal operations as premium income.

During 9 years of operation 36 insured associations have experienced difficulties requiring corrective action by the Insurance Corporation. In 2 of these cases the Corporation determined after careful study that no financial assistance was necessary. These associations have continued normal operations. In 25 of the remaining 34 cases the Corporation made net cash disbursements aggregating \$4,819,028.15 to prevent default. Recoveries received through June 30, 1943, in the amount of \$102,373.52, have been deducted from gross disbursements to arrive at the foregoing figure for net cash disbursements. Additional contingent commitments to 4 of these associations

were still outstanding on June 30, 1943, in the amount of \$208,489.11. Of the 25 associations which had received contributions from the Corporation as of June 30, 1943, 17 have continued operations as separate units; 5 have merged with other insured institutions; and 3 have subsequently liquidated voluntarily, paying all investors in full.

Seven institutions have been declared in default and placed in liquidation. Also, at the close of the fiscal year 1943 the Insurance Corporation was studying one association to determine whether or not some form of corrective action should be taken and had made a commitment of \$158,455.65 to another association to prevent a declaration of default.

It is estimated that the final losses which will be sustained from the contributions and commitments made by the Insurance Corporation on or before June 30, 1943, and from insured associations placed in liquidation before that date, will total \$5,940,771.85.

Analysis of the difficulties encountered by the 34 associations with which the Corporation has dealt indicates that adverse economic conditions, coupled with weak management, are by far the most important causes of institutional difficulties. These 2 factors were responsible for losses in 22 of the 34 cases. Outright dishonesty on the part of association employees or breach of trust on the part of management accounted for the difficulties experienced by the remaining 12 institutions.

Upon receipt by the Corporation of information that an insured institution is threatened with default, the Corporation makes a preliminary analysis of the condition of the association and of the various factors which caused the problems of the association.

If, thereafter, the case is certified to the Corporation as an insurance case, the Corporation, after further consideration of information concerning the association, determines either that it will propose to prevent a declaration of default of the institution, or that it will not interpose to prevent liquidation. Under the statute the Insurance Corporation has authority to prevent the default of an insured institution or to restore an insured institution in default to normal operations by means of a loan, contribution, or purchase of assets. The Corporation had not at the close of the fiscal year 1943 made a loan to prevent default of an insured institution nor had it purchased assets from an insured institution. It is possible that one or both of these methods of preventing default or removing impairment of insured institutions may be employed in connection with future loss cases.

Whenever an insured association is declared in default and is placed in liquidation, the Corporation makes prompt determination of the insured members of the association and makes available to each insured member, upon surrender and transfer to the Corporation of his insured account, at his option, either (1) a new insured account in an insured institution not in default, in an amount equal to the insured account so transferred, or (2) the amount of his account which is insured, as follows: 10 percent in cash, 45 percent in negotiable non-interest-bearing debentures of the Corporation due within 1 year from the date of the default, and 45 percent in such debentures due within 3 years from the date of default.

Practically all the insured investors in each of the seven insured associations which have been placed in liquidation have elected to

accept the first method of settlement, i. e., a new account in a normally operating insured association. To date, less than one-fifth of 1 percent of the claims settled have been paid by the cash and debenture method. As of June 30, 1943, 99.69 percent of the estimated dollar amount of the insured claims of all insured associations placed in liquidation had been settled. This involved issuance by other insured institutions of new share accounts amounting to approximately \$6,672,000, and payment by cash and debentures in the amount of \$13,200. During the fiscal year 1943 the Corporation extended financial aid in the form of contributions, or payments made on contingent commitments previously authorized, in the total amount of \$638,466.82.

Operations of insured institutions in default.—No insured association was placed in receivership during the fiscal year 1943. Of seven insured associations previously placed in receivership one was terminated during the reporting period, leaving six in receivership on June 30, 1943. Four of these six associations are Federal savings and loan associations for which the Insurance Corporation is acting as receiver. The other two are State-chartered associations in liquidation under a State Building and Loan Department. The Corporation, through its subrogation of insured claims, has a major claim to the proceeds from the assets of all insured institutions in liquidation and takes an active interest in the liquidation of State-chartered institutions.

Comparative statements of condition and operation for the associations in receivership on June 30, 1943, are shown in exhibit 24. The liquidations are progressing favorably. As shown by the comparative statements, partial liquidating dividends were declared in five receiverships to June 30, 1943. A final liquidating dividend of 47.6 percent was declared in the liquidation of one very small receivership consummated prior to such date, which represents the total recovery by the Corporation in this case. It is estimated that the Corporation, in the six cases still in liquidation will recover an amount aggregating approximately 89 percent of the funds disbursed in the payment of insurance to insured members thereof.

VI. HOME OWNERS' LOAN CORPORATION

GENERAL OPERATIONS

During the 3 years from June 13, 1933, through June 12, 1936, the Home Owners' Loan Corporation refinanced the mortgage loans of 1,017,821 individuals, all of whom were in financial distress and in danger of losing their homes. Mortgage loans made by the Corporation originally totaled \$3,093,451,321. In servicing these loans it was found necessary to advance supplementary amounts, primarily to make funds available to pay delinquent taxes. The Corporation also found it necessary to foreclose on some of the properties, thus increasing the Corporation's investment through the capitalization of delinquent interest and taxes, foreclosure and acquisition costs, and reconditioning expenses. These advances and capitalizations through June 30, 1943, aggregated \$390,596,585. Accordingly, the gross cumulative investment resulting from the Corporation's lending program to aid American home owners reached a total of \$3,484,047,906 at the end of the 1943 fiscal year.

Since June 12, 1936, the major responsibility of the Home Owners' Loan Corporation has been to liquidate its affairs as orderly and as economically as possible. The success of the Corporation's efforts to carry out this liquidation as promptly as possible may be noted from the following facts:

Before the end of the fiscal year 1943 the Home Owners' Loan Corporation had completed more than half its liquidation. The total balance of mortgage loans, vendee accounts, and property accounts was reduced from \$1,938,195,197 at the beginning of the 1943 fiscal year to \$1,632,451,939 at the end of the year, a decline of \$305,743,258, or 15.8 percent. The decrease from the cumulative gross investment of \$3,484,047,906 to \$1,632,451,939 on June 30, 1943, means that the liquidation of the Corporation was 53.1 percent completed at the end of the reporting period. The reduction in operating assets is summarized in the following table:

Original amount loaned.....	\$3, 093, 451, 321
Subsequent advances to borrowers, net additions included in capitalized value of properties, etc.....	390, 596, 585
	3, 484, 047, 906
Original loans plus advances, capitalized additions, etc....	3, 484, 047, 906
Outstanding on June 30, 1943:	
Mortgage loans and advances.....	\$1, 081, 052, 506
Vendee accounts, advances, and unposted advances.....	360, 100, 605
Property acquired and in process of acquisition.....	191, 298, 828
	1, 632, 451, 939
Total outstanding.....	1, 632, 451, 939
Net reduction in operating assets.....	1, 851, 595, 967

Investments by the Home Owners' Loan Corporation in the share capital of savings and loan associations were reduced rapidly during the 1943 fiscal year. In 1935 Congress authorized these investments to stimulate the home-mortgage market. The cumulative investment by the Corporation in savings and loan associations through June 30, 1943, was \$223,856,710. Of this investment, \$115,453,300 has been retired, reducing the net investment on June 30, 1943, to \$108,403,410. More than half of the retirement was effected during the 1943 fiscal year alone.

Liquidation of debtor and property accounts and retirement of investments in savings and loan associations have permitted the Corporation to reduce its bonded indebtedness. Outstanding bonds of the Corporation decreased from a peak of \$3,047,046,575 on May 31, 1936, to \$1,735,509,700 on June 30, 1943. The Home Owners' Loan Act of 1933, as amended, requires that all payments upon principal of loans made by the Corporation shall, under regulations made by the Corporation, be applied to the retirement of the bonds of the Corporation. Certain other receipts, such as amounts received by the Corporation as a result of the repurchase of shares purchased by it in savings and loan associations, are also applied to bond retirement. The total applicable to the retirement of bonds through June 30, 1943, was \$1,762,151,899. Funds in this amount have been deposited with the Treasurer of the United States and have been used to retire bonds or are available for future retirements, as shown in the following table:

Disposition of funds allocated (through June 30, 1943) to bond-retirement fund

Applied to retirement of bonds.....	\$1, 753, 830, 905
Deposited for matured bonds on which interest has ceased.....	6, 027, 900
Available for future retirement of unmatured bonds	100, 867
	<hr/>
Gross amount deposited in bond-retirement fund.....	1, 759, 959, 672
Balance due retirement fund for June 1943 deposited in July 1943.....	2, 192, 227
	<hr/>
Total applicable to bond retirement.....	1, 762, 151, 899

The Corporation's major bond repayments during the 1943 fiscal year were made on the Q series of outstanding bonds. This was a 1-percent series issued in the total amount of \$560,000,000. The series Q bonds were redeemable at the option of the Home Owners' Loan Corporation and bore a maturity date of July 1, 1943. During the fiscal year 1943, \$364,000,000 of these bonds were redeemed by the Corporation. The remaining \$196,000,000 still outstanding on July 1, 1943, were extended for 1 year to July 1, 1944. Because of the redemption of 1-percent bonds during the reporting period, the average interest rate on the outstanding bonds of the Corporation (exclusive of bonds on which interest had ceased) increased from 1.928 percent on June 30, 1942, to 2.118 percent on June 30, 1943. This increase in the interest rate during the fiscal year 1943 was more than offset during the next fiscal period by the refunding at a lower interest rate of a large bond issue which was callable in 1944.

The Corporation has reduced personnel and administrative expenses. During the 1943 fiscal year, personnel was reduced from 5,228 to 3,446. Administrative expenses during the 1943 fiscal year were \$10,711,749, as compared with \$15,498,908 during the previous

year, a decline of 30.9 percent. Twenty field stations and the last remaining State office were closed during the reporting period. The Corporation on June 30, 1943, had 8 regional offices and 19 field stations. These stations are established strategically at points of loan concentration where their presence permits economies in travel time and expense which more than offset the small cost of operating the field stations. Collection facilities are maintained in only 7 of the field stations.

STATUS OF ACCOUNTS

During its 3 years of lending operations, the Home Owners' Loan Corporation made 1,017,821 mortgage loans. Because of divisions of property, partial sales of properties owned, and other reasons, the number of accounts was increased to a total of 1,019,725 as of June 30, 1943. On that date, these accounts were divided as follows:

Accounts terminated.....	256,091
Original mortgage loans.....	597,455
Vendee accounts.....	139,238
Properties owned.....	24,935
Properties in process of acquisition.....	1,106
Total.....	1,019,725

From a study of this table, it is obvious that these accounts fall into three major groups—those which have been terminated, those which represent outstanding debtor accounts, and those which represent property owned. These will be discussed separately in the three following sections:

Accounts terminated.—Of the 1,019,725 accounts, 256,091, or approximately one-fourth, have been terminated. Payment in full of mortgage loans caused 227,261 terminations, payment in full of vendee accounts totaled 17,975, cash sales of acquired properties accounted for 11,449 terminations, charge-offs accounted for 224, and 82 accounts were terminated through consolidations.

Mortgage and vendee accounts.—On June 30, 1943, the Corporation had 736,693 mortgage and vendee accounts. Of these, 228,266 had been extended in accordance with the Mead-Barry Act of 1939, which provided for extensions of amortization periods, in justifiable cases, up to 25 years from the date of execution of the mortgage held by the Corporation.

The Home Owners' Loan Corporation, from the beginning of its operations, adopted the practice of servicing its loans individually, thus permitting the Corporation to discover causes of trouble and to take action to avoid foreclosure. This service is now especially important because, in view of the loss of thousands of the Corporation's best mortgages, by payment in full or refinancing, it is important to maintain or improve the quality of the remaining mortgages if eventual losses are to be kept low.

As part of this servicing program the Corporation holds funds to pay taxes and insurance, collected from borrowers on a systematic monthly installment basis. This procedure assists borrowers to avoid tax difficulties and has also resulted in economies in the Corporation's administrative expenses by eliminating the necessity for searching tax records to determine whether delinquencies exist. During the 1943 fiscal year the proportion of such accounts was increased from 53.3 to 56.2 percent of outstanding loan accounts.

Properties acquired, including those subject to redemption.—From the time it commenced operations until June 30, 1943, the Home Owners' Loan Corporation acquired, as a result of foreclosures, abandonments, etc., 195,643 properties. In addition, on June 30, 1943, 1,107 properties were acquired but were still subject to redemption. Of the total acquisitions, 193,025 were of properties covered by original mortgage loans. Of the 1,017,821 original mortgagors, all of whom faced loss of their properties under the conditions prevailing from 1933 to 1936, 824,795, or 81 percent, were saved from foreclosure through the operations of the Home Owners' Loan Corporation.

Net property acquisitions during the fiscal year 1943 were 2,118, compared with 5,408 during the fiscal year 1942. The rapid decline during recent years in the property acquisitions of the Home Owners' Loan Corporation is evidence of the stronger financial position of the majority of the Corporation's borrowers.

Property accounts.—Efforts of the Home Owners' Loan Corporation to dispose of foreclosed properties met with further success during the fiscal year 1943 despite the fact that most of the remaining properties were located in sections receiving relatively little benefit from war conditions. On June 30, 1943, the Corporation owned or was acquiring title to 26,041 properties. This compared with 37,998 on June 30, 1942, and 49,419 on June 30, 1941. The Corporation was therefore reducing its properties by approximately 1,000 a month.

From the commencement of operations until June 30, 1943, the Corporation acquired and had available for sale a total of 195,643 properties, of which 87.2 percent had been sold. This does not include 1,107 properties acquired, but still subject to redemption. If these properties are included, the Corporation had sold 86.7 percent of all properties acquired. On June 30, 1943, the combined capital value of properties which the Corporation owned or of which the Corporation was in process of acquiring title was \$191,298,828, as compared with \$262,307,276 on June 30, 1942, and \$318,734,001 on June 30, 1941.

Sale of Corporation-owned properties through June 30, 1943, had resulted in a total cumulative loss, including brokers' commissions and selling costs, of \$254,041,277. Other losses, which included principal and interest losses on mortgage loans and vendee accounts, properties charged off, fire and other hazards, and fidelity and casualty losses, amounted to \$1,039,359. This increased total losses from all sources, cumulative through June 30, 1943, to \$255,080,636.

During the same period, cumulative net income before provision for losses totaled \$189,838,206. After deducting this, the Corporation's losses in excess of its earnings as of June 30, 1943, were \$65,242,430. The loss figure given above on properties sold includes brokers' commissions, selling costs, and the difference between the actual sales prices and the capitalized value shown on the Corporation's books. Capitalized value includes the unpaid principal value of the foreclosed loan, delinquent interest and taxes, foreclosure acquisitions, and reconditioning expenses. In other words, a large part of the book losses reflects the cost of leniency to borrowers who eventually had to be foreclosed.

The Home Owners' Loan Corporation endeavors to sell its acquired properties as promptly as possible. Pending sale, most of these

properties are rented. On June 30, 1943, properties owned by the Corporation contained 36,846 rental units. Of these, 3,408 units were not available for rental because these were in process of repair, held vacant for sale, or adversely occupied. The remaining 33,438 units were available for rental, and of these 31,110, or 93 percent, were rented.

During the 1943 fiscal year the Corporation's gross operating income from the rental of properties was \$16,768,486. Gross expenses for rented and unrented properties, not including interest and administrative expenses, was \$11,550,908. During the year, therefore, the Corporation's net operating income from property was \$5,217,578. On a cumulative basis from the beginning of operations until June 30, 1943, net operating income from properties owned by the Corporation was \$24,574,178.

Reconditioning.—Reconditioning activities of the Corporation are undertaken to restore its properties and properties on which it has mortgages to a condition of normal habitability. Because of the decrease in property acquisitions and in its real-estate accounts, the Corporation has been able to reduce its reconditioning operations. This is shown by the following table, which indicates the number and total cost of reconditioning operations completed during each of the last 3 fiscal years.

Fiscal year	Number of cases	Total cost
1941	35,982	\$11,653,483
1942	21,687	9,174,051
1943	10,836	4,369,428

Appraisals.—Pronounced changes in property valuations under war conditions require the Corporation to continue making appraisals of its properties and to review appraisals previously made. However, the decrease in the real-estate account and in acquisitions has permitted a reduction in the number of appraisals. Appraisals and reviews completed during the 1943 fiscal year total 28,513, compared with 37,125 in 1942 and 60,264 in 1941. Appraisals and reviews completed between the beginning of liquidation on June 12, 1936, and June 30, 1943, totaled 504,110.

FINANCIAL STATEMENTS

The balance sheet of the Home Owners' Loan Corporation for June 30, 1943, is given in exhibit 25 of this report. Progress of liquidation is reflected by the fact that total assets have decreased 15.6 percent during the 1943 fiscal year. The largest declines occurred in the mortgage loan, property, and investment accounts. On the liability side of the balance sheet there was a decline in bonded indebtedness.

Statements of income and expense for the fiscal year 1943 are shown in exhibit 26, and for the period from the beginning of operations through June 30, 1943, are shown in exhibit 27. For the fiscal year 1943 operating and other income total \$92,861,703. Total expenses, including interest on bonded indebtedness, amounted to \$60,762,889, leaving a net income before provision for losses of \$32,098,813. After allowance for the reserves necessary to meet estimated future losses,

the Corporation's deficit for the fiscal year 1943 amounted to \$8,127,841. In comparison, operating and other income for the fiscal year 1942 amounted to \$106,359,213. Total expenses, including interest on bonded indebtedness, for the fiscal year 1942 amounted to \$83,875,427, leaving a net income for 1942, before provision for losses, of \$22,483,786. The Corporation's deficit for the fiscal year 1942 after allowance for the reserves necessary to meet estimated future losses amounted to \$17,850,866, as compared with the 1943 deficit of \$8,127,841.

WAR-HOUSING ACTIVITIES

Because of its extensive experience in reconditioning properties, the Home Owners' Loan Corporation was directed by the National Housing Agency to operate the publicly financed part of the conversion program of the Homes Use Service. The Corporation acted simply to supervise the program and all of the Corporation's expenses were reimbursed to it. After the close of the 1944 fiscal year the operation of the program was transferred to the Federal Public Housing Authority.

This conversion program was announced in October 1942 and conversion activities were started shortly thereafter. The results achieved under this program are summarized in the following paragraphs:

Programming.—Through June 30, 1943, 54,873 units had been programmed for publicly financed conversion by the National Housing Agency. These units were scattered over 201 areas in 42 States.

Applications for conversion.—A total of 30,485 applications for conversion were received by the Home Owners' Loan Corporation during the fiscal year 1943. From these, 3,726 leases have been executed for properties that will make available 16,600 units. Applications pending disposition in the various stages total 6,779, and the remaining 19,980 cases have been rejected or withdrawn. Possession has been secured in 2,996 of the properties leased, and 730 are awaiting possession.

Production.—There were 2,117 conversion contracts awarded during the fiscal year 1943, covering the construction of 8,949 housing units. Of these, 7,828 have been completed.

Cost.—The average cost per unit, estimated at the time of application, is approximately \$1,520. A recent comparison with actual costs indicates that this is a fairly accurate figure. Some increase in cost is expected in the future because of the addition of repairs and equipment not contemplated in the original estimates.

VII. UNITED STATES HOUSING CORPORATION

Under Executive Order No. 9070 of February 24, 1942, functions relating to the United States Housing Corporation are now being administered in the Federal Home Loan Bank Administration. The United States Housing Corporation, which is in liquidation, was created in 1918 during World War I for the purpose of providing housing for workers in congested war-production centers. Congress was requested to authorize the Federal Home Loan Bank Administration to use \$173,000 of the special deposit account held with the Treasurer of the United States in the name of the Corporation to wind up the affairs of the Corporation. This request was granted on July 2, 1942.

With few exceptions, all of the Corporation's properties are involved in litigation which has delayed the completion of its liquidation. In the meantime, appropriate steps have been taken to protect the Corporation's investment in these properties.

The Corporation's income and expense statement for the period March 1, 1942, to June 30, 1943, is as follows:

Income from rents, stipulation payments, and miscellaneous items.....	\$187, 771
Operating expenses.....	25, 756
Losses from liquidation.....	4, 792
	<hr/>
Net income for period.....	157, 223

The Corporation had for disposal on February 28, 1942, a total of 518 parcels of real estate, including 60 vacant lots. Of these parcels, 18, including 2 vacant lots, were disposed of during the period March 1, 1942, to June 30, 1943, leaving a total of 500 properties on hand on June 30, 1943, for liquidation.

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EXHIBITS

EXHIBIT 1.—Estimated number of new nonfarm dwelling units, by source of funds and type of structure, July 1940 to June 1943

Period	Total non-farm	Private			Public
		1-family	2-family ¹	Multi-family ²	
Fiscal year 1941, total.....	697,900	502,487	28,424	60,317	106,672
Third quarter, 1940.....	171,600	133,804	7,451	12,607	17,738
Fourth quarter, 1940.....	158,100	103,411	6,166	14,144	34,379
First quarter, 1941.....	145,100	100,642	6,195	15,966	22,297
Second quarter, 1941.....	223,100	164,630	8,612	17,600	32,258
Fiscal year 1942, total.....	³ 652,100	³ 430,409	³ 23,838	³ 43,714	³ 154,139
Third quarter, 1941.....	211,400	161,586	8,013	13,474	28,327
Fourth quarter, 1941.....	135,600	106,327	5,573	10,842	12,858
First quarter, 1942.....	³ 138,500	³ 94,804	³ 5,288	10,933	³ 27,475
Second quarter, 1942.....	³ 166,600	³ 67,692	4,964	³ 8,465	85,479
Fiscal year 1943, total.....	³ 391,700	³ 155,525	³ 14,905	³ 24,385	³ 196,885
Third quarter, 1942.....	³ 94,600	³ 53,132	³ 3,235	³ 7,521	³ 30,712
Fourth quarter, 1942.....	³ 96,900	³ 36,695	³ 3,976	³ 4,488	³ 51,741
First quarter, 1943.....	³ 118,200	³ 26,969	2,689	4,527	³ 84,015
Second quarter, 1943.....	³ 82,000	³ 38,729	5,005	7,849	³ 30,417

¹ Includes 1- and 2-family dwellings with stores.

² Includes multifamily dwellings with stores.

³ Revised.

Source: Division of Construction and Public Employment, Employment and Occupational Outlook Branch, Bureau of Labor Statistics, U. S. Department of Labor.

EXHIBIT 2.—Indices of total building cost, and of cost of materials and labor used in construction of standard 6-room frame house

[Average month 1935-39=100]

Period	Materials	Labor	Total	Period	Materials	Labor	Total
Fiscal year 1942:				Fiscal year 1943:			
1941—July.....	110.7	119.3	113.6	1942—July.....	121.2	128.5	123.7
August.....	112.6	120.0	115.1	August.....	121.2	129.4	124.0
September.....	114.4	120.7	116.5	September.....	121.5	130.2	124.4
October.....	116.0	123.3	118.5	October.....	121.6	130.2	124.5
November.....	116.9	123.9	119.2	November.....	121.5	130.2	124.4
December.....	117.7	124.2	119.9	December.....	121.4	130.7	124.6
1942—January.....	118.6	124.5	120.6	1943—January.....	121.5	130.9	124.7
February.....	119.3	125.0	121.2	February.....	121.9	132.5	125.5
March.....	120.0	126.0	122.0	March.....	122.0	133.0	125.7
April.....	120.5	125.9	122.3	April.....	121.8	133.4	125.7
May.....	121.0	126.4	122.8	May.....	122.2	134.3	126.2
June.....	121.3	127.8	123.5	June.....	123.0	134.3	126.8

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 3.—Nonfarm real-estate foreclosures, by Federal Home Loan Bank Districts and by States

Bank District and State	Number, year ending June 30—		Percent change	Bank District and State	Number, year ending June 30—		Percent change
	1942	1943			1942	1943	
United States.....	49,890	33,402	-33.0	No. 7—Chicago.....	3,062	1,897	-38.0
No. 1—Boston.....	5,748	3,511	-38.9	Illinois.....	1,934	1,242	-35.8
Connecticut.....	921	556	+39.6	Wisconsin.....	1,128	655	-41.9
Maine.....	557	463	-16.9	No. 8—Des Moines.....	3,159	1,948	-38.3
Massachusetts.....	3,698	2,098	-43.3	Iowa.....	348	210	-39.7
New Hampshire.....	196	171	-12.8	Minnesota.....	508	345	-32.1
Rhode Island.....	287	183	-36.2	Missouri.....	1,951	1,161	-40.5
Vermont.....	89	40	-55.1	North Dakota.....	180	90	-50.0
No. 2—New York.....	11,151	8,340	-25.2	South Dakota.....	172	142	-17.4
New Jersey.....	2,343	1,592	-32.1	No. 9—Little Rock.....	1,851	1,165	-37.1
New York.....	8,808	6,748	-23.4	Arkansas.....	199	113	-43.2
No. 3—Pittsburgh.....	8,176	5,724	-30.0	Louisiana.....	405	275	-32.1
Delaware.....	190	86	-54.7	Mississippi.....	282	146	-48.2
Pennsylvania.....	7,449	5,142	-31.0	New Mexico.....	73	31	-57.5
West Virginia.....	537	496	-7.6	Texas.....	892	600	-32.7
No. 4—Winston-Salem.....	5,686	4,017	-29.4	No. 10—Topeka.....	1,855	1,179	-36.4
Alabama.....	545	529	-2.9	Colorado.....	283	198	-30.0
District of Columbia.....	141	77	-45.4	Kansas.....	564	270	-52.1
Florida.....	1,159	727	-37.3	Nebraska.....	536	426	-20.5
Georgia.....	646	492	-23.8	Oklahoma.....	472	285	-39.6
Maryland.....	1,009	613	-39.2	No. 11—Portland.....	639	340	-46.8
North Carolina.....	881	614	-30.3	Idaho.....	44	24	-45.5
South Carolina.....	339	188	-44.5	Montana.....	92	39	-57.6
Virginia.....	966	777	-19.6	Oregon.....	153	96	-37.3
No. 5—Cincinnati.....	4,762	2,920	-38.7	Utah.....	76	32	-57.9
Kentucky.....	712	421	-40.9	Washington.....	235	128	-45.5
Ohio.....	2,662	1,683	-36.8	Wyoming.....	39	21	-46.2
Tennessee.....	1,388	816	-41.2	No. 12—Los Angeles.....	2,277	1,508	-33.8
No. 6—Indianapolis.....	1,524	853	-44.0	Arizona.....	90	48	-46.7
Indiana.....	667	426	-36.1	California.....	2,184	1,456	-33.3
Michigan.....	857	427	-50.2	Nevada.....	3	4	+33.3

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 4.—Selected figures on residential real estate owned by financial institutions, Dec. 31, 1941, and Dec. 31, 1942

[Amounts in thousands of dollars]

Type of institution	December 31—		Decrease during 1942	
	1941	1942	Amount	Percent
Savings and loan associations ¹	² \$327, 620	² \$203, 819	\$123, 801	37. 8
Mutual savings banks ⁴	300, 000	200, 000	100, 000	33. 3
Commercial banks ⁵	² 127, 000	85, 000	42, 000	33. 1
Life-insurance companies ⁶	² 357, 937	295, 062	62, 875	17. 6
Total, private.....	² 1, 112, 557	783, 881	328, 676	29. 5
Home Owners' Loan Corporations ⁷	274, 608	221, 512	53, 096	19. 3
Grand total.....	² 1, 387, 165	1, 005, 393	381, 772	27. 5

¹ Estimate based on reports of operating associations received by the Federal Home Loan Bank Administration.

² Revised.

³ Preliminary.

⁴ Estimate based on Month's Work and reports of the Comptroller of the Currency and of the Federal Deposit Insurance Corporation.

⁵ Based on reports of the Comptroller of the Currency and of the Federal Deposit Insurance Corporation. Excludes trust departments, but includes an allowance for investments and other assets indirectly representing bank premises or other real estate.

⁶ Estimate of the Federal Home Loan Bank Administration based on a questionnaire survey of the largest life-insurance companies. Excludes company-built housing projects.

⁷ Capital value.

EXHIBIT 5.—Estimated volume of mortgage loans originated on nonfarm 1- to 4-family dwellings, by type of lender

[Millions of dollars]

Type of lender	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
Savings and loan associations.....	\$1, 262	\$892	\$543	\$414	\$451	\$564	\$755	\$897	\$798	\$986	\$1, 200	\$1, 379	\$1, 051
Insurance companies.....	400	169	54	10	16	77	140	232	242	274	324	371	374
Mutual savings banks.....	484	350	160	99	80	80	100	120	105	112	133	171	130
Commercial banks and their trust departments.....	670	364	170	110	110	264	430	500	560	610	689	798	606
Home Owners' Loan Corporation.....				132	2, 263	583	128	27	81	151	143	63	40
Individuals and others ²	720	400	175	100	150	443	605	723	669	740	781	986	881
Total.....	3, 536	2, 175	1, 092	865	3, 070	2, 011	2, 158	2, 499	2, 455	2, 873	3, 270	3, 768	3, 082

¹ Revised.

² Includes fiduciaries, mortgage, title, and real estate companies, construction companies, philanthropic and educational institutions, fraternal organizations, State and local governments, etc.

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 6.—Estimated recordings of nonfarm mortgages of \$20,000 or less, 1 by type of mortgage, fiscal year 1943.

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgages		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
United States	395,806	\$1,110,431	64,467	\$309,243	228,651	\$766,367	38,965	\$146,583	347,869	\$741,868	161,638	\$565,332	1,237,396	\$3,639,814
No. 1—Boston	30,361	102,213	2,035	10,744	8,463	30,270	20,622	71,723	25,352	55,897	7,518	26,419	94,351	287,266
Connecticut	3,129	12,722	1,132	6,444	2,014	12,142	3,983	16,386	6,339	16,102	3,582	14,193	21,070	87,980
Maine	2,403	6,185	189	2,773	2,763	3,091	2,473	6,066	9,499	3,998	3,300	6,857	9,010	24,741
Massachusetts	21,023	71,441	635	3,036	2,663	10,101	10,358	39,132	12,652	26,234	2,730	8,604	50,031	160,573
New Hampshire	1,067	2,500	39	98	529	976	1,076	3,047	1,312	2,084	1,137	2,281	4,760	10,013
Rhode Island	2,087	7,870	57	223	876	3,579	1,101	3,737	1,766	3,235	697	2,516	6,614	21,960
Vermont	652	1,496	23	99	313	851	1,001	2,398	784	1,244	82	168	2,857	5,985
No. 2—New York	22,417	73,562	3,685	18,853	17,125	68,943	12,280	51,721	40,670	103,913	17,205	67,862	113,392	384,854
New Jersey	9,814	34,296	1,709	8,885	9,163	39,801	1,250	5,682	15,178	42,720	8,404	34,136	45,518	165,610
New York	12,603	39,266	1,980	9,968	7,962	29,052	11,030	46,039	26,492	61,193	8,801	33,726	67,874	219,244
No. 3—Pittsburgh	32,064	81,738	5,602	25,603	24,046	74,611	2,265	7,354	22,911	52,314	12,498	45,496	99,386	287,116
Delaware	607	2,045	597	2,799	558	2,075	255	975	1,178	3,017	355	1,216	3,550	12,127
Pennsylvania	27,333	71,430	4,150	18,631	17,885	59,957	1,848	6,175	17,652	43,385	11,165	42,466	80,033	242,044
West Virginia	4,124	8,263	855	4,173	5,603	12,579	162	204	4,081	5,912	1,978	1,814	15,803	32,945
No. 4—Winston-Salem	47,535	131,931	10,792	51,858	18,166	52,889	444	1,724	44,889	92,581	19,471	55,721	141,297	386,704
Alabama	2,292	4,475	1,309	5,501	3,392	4,482	—	—	6,612	10,341	2,698	6,720	15,303	31,519
District of Columbia	4,106	22,940	673	5,464	635	4,251	—	—	3,536	11,176	1,081	6,708	10,011	50,559
Florida	2,558	12,856	1,806	7,986	1,987	5,721	—	—	9,000	21,214	2,057	5,304	17,415	47,183
Georgia	6,193	12,956	1,168	7,171	4,110	8,771	—	—	6,820	12,377	2,997	6,794	19,978	46,514
Illinois	13,630	38,602	1,632	3,529	2,299	8,509	—	—	4,526	12,877	3,207	11,469	25,084	77,003
Maryland	8,271	19,043	1,030	3,624	1,303	3,982	444	1,724	5,900	7,988	2,364	4,841	18,977	39,488
North Carolina	8,167	4,527	3,582	2,528	1,472	3,672	—	—	2,837	4,588	1,411	3,193	3,192	19,102
South Carolina	2,191	20,435	3,582	16,631	3,958	12,501	—	—	6,618	15,077	3,676	10,692	26,025	75,336
No. 5—Cincinnati	72,596	222,987	7,871	39,290	28,629	94,676	1,288	6,934	24,943	49,560	16,082	46,373	150,809	459,820
Kentucky	8,531	22,286	1,484	5,638	3,416	9,482	—	—	1,552	2,277	728	2,578	15,711	41,517
Ohio	9,039	194,011	4,855	26,270	22,470	78,204	1,288	6,934	10,943	42,254	7,011	26,278	116,652	373,951
Tennessee	2,986	6,710	1,532	7,352	2,737	6,690	—	—	2,848	5,029	8,343	18,241	18,446	44,352

No. 6—Indianapolis.....	31,091	66,844	7,665	32,700	27,523	80,900	176	393	13,259	28,603	13,299	51,195	98,013	290,635
Indiana.....	29,276	43,578	2,503	10,432	10,575	32,226	176	393	5,043	9,543	4,545	13,430	45,118	109,602
Michigan.....	8,815	23,266	5,162	22,268	16,948	48,674	.....	.....	8,216	19,060	8,754	37,765	47,895	151,033
No. 7—Chicago.....	36,003	108,889	4,027	19,316	16,763	62,736	59	121	21,956	52,728	19,041	85,280	97,849	329,020
Illinois.....	27,301	82,603	2,729	13,955	10,501	41,183	.....	121	12,167	30,101	16,113	73,975	69,011	241,817
Wisconsin.....	8,702	26,286	1,298	5,361	6,262	21,553	59	.....	9,789	22,627	2,928	11,255	28,838	87,203
No. 8—Des Moines.....	28,396	67,321	5,204	24,038	18,944	50,508	297	1,146	27,005	43,682	12,113	35,394	91,959	222,089
Iowa.....	7,264	15,850	656	2,855	5,215	12,619	.....	.....	3,816	6,850	1,428	3,700	18,399	41,874
Minnesota.....	10,101	23,369	2,334	9,377	3,288	7,874	297	1,146	6,250	12,141	1,367	4,184	23,727	60,091
Missouri.....	9,707	23,802	2,050	11,104	9,344	28,151	.....	.....	15,541	22,529	9,042	27,148	45,684	112,434
North Dakota.....	7,788	1,796	121	11,588	304	669	.....	.....	615	1,164	217	2,062	4,151	4,151
South Dakota.....	416	1,804	43	114	733	1,295	.....	.....	783	1,181	112	145	2,087	3,539
No. 9—Little Rock.....	28,906	74,181	8,482	36,933	5,999	17,050	.....	.....	26,397	49,252	11,902	36,978	81,886	214,394
Arkansas.....	2,319	4,544	921	3,423	1,180	2,637	.....	.....	2,547	3,228	1,077	2,772	8,044	16,604
Louisiana.....	6,970	23,826	1,149	5,093	523	1,557	.....	.....	4,410	8,205	1,988	4,221	14,949	42,886
Mississippi.....	1,555	3,041	740	3,002	1,207	2,403	.....	.....	3,094	4,581	1,246	3,159	7,842	16,186
New Mexico.....	688	1,557	71	323	446	1,355	.....	.....	1,144	1,937	136	229	2,465	3,402
Texas.....	17,385	41,213	5,610	25,092	2,643	9,104	.....	.....	15,402	31,301	7,555	26,597	48,586	133,367
No. 10—Topeka.....	24,813	57,060	2,476	10,601	8,915	22,961	.....	.....	13,968	30,875	8,482	26,721	63,654	148,218
Colorado.....	3,187	8,257	183	767	1,046	2,633	.....	.....	7,732	15,231	2,353	6,873	14,501	33,761
Kansas.....	7,610	16,235	331	1,538	2,965	6,858	.....	.....	2,555	3,816	2,123	8,157	13,384	38,404
Nbraska.....	4,668	9,805	1,092	4,223	1,236	4,243	.....	.....	2,339	3,607	832	1,715	10,107	23,593
Oklahoma.....	9,348	22,763	870	4,073	3,668	9,227	.....	.....	6,332	8,221	3,174	9,976	23,382	54,260
No. 11—Portland.....	13,933	35,953	1,875	7,387	11,182	30,201	1,534	5,467	13,860	24,449	9,473	36,231	51,862	139,688
Idaho.....	798	1,813	56	204	284	980	.....	.....	1,284	1,998	616	1,277	3,038	6,292
Montana.....	830	2,207	95	456	370	970	.....	.....	1,237	2,385	171	362	6,308	13,380
Oregon.....	2,938	7,584	784	3,903	1,163	2,988	113	368	5,800	9,849	2,061	8,045	12,869	31,787
Utah.....	1,686	5,232	290	1,032	2,248	7,203	.....	.....	1,158	2,197	460	1,252	1,849	16,916
Washington.....	7,153	17,616	646	2,686	6,803	17,286	1,421	5,099	3,694	6,503	6,014	24,772	25,701	74,162
Wyoming.....	528	1,501	4	6	314	874	.....	.....	717	1,517	136	323	1,719	4,221
No. 12—Los Angeles.....	27,691	87,752	4,743	31,920	42,896	180,622	.....	.....	68,059	168,004	14,549	51,712	157,938	510,010
Arizona.....	964	2,694	68	285	1,027	3,509	.....	.....	2,515	6,037	138	530	4,712	13,064
California.....	26,451	84,286	4,644	31,518	41,541	175,973	.....	.....	64,864	150,333	14,353	50,983	151,855	493,090
Nevada.....	276	772	31	117	328	1,140	.....	.....	680	1,637	36	180	1,371	3,856

¹ Based upon county reports submitted through the cooperation of savings and loan associations, the United States Building and Loan League, the Mortgage Bankers Association, and the American Title Association.

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 7.—Estimated balance of outstanding mortgage loans on nonfarm 1- to 4-family dwellings¹

[Millions of dollars]

Type of mortgagee	1930	1931	1932	1933	1934	1935	1936
Savings and loan associations.....	\$6,402	\$5,890	\$5,148	\$4,437	\$3,710	\$3,293	\$3,237
Insurance companies.....	1,732	1,775	1,724	1,599	1,379	1,281	1,245
Mutual savings banks.....	3,300	3,375	3,375	3,200	3,000	2,850	2,750
Commercial banks.....	2,425	2,145	1,995	1,810	1,189	1,189	1,230
Home Owners' Loan Corporation.....				132	2,379	2,897	2,763
Individuals and others.....	7,400	7,500	7,000	6,700	6,200	6,000	6,000
Total.....	21,259	20,685	19,242	17,878	17,857	17,510	17,225

Type of mortgagee	1937	1938	1939	1940	1941	1942
Savings and loan associations.....	\$3,420	\$3,555	\$3,758	\$4,084	² \$4,552	\$4,565
Insurance companies.....	1,246	1,320	1,490	1,758	² 1,976	2,255
Mutual savings banks.....	2,700	2,670	2,680	2,700	2,730	2,700
Commercial banks.....	1,400	1,600	1,810	2,095	2,470	2,480
Home Owners' Loan Corporation.....	2,398	2,169	2,038	1,956	1,777	1,567
Individuals and others.....	6,180	6,332	6,440	6,510	6,590	6,350
Total.....	17,344	17,646	18,216	19,103	² 20,095	19,917

¹ For detailed explanation of preparation of these estimates, see footnotes to exhibit 10 of Ninth Annual Report of Federal Home Loan Bank Board.

² Revised.

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 8.—Changes in selected types of individual long-term savings Dec. 31, 1935, to Dec. 31, 1942

[In millions of dollars]

	1935	1936	1937	1938	1939	1940	1941	1942	Percent change, 1941-42
Total.....	\$43,536	\$46,428	\$49,109	\$51,144	\$54,190	\$57,633	\$61,540	\$70,461	+14.5
Life insurance companies ¹	17,542	19,133	20,510	21,858	23,381	25,025	26,877	29,043	+8.1
Mutual savings banks ²	9,829	10,013	10,126	10,235	10,481	10,618	10,490	10,621	+1.2
Insured commercial banks ³	10,575	11,491	12,100	12,196	12,622	13,062	13,261	13,820	+4.2
Savings and loan associations ⁴	4,104	3,926	4,011	4,035	4,092	4,304	4,685	⁵ 4,950	+5.7
Postal savings ⁶	1,229	1,291	1,303	1,286	1,315	1,342	1,392	1,417	+1.8
2½ percent postal savings bonds ⁷	104	99	95	92	90	87	85	84	-1.2
United States savings bonds ⁸	153	475	964	1,442	2,209	3,195	4,750	10,526	+121.6

¹ Estimated accumulated savings in United States life insurance companies. Represents reserves plus unpaid dividends and surplus to policyholders, except that deduction is made of policy notes and loans and net deferred and unpaid premiums. Source: The Spectator.

² Deposits. Source: The Month's Work, published by the National Association of Mutual Savings Banks.

³ Deposits evidenced by savings passbooks for insured commercial banks. Source: Federal Deposit Insurance Corporation.

⁴ Estimated private investments in savings and loan associations, including deposits and investment securities. Series revised to exclude shares pledged against mortgage loans. Source: Federal Home Loan Bank Administration.

⁵ Preliminary.

⁶ Due depositors; outstanding principal and accrued interest on certificates of deposits, outstanding savings stamps, and unclaimed deposits. Source: Post Office Department.

⁷ Excludes such bonds held by the Postal Savings System. Source: Treasury Daily Statements and Post Office Department.

⁸ Current redemption value; from May 1, 1941; includes War Savings bonds, series E.

EXHIBIT 9.—New loans made by member associations, by purpose

(Thousands of dollars)

Period	Total	Construction	Home purchase	Refinancing	Reconditioning	Other
Fiscal year 1941	\$1,084,866	\$389,559	\$388,376	\$168,201	\$49,396	\$89,334
September 1940	283,670	106,948	95,381	43,800	14,153	23,388
December 1940	248,014	91,198	84,653	39,132	11,627	21,404
March 1941	228,565	79,091	80,723	39,110	9,515	20,126
June 1941	324,617	112,322	127,619	46,159	14,101	24,416
Fiscal year 1942	1,063,445	311,039	477,193	152,561	43,503	79,149
September 1941	333,463	116,481	138,334	42,088	14,184	22,376
December 1941	281,379	87,222	123,426	38,614	11,613	20,504
March 1942	206,667	58,924	88,454	33,675	8,125	17,489
June 1942	241,936	48,412	126,979	38,184	9,581	18,780
Fiscal year 1943	895,534	112,308	545,580	148,017	29,070	60,559
September 1942	239,077	39,233	135,807	38,631	9,695	15,711
December 1942	201,228	26,011	118,594	35,048	7,282	14,293
March 1943	181,486	19,706	108,828	33,755	5,315	13,882
June 1943	273,743	27,358	182,351	40,583	6,778	16,673

EXHIBIT 10.—Combined statement of condition for all reporting savings and loan members of the Federal Home Loan Bank System, by type of association, as of Dec. 31, 1942, and Dec. 31, 1941

(In thousands of dollars)

Balance-sheet items	All members		Federals		Insured State-chartered		Uninsured State-chartered	
	1941	1942	1941	1942	1941	1942	1941	1942
ASSETS								
First-mortgage loans (including interest and advances)	\$3,918,967	\$3,989,514	\$1,827,901	\$1,859,892	\$938,858	\$1,031,495	\$1,152,208	\$1,098,127
Junior-mortgage loans (including interest and advances)	2,985	2,066	570	512	823	703	1,592	851
Other loans (including share loans)	29,577	17,132	8,396	4,144	5,463	4,839	15,718	8,149
Real estate sold on contract	173,598	162,348	62,118	57,792	58,895	58,239	52,585	46,317
Real estate owned	189,429	124,752	51,819	36,910	53,119	36,737	84,491	51,105
Federal Home Loan Bank stock	47,553	49,943	23,070	24,523	11,659	12,926	12,824	12,494
U. S. Government obligations	75,244	259,678	24,944	119,124	20,424	75,161	29,876	65,393
Other investments (including accrued interest)	21,039	23,112	3,114	4,054	7,285	10,588	10,640	8,470
Cash on hand and in banks	278,696	336,281	136,935	162,933	69,766	93,140	71,995	80,208
Office building (net)	47,229	47,272	20,342	20,830	13,373	13,649	13,514	12,793
Furniture, fixtures, and equipment (net)	5,293	6,077	2,988	3,422	1,421	1,757	884	898
Other assets	8,148	7,276	2,128	2,305	2,171	1,713	3,849	3,258
Total assets	4,797,758	5,025,451	2,164,325	2,296,441	1,183,257	1,340,947	1,450,176	1,388,063
LIABILITIES AND CAPITAL								
U. S. Government investment (shares and deposits)	195,692	167,902	159,266	136,136	36,208	31,605	218	161
Private repurchaseable shares	3,416,075	3,746,191	1,668,292	1,884,808	724,945	860,497	1,022,838	1,000,886
Mortgage pledged shares	130,777	125,682	7,596	5,705	17,197	20,526	105,984	99,451
Deposits and investment certificates	331,926	350,955	222	279	201,301	231,772	130,403	118,904
Advances from Federal Home Loan Banks	217,881	131,152	143,588	83,776	49,273	32,043	25,020	15,333
Other borrowed money	21,345	11,530	6,442	4,458	5,545	3,036	9,589	4,036
Loans in process	66,786	29,556	39,338	15,782	17,859	9,273	9,589	4,501
Advance payments by borrowers	17,620	22,455	8,415	10,778	5,546	6,863	3,659	4,814
Other liabilities	20,826	21,805	9,737	10,387	6,752	7,269	4,337	4,149

EXHIBIT 10.—Combined statement of condition for all reporting savings and loan members of the Federal Home Loan Bank System, by type of association, as of Dec. 31, 1942, and Dec. 31, 1941—Continued

[In thousands of dollars]

Balance-sheet items	All members		Federals		Insured State-chartered		Uninsured State-chartered	
	1941	1942	1941	1942	1941	1942	1941	1942
LIABILITIES AND CAPITAL—continued								
Capital, permanent reserve or guaranty stock.....	\$26,519	\$25,841	-----	-----	\$21,967	\$21,963	\$4,552	\$3,878
Deferred credit to future operations.....	16,044	14,894	\$6,650	\$6,020	4,448	4,641	4,946	4,233
Specific reserves.....	8,050	8,411	3,793	4,221	2,079	2,122	2,178	2,068
General reserves.....	211,337	246,836	69,955	83,787	63,016	77,033	78,366	86,016
Bonus on shares.....	623	676	493	532	125	136	5	8
Undivided profits and surplus.....	116,257	121,565	40,538	49,772	26,906	32,168	48,723	39,625
Total liabilities and capital.....	4,797,758	5,025,451	2,164,325	2,296,441	1,183,257	1,340,947	1,450,176	1,388,063
Reporting associations.....	<i>Number</i> 3,771	<i>Number</i> 3,737	<i>Number</i> 456	<i>Number</i> 1,464	<i>Number</i> 878	<i>Number</i> 927	<i>Number</i> 1,437	<i>Number</i> 1,346

EXHIBIT 11.—Consolidated statement of operations for 3,722 reporting member savings and loan associations of the Federal Home Loan Bank System, by type, for the year ended December 1942

Item	Amounts				Ratio to gross operating income			
	Total	Federals	Insured State-chartered	Uninsured State-chartered	Total	Federals	Insured State-chartered	Uninsured State-chartered
Number of associations.....	3,722	1,464	926	1,332	3,722	1,464	926	1,332
Gross operating income:								
Interest:								
On mortgage loans—ordinary cash collections.....	\$226,081,270	\$104,640,959	\$68,478,341	\$62,991,970	Percent 58.55	Percent 90.45	Percent 85.57	Percent 87.99
On mortgage loans—all other.....	1,994,996	496,916	384,811	613,269	48.78	49	56	1.28
On loans on shares, passbooks, and certificates.....	2,627,769	3,217,376	2,429,488	238,735	66.58	19	30	1.33
On real estate sold on contract.....	9,371,208	3,472,098	3,456,084	2,443,996	3.67	3.01	5.06	3.41
On investments and bank deposits.....	2,960,004	694,889	972,389	1,692,726	1.10	.81	1.42	1.47
Other.....	863,958	219,341	453,815	289,322	.84	.34	.62	.31
Premium or commission on loans (current only).....	2,198,173	1,179,310	686,914	329,450	1.00	1.02	.93	.53
Appraisal fees, legal fees, and initial service charges.....	2,546,063	1,491,801	994,848	571,189	1.00	1.39	1.02	.50
Other fees and fines.....	1,260,891	3,391,984	2,658,907	571,189	4.80	3.07	5.35	7.37
Gross income from real estate owned.....	12,472,085	3,687,125	2,585,017	4,214,777	3.86	2.68	3.71	5.89
Less cost of repairs, taxes, and maintenance.....	9,645,086	3,098,696	2,156,913	1,489,177	1.03	2.39	1.64	1.48
Net income from real estate owned.....	2,826,999	1,488,429	1,428,104	1,995,230	1.11	1.00	1.15	1.26
Gross income from office building.....	2,833,798	1,483,660	1,563,811	1,996,233	1.11	1.00	1.15	1.26
Dividends on stock in Federal Home Loan Banks.....	578,798	296,331	91,405	199,327	.23	.26	.23	.18
Other dividends.....	274,852	88,552	91,405	156,327	.10	.07	.13	.08
Miscellaneous operating income.....	1,115,425	406,098	485,598	273,729	.44	.35	.64	.38
Gross operating income.....	285,328,422	115,437,302	68,338,795	71,552,324	100.00	100.00	100.00	100.00
Less operating expense:								
Compensation to directors, officers, employees.....	33,148,236	15,445,364	9,479,852	8,222,940	12.98	13.38	13.87	11.49
Collection expense (agents, etc.).....	534,612	140,982	202,109	181,571	.21	.47	.30	.25
Legal services—retainer, travel, and special.....	1,292,192	439,717	292,378	260,097	.49	.47	.63	.41
Expense account of directors, officers, and employees.....	3,632,623	364,097	193,732	74,704	.25	.32	.28	.22
Rent, light, heat, etc.....	3,415,033	1,737,570	896,971	780,542	1.34	1.51	1.31	1.09
Repairs, taxes, and maintenance of office building.....	2,860,482	1,124,237	857,479	829,716	1.10	1.97	1.24	1.15
Depreciation of office building.....	1,350,955	577,109	401,795	369,051	.53	.50	.59	.52
Furniture, fixtures, and equipment, including depreciation.....	1,343,489	780,262	387,830	175,350	.53	.68	.67	.25
Advertising.....	4,805,442	2,842,188	1,234,230	678,914	1.88	2.46	1.88	.95
Stationery, printing, and office supplies.....	1,929,273	895,146	579,010	455,117	.75	.61	.78	.64
Telephone, telegraph, postage, and express.....	1,385,661	703,830	403,197	272,634	.54	.61	.49	.38
Insurance and bond premiums.....	1,241,712	569,220	399,233	273,239	.49	.49	.58	.38
Federal insurance premium.....	3,781,546	1,416,970	1,394,405	2,733,171	1.48	2.09	2.00	.00
Audit.....	745,221	2,256,928	2,253,973	334,320	.29	.22	.37	.33

EXHIBIT 11.—Consolidated statement of operations for 3,722 reporting member savings and loan associations of the Federal Home Loan Bank System, by type, for the year ended December 31, 1942.—Continued

Item	Amounts				Ratio to gross operating income			
	Total	Federals	Insured State-chartered	Uninsured State-chartered	Total	Federals	Insured State-chartered	Uninsured State-chartered
Less operating expense—Continued.								
Supervising examinations and assessments.....	\$1,174,080	\$477,322	\$481,318	\$215,440	\$0.46	\$0.41	\$0.71	\$0.30
Organization dues.....	786,560	399,176	213,810	123,574	.29	.35	.31	.17
Other operating expense.....	7,127,474	3,024,241	2,086,412	2,016,821	2.79	2.62	3.05	2.82
Total operating expense.....	67,406,601	32,297,717	19,921,113	15,187,771	26.40	27.98	29.15	21.23
Net operating income before interest and other charges.....	187,921,821	83,139,585	48,417,688	56,364,553	78.60	72.02	70.85	78.77
Less interest charges:								
On advances from Federal Home Loan Banks.....	4,405,731	2,854,416	1,041,254	510,061	1.73	2.47	1.52	.71
On borrowed money.....	477,391	121,027	125,643	230,721	.19	.10	.18	.32
Total interest.....	4,883,122	2,975,443	1,166,897	740,782	1.92	2.57	1.70	1.03
Net operating income.....	183,038,699	80,164,142	47,250,796	55,623,771	71.68	69.45	69.15	77.74
Add nonoperating income								
Dividends retained on repurchases and withdrawals.....	431,354	9,785	135,095	286,534	.17	.01	.20	.40
Profit on sale of real estate.....	3,551,124	1,218,509	1,300,677	1,131,938	1.39	1.06	1.75	1.58
Profit on sale of investments.....	436,922	71,596	239,341	125,985	.17	.06	.35	.18
Other nonoperating income.....	1,323,289	435,749	436,087	451,453	.52	.38	.64	.63
Total nonoperating income.....	5,742,699	1,735,639	2,011,140	1,995,920	2.25	1.50	2.94	2.79
Net income after interest and before charges.....	188,781,398	81,899,781	49,261,926	57,619,691	73.93	70.95	72.09	80.53
Less nonoperating charges:								
Foreclosure costs and back taxes on real estate acquired (unless capitalized or charged to reserves).....	272,420	75,251	96,092	101,077	.11	.07	.14	.14
Loss on sale of real estate.....	2,046,182	986,439	410,017	649,706	.80	.85	.60	.91

Loss on sale of investments.....	86,133	19,133	30,848	36,152	.03	.02	.05
Other nonoperating charges.....	1,736,918	554,167	562,018	620,733	.68	.48	.87
Total nonoperating charges.....	4,141,653	1,635,010	1,098,975	1,407,668	1.62	1.42	1.47
Net income for the year.....	184,639,745	80,264,771	48,162,951	56,212,023	72.31	69.53	78.56
Ratio to net income							
Less transfers for reserves and dividends							
For bonus on shares.....	216,819	113,699	66,700	36,420	.12	.14	.07
Legal reserves.....	5,638,355	40,771	2,023,479	3,574,105	3.05	.05	4.20
Federal insurance reserve.....	8,142,728	5,299,976	2,784,414	58,388	4.41	6.61	5.78
For contingencies.....	14,567,107	8,926,046	2,723,227	2,917,884	7.89	11.12	5.66
Real estate reserve.....	1,904,941	457,768	558,901	887,272	1.03	.57	1.16
Other reserves.....	2,859,169	521,207	935,705	1,402,257	1.55	.65	1.49
Dividends (including interest on deposits and investment certificates).....	130,441,582	55,143,478	34,321,739	40,976,365	70.65	68.70	71.26
Balance to undivided profits.....	20,869,044	9,761,826	4,747,786	6,359,432	11.30	12.16	9.86

Source Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 12.—Federal Home Loan Bank Administration—Members of the Federal Savings and Loan Advisory Council, as of June 30, 1943

Federal Home Loan Bank District	Name	Elected or appointed
Boston	Raymond P. Harold	Elected.
New York	Francis V. D. Lloyd	Do.
Pittsburgh	James J. O'Malley	Do.
Winston-Salem	Horace S. Haworth	Appointed.
Do	J. F. Stevens	Elected.
Cincinnati	R. P. Dietzman	Appointed.
Do	W. Megrue Brock	Elected.
Indianapolis	Walter Gehrke	Do.
Chicago	C. W. Reuling	Appointed.
Do	A. G. Erdmann	Elected.
Des Moines	E. A. Purdy	Appointed.
Do	C. R. Mitchell	Elected.
Little Rock	J. J. Miranne	Do.
Topeka	George E. McKinnis	Do.
Portland	T. M. Donahoe	Do.
Los Angeles	David G. Davis	Appointed.
Do	C. A. Carden	Elected.

EXHIBIT 13.—Federal Home Loan Bank Administration—Statement of receipts and disbursements of the Administration during the fiscal years 1942 and 1943

	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943
Balance at beginning of fiscal year	\$239,959.02	\$353,374.06
Receipts:		
Assessments upon—		
Federal Home Loan Banks	300,000.00	300,000.00
Home Owners' Loan Corporation	18,438.92	0
Federal Savings and Loan Insurance Corporation	197,209.17	103,678.01
Examining receipts	1,072,269.54	918,321.39
Miscellaneous refunds	17,627.41	27,991.37
Reimbursement for conservators' expense	2,359.73	3,600.29
Sale of property	163.10	0
Sale of material	9.01	8.00
Refund from Treasury Department	712.69	0
Refund from Federal Loan Agency	0	4,148.29
Total receipts	1,608,789.60	1,357,747.35
Total cash and receipts	1,848,748.62	1,711,121.41
Disbursements:		
Salaries	1,146,029.60	1,059,584.99
Supplies and materials	12,823.95	5,697.70
Newspapers and periodicals	95.73	117.00
Communications	20,673.34	10,732.64
Travel	225,551.10	166,758.35
Transportation of things	1,033.50	328.87
Printing and binding	16,380.42	7,632.10
Photographing and duplicating	25,901.68	13,598.10
Rents	28,894.67	26,820.48
Equipment, furniture, and fixtures	7,960.56	2,668.06
Transferred to administrative expenses:		
Federal Loan Agency	6,600.00	0
National Housing Agency	0	7,064.00
Treasury Department	3,430.00	1,000.00
Total disbursements	1,495,374.56	1,302,002.29
Balance at end of fiscal year	353,374.06	409,119.12

EXHIBIT 14.—Federal Home Loan Bank Administration—Comparative statement reflecting, by offices, the number of Administration employees as of the close of the fiscal years 1942 and 1943

	1942	1943		1942	1943
Offices of the Board Members.....	1		Office of the Secretary.....	14	8
Office of the Commissioner.....	3	3	Office of Public Relations.....	4	5
Office of the Governor:			Division of Operating Statistics.....	11	7
Governor's immediate office.....	10	9	Legal Department.....	9	
Office of the Comptroller.....	35	27	Review Committee.....		
Office of the Chief Supervisor.....	29	23	Examining Division:		
Review and Analysis Section.....		4	Washington office.....	8	8
Total, Governor's office.....	74	63	Field.....	299	225
			Total, Examining Division.....	307	233
			Grand total.....	431	319

EXHIBIT 15.—Federal Home Loan Bank System—Number and estimated assets of member institutions, June 30, 1942, and June 30, 1943

Bank District and State	Number of members		Assets of members [In thousands of dollars]	
	1942	1943	1942	1943
United States.....	3, 815	3, 774	\$5, 643, 970	\$6, 045, 016
No. 1—Boston.....	232	237	902, 904	958, 698
Connecticut.....	50	51	144, 370	162, 611
Maine.....	22	23	20, 234	25, 077
Massachusetts.....	130	132	613, 538	636, 558
New Hampshire.....	21	21	77, 522	81, 165
Rhode Island.....	5	5	41, 641	47, 129
Vermont.....	4	5	5, 599	6, 128
No. 2—New York.....	375	370	493, 060	617, 595
New Jersey.....	245	236	162, 618	243, 269
New York.....	130	134	330, 442	374, 326
No. 3—Pittsburgh.....	488	477	297, 528	320, 199
Delaware.....	7	7	3, 269	3, 440
Pennsylvania.....	454	443	269, 902	292, 163
West Virginia.....	27	27	24, 357	24, 596
No. 4—Winston-Salem.....	415	414	738, 819	801, 848
Alabama.....	28	28	23, 142	24, 961
District of Columbia.....	21	21	161, 881	172, 467
Florida.....	50	50	95, 232	103, 964
Georgia.....	56	56	47, 068	53, 606
Maryland.....	63	63	84, 664	96, 822
North Carolina.....	114	113	227, 280	240, 850
South Carolina.....	44	44	41, 876	48, 611
Virginia.....	39	39	57, 676	60, 567
No. 5—Cincinnati.....	579	564	946, 952	992, 895
Kentucky.....	87	78	101, 232	88, 102
Ohio.....	453	450	804, 110	864, 981
Tennessee.....	39	36	41, 610	39, 812
No. 6—Indianapolis.....	218	220	315, 550	360, 448
Indiana.....	160	162	189, 063	216, 841
Michigan.....	58	58	126, 487	143, 607
No. 7—Chicago.....	454	455	480, 620	500, 018
Illinois.....	341	343	354, 535	374, 669
Wisconsin.....	113	112	126, 085	125, 349

EXHIBIT 15.—Federal Home Loan Bank System—Number and estimated assets of member institutions, June 30, 1942, and June 30, 1943—Continued

Bank district and State	Number of members		Assets of members [In thousands of dollars]	
	1942	1943	1942	1943
No. 8—Des Moines.....	246	244	\$266,326	\$281,627
Iowa.....	73	73	56,755	61,706
Minnesota.....	42	43	75,474	85,231
Missouri.....	106	104	110,501	116,293
North Dakota.....	13	13	12,583	13,732
South Dakota.....	12	11	11,013	4,665
No. 9—Little Rock.....	281	280	392,124	414,491
Arkansas.....	41	41	22,227	23,103
Louisiana.....	67	67	101,260	100,762
Mississippi.....	26	26	27,313	29,642
New Mexico.....	14	14	7,098	7,909
Texas.....	133	132	234,226	253,075
No. 10—Topeka.....	223	214	196,665	202,654
Colorado.....	39	39	36,946	38,274
Kansas.....	99	92	60,429	61,487
Nebraska.....	32	31	28,226	29,688
Oklahoma.....	53	52	71,064	73,205
No. 11—Portland.....	130	130	180,407	207,901
Idaho.....	8	8	8,863	9,527
Montana.....	14	14	12,469	13,177
Oregon.....	27	26	37,846	42,689
Utah.....	10	10	20,037	23,750
Washington.....	60	61	94,385	111,452
Wyoming.....	10	10	6,352	6,761
Alaska.....	1	1	455	545
No. 12—Los Angeles.....	174	169	433,015	386,642
Arizona.....	3	3	6,870	8,131
California.....	164	160	419,458	370,523
Nevada.....	2	1	926	904
Hawaii.....	5	5	5,761	7,084

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 16.—Federal Home Loan Banks—Advances and repayments for the periods indicated, and the balance of advances outstanding at the close of such periods

Period	Advances	Repayments	Balance out- standing
Fiscal year:			
1933.....	\$48,894,602 41	\$1,230,772 82	\$47,663,829 59
1934.....	62,871,970 22	25,387,445 72	85,148,354 09
1935.....	36,683,308 61	42,599,148 62	79,232,514 18
1936.....	78,195,224 32	38,840,900 50	118,586,838 00
1937.....	114,287,052 41	65,817,003 85	167,056,886 56
1938.....	105,432,157 95	76,264,107 15	196,224,937 36
1939.....	76,659,074 62	103,922,448 88	168,961,563 10
1940.....	108,009,901 23	119,574,417 17	157,397,047 16
1941.....	142,875,563 45	130,375,220 91	169,897,389 70
1942.....	155,025,046 83	132,277,500 65	192,644,935 88
1942—July.....	7,931,272 79	26,982,912 17	173,593,296 70
August.....	4,263,924 36	17,656,010 27	160,201,210 19
September.....	4,157,050 91	19,606,274 18	144,751,987 52
October.....	5,689,951 00	19,065,022 42	131,376,915 10
November.....	4,011,358 52	13,502,695 02	121,885,579 40
December.....	18,209,462 95	10,882,510 73	129,212,531 62

EXHIBIT 16.—Federal Home Loan Banks—Advances and repayments for the periods indicated, and the balance of advances outstanding at the close of such periods—Continued

Period	Advances	Repayments	Balance outstanding
1943—January	\$11,807,843 50	\$27,621,167 79	\$113,399,207 33
February	1,239,791 00	19,015,468 96	95,623,529 37
March	1,531,654 47	18,548,659 56	78,606,524 28
April	16,727,828 03	7,965,351 86	87,369,000.45
May	2,710,420 00	10,858,061 07	79,221,359 38
June	18,065,755 32	7,095,537 94	90,191,576 76
Total, fiscal year 1943	96,346,312 85	198,799,671 97	
Grand total through June 30, 1943	1,025,280,214 90	935,088,638.14	

EXHIBIT 17.—Federal Home Loan Banks—Interest rates charged member institutions on advances, as of July 1, 1943¹

Federal Home Loan Bank	Rate in effect	Types of advances
Boston	Percent 1½	Short-term advances amortized within 1 year, or secured by Government bonds
	2	On advances for 5 years, for defense-housing purposes, not exceeding 10 percent of member's assets, amortized at not less than 5 percent quarterly.
New York	2½	All other advances.
	1½	Short-term advances amortized within 1 year.
Pittsburgh	2½	Long-term advances
	1½	Short-term advances for purchase of Government bonds.
Winston-Salem	2	Advances for 5 years with amortization of 10 percent per annum, payable quarterly, for purpose of retiring Government investments in stock.
	3	All other advances.
Cincinnati	2	All advances.
	1½	On advances not exceeding 6 months, for purchase of United States securities or for the retirement of members' securities owned by the Home Owners' Loan Corporation or the U. S. Treasury.
Indianapolis	2½	All other advances.
	1½	On advances not exceeding 6 months.
	2	On advances not exceeding 1 year, but in excess of 6 months.
	2	On long-term advances for the first year of the note.
Chicago	2½	On long-term advances beginning with the second year from the date of the note.
	1½	Short-term advances amortized in equal monthly installments. ²
	2	For a 6 months' period ending Dec. 31, 1943, on 1 year unamortized advances for purpose of repurchasing share investments made by the Home Owners' Loan Corporation or Treasury, or purchase of Treasury obligations.
Des Moines	2½	Short-term advances amortized by not less than 2½ percent quarterly. ²
	3	All other advances.
Little Rock	2	Advances not exceeding 1 year.
	2½	Advances exceeding 1 year.
Topeka	2	All advances.
	2½	Do.
Portland	2	Advances not exceeding 90 days, when collateralized by Government obligations (no restrictions on renewals).
	2	Advances not exceeding 6 months for purpose of retiring Government investments in stock, effective during July only.
Los Angeles	3	All other advances.
	2	Secured advances not exceeding \$50,000 or 10 percent of member's line of credit, whichever is greater, for purchase of Government obligations.
	2½	All other advances.

¹ Rates on advances to nonmembers are ½ of 1 percent higher

² Advances must not exceed 10 percent of member's assets.

EXHIBIT 18.—Federal Home Loan Banks—Statement of condition as of June 30, 1943

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
ASSETS							
Cash:							
On hand, in transit, and on deposit with commercial banks.....	\$6,235,397.71	\$6,234,530.60	\$994,369.90	1 \$410,646.28	\$1,444,232.09	\$288,384.56	\$1,000,214.06
On deposit with U. S. Treasurer, checking accounts.....	8,537,459.33	8,537,459.33	210,311.06	229,573.84	774,335.73	1,054,874.00	1,651,064.73
On deposit with other Federal Home Loan Banks.....	0	3,500,000.00	1,500,000.00	0	0	1,000,000.00	0
Total.....	14,772,757.04	18,271,989.93	2,674,680.96	1,640,220.12	2,218,568.82	2,343,258.56	2,651,278.79
Deposit with U. S. Treasurer for matured obligations.....	16,164.20	0	0	0	0	0	0
Investments:							
U. S. Treasury discount bills.....	11,055,408.67	11,055,408.67	1,998,835.21	2,935,549.52	0	0	499,963.86
Other U. S. Government obligations, direct or fully guaranteed.....	143,876,630.81	143,876,630.81	12,864,278.55	16,691,435.85	10,574,444.14	7,974,200.00	23,191,105.66
Total.....	154,931,939.48	154,931,939.48	14,863,113.76	19,649,985.37	10,574,444.14	7,974,200.00	23,691,069.52
Advances outstanding—Members.....	90,191,576.76	90,191,576.76	5,564,458.50	16,540,533.04	8,074,562.66	7,980,480.00	5,929,044.00
Accrued interest receivable.....	695,777.68	696,840.70	54,790.20	125,489.32	60,755.70	45,948.99	89,943.53
Deferred charges and prepaid expenses.....	11,922.44	11,922.44	766.43	2,412.87	1,249.68	183.98	1,055.50
Other assets, accounts receivable, and miscellaneous.....	8,209.06	8,209.04	301.00	938.50	1,100.33	1,295.55	975.67
Total assets.....	260,628,346.66	264,112,478.35	23,158,110.85	36,959,579.22	20,930,681.33	18,345,278.08	32,363,367.01
LIABILITIES AND CAPITAL							
Liabilities:							
Deposits of member institutions.....	29,215,949.52	29,215,949.52	2,022,457.95	2,249,475.27	789,500.00	1,046,100.00	6,072,000.00
Deposits of applicants for membership.....	46,325.00	46,325.00	0	2,200.00	34,175.00	500.00	6,250.00
Deposits of other Federal Home Loan Banks.....	3,500,000.00	3,500,000.00	0	0	0	0	0
Accrued interest payable.....	75,953.81	76,249.20	8,682.26	15,033.14	8,000.03	94.09	5,260.62
Dividends payable.....	660,706.77	660,706.77	90,529.61	0	0	0	106,485.73
Accounts payable.....	8,001.48	8,001.48	357.35	739.24	688.41	365.38	2,224.04
Consolidated debentures outstanding.....	35,000,000.00	35,000,000.00	2,000,000.00	8,000,000.00	4,000,000.00	0	2,500,000.00
Matured obligations not presented for payment.....	16,164.20	0	0	0	0	0	0
Total liabilities.....	65,023,100.28	68,507,231.97	4,122,027.17	10,267,445.65	4,832,363.44	1,047,059.47	8,692,221.39
Capital:							
Capital stock:							
Reconstruction Finance Corporation (fully paid).....	124,741,000.00	124,741,000.00	12,467,500.00	18,963,200.00	11,146,300.00	9,208,200.00	12,775,700.00
Member institutions (subscribed).....	54,784,900.00	54,784,900.00	5,672,500.00	6,156,700.00	3,368,200.00	6,100,900.00	8,667,700.00
Total subscribed.....	179,525,900.00	179,525,900.00	18,140,000.00	25,119,900.00	14,514,500.00	15,309,100.00	21,443,400.00
Less unpaid subscriptions of members.....	64,050.00	64,050.00	0	60,275.00	0	0	0
Total paid in on capital stock.....	179,461,850.00	179,461,850.00	18,140,000.00	25,059,625.00	14,514,500.00	15,309,100.00	21,443,400.00

Surplus:								
Reserve required by Sec. 16 of Act.....	7,292,016.39							1,087,096.04
Reserve for contingencies.....	2,170,531.03							464,945.43
Undivided profits.....	6,680,848.96							675,704.15
Total surplus.....	16,143,396.38							2,227,745.62
Total capital.....	195,605,246.38							23,671,145.62
Total liabilities and capital.....	290,628,346.66							32,363,367.01

See footnotes at end of table.

EXHIBIT 18.—Federal Home Loan Banks—Statement of condition as of June 30, 1943—Continued

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
ASSETS							
Cash:							
On hand, in transit, and on deposit with commercial banks.....	\$224,276.61	\$923,723.82	\$137,643.91	\$1,475.00	\$4,828.13	\$221,409.25	\$613,325.99
On deposit with U. S. Treasurer, checking accounts.....	643,025.30	44,122.25	1,800,112.34	853,557.34	799,284.10	445,627.11	31,541.53
On deposit with other Federal Home Loan Banks.....	0	0	300,000.00	300,000.00	0	0	0
Total.....	867,301.91	967,846.07	2,437,756.25	1,355,062.34	804,112.23	667,036.36	644,867.52
Deposit with U. S. Treasurer for matured obligations.....	0	0	0	0	0	0	0
Investments:							
U. S. Treasury discount bills.....	499,866.21	3,499,418.02	0	0	0	599,684.25	999,091.60
Other U. S. Government obligations, direct or fully guaranteed.....	11,238,227.39	15,192,500.00	11,125,363.28	10,385,272.00	7,367,554.94	7,841,149.00	9,431,000.00
Total.....	11,738,093.60	18,691,918.02	11,125,363.28	10,385,272.00	7,367,554.94	8,440,833.25	10,430,091.60
Advances outstanding—Members.....	10,085,804.59	12,280,173.50	3,857,634.25	2,057,547.50	4,025,359.81	1,247,276.36	12,548,682.55
Accrued interest receivable.....	48,735.66	58,213.75	37,604.46	48,800.74	40,280.71	22,617.08	43,507.55
Deferred charges and prepaid expenses.....	1,286.08	1,139.87	1,000.00	482.69	498.85	604.13	1,141.37
Other assets, accounts receivable, and miscellaneous.....	352.35	826.00	232.50	468.50	1.00	201.00	1,625.64
Total assets.....	22,741,554.19	31,970,123.22	17,509,768.73	13,847,633.77	12,237,807.54	10,378,568.18	23,670,006.23
LIABILITIES AND CAPITAL							
Liabilities:							
Deposits of member institutions.....	3,900,335.76	6,100,456.04	1,897,360.66	754.83	995,153.83	605,000.00	3,537,157.18
Deposits of applicants for membership.....	500.00	1,400.00	500.00	0	800.00	0	0
Deposits of other Federal Home Loan Banks.....	1,500,000.00	0	0	0	0	0	2,000,000.00
Accrued interest payable.....	9,237.59	9,801.99	6,593.36	2,781.95	2,122.68	2,811.25	5,861.00
Dividends payable.....	86,774.68	148,338.07	66,959.26	53,970.44	66,959.26	37,616.60	68,001.48
Accounts payable.....	507.90	482.25	482.25	510.72	499.44	314.16	790.72
Consolidated debentures outstanding ³	4,000,000.00	4,000,000.00	3,500,000.00	1,500,000.00	1,000,000.00	1,500,000.00	3,000,000.00
Matured obligations not presented for payment.....	0	0	0	0	0	0	0
Total liabilities.....	9,497,555.90	10,260,588.84	5,471,895.53	1,560,226.24	1,998,575.95	2,145,712.01	8,611,810.38
Capital:							
Capital stock:							
Reconstruction Finance Corporation (fully paid).....	6,377,400.00	14,173,900.00	7,394,900.00	8,772,400.00	7,323,600.00	5,950,000.00	9,957,900.00
Member institutions (subscribed).....	5,663,000.00	5,683,600.00	3,653,600.00	2,461,100.00	2,082,400.00	1,581,300.00	3,707,900.00
Total subscribed.....	12,240,400.00	19,857,500.00	11,048,500.00	11,233,500.00	9,396,000.00	7,541,300.00	13,675,800.00
Less unpaid subscriptions of members.....	625.00	3,260.00	0	0	0	0	0
Total paid in on capital stock.....	12,239,875.00	19,860,250.00	11,048,500.00	11,233,500.00	9,396,000.00	7,541,300.00	13,675,800.00

Surplus:													
Reserve required by Sec. 16 of Act.....	484,482.83	968,965.43	472,461.14	446,824.49	826,596.14	283,703.27	508,014.06						
Reserve for contingencies.....	12,795.00	0	250,000.00	85,272.00	0	365,000.00	596,956.00						
Undivided profits.....	506,847.66	880,978.95	265,912.06	522,011.04	516,635.45	42,852.90	337,425.79						
Total surplus.....	1,004,125.29	1,849,334.38	989,373.20	1,054,107.53	843,231.59	691,556.17	1,382,395.85						
Total capital.....	13,243,968.29	21,709,584.38	12,037,873.20	12,287,607.53	10,239,231.59	8,232,856.17	15,058,195.85						
Total liabilities and capital.....	22,741,554.19	31,970,123.22	17,509,768.73	13,847,633.77	12,237,807.54	10,378,568.18	23,670,006.23						

¹ As of June 30, 1943, the New York Bank administered as agent for the 12 Banks an imprest fund of \$15,000 from which debenture expense other than brokerage concessions and interest are paid. The New York Bank also acted as agent for the payment of premiums on employees' group life insurance in the several Banks.

² In addition, on June 30, 1943, the Chicago Bank held in escrow for certain associations in its district, the sum of \$6,440.19.

³ Consolidated Federal Home Loan Bank debentures issued by the Federal Home Loan Bank Administration and now outstanding are the joint and several obligations of all Federal Home Loan Banks.

EXHIBIT 19.—Federal Home Loan Banks—Analysis of surplus and undivided profits for the fiscal year ended June 30, 1943

	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Surplus—Reserve as required by Sec. 16 of Act:						
Balance June 30, 1942	\$6,505,036.53	\$429,482.14	\$792,223.42	\$590,243.92	\$628,137.87	\$932,081.25
Additions during fiscal year 1943	786,979.86	69,719.99	98,136.95	51,616.43	54,922.47	123,094.79
Balance, June 30, 1943	7,292,016.39	499,202.13	890,360.37	641,860.35	683,060.34	1,055,176.04
Surplus—Reserve for contingencies:						
Balance June 30, 1942	1,792,157.47	75,000.00	155,184.60	0	268,000.00	278,972.87
Additions during fiscal year 1942 (net)	378,373.56	1 (50,000.00)	7,380.00	0	0	153,972.56
Balance, June 30, 1943	2,170,531.03	25,000.00	162,564.60	0	268,000.00	432,945.43
Undivided profits:						
Balance June 30, 1942	5,808,727.26	223,137.06	442,431.27	878,873.24	894,188.13	601,186.70
Add:						
Profit for fiscal year 1943	3,689,550.29	327,692.88	490,336.52	288,460.85	274,612.35	572,858.76
Capitalization of furniture and equipment	12.00	1.00	1.00	1.00	1.00	1.00
Adjustment to standardize reports (net)	265,348.84	20,807.05	348.19	1 (378.69)	0	52,165.18
Total additions	9,743,638.39	571,737.99	933,116.98	1,136,956.40	1,168,801.48	1,226,211.64
Deduct:						
Dividends declared during fiscal year 1943:						
Reconstruction Finance Corporation	1,330,582.30	124,675.00	180,632.00	111,463.00	46,041.60	143,726.63
Members	527,853.62	55,461.05	58,384.43	31,919.43	24,779.74	96,803.51
Allocation to legal reserve	756,970.82	60,719.99	98,136.95	51,616.43	54,922.47	125,094.79
Allocation to reserve for contingencies (net)	378,373.56	1 (50,000.00)	7,380.00	0	0	185,972.56
Total deductions	3,062,780.43	199,856.44	353,533.38	194,998.86	130,743.21	550,507.49
Balance, June 30, 1943	6,680,848.96	371,881.55	570,583.60	941,937.54	1,038,085.27	675,704.15

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
Surplus—Reserve as required by Sec. 16 of Act:							
Balance, June 30, 1942.....	\$424,797.90	\$877,051.06	\$432,940.12	\$394,121.26	\$286,951.65	\$260,731.80	\$426,264.14
Additions during fiscal year 1943.....	59,684.73	91,304.37	39,521.02	52,703.23	39,644.49	22,971.47	81,749.92
Balance, June 30, 1943.....	484,482.63	968,355.43	472,461.14	446,824.49	326,596.14	283,703.27	508,014.06
Surplus—Reserve for contingencies:							
Balance, June 30, 1942.....	0	0	250,000.00	0	0	365,000.00	400,000.00
Additions during fiscal year 1942 (net).....	12,793.00	0	0	85,272.00	0	0	136,956.00
Balance, June 30, 1943.....	12,793.00	0	250,000.00	85,272.00	0	365,000.00	536,956.00
Undivided profits:							
Balance, June 30, 1942.....	447,980.53	812,149.02	239,884.20	508,455.31	451,413.55	25,995.28	283,082.97
Add:							
Profit for fiscal year 1943.....	277,697.61	455,227.32	184,492.33	174,287.28	148,725.44	98,142.24	407,016.71
Capitalization of furniture and equipment.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Adjustment to standardize reports (net).....	20,726.01	1,294.55	13,112.75	89,228.87	49,496.99	16,715.11	1,732.83
Total additions.....	746,405.15	1,268,671.89	437,490.28	771,972.46	649,636.98	140,853.63	691,783.51
Deduct:							
Dividends declared during fiscal year 1943:							
Reconstruction Finance Corporation.....	98,661.00	212,608.50	92,435.26	87,724.00	73,336.00	59,600.00	90,679.00
Members.....	68,418.76	83,780.07	38,620.94	24,262.19	20,021.04	15,429.26	35,973.80
Allocation to legal reserve.....	59,684.73	91,304.37	39,521.02	52,703.23	39,644.49	22,971.47	81,749.92
Allocation to reserve for contingencies (net).....	12,793.00	0	0	85,272.00	0	0	136,956.00
Total deductions.....	239,557.49	387,692.94	170,573.22	249,961.42	133,001.53	98,000.73	354,357.72
Balance, June 30, 1943.....	506,847.66	880,978.95	266,912.06	522,011.04	516,635.45	42,852.90	337,425.79

: Red figures are shown in parenthesis.

EXHIBIT 20.—Federal Home Loan Banks—Statement of profit and loss for the fiscal year ended June 30, 1943

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Gross operating income:							
Interest earned on advances.....	\$3,012,975 04	\$3,012,975 04	\$164,387 54	\$464,096 74	\$305,448 15	\$358,036 86	\$298,553 92
Interest earned on investments.....	2,237,815 42	2,237,815 42	240,745 56	237,564 06	101,338 63	114,853 04	353,644 30
Interest earned on deposits—other Federal Home Loan Banks.....	0	3,116 44	1,497 93	0	0	602 74	120 56
Gross operating income.....	5,250,790 46	5,253,906 90	406,631 03	701,660 80	466,806 78	473,492 64	582,318 78
Less operating charges:							
Compensation, travel, etc.....	875,738 14	875,738 17	50,665 47	113,490 79	106,124 36	61,285 11	91,756 90
Interest on debentures.....	686,064 43	686,064 43	23,977 23	58,658 30	36,072 86	91,083 65	42,135 42
Depreciation expense.....	54,587 69	54,587 90	3,187 63	7,700 70	5,086 14	8,444 54	1,555 39
Concessions.....	27,908 22	27,965 48	2,417 53	2,797 00	2,284 71	2,428 10	2,189 56
Other.....	105,612 82	105,612 82	10,407 96	6,015 28	1,353 74	3,089 07	23,975 47
Members.....	0	3,116 41	0	210 96	0	0	0
Other Federal Home Loan Banks.....	300,000 00	300,000 00	21,424 51	31,496 92	27,084 18	32,517 82	29,921 44
Assessment for expenses of Federal Home Loan Bank Administration.....	2,052,911 60	2,056,085 30	112,080 33	220,379 04	228,005 99	198,798 29	191,534 18
Total operating charges.....	3,197,878 86	3,197,821 60	294,550 70	481,281 76	238,800 79	274,694 35	390,784 60
Net operating income.....	2,052,911 60	2,056,085 30	112,080 33	220,379 04	228,005 99	198,798 29	191,534 18
Add nonoperating income:							
Profit on sale of investments.....	571,764 66	571,764 66	33,232 68	9,225 00	20,646 56	0	194,391 22
Miscellaneous.....	884 38	941 64	0	66 26	0	0	87 50
Total nonoperating income.....	572,649 04	572,706 30	33,232 68	9,291 26	20,646 56	0	194,478 72
Less nonoperating charges:							
Furniture and equipment charged off.....	6,385 34	6,385 34	90 50	236 50	986 50	82 00	229 05
Premiums charged off on investments.....	84,224 25	84,224 25	0	0	0	0	7,312 50
Loss on sale of investments.....	10,368 02	10,368 02	0	0	0	0	4,863 01
Total nonoperating charges.....	100,977 61	100,977 61	90 50	236 50	986 50	82 00	12,404 56
Net income.....	3,669,550 29	3,669,550 29	327,692 88	490,336 82	258,460 85	274,612 35	572,858 76

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
Gross operating income							
Interest earned on advances	\$196,135 73	\$437,122 45	\$212,487 63	\$121,402 13	\$136,848 37	\$60,530 73	\$321,928 50
Interest earned on investments	216,414 33	183,483 00	136,730 17	173,688 81	133,042 82	114,669 10	144,361 00
Interest earned on deposits—other Federal Home Loan Banks	0	210 96	65 75	530 83	37 67	0	0
Gross operating income	412,550 06	620,817 01	369,343 75	297,671 77	269,928 86	181,199 83	466,487 50
Less operating charges:							
Compensation, travel, etc.	54,289 77	88,400 43	58,285 68	71,409 96	53,843 99	51,587 54	74,469 17
Interest on debentures	71,291 94	39,585 05	90,734 66	26,383 17	31,854 17	17,757 03	49,530 95
Depreciation expenses	5,576 98	8,733 47	4,907 19	1,106 63	997 23	2,347 13	4,944 87
Other	2,396 64	2,394 89	2,263 45	1,977 33	2,163 03	2,327 01	2,324 21
Interest on deposits:							
Members	19,103 81	26,569 04	5,725 03	0	268 51	0	9,104 91
Other Federal Home Loan Banks	419 17	0	0	120 55	0	539 38	1,826 55
Assessment for expenses of Federal Home Loan Bank Administration	23,726 40	35,797 02	22,982 16	20,330 98	15,718 23	13,068 85	25,901 99
Total operating charges	176,904 71	261,569 90	184,878 17	121,468 64	104,845 16	87,626 44	168,094 45
Net operating income	235,745 35	364,247 11	184,465 58	176,203 13	165,081 70	93,573 39	298,393 14
Add nonoperating income							
Profit on sale of investments	44,844 34	91,142 88	0	46,685 94	1,725 00	17,297 21	112,573 83
Miscellaneous	26 22	0	35 00	338 06	0	53 40	335 20
Total nonoperating income	44,870 56	91,142 88	35 00	47,024 00	1,725 00	17,350 61	112,909 03
Less nonoperating charges:							
Furniture and equipment charged off	163 29	162 67	8 25	0	0	141 12	4,285 46
Premiums charged off on investments	0	0	0	48,939 85	15,331 26	12,640 64	0
Loss on sale of investments	2,755 01	0	0	0	2,750 00	0	0
Total nonoperating charges	2,918 30	162 67	8 25	48,939 85	18,081 26	12,781 76	4,285 46
Net income	277,697 61	455,227 32	184,492 33	174,287 25	148,725 44	98,142 24	407,016 71

EXHIBIT 20.—Federal Home Loan Banks—Statement of profit and loss for the fiscal year ended June 30, 1943—Continued
ANALYSIS OF SURPLUS AND UNDIVIDED PROFITS FOR THE FISCAL YEAR ENDED JUNE 30, 1943

	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Surplus—Reserve as required by Sec. 16 of Act:						
Balance, June 30, 1942.....	\$6,505,036.53	\$420,452.14	\$792,223.42	\$590,243.92	\$628,137.87	\$962,091.25
Additions during fiscal year 1943.....	786,978.86	69,719.99	98,136.95	51,616.43	54,922.47	125,004.79
Balance, June 30, 1943.....	7,292,016.39	490,202.13	890,360.37	641,860.35	683,060.34	1,087,096.04
Surplus—Reserve for contingencies:						
Balance, June 30, 1942.....	1,792,157.47	75,000.00	155,184.60	0	268,000.00	278,972.87
Additions during fiscal year 1943 (net).....	378,373.56	1 (50,000.00)	7,380.00	0	0	185,972.56
Balance, June 30, 1943.....	2,170,531.03	25,000.00	162,564.60	0	268,000.00	464,945.43
Undivided profits:						
Balance, June 30, 1942.....	5,808,727.26	223,137.06	442,431.27	878,873.24	894,188.13	601,186.70
Add:						
Profit for fiscal year 1943.....	3,669,550.29	327,692.88	490,336.52	258,460.85	274,612.35	572,858.76
Capitalization of furniture and equipment.....	12.00	1.00	1.00	1.00	1.00	1.00
Adjustment to standardize reports (net).....	265,343.84	20,907.03	348.19	1 (378.69)	0	52,165.18
Total additions.....	9,743,638.39	571,737.99	983,116.98	1,136,956.40	1,168,801.48	1,226,211.64
Deduct:						
Dividends declared during fiscal year 1943:						
Reconstruction Finance Corporation.....	1,339,582.39	124,675.00	189,632.00	111,463.00	46,041.00	143,726.63
Members.....	557,853.62	55,461.45	58,384.43	31,919.43	29,779.74	95,803.51
Allocation to legal reserve.....	786,979.86	69,719.99	98,136.95	51,616.43	54,922.47	125,004.79
Allocation to reserve for contingencies (net).....	378,373.56	1 (50,000.00)	7,380.00	0	0	185,972.56
Total deductions.....	3,062,789.43	199,856.44	353,533.38	194,998.86	130,743.21	550,507.49
Balance, June 30, 1943.....	6,680,548.96	371,881.55	579,583.60	941,657.54	1,038,068.27	675,704.15

	Indianapolis	Chicago	Des Moines	Little Rock	Topoka	Portland	Los Angeles
Surplus—Reserve as required by Sec. 16 of Act:							
Balance June 30, 1942.....	\$424,797.90	\$877,051.06	\$432,940.12	\$394,121.26	\$286,951.65	\$260,731.80	\$426,264.14
Additions during fiscal year 1943.....	59,684.73	91,304.37	39,521.02	52,703.23	39,644.49	22,971.47	81,749.92
Balance, June 30, 1943.....	484,482.63	968,355.43	472,461.14	446,824.49	326,596.14	283,703.27	508,014.06
Surplus—Reserve for contingencies:							
Balance, June 30, 1942.....	0	0	250,000.00	0	0	365,000.00	400,000.00
Additions during fiscal year 1943 (net).....	12,793.00	0	0	85,272.00	0	0	136,956.00
Balance, June 30, 1943.....	12,793.00	0	250,000.00	85,272.00	0	365,000.00	536,956.00
Undivided profits:							
Balance June 30, 1942.....	447,980.53	812,149.02	239,884.20	508,455.31	451,413.55	25,995.28	283,032.97
Add:							
Profit for fiscal year 1943.....	277,697.61	455,227.32	184,492.33	174,287.28	148,725.44	98,142.24	407,016.71
Capitalization of furniture and equipment.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Adjustment to standardize reports (net).....	20,726.01	1,294.55	13,112.75	89,228.87	49,496.99	16,715.11	1,732.83
Total additions.....	746,405.15	1,288,671.89	437,490.28	771,972.46	649,636.98	140,853.63	691,783.51
Deduct:							
Dividends declared during fiscal year 1943:							
Reconstruction Finance Corporation.....	98,681.00	212,608.50	92,436.26	87,724.00	73,336.00	59,600.00	99,679.00
Members.....	68,418.78	43,730.07	38,620.94	24,262.19	20,021.04	15,429.26	35,972.80
Allocation to legal reserve.....	59,684.73	91,304.37	39,521.02	52,703.23	39,644.49	22,971.47	81,749.92
Allocation to reserve for contingencies (net).....	12,793.00	0	0	85,272.00	0	0	136,956.00
Total deductions.....	239,587.49	387,692.94	170,578.22	249,961.42	133,001.53	98,000.73	354,357.72
Balance June 30, 1943.....	506,847.66	880,978.95	268,912.06	522,011.04	516,635.45	42,852.90	387,425.79

1 Red figures shown in parenthesis.

EXHIBIT 21.—Federal Savings and Loan Insurance Corporation—Number and assets of all insured associations, by Federal Home Loan Bank Districts and by States, June 30, 1943

Federal Home Loan Bank District and State	All insured						Federal						Insured State					
	Number of associations		Assets		Number of associations		Assets		Number of associations		Assets		Number of associations		Assets			
	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943	June 30, 1942	June 30, 1943		
United States.....	2, 374	2, 428	\$3, 461, 228, 000	\$3, 880, 999, 000	1, 464	1, 468	\$2, 205, 921, 000	\$2, 426, 079, 000	910	960	\$1, 255, 307, 000	\$1, 454, 920, 000	910	960	\$1, 255, 307, 000	\$1, 454, 920, 000		
No. 1—Boston.....	60	63	183, 596, 000	209, 315, 000	52	52	176, 071, 000	194, 324, 000	8	11	7, 525, 000	14, 991, 000	8	11	7, 525, 000	14, 991, 000		
Connecticut.....	22	25	37, 226, 000	51, 285, 000	16	16	30, 609, 000	37, 130, 000	6	9	6, 617, 000	14, 146, 000	6	9	6, 617, 000	14, 146, 000		
Maine.....	5	5	1, 483, 000	1, 833, 000	5	5	1, 483, 000	1, 833, 000	0	0	0	0	0	0	0	0		
Massachusetts.....	26	20	127, 202, 000	136, 386, 000	26	26	127, 202, 000	136, 386, 000	0	0	0	0	0	0	0	0		
New Hampshire.....	4	4	10, 981, 000	12, 377, 000	2	2	10, 073, 000	11, 532, 000	2	2	908, 000	845, 000	2	2	908, 000	845, 000		
Rhode Island.....	1	1	1, 942, 000	2, 324, 000	1	1	1, 942, 000	2, 324, 000	0	0	0	0	0	0	0	0		
Vermont.....	2	2	4, 762, 000	5, 110, 000	2	2	4, 762, 000	5, 110, 000	0	0	0	0	0	0	0	0		
No. 2—New York.....	197	215	387, 661, 000	455, 288, 000	74	74	217, 128, 000	228, 854, 000	123	141	170, 533, 000	226, 414, 000	123	141	170, 533, 000	226, 414, 000		
New Jersey.....	92	105	96, 705, 000	120, 311, 000	9	9	10, 092, 000	10, 695, 000	83	96	86, 613, 000	109, 616, 000	83	96	86, 613, 000	109, 616, 000		
New York.....	105	110	280, 956, 000	334, 957, 000	65	65	207, 036, 000	218, 159, 000	40	45	83, 920, 000	116, 798, 000	40	45	83, 920, 000	116, 798, 000		
No. 3—Pittsburgh.....	205	220	186, 809, 000	222, 280, 000	126	132	135, 030, 000	157, 409, 000	79	88	51, 779, 000	64, 851, 000	79	88	51, 779, 000	64, 851, 000		
Delaware.....	1	1	342, 000	393, 000	1	1	342, 000	393, 000	0	0	0	0	0	0	0	0		
Pennsylvania.....	178	193	162, 848, 000	197, 900, 000	103	109	114, 317, 000	136, 396, 000	75	84	48, 531, 000	61, 504, 000	75	84	48, 531, 000	61, 504, 000		
West Virginia.....	26	26	23, 619, 000	23, 997, 000	22	22	20, 371, 000	20, 620, 000	4	4	3, 248, 000	3, 347, 000	4	4	3, 248, 000	3, 347, 000		
No. 4—Winston-Salem.....	281	286	371, 874, 000	410, 519, 000	218	218	289, 324, 000	318, 440, 000	63	68	82, 550, 000	92, 079, 000	63	68	82, 550, 000	92, 079, 000		
Alabama.....	26	26	16, 788, 000	17, 936, 000	18	18	14, 241, 000	15, 224, 000	8	8	2, 517, 000	2, 712, 000	8	8	2, 517, 000	2, 712, 000		
District of Columbia.....	11	11	43, 728, 000	47, 793, 000	3	3	24, 378, 000	28, 052, 000	8	8	19, 348, 000	19, 741, 000	8	8	19, 348, 000	19, 741, 000		
Florida.....	47	47	81, 464, 000	87, 855, 000	46	46	79, 986, 000	86, 254, 000	1	1	1, 478, 000	1, 601, 000	1	1	1, 478, 000	1, 601, 000		
Georgia.....	49	49	42, 440, 000	48, 463, 000	45	45	35, 407, 000	40, 732, 000	4	4	7, 033, 000	7, 731, 000	4	4	7, 033, 000	7, 731, 000		
Maryland.....	42	42	59, 185, 000	69, 445, 000	33	33	49, 252, 000	58, 153, 000	9	9	9, 933, 000	11, 292, 000	9	9	9, 933, 000	11, 292, 000		
North Carolina.....	43	46	51, 076, 000	57, 084, 000	23	23	29, 969, 000	30, 470, 000	20	23	21, 107, 000	26, 614, 000	20	23	21, 107, 000	26, 614, 000		
North Carolina.....	37	39	32, 263, 000	33, 341, 000	30	30	25, 293, 000	25, 873, 000	7	7	6, 970, 000	7, 468, 000	7	7	6, 970, 000	7, 468, 000		
Virginia.....	26	26	44, 962, 000	48, 602, 000	20	20	30, 798, 000	33, 632, 000	6	6	14, 164, 000	14, 920, 000	6	6	14, 164, 000	14, 920, 000		
No. 5—Cincinnati.....	337	341	660, 519, 000	736, 992, 000	213	214	362, 019, 000	399, 735, 000	124	127	298, 500, 000	337, 257, 000	124	127	298, 500, 000	337, 257, 000		
Kentucky.....	56	58	71, 386, 000	75, 662, 080	54	55	70, 938, 000	73, 744, 000	2	3	447, 000	1, 618, 000	2	3	447, 000	1, 618, 000		
Ohio.....	243	247	551, 977, 000	621, 518, 000	121	123	253, 924, 000	286, 179, 000	122	124	298, 053, 000	335, 339, 000	122	124	298, 053, 000	335, 339, 000		
Tennessee.....	38	36	37, 156, 000	39, 812, 000	38	36	37, 156, 000	39, 812, 000	0	0	0	0	0	0	0	0		

No. 6—Indianapolis											
Indiana	132	241,882,000	274,176,000	100	100	163,131,000	185,683,000	77	78	78,751,000	88,463,000
Michigan	45	153,323,000	171,583,000	69	69	107,697,000	120,323,000	63	64	45,626,000	51,263,000
		88,559,000	102,568,000	31	31	55,434,000	65,363,000	14	14	33,125,000	37,293,000
No. 7—Chicago											
Illinois	280	367,278,000	404,052,000	139	139	199,654,000	215,678,000	150	154	167,624,000	188,874,000
Wisconsin	201	271,411,000	303,703,000	100	100	168,220,000	181,495,000	101	106	103,191,000	122,208,000
	88	65,867,000	100,949,000	39	39	31,434,000	34,183,000	49	48	64,433,000	66,166,000
No. 8—Des Moines											
Iowa	159	201,258,000	220,844,000	112	112	149,474,000	164,933,000	47	48	51,784,000	55,911,000
Minnesota	43	30,893,000	33,779,000	33	33	24,536,000	26,793,000	10	10	6,357,000	6,986,000
Missouri	34	69,456,000	79,165,000	30	30	68,314,000	78,065,000	4	4	1,142,000	1,097,000
North Dakota	68	90,940,000	96,834,000	39	38	51,119,000	54,313,000	29	30	39,821,000	42,521,000
South Dakota	8	7,064,000	8,045,000	6	6	3,508,000	3,818,000	2	2	3,556,000	4,227,000
	6	2,905,000	3,021,000	4	4	1,997,000	1,941,000	2	2	908,000	1,080,000
No. 9—Little Rock											
Arkansas	263	249,719,000	256,423,000	166	166	110,317,000	112,245,000	97	97	139,402,000	144,178,000
Louisiana	37	18,032,000	18,842,000	33	33	15,455,000	15,447,000	4	4	2,577,000	2,895,000
Mississippi	68	101,334,000	100,854,000	13	13	14,962,000	14,002,000	55	55	86,372,000	86,852,000
New Mexico	24	9,440,000	10,037,000	21	21	8,175,000	8,778,000	3	3	1,265,000	1,250,000
Texas	15	6,398,000	7,181,000	7	7	2,988,000	3,624,000	6	6	3,430,000	3,557,000
	121	114,515,000	120,009,000	92	92	68,757,000	70,394,000	29	29	45,758,000	49,615,000
No. 10—Topeka											
Colorado	154	154,490,000	161,286,000	99	96	115,661,000	121,037,000	55	54	38,829,000	40,219,000
Kansas	31	33,532,000	35,181,000	23	23	25,491,000	27,058,000	8	8	8,041,000	8,123,000
Nebraska	62	45,761,000	48,303,000	29	27	27,634,000	29,641,000	33	32	18,127,000	18,632,000
Oklahoma	19	11,264,000	11,642,000	15	15	9,139,000	9,384,000	4	4	2,125,000	2,258,000
	42	63,993,000	66,160,000	32	31	53,397,000	54,984,000	10	10	10,536,000	11,176,000
No. 11—Portland											
Idaho	113	154,052,000	177,699,000	85	85	111,305,000	126,180,000	28	29	42,747,000	51,519,000
Montana	8	8,863,000	9,527,000	8	8	8,833,000	9,527,000	0	0	0	0
Oregon	10	11,788,000	12,510,000	3	3	1,211,000	1,227,000	7	7	10,577,000	11,283,000
Utah	22	20,500,000	22,627,000	22	22	20,500,000	22,627,000	0	0	0	0
Washington	9	19,850,000	23,572,000	6	6	19,415,000	11,630,000	3	3	9,435,000	11,942,000
Wyoming	54	87,934,000	103,835,000	36	36	65,193,000	75,541,000	18	19	22,735,000	28,294,000
	9	4,662,000	5,083,000	9	9	4,662,000	5,083,000	0	0	0	0
Alaska	1	455,000	5,545,000	1	1	455,000	5,545,000	0	0	0	0
No. 12—Los Angeles											
Arizona	139	302,090,000	352,165,000	80	80	176,807,000	231,531,000	59	65	125,283,000	150,634,000
California	3	6,870,000	8,131,000	2	2	5,701,000	6,919,000	1	1	1,169,000	1,212,000
Nevada	131	290,205,000	338,059,000	76	76	167,434,000	190,519,000	55	61	122,771,000	147,540,000
Hawaii	1	4,213,000	5,071,000	1	1	2,870,000	3,189,000	0	0	0	0
	4	4,213,000	5,071,000	1	1	2,870,000	3,189,000	3	3	1,343,000	1,882,000

Source: Division of Operating Statistics, Federal Home Loan Bank Administration.

EXHIBIT 22.—*Federal Savings and Loan Insurance Corporation, Washington, D. C.—Statement of condition, June 30, 1943*

ASSETS			
Cash in U. S. Treasury:			
Special deposit account.....		\$961, 578. 82	
Available for:			
Administrative expenses:			
1942.....	\$2, 443. 91		
1943.....	4, 093. 83		
		6, 537. 74	
Employees' bond allotment account.....		1, 196. 10	
Victory tax account.....		2, 611. 50	
			\$971, 924. 16
Accounts receivable:			
Insurance premiums:			
Payments due.....	\$13, 740. 75		
Payments deferred.....	1, 025, 363. 71		
		1, 039, 104. 46	
Admission fees due.....		2, 531. 04	
Due from receiver for institutions in liquidation.....		3, 029. 84	
Miscellaneous.....		6, 825. 63	
Liquidating dividends receivable on subrogated accounts in insured institutions.....		118. 44	
			1, 051, 609. 41
Investments:			
U. S. Government obligations and securities fully guaranteed by the United States (par value).....	137, 062, 500. 00		
Net unamortized premium and discount on investments.....	225, 092. 33		
		137, 287, 592. 33	
Accrued interest on investments.....		110, 861. 49	
Subrogated accounts in insured institutions in liquidation.....	\$4, 556, 070. 06		
Less allowance for losses.....	728, 903. 45		
		3, 827, 166. 61	
			143, 249, 154. 00
LIABILITIES AND CAPITAL ¹			
Liabilities:			
Estimated expenses incurred and not billed at close of fiscal year.....	\$4, 622. 58		
Employees' war savings bond allotments.....	1, 196. 10		
Victory tax withheld from salaries of employees.....	2, 611. 50		
Unsettled insurance claims.....	55. 67		
		8, 485. 85	
Deferred income:			
Unearned insurance premiums.....	1, 833, 487. 08		
Prepaid insurance premiums.....	217. 63		
		1, 833, 704. 71	
Capital:			
Capital stock.....	100, 000, 000. 00		
Reserve fund as provided by law.....	17, 405, 963. 44		
(The Corporation estimates losses of \$2,711.46 on insured accounts aggregating \$21,020.71 in institutions in default, pending settlement or not claimed.)			
Special reserve for contingencies.....	24, 000, 000. 00		
		141, 406, 963. 44	
			143, 249, 154. 00

¹ A contingent liability of \$366,944.76 exists due to commitments in connection with the prevention of default in insured associations.

EXHIBIT 23.—Federal Savings and Loan Insurance Corporation—Income and expense statement for the period July 1, 1942, through June 30, 1943

Income:		
Insurance premiums earned.....	\$4,000,101.27	
Admission fees earned.....	37,150.76	
Interest earned on U. S. Government obligations and securities fully guaranteed by the United States.....	3,556,880.66	
Miscellaneous.....	19.65	
		<u>\$7,694,152.34</u>
Administrative expenses:		
Personal services.....	\$175,376.68	
Travel.....	3,221.63	
Transportation of things.....	6.87	
Communication services.....	3,527.08	
Printing and binding.....	271.38	
Other contractual services.....	10,059.82	
Supplies and materials.....	707.50	
Equipment.....	401.40	
Services rendered by Federal Home Loan Bank Administration.....	98,056.84	
Administrator's Office of National Housing Agency.....	1,819.00	
		<u>293,448.20</u>
Nonadministrative expenses:		
Personal services.....	\$31,957.68	
Travel.....	845.39	
Transportation of things.....	14.73	
Communication services.....	311.76	
Printing and binding.....	263.64	
Other contractual services.....	5,093.03	
Supplies and materials.....	122.91	
Equipment.....	32.00	
		<u>38,641.14</u>
		<u>332,089.34</u>
Net income from operations.....		<u>7,262,063.00</u>
Nonoperating charges and credits:		
Profit on sale of securities.....	\$2,069,779.08	
Commission on sale of securities.....	8,281.26	
		<u>2,061,497.83</u>
Net income for period.....		<u>9,323,560.83</u>
Adjustment of net income for prior years.....		<u>152.83</u>
Net income.....		<u><u>9,323,713.66</u></u>

DISTRIBUTION OF NET INCOME

To special reserve for contingencies.....	3,000,000.00
To reserve fund as provided by law.....	6,323,713.66
Total.....	<u>9,323,713.66</u>

EXHIBIT 24.—Federal Savings and Loan Insurance Corporation—Statements of condition and operation for insured institutions in receivership,
June 30, 1943

STATE ASSOCIATIONS¹

CONDENSED COMPARATIVE STATEMENTS OF CONDITION

	Wapakoneta Building & Savings Co., Wapakoneta, Ohio		Trenton Building and Loan Association, Trenton, Ohio		Grand totals as of June 30, 1943
	Date of receivership, Sept. 15, 1941	As of June 30, 1943	Date of receivership, Apr. 15, 1940	As of June 30, 1943	
ASSETS					
Mortgage loans.....	\$303,492.68	\$41,807.33	\$21,843.16		\$41,807.33
Share loans.....	700.00				
Real estate sold on contract.....	66,639.36	41,159.42			41,159.42
Real estate owned.....	51,712.85		1,028.85	\$778.85	
Cash and investments.....	44,402.98	20,049.42	3,164.33	5,891.63	26,841.05
Furniture, fixtures, and equipment.....	549.13	549.13	251.33		549.13
Other assets.....					
Total.....	467,497.00	104,465.30	26,287.67	6,670.48	111,135.78
LIABILITIES AND CAPITAL					
Secured claims of creditors.....	56,498.96				
Unsecured claims of creditors.....	1,926.22		2,517.72		
Loans in process.....	3,000.00				
Other liabilities.....	353.53	15.15	967.23		15.15
Surplus.....	\$ 30,026.22	\$ 4,690.03	\$ 5,425.78	\$ 1,866.15	\$ 6,556.18
Reserve fund—liquidating dividend.....		204.04			204.04
Shares purchased by Federal Savings and Loan Insurance Corporation.....	435,744.51	105,658.56	28,228.50	8,536.63	114,195.19
Other share account claims.....					3,277.58
Total.....	467,497.00	104,465.30	26,287.67	6,670.48	111,135.78

CONDENSED STATEMENTS OF OPERATION

	Wapakoneta Building & Savings Co., Wapakoneta, Ohio		Trenton Building and Loan Association, Trenton, Ohio		Grand totals as of June 30, 1943
	Date of receivership, Sept. 15, 1941	As of June 30, 1943	Date of receivership, Apr. 15, 1940	As of June 30, 1943	
CONDENSED STATEMENTS OF OPERATION					
Fiscal year ended June 30, 1943	Cumulative, Sept. 15, 1941, through June 30, 1943	Fiscal year ended June 30, 1943	Cumulative, Apr. 15, 1940, through June 30, 1943	Fiscal year ended June 30, 1943	
Gross income.....	\$7,669.56	\$22,454.46	\$247.86	\$1,799.93	\$24,254.39
Less gross expense.....	4,787.49	10,287.92	408.80	1,693.08	11,981.00
Net income.....	2,882.07	12,166.54	\$ 160.94	106.85	12,273.39

FEDERAL ASSOCIATIONS
CONDENSED COMPARATIVE STATEMENTS OF CONDITION

	Security Federal Savings and Loan Association of Guymon, Okla.		Community Federal Savings and Loan Association of Independence, Mo.		Actna Federal Savings and Loan Association, Kans.		First Federal Savings and Loan Association of Oklahoma, Okla.		Grand totals, as of June 30, 1943
	Date of receivership, Feb. 12, 1940	As of June 30, 1943	Date of receivership, June 26, 1940	As of June 30, 1943	Date of receivership, Aug. 27, 1941	As of June 30, 1943	Date of receivership, Aug. 30, 1941	As of June 30, 1943	
ASSETS									
Mortgage loans.....	\$96,496.34	\$451,468.40	\$892,380.31	\$1,700,001.95	\$3,334,238.07	\$1,700,001.95	\$838,573.90	\$590,782.89	\$2,712,253.24
Share loans.....	1,147.14	16,926.65	12,427.73	14,110.99	14,110.99	636,027.40	4,056.87	5,999.96	658,954.01
Real estate sold on contract.....	118,457.27	41,071.14	64,909.46	213,607.94	1,334,352.47	529,397.01	374,286.24	50,981.22	621,449.37
Real estate owned, includes office building.....					35,252.06	145,820.35		14,218.73	160,039.08
Loans in foreclosure and in judgment possession.....						24,357.52			24,357.52
Cash and investments.....	8,697.00	58,866.22	52,429.44	309,115.93	309,115.93	375,247.09	99,664.33	249,293.31	702,549.35
Furniture, fixtures, and equipment.....	455.00	1,365.04	10,597.23	10,421.57	10,597.23	10,421.57	2,198.55	82.05	11,868.66
Other assets.....	28.00	5,008.20	9,794.88	9,794.88	8,012.03	12,265.29	2,381.35	45,424.00	62,697.49
Total.....	225,280.75	19,142.73	1,245,549.76	574,705.65	5,843,812.50	3,433,538.18	1,354,135.23	926,782.16	4,954,168.72
LIABILITIES AND CAPITAL									
Secured claims of creditors.....	14,236.01		274,730.50		527,459.69		336,380.44		2,228.10
Unsecured claims of creditors.....	364.48		2,276.69		13,740.80		9,278.50		239.06
Loans in process.....			2,015.00		101,886.79		706.09		249.14
Advance payments by borrowers.....					34,593.25		2,017.84		3,100.83
Other liabilities.....	1,684.20				48,880.42		15,425.91		26,861.28
Reserve for uncollected interest.....	1,880.39		7,244.71		30,962.64		4,090.98		5,289.74
Allowance for losses.....	48,916.59		101,472.59		10,622.67		66,858.58		313,401.85
Surplus.....	37,741.23		319,559.68		522,286.28		25,619.74		471,608.98
Shares purchased by Federal Savings and Loan Insurance Corporation.....		16,407.06		192,043.12	387,530.69		141,035.30		441,598.51
Other share account claims.....	165,940.31		877,369.95		4,972,173.39		1,063,629.99		653,098.33
Total.....	225,280.75	19,142.73	1,245,549.76	574,705.65	5,843,812.50	3,433,538.18	1,354,135.23	926,782.16	4,954,168.72

1 The Ohio State Building and Loan Department is the receiver for these institutions.

2 Indicates red figures.

3 Indicates red figures and denotes net impairment.

EXHIBIT 24.—Federal Savings and Loan Insurance Corporation—Statements of condition and operations for insured institutions in receivership,
June 30, 1943—Continued

FEDERAL ASSOCIATIONS—Continued
CONDENSED STATEMENTS OF OPERATION

	Fiscal year ended June 30, 1943	Cumulative, Feb. 12, 1940, through June 30, 1943	Fiscal year ended June 30, 1943	Cumulative, June 28, 1940, through June 30, 1943	Fiscal year ended June 30, 1943	Cumulative, Aug. 27, 1941, through June 30, 1943	Fiscal year ended June 30, 1943	Cumulative, Aug. 30, 1941, through June 30, 1943	Grand totals, cumulative through June 30, 1943
Gross income	\$5,164.36	\$32,063.04	\$38,756.23	\$144,187.72	\$224,134.60	\$488,559.23	\$58,336.84	\$121,132.19	\$785,942.18
Less gross expense	5,040.45	27,226.70	16,105.37	53,670.53	130,239.09	270,467.94	31,101.08	63,403.06	414,768.23
Net income	123.91	4,836.34	22,650.86	90,517.19	93,895.51	218,091.29	27,235.76	57,729.13	371,173.95
Capital gains	3,194.47	6,190.36	1,941.33	7,459.29	13,589.75	19,401.71	6,687.82	10,015.30	43,066.66
Less capital losses	17,027.29	31,200.09	15,362.78	53,659.61	336,666.87	444,262.20	116,410.90	123,998.90	653,129.89
Net capital loss	13,832.82	25,018.73	13,421.45	46,200.32	323,077.11	424,860.49	109,723.08	113,983.60	610,063.23

EXHIBIT 25.—Home Owners' Loan Corporation—Balance sheet as of June 30, 1943

ASSETS

Mortgage loans, vendee accounts, and advances, at present face value.....		\$1,441,153,110.68	
Interest receivable.....		3,764,871.44	
Property:			
Owned.....	\$187,952,362.67		
In process of acquiring title.....	3,346,465.66		
			1,191,298,828.33
Less reserve for losses.....			1,636,216,810.45
			51,588,736.90
Total.....			1,584,628,073.55
Investments, at cost:			
Federal Savings and Loan Insurance Corporation (entire capital)....	\$100,000,000.00		
Savings and loan associations:			
Federal-chartered.....	\$85,194,450.00		
State-chartered.....	23,218,960.00		
	108,403,410.00		
U. S. Treasury bonds (borrowers' special deposits), at face value....	9,984,000.00		
			218,387,410.00
Bond retirement fund:			
Cash (including \$6,027,900 deposited with U. S. Treasury for retirement of matured bonds).....			6,128,767.04
Cash:			
Operating funds (includes \$2,192,226.96 payable to bond-retirement fund in July 1943, and \$14,811,383.90 deposited by borrowers and employees—see contra).....	\$39,631,823.49		
National Housing Agency—Homes conversion program—Conversion fund (see contra).....	38,497,497.12		
Special funds held by U. S. Treasury for payment of interest coupons (see contra).....	1,624,691.36		
			79,754,011.97
Fixed assets:			
Home office land and building, at cost.....	2,987,819.93		
Furniture, fixtures, and equipment, at cost.....	1,827,278.42		
Total.....	4,815,098.35		
Less reserve for depreciation.....	2,199,145.84		
			2,615,952.51
Other assets:			
Accounts receivable.....	412,991.27		
Less reserve for uncollectible accounts receivable.....	18,328.77		
			394,662.50
Deferred and unapplied charges:			
Unapplied property costs and expenses.....	48.00		
Miscellaneous.....	161,050.59		
			161,098.59
Total assets.....			1,892,069,976.16

LIABILITIES AND CAPITAL

Bonded indebtedness (guaranteed as to principal and interest by the United States, except \$165,125 of unpaid matured 4-percent bonds guaranteed as to interest only):			
Bonds outstanding, not matured ²	\$1,729,481,800.00		
Bonds matured, on which interest has ceased.....	6,027,900.00		
			1,735,509,700.00
Accounts payable:			
Interest due July 1, 1943, and prior thereto (see contra).....	1,624,691.36		
Vouchers payable.....	4,153.68		
Insurance premiums.....	204,487.97		
Commissions to sales brokers.....	50,655.85		
Special deposits:			
By borrowers.....	24,610,329.90		
By employees.....	81,032.50		
Victory tax withheld.....	104,021.50		
Miscellaneous.....	56,884.37		
			26,736,257.13
Accrued liabilities:			
Accrued interest on bonded indebtedness.....	4,836,519.67		
Other accrued liabilities.....	190,310.44		
			5,026,830.11
Liability for special funds held: National Housing Agency—Homes conversion program.....			38,497,497.12

¹ Property owned and property in process of acquiring title are stated at values represented by unpaid balances of loans and advances; unpaid interest to date of foreclosure sale or judgment; foreclosure costs; net charges prior to date of acquisition and permanent additions; initial repairs and reconditioning subsequent to acquisition. Unpaid interest included in these values amounts to \$9,200,360.28.

² Total bonded indebtedness shown includes unmatured bonds, which are guaranteed as to principal and interest by the United States, as follows:

3-percent bonds due May 1, 1952.....	\$778,577,775
1½-percent bonds due June 1, 1947.....	754,904,025
1-percent bonds due July 1, 1944.....	196,000,000

EXHIBIT 25.—*Home Owners' Loan Corporation—Balance sheet as of June 30, 1943—Continued*

LIABILITIES AND CAPITAL—Continued

Deferred and unapplied credits:			
Unamortized premium on bonds sold.....		\$799,130 90	
Miscellaneous.....		2,331,728 33	
			\$3,130,859.23
Reserves:			
Fidelity and casualties.....		248,074 28	
Fire and other hazards.....		500,279 32	
			748,353.60
Capital stock less deficit:			
Capital stock:			
Authorized, issued, and outstanding.....		200,000,000 00	
Losses in excess of net earnings.....	³	\$65,242,430 53	
Reserve for future losses.....	⁴	52,337,090 50	
		117,579,521 03	
			82,420,478.97 ¹
Total liabilities and capital.....			1,892,069,976 16

³ The figure shown above reflects the Corporation's actual losses sustained in the sale of its acquired properties; on mortgage loans and other losses; on fire and other hazards; and on fidelity and casualties in excess of its cumulative net earnings.

⁴ The reserve for losses is being accumulated at an annual rate which, on the basis of careful estimates, will approximate the total losses which may be sustained in the liquidation of mortgage loans, interest, and property. The figure shown above reflects the reserves which have been provided to date for such future losses.

NOTE.—Except for property transactions which are recorded on a cash basis, major items of income and expense are recorded on an accrual basis. Therefore, no asset value has been recognized with respect to uncollected rentals or prepaid taxes nor liability for accrued taxes.

EXHIBIT 26.—*Home Owners' Loan Corporation—Statement of income and expense for the fiscal year 1943*

Operating and other income:			
Interest:			
Mortgage loans and advances.....		\$54,110,771.71	
Vendee accounts and advances.....		16,429,292 83	
Total.....		70,540,064 54	
Special investments.....		29,426.22	
Total.....		70,569,490 76	
Property income.....		16,768,486.01	
Dividends received from savings and loan associations.....		4,729,649.00	
Miscellaneous.....		794,077 12	
Total income.....		92,861,702 89	
Operating and other expenses:			
Interest on bonded indebtedness.....		38,579,608 77	
Less amortization of premium on bonds sold.....		203,830.80	
		38,375,777.97	
Administrative and general expenses:			
Administrative expenses:			
Current fiscal year.....		10,711,748 73	
First preceding fiscal year.....		1,123,261.45	
All other fiscal years.....		124,458.18	
General expenses.....		272,174.03	
Property expense.....		11,550,908.39	
Total expenses.....		60,762,889.49	
Net income before provision for losses which may be sustained in the liquidation of assets.....		32,098,813.40	
Provision for losses:			
On mortgage loans, interest, and property.....		40,000,000.00	
For fidelity and casualties.....		41,018 51	
For fire and other hazards.....		184,667 00	
For uncollectible accounts receivable.....		968.57	
		40,226,654.08	
Loss for fiscal year.....		8,127,840 68	

¹ Net credit.

EXHIBIT 27.—*Home Owners' Loan Corporation—Statement of income and expense from the beginning of operations, June 13, 1933, to June 30, 1943*

Operating and other income:		
Interest:		
Mortgage loans and advances.....	\$903, 117, 575. 21	
Vendee accounts and advances.....	63, 190, 651. 18	
	<u>966, 308, 226. 39</u>	
Special investments.....	231, 488. 03	\$866, 539, 714. 42
Property income.....		130, 011, 165. 30
Dividends received—Federal Savings and Loan Insurance Corporation.....		3, 035, 326. 09
Dividends received from savings and loan associations.....		40, 064, 410. 53
Miscellaneous.....		<u>4, 356, 528. 06</u>
Total.....		1, 144, 007, 144. 40
Operating and other expense:		
Interest on bonded indebtedness.....	\$585, 659, 863. 44	
Less amortization of premium on bonds sold.....	819, 735. 53	
	<u>584, 840, 127. 91</u>	
Amortization of discount on refunded bonds.....	7, 147, 710. 28	
Administrative and general expense.....	256, 744, 113. 54	
Property expense.....	<u>105, 436, 987. 00</u>	
		954, 168, 938. 73
Net income before provision for losses which may be sustained in the liquidation of assets.....		189, 838, 205. 67
Provision for losses:		
On mortgage loans, interest, and property (computed in accordance with Board Resolution of Nov. 15, 1938).....	\$306, 137, 153. 25	
For fidelity and casualties.....	1, 245, 745. 03	
For fire and other hazards.....	777, 732. 50	
For uncollectible accounts receivable.....	<u>968. 57</u>	
		308, 161, 599. 35
Loss for period June 13, 1933, to June 30, 1943.....		118, 323, 393. 68
Add unlocated payments.....	33, 780. 04	
Less: Unidentified payments.....	\$13, 455. 65	
Repayments unallocated—unidentified difference.....	<u>14, 197. 04</u>	
	27, 652. 69	6, 127. 35
Total.....		118, 329, 521. 03 ¹
Deduct surplus adjustment—reserve against fire and other hazards.....		<u>750, 000. 00</u>
Deficit at June 30, 1943.....		117, 579, 521. 03

