

THIRTEENTH ANNUAL REPORT OF THE
FEDERAL HOME LOAN BANK
ADMINISTRATION

LETTER

FROM

COMMISSIONER, NATIONAL HOUSING AGENCY,
FEDERAL HOME LOAN BANK ADMINISTRATION

TRANSMITTING

THE THIRTEENTH ANNUAL REPORT OF THE
FEDERAL HOME LOAN BANK ADMINIS-
TRATION FOR THE PERIOD JULY 1,
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NATIONAL HOUSING AGENCY,
FEDERAL HOME LOAN BANK ADMINISTRATION,
Washington 25, D. C., September 26, 1946.

The SPEAKER,
House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: Transmitted herewith is the Thirteenth Annual Report of the Federal Home Loan Bank Administration, covering reports of all its constituent units, the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the United States Housing Corporation for the fiscal year 1945.

Sincerely yours,

JOHN H. FAHEY,
Commissioner.

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I. THE YEAR IN RETROSPECT

During the fiscal year 1945, as in previous years, the war continued to be the primary influence affecting the national economy. However, one of the Nation's two major antagonists surrendered in May and the other in September. The influence of the approaching end of hostilities was foreshadowed in the last quarter of the fiscal year.

Residential construction reached its lowest wartime point during the reporting period. Each of the first three quarters of the 1945 fiscal year in turn established a new record for the smallest amount of residential construction during the wartime period. However, the War Production Board's Construction Limitation Order L-41 was relaxed in some important respects at the close of May 1945. The effects of this step and of the relaxation in priorities for building which occurred about the same time were quickly apparent.

The number of new nonfarm dwelling units started increased from its lowest wartime point of 29,400 in the third quarter of the fiscal year 1945 to 60,300 in the last quarter. The number of units started during the last quarter of the reporting period was one-fourth greater than the amount started during the corresponding quarter of the previous fiscal year.

The rise in construction continued after the close of the reporting period. In July 1945 for the first time since October 1943 there were more than 1,000,000 persons employed in construction. In October of 1945 the Construction Limitation Order L-41 was terminated.

Higher incomes during the wartime period, the movement of workers to large urban areas, and wartime restrictions on building have caused tremendous upward pressure on real-estate values. The prices of residential properties rose in nearly every section of the country and there was pressure on lending institutions to increase loans made to finance the growing volume of home purchases.

Because of the uncertainty of future real-estate prices, the Federal Home Loan Bank Administration emphasized the danger of these conditions and urged the adoption of adequate safeguards by home-mortgage lenders. This action put member institutions of the Bank System on notice of inflationary trends and gave our supervisory authorities warning that greater vigil must be exercised to avoid a spiral of overvaluation and overlending.

Through the regional banks of the Federal Home Loan Bank System, our lending institutions are being cautioned to refrain from following blindly the rising market and cautiously resist the pressure to push their loans up to the maximum permissible percentage of value. In view of the accumulated savings in the hands of buyers, our mem

ber institutions are encouraged, in their relationship to prospective borrowers, to require that they make larger than normal down payments on current purchases and heavier than normal payments in the early stages of amortization so that later, when income and economic conditions may be less favorable, the dangers of loss of property through foreclosure may be minimized.

SERVICEMEN'S READJUSTMENT ACT OF 1944

Promptly after the Servicemen's Readjustment Act of 1944 became a law on June 22, 1944, the officials and staff of the Federal Home Loan Bank Administration initiated arrangements to set in motion the necessary machinery within the Federal Home Loan Bank System to expedite and effectively assist in the proper administration of the provisions relating to home loans to returning war veterans.

The Federal Home Loan Bank Administration realized the obvious intent of the Congress that every veteran made eligible under such legislation for the benefits thereof should have available to him in every community, through established lending sources, readily obtainable financing on liberal, economical terms, for financing the purchase, construction, or reconditioning of a home. In order to accomplish this effectively and to provide ample funds in the large volume which it was anticipated would be required soon, it was obvious that enabling facilities must be available to all types of mortgage lenders for participating in the program.

The Federal Home Loan Banks and their member institutions, together with other public and private home-financing agencies, placed their services at the disposal of the Veterans' Administration for the purpose of aiding in the prompt accomplishment of the objectives of the law. Various committees, comprising some of the members of the Federal Savings and Loan Advisory Council, presidents of the Federal Home Loan Banks, the United States Savings and Loan League, and the National Savings and Loan League, came to Washington at the invitation of the Federal Home Loan Bank Commissioner to advise with the officials and staff of the Federal Home Loan Bank Administration in their deliberations on the subject. Numerous conferences were also held with officials of the National Housing Agency and the Federal Housing Administration. The chief objective of these discussions was the development of operating regulations which would enable thrift and home-financing institutions to make GI loans promptly and efficiently, in order to afford veterans the full advantages contemplated by the act. As a result, regulations and an operating plan were agreed upon, representing the consensus of opinion of the several committees.

Another objective of the Federal Home Loan Bank System was that of meeting the pressing need for an educational program whereby all available information could be given to officers, directors, and employees of savings and loan associations throughout the country, enabling them to advise home-seeking veterans intelligently and accept their applications for loans.

Upon adoption by the Veterans' Administration the operating regulations were transmitted by the Federal Home Loan Bank Administration to the Federal Home Loan Banks and their member institutions, accompanied by a letter urging immediate study thereof and

the initiation of plans for the making of GI loans. A summary of such regulations was also printed in the official monthly publication of the Federal Home Loan Bank Administration.

Acting under its statutory authority as the supervisory body for federally chartered home-financing institutions (Federal savings and loan associations) the Federal Home Loan Bank Administration proceeded to make the necessary arrangements to enable such institutions lawfully to make loans under the act. On October 19, 1944, the regulations for Federal associations were so amended as to provide a mechanism by which such associations could make loans up to 100 percent of value in transactions bearing the guaranty under the law. A liberalizing amendment to operating regulations was also issued by the Federal Savings and Loan Insurance Corporation, for the institutions whose accounts it insures.

In the meantime, through the efforts of State supervisors and trade organizations in the savings and loan field—local, State, and national—steps were taken toward obtaining the necessary powers, chiefly by legislation, for State-chartered associations to participate in the GI loan program. As the result of these efforts, enabling laws have been passed in many State legislatures.

On December 7, 1944, the Veterans' Administration published a Hand Book for Lenders—Home Loans, copies of which were mailed by the Federal Home Loan Bank Administration to the Federal Home Loan Banks and all member institutions. Leaders and recognized groups in the home-financing industry, alert to the need for making local institutions thoroughly familiar with the regulations and procedures for GI loans, vigorously entered into an educational drive. Through local and sectional meetings, question and answer sessions, and many articles and news letters in the trade press, information concerning the meaning and intent of the act, and the application of the regulations were widely disseminated. The field officers of the Veterans' Administration generously and efficiently assisted in this educational program.

As exponents of home ownership and specialists in the problems of financing, savings and loan associations were eager to support the loan program for veterans. So effective were their preparations in some areas that associations soon became recognized as sources of information, not only by veterans and their families but by all interests concerned in home construction and the making of loans. Many savings and loan associations issued their own pamphlets explaining to veterans how to apply for loans and the considerations which should guide them in the purchase or construction of a home. Thus, headway was made on a wide scale in providing safeguards for both borrowers and lenders and in dissipating widely held misconceptions of the benefits conferred by the law. Large numbers of associations embarked on a campaign of secondary education by explaining the GI bill to their many thousands of individual members through circulars, house organs, or letters. Other associations have sponsored meetings for the information of the general public or assigned speakers to other gatherings.

In view of their whole-hearted cooperation and diligent attention to the special conditions surrounding the making of GI home mortgage loans, it was not long before savings and loan associations began to make such loans. The first mortgage under guaranty of the Veterans'

Administration was completed by a member savings and loan association located in Washington, D. C. It is conservatively estimated that of an approximate total of \$170,000,000 of GI home loans made through November 30, 1945, 85 percent of such loans were consummated by savings and loan associations.

RESIDENTIAL CONSTRUCTION AND THE REAL-ESTATE MARKET

Residential construction.—Residential construction during the reporting period continued the decline, which started with the issuance of the War Production Board's Construction Limitation Order L-41, in the spring of 1942. This is shown by the table of new nonfarm dwelling units presented as exhibit 1 of this report.

During the fiscal year 1945 the number of nonfarm dwelling units started was approximately 161,500, compared with 247,000 during the 1944 fiscal year and 391,700 during the 1943 fiscal year. The decline was greater in publicly than in privately financed units. The number of publicly financed units decreased from 196,829 in the 1943 fiscal year to 69,248 in the 1944 fiscal year and 25,573 in the 1945 fiscal year, a decrease of 87.0 percent in the 2-year period. The corresponding decline in privately financed units was from 194,871 in the 1943 fiscal year to 177,752 in the 1944 fiscal year and 135,927 in the 1945 fiscal year, a decrease of 30.2 percent during these 2 years.

Building costs.—The wholesale price index of building materials as reported by the Bureau of Labor Statistics was 131.1 in June 1945, which represented an increase of 1.7 points during the fiscal year 1945 as compared with an increase of 5.9 points during the fiscal year 1944.

The Federal Home Loan Bank Administration's index of labor and material costs for constructing a standard six-room frame house rose during the same period. Retail material prices as reflected in this index rose from 131.4 on June 30, 1944, to 133.5 1 year later. The rise in labor costs was even more rapid, from an index of 139.4 at the beginning of the reporting period to 143.9 1 year later. Most of the change occurred during the first half of the 1945 fiscal year. The index of total building cost, which includes both labor and material, increased from 134.1 to 137.0 during this period. Exhibit 2 presents these indexes monthly for the 1944 and 1945 fiscal years.

Foreclosures.—One indication of the growing strength of the real-estate market in recent years has been the rapid decrease in nonfarm foreclosures. This is shown in the following table:

Number of nonfarm foreclosures	
Fiscal year:	
1941	69, 169
1942	49, 890
1943	33, 402
1944	20, 710
1945	16, 142

Foreclosures during the 1945 fiscal year decreased 22.1 percent as compared with the preceding year. The greatest proportionate decreases occurred in such Western States as Idaho (where foreclosures dropped 90.0 percent), Montana (a decrease of 84.6 percent), Nevada (66.7 percent), Iowa (63.8 percent), and Minnesota (61.1 percent). The Federal Home Loan Bank Districts which experienced the greatest decrease in nonfarm foreclosures were the Des Moines district (where foreclosures declined 43.8 percent) and the Portland district (36.5 percent). Exhibit 3 presents the number of nonfarm real estate fore-

closures during the last two fiscal years by Federal Home Loan Bank Districts and by States.

Real estate overhang.—The residential real estate owned by lending institutions, once an important factor in the real-estate market, has become almost negligible. The estimated book value of residential real estate owned by operating savings and loan associations, commercial banks, mutual savings banks, life insurance companies, and the Home Owners' Loan Corporation decreased from \$553,780,000 on December 31, 1943, to \$255,292,000 1 year later, a decrease of 53.9 percent. Of the decline of \$298,488,000 during the calendar year 1944 in real estate owned by institutional lenders, \$83,439,000 was effected in the real-estate holdings of the Home Owners' Loan Corporation alone. By the end of the 1944 calendar year, the real-estate holdings of the HOLC had been reduced to \$10,701,000 and the Corporation was becoming a negligible factor in the total of residential real estate owned by financial institutions. The decrease of 88.6 percent during the year in the real estate owned by the Corporation was greater than that of any type of private institutional lender.

Despite the liquidation in institutionally owned real estate which has occurred in recent years, each type of private institutional lender decreased its real-estate holdings proportionately more during the calendar year 1944 than in the previous reporting period. The most rapid decrease, that of the mutual savings banks, resulted in the real estate owned by the banks being reduced from \$80,605,000 to \$36,398,000. This was a decline of 54.8 percent compared with the decrease of 43.3 percent during the preceding calendar year. Commercial banks and savings and loan associations followed with decreases of 51.0 and 48.4 percent, respectively, in their real-estate holdings. As in preceding years, the smallest percentage decrease of real estate held by institutional lenders was that of the life-insurance companies, with a decrease of 41.9 percent. The amount of residential real estate owned by financial institutions is shown in exhibit 4.

The real-estate market has been strengthened substantially by this rapid reduction in the residential real estate held by private institutional lenders, which is either actively or potentially a threat to the stability of the market. However, 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 1944.—A total of \$3,830,000,000 of new mortgage loans is estimated to have been written during the calendar year 1944 on nonfarm one- to four-family dwellings. This compares with \$3,183,000,000 during the 1943 calendar year and \$3,155,000,000 during the 1942 calendar year. The volume of new mortgage loans in 1944 was slightly greater than in prewar 1941 and was the largest volume of home mortgages written since 1929. This increase in the volume of new mortgage loans occurred because a greater proportion of existing houses were sold. A large volume of new mortgages was needed to finance these purchases of existing homes. The amount required was increased by inflationary price trends.

Exhibit 5 presents figures for the mortgage loans on one- to four-family nonfarm homes written by each of the major lending groups during the years 1932 through 1944. Throughout this entire period,

savings and loan associations ranked first each year except for 1934 and 1935, the years of maximum HOLC lending. It will be noted that savings and loan associations represented the major support of the home mortgage market during the critical depression years before the Home Owners' Loan Corporation commenced operations. In 1932 and 1933, for example, of the \$1,825,000,000 of nonfarm home mortgages written by all lenders except the Home Owners' Loan Corporation, which was just starting operations, \$957,000,000, or 52.4 percent, of the loans were written by savings and loan associations.

During 1944 savings and loan associations wrote \$1,454,000,000 of new residential loans, or 38.0 percent of the total written during the year. These mortgages made in 1944 represented an increase of 22.8 percent over 1943. This was a greater proportionate increase in new loans written than for any other private institutional lender.

The "individuals and others" were the only mortgage lenders who during the 1944 calendar year experienced a greater proportionate increase in new mortgage loans written than did the savings and loan associations. The new mortgage loans written by this group of lenders increased in 1944 by 25.6 percent over the volume for 1943.

Gains made by mutual savings banks and commercial banks and their trust departments followed the savings and loan associations. Each, during the 1944 calendar year, wrote 16.7 percent more residential loans than in the previous year. Insurance companies followed with an increase of 10.3 percent. These placed a total of \$300,000,000 of residential loans during the 1944 calendar year.

The general lending activities of the Home Owners' Loan Corporation ended in 1936, since when the Corporation has been liquidating its loans and assets. In order to carry on this liquidation, it is necessary for the Corporation to take purchase money mortgages to finance the sale of properties which it has been forced to acquire. In addition, when necessary, the Corporation makes advances to borrowers to enable them to pay taxes or fire-insurance premiums or to make essential repairs.

During the calendar year 1944, such purchase money mortgages and advances by the Corporation totaled \$31,000,000 as compared with \$54,000,000 during the calendar year 1943. This decrease resulted largely from the fact that the Corporation has sold almost all of its real estate and the acceptance of purchase money mortgages has declined sharply.

On a fiscal-year basis, mortgage lending can be studied by means of the mortgage-recording data which have been collected for a number of years by the Federal Home Loan Bank Administration. Although recordings cannot be taken as an absolute measure of new lending, because they include changes in existing mortgage contracts as well as new mortgage 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 1945, mortgage lenders throughout the Nation recorded 1,519,482 nonfarm mortgages of \$20,000 or less in the total amount of \$4,991,680,000. In comparison, 1,385,487 nonfarm mortgages of \$20,000 or less were written in the amount of \$4,334,549,000 during the preceding fiscal year. Exhibit 6 presents a breakdown of these figures, by types of lenders and by Federal Home Loan Bank Districts and States.

Home mortgage debt.—During the calendar year 1944 there was a continuation of the wartime decrease in the total outstanding nonfarm home mortgage debt. The high point in nonfarm home mortgage debt was reached in 1941, the year which ended with Pearl Harbor. At the end of that year the total outstanding mortgage debt on one- to four-family dwellings was \$20,095,000,000. Since then, this total has been declining. During 1944, the nonfarm home mortgage debt decreased from \$19,542,000,000 to \$19,528,000,000. This decrease of only \$14,000,000 compares with a decline of \$366,000,000 in 1943 and \$187,000,000 in 1942. As in previous years, the Home Owners' Loan Corporation was the most important factor in the drop in home mortgage debt in 1944, when its outstanding balance of mortgages decreased by \$247,000,000. If the mortgage portfolio of the Corporation is disregarded, the combined total debt held by all other lenders increased by \$233,000,000.

The greatest increase in holdings of home-mortgage debt during the calendar year 1944 was that of the savings and loan associations, from \$4,584,000,000 to \$4,799,000,000, or by \$215,000,000. In terms of the total home-mortgage debt, the associations during the year increased their holdings from 23.5 percent of the aggregate to 24.6 percent, and at the close of the year held a greater portion of the debt than any other institutional lender. The mortgages held by the savings and loan associations were exceeded only by those of the miscellaneous group which includes individual lenders and others. At the end of the year these held 31.7 percent of the mortgage debt.

The miscellaneous group increased their holdings of mortgage debt during the year by \$100,000,000, which increase was second only to the savings and loan associations. The insurance companies also experienced an increase in home-mortgage holdings. Their holdings rose from \$2,410,000,000 to \$2,458,000,000, or by \$48,000,000.

All other institutional lenders experienced a decrease in holdings of nonfarm home-mortgage debt. The greatest decrease, other than that of the Home Owners' Loan Corporation, was that of the mutual savings banks, whose holdings of home mortgages decreased from \$2,660,000,000 to \$2,570,000,000, or by \$90,000,000. The commercial banks had a decrease from \$2,450,000,000 to \$2,410,000,000. A survey of estimated home-mortgage debt from 1932 to 1944, is presented in exhibit 7. The debt held by each type of mortgagee at the end of the last two calendar years is summarized in the following table:

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

[Millions of dollars]

Type of mortgagee	Dec. 31—		Percent
	1943	1944	
Savings and loan associations.....	\$4,584	4,799	+4.7
Insurance companies.....	2,410	2,458	+2.0
Mutual savings banks.....	2,660	2,570	-3.4
Commercial banks.....	2,450	2,410	-1.6
Home Owners' Loan Corporation.....	1,338	1,091	-18.5
Individuals and others.....	6,100	6,200	+1.6
Total.....	19,542	19,528	-.1

¹ Revised.

During the last 10 years there have been two opposite trends in the volume of home-mortgage loans. From 1935 to 1944, there was a substantial increase in the volume of mortgages insured by the Federal Housing Administration. This increase and its distribution by type of lender is shown in the following table.

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

[Millions of dollars]

Type of mortgagee	1935	1944	Increase
Savings and loan associations.....	16	347	331
Life-insurance companies.....	6	1,369	1,363
Savings banks.....	5	360	355
Commercial banks.....	66	1,725	1,659
Home Owners' Loan Corporation.....			
Individuals and others.....	2	345	343
Total.....	95	4,146	4,051

From this table it can be seen that during this period there was a total increase of more than \$4,000,000,000 in insured mortgages. Most of this increase was due to substantial investments made by life-insurance companies and commercial banks, both of which types of organization had to meet the problem of profitable use of large increases in new savings. Prior to 1934, when marketable FHA-insured mortgages began to appear, life-insurance companies and commercial banks had proportionately small investments in home mortgages. With the advent of FHA, both life-insurance companies and commercial banks increased their total holdings of insured mortgages and their purchases of mortgages made initially by other types of lenders. As is clear from the table, during the period when insured home mortgages were increasing, there was an opposite trend in uninsured mortgages, as is shown in the following table:

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

[Millions of dollars]

Type of mortgagee	1935	1944	Dollar change	Percent change
Private:				
Savings and loan associations.....	3,277	4,452	+1,175	+35.9
Life-insurance companies.....	1,275	1,089	-186	-14.6
Savings banks.....	2,545	2,210	-635	-22.3
Commercial banks.....	1,123	685	-438	-39.0
Individuals and others.....	5,998	5,855	-143	-2.4
Total private.....	14,518	14,291	-227	-1.6
Public: Emergency relief financing ¹	2,897	1,091	-1,806	-62.3
Total public and private.....	17,415	15,382	-2,033	-11.7

¹ For a period of 3 years from June 13, 1933, through June 12, 1936, the Home Owners' Loan Corporation took over from individuals and lending institutions more than a million delinquent loans having a refinanced value in excess of \$3,000,000,000. Of these, approximately 292,000 loans were made in 1935 and the first half of 1936, for about \$896,000,000. Inasmuch as these loans were made by an instrumentality of the Federal Government, they, of course, were not insured by the FHA and should be considered in a separate category from loans made by private institutions whether insured or uninsured.

Despite increasing prosperity from 1935 to 1944, all types of lending institutions except savings and loan associations gradually withdrew from the uninsured mortgage market. Lenders other than savings and loan associations decreased their holdings of uninsured mortgages by more than \$3,000,000,000. This was offset to a substantial degree by an increase of \$1,175,000,000 of such mortgages by savings and loan associations. Savings and loan associations, as shown previously, represented the major private support of the home-mortgage market during the depression. This, together with their readiness to continue and expand the writing of uninsured mortgages during the last decade, indicates that one of the major functions performed by the savings and loan associations has been to provide continuous support of the home-mortgage market during periods of depression and prosperity and regardless of special inducements such as mortgage insurance. Throughout their history, dating back more than 100 years, savings and loan associations have specialized in making loans on single and two- to four-family homes in urban and nonfarm areas.

Private savings.—During 1944 the long-term savings of individuals continued the rapid increase of previous years. The increase in savings held in savings and loan associations, life-insurance policies, savings deposits in banks, postal savings, and United States savings bonds during the last few years is shown in the following table:

Increase in savings in selected media

Calendar year:

1941.....	\$4, 390, 000, 000
1942.....	9, 061, 000, 000
1943.....	15, 731, 000, 000
1944.....	20, 227, 000, 000

A breakdown of the 1944 gain showing the increase in each of the selected savings media is presented in the following table. The distribution of long-term savings from 1937 through 1944 and an explanation of the sources of these figures are presented in exhibit 8.

Volume of long-term private savings in selected savings media

[Millions of dollars]

	Dec. 31—		Increase	
	1943	1944	Amount	Percent
Life-insurance companies.....	1 31, 256	34, 100	2, 844	9.1
Mutual savings banks.....	11, 707	13, 332	1, 625	13.9
Commercial banks.....	1 16, 864	21, 728	4, 864	28.8
Savings and loan associations.....	1 5, 494	6, 305	811	14.8
Postal savings.....	1, 837	2, 342	505	27.5
2½-percent postal savings bonds.....	83	82	-1	-1.2
United States savings bonds.....	19, 574	29, 153	9, 579	48.9
Total.....	86, 815	107, 042	20, 227	23.3

¹ Revised.

As in the last few years, the greatest single increase in private savings was that represented by the investment in United States savings bonds. The \$9,579,000,000 increase in these bonds during 1944 was almost half of the gain in total savings represented by the table. During the year, the outstanding volume of United States savings bonds increased by 48.9 percent.

The next most rapid increase was that of 28.8 percent in deposits in insured commercial banks. This was followed closely by an increase of 27.5 percent in postal savings. Savings and loan associations increased their holdings of savings by 14.8 percent and mutual savings banks had a similar increase of 13.9 percent.

Private savings continued this rapid increase during the first half of 1945. United States savings bonds continued to absorb the greatest proportion of these savings. This is indicated by the increase in outstanding savings bonds from a value of \$29,153,000,000 on December 31, 1944, to \$32,682,000,000 on June 30, 1945, thus producing an increase of \$3,529,000,000 during the first 6 months of 1945. These figures do not include sales of F and G bonds, some of which are sold to individuals.

Savings held by insured commercial banks increased almost as rapidly during the first 6 months of 1945 as did savings bonds. The savings in insured commercial banks during this period increased from \$21,728,000,000 to \$24,803,000,000, or by \$3,075,000,000. During the same period, savings in mutual savings banks increased by \$1,046,000,000 and savings in insured savings and loan associations rose by \$453,000,000, from \$4,334,000,000 to \$4,787,000,000. Postal savings increased by \$318,000,000 during the first 6 months of 1945.

Savings by private individuals throughout the Nation have attained an all-time high. This was caused by the increase in incomes resulting from war production at a time when limitations on production for civilian use have reduced the flow of goods which can be purchased. Now that wartime restrictions are being rapidly eliminated, an unprecedented total of savings are available for purchases. Part of these savings undoubtedly will be used to satisfy the pent-up desires and need for new housing as millions of demobilized servicemen, war workers, and others resume normal peacetime life.

II. FEDERAL HOME LOAN BANK ADMINISTRATION

The President of the United States, by Executive Order No. 9070, dated February 24, 1942, established a National Housing Agency under the direction of an Administrator. All Government agencies relating to urban housing were placed in this organization. The President's Executive order designated the Federal Home Loan Bank Administration as one of the three principal units which would comprise the National Housing Agency. The Executive order specified that the Bank Administration, under the direction of a Commissioner, is 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 Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation are the major components of the Federal Home Loan Bank Administration. In addition, functions relating to the United States Housing Corporation, which was formed during World War I for the purpose of housing workers in congested war-industry areas, have been administered in the Federal Home Loan Bank Administration under the same Executive order of the President. During the 1945 fiscal year the final liquidation of the United States Housing Corporation was completed by the Federal Home Loan Bank Administration.

In performing its functions, the Federal Home Loan Bank Administration receives recommendations from the Federal Savings and Loan Advisory Council. This Council, which was created by an amendment to the Federal Home Loan Bank Act, is authorized to confer with the Federal Home Loan Bank Administration on general business conditions and on special conditions which affect the Federal home-loan banks and their members and the Federal Savings and Loan Insurance Corporation. Two meetings of this Council were held during the 1945 fiscal year. A list of the members who served during these meetings is given in exhibit 9.

ORGANIZATION OF THE ADMINISTRATIVE DEPARTMENT

As mentioned above, the major components of the Bank Administration are the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation. Part of the personnel of the Federal Home Loan Bank Administration render services to more than one of these agencies. Before the 1945 fiscal year, most of this personnel was employed by the Home Owners' Loan Corporation, which billed the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation for the work performed for each of these by these employees of the Home Owners' Loan Corporation.

On July 1, 1944, the Federal Home Loan Bank Administration established an Administrative Department. The personnel which served all three major components were transferred to this Department.

ADMINISTRATIVE EXPENSES

The Federal Home Loan Bank System, the Home Owners' Loan Corporation, and the Federal Savings and Loan Insurance Corporation are each entirely self-sustaining and obtain no funds by any appropriation out of the United States Treasury. The amount of their administrative expenses is authorized annually, based on a budget submitted in the customary manner through the Bureau of the Budget to the Congress.

The expenses of the Administrative Department of the Federal Home Loan Bank Administration are met by contributions from the Home Owners' Loan Corporation, the Federal Home Loan Bank System, and the Federal Savings and Loan Insurance Corporation. The expenses are borne by these three organizations in proportion to the time devoted by the Administrative Department to each. The amount received by the Administrative Department from each of these three agencies during the fiscal year 1945, together with the disbursements of the Administrative Department are given in exhibit 10.

PERSONNEL OF THE BANK ADMINISTRATION

The number of employees in the major components of the Federal Home Loan Bank Administration during the period from 1939 to 1945 is given in exhibit 11 attached. It will be observed that the total number of employees of the Bank Administration decreased from 2,860 on July 1, 1944, to 2,211 on July 1, 1945. This decrease resulted from the rapid liquidation of the assets of the Home Owners' Loan Corporation.

III. FEDERAL HOME LOAN BANK SYSTEM

During the fiscal year 1945, the Federal Home Loan Bank System experienced the most rapid growth in assets of any period in the history of the System. The growth in assets of member institutions from June 30, 1944, to June 30, 1945, by Bank Districts and by States, is shown in exhibit 12. The following tabulation presents a summary of the change in the number and approximate assets of member institutions, by type, during the reporting period.

Number and assets of member institutions of the Federal Home Loan Bank System, June 30, 1944, and June 30, 1945

[Dollar amounts in millions]

	June 30, 1944		June 30, 1945		Net change	
	Number	Assets	Number	Assets	Number	Assets
Savings and loan associations						
Federal associations.....	1,465	\$2,881	1,465	\$3,528	0	+\$647
State-chartered insured member associations.....	992	1,696	1,002	2,015	+10	+319
Uninsured member associations.....	1,214	1,385	1,189	1,471	-25	+86
All member associations.....	3,671	5,962	3,656	7,014	-15	+1,052
Other member institutions.						
Savings banks.....	22	464	25	567	+3	+103
Insurance companies.....	21	414	15	389	-6	-25
All member institutions.....	3,714	6,840	3,696	7,970	-18	+1,130

SALE OF WAR BONDS

Throughout the war, the member institutions of the Bank System have devoted much time to the sale of war bonds to the public. In addition, a substantial portion of the funds of these institutions have been invested in war bonds. Because the Fifth War Loan drive covered the months of June and July 1944, while the Seventh War Loan drive covered the period April to July 1945, inclusive, figures for war-bond purchases are available for the 12-month period ending July 31, 1945, rather than for the 1945 fiscal year.

Reporting member institutions purchased \$1,242,353,000 of war bonds for their own account during this 12-month period and, at the same time, sold \$343,588,000 of war bonds to the public. The proportion of the assets of all reporting member institutions which were invested in Government obligations rose from 23 percent on July 31, 1944, to 30.2 percent on July 31, 1945.

LENDING ACTIVITY OF REGIONAL BANKS

On June 30, 1945, the Federal Home Loan Banks had \$131,665,985 of advances outstanding. This was only slightly greater than the total of \$128,277,546 one year before. During the fiscal year 1945, the

Federal Home Loan Banks advanced \$232,947,723 to member institutions, an increase of 4.7 percent over the total advances made during the previous reporting period.

Although advances during the 1945 fiscal year were only slightly greater than the total for 1944, the repayments of \$229,559,284 for the fiscal year 1945 were 24.5 percent greater than the total for 1944. Throughout the entire period of their operations to June 30, 1945, the Federal Home Loan Banks advanced \$1,480,728,803. Of this \$1,349,-062,818 had been repaid at the close of the fiscal year 1945.

The ratio of short-term advances of 1 year or less to total outstanding advances continued, during the fiscal year 1945, the increase which had characterized previous years. These advances rose from 51.3 percent of all advances on June 30, 1943, to 75.8 percent on June 30, 1944, and to 88.7 percent on June 30, 1945. The proportion of secured advances to all advances was practically unchanged at the end of the 1945 fiscal year, being 82.6 percent on June 30, 1945, compared with 82.7 percent 1 year previous. The advances made by the Federal Home Loan Banks during the fiscal year 1945 are shown in exhibit 13, together with a summary of lending activity for previous years.

The Federal Home Loan Banks had no borrowers who were more than 30 days delinquent on their indebtedness as of June 30, 1945. Moreover, no member borrower was in liquidation at that time. During the reporting period, as in previous years, the indebtedness of Federal savings and loan associations represented the greater proportion of the outstanding advances of the Federal Home Loan Banks. On June 30, 1945, the outstanding advances of the banks were divided as follows:

Federal savings and loan associations	\$98, 000, 000
Insured State-chartered associations	26, 500, 000
Uninsured State-chartered associations	5, 100, 000
Insurance companies	2, 100, 000

During the reporting period, the effective interest rates of the banks for advances to members remained largely unchanged. 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 14 gives the effective interest rates charged on advances by each of the Federal Home Loan Banks as of July 1, 1945.

MEMBERS' DEPOSITS

Deposits of members and applicants for membership in the Federal Home Loan Banks increased from \$21,388,388 on June 30, 1944, to \$45,370,629 one year later. Both time and demand deposits increased sharply. Because demand deposits were at an already low level, the percentage increase was greater in these demand deposits, which rose from 11.4 percent of members' deposits on June 30, 1944, to 21.8 percent on June 30, 1945.

The Federal Home Loan Banks pay interest 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. On June 30, 1945, the New York and Los Angeles

banks were paying interest on members' time deposits at the rate of 1 percent per annum, while all of the other banks were paying interest at the rate of one-half of 1 percent. In addition to the latter, the Pittsburgh, Cincinnati, and Indianapolis Banks offered a 6-month time deposit service bearing three-fourths of 1-percent interest per annum.

DEBENTURE FINANCING

On June 30, 1945, there was \$50,000,000 of consolidated Federal Home Loan Bank debentures outstanding. This was a slight decrease from the total of \$58,000,000 at the beginning of the 1945 fiscal year. These consolidated Federal Home Loan Bank debentures represent the joint and several obligations of all the Banks and are not guaranteed by the United States Government either as to principal or interest. It is the policy of the Bank Administration to issue such debentures only when the cash available in the 12 Federal Home Loan Banks is deemed insufficient to meet anticipated requirements. Since the beginning of operations, the Banks have issued an aggregate of \$624,000,000 of debentures. Of these, \$574,000,000 has been retired and/or refunded at maturity, thereby leaving \$50,000,000 of debentures outstanding, as indicated previously.

FINANCIAL STATEMENTS

A statement of condition of the 12 Federal Home Loan Banks both on an individual and on a consolidated basis is presented in exhibit 15. The largest change which is shown by this statement for the fiscal year 1945 is the increase of \$28,000,000 in the United States Government obligations held by the Banks. In addition, deposits by members in the Banks increased approximately \$24,000,000.

Additional funds which were obtained by the Banks during the 1945 fiscal year were primarily from two sources. The most important was represented by the increase of \$24,000,000 in members' deposits. In addition, the capital stock and surplus of the Banks increased by approximately \$10,000,000. The \$34,000,000 received in this way was used (1) to purchase \$28,000,000 of Government obligations, (2) to decrease outstanding debentures by \$8,000,000, and (3) to increase outstanding advances to members by \$3,000,000, which resulted in a \$5,000,000 decrease in cash during the period.

For the first time since the formation of the Federal Home Loan Banks there was a decrease during the fiscal year 1945 in the Federal Home Loan Bank stock owned by the United States in the name of the Reconstruction Finance Corporation. 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 Banks shall apply annually to the payment and retirement of the shares of the capital stock held by the United States, 50 percent of all sums thereafter paid in as capital until all such capital stock held by the United States is retired at par.

During the 1945 fiscal year the outstanding stock in the Federal Home Loan Banks increased by \$7,736,050, which was 18.8 percent more than the increase of \$6,514,500 during the preceding fiscal year. With this increase in the outstanding stock of the Banks, the stock

owned by member institutions in the Federal Home Loan Bank of Indianapolis became greater than the stock owned in that Bank by the United States. Consequently, in conformity with the statutory provision, \$231,100 of the stock owned by the United States in the Federal Home Loan Bank of Indianapolis was retired on January 2, 1945.

On January 2, 1946, there will be a further retirement of stock in the Indianapolis Bank because of the increase during the calendar year 1945 in the stock owned in the Bank by member institutions. As of June 30, 1945, the stock holdings of member institutions had increased to the point where \$270,200 would have to be used in 1946 to retire stock in the Indianapolis Bank owned by the United States. This amount will be increased to approximately \$500,000 because of the purchase of Bank stock by members during the second half of the calendar year 1945.

In addition, shortly after the close of the fiscal year 1945, purchases by member institutions of stock in the Federal Home Loan Bank of Cincinnati had reached the point where some of the stock in this Bank owned by the United States would have to be retired on January 2, 1946.

The capital structure of the 12 Federal Home Loan Banks on June 30, 1945, is summarized in the following table:

Capital:	
Member institutions (subscribed).....	\$69, 207, 500. 00
Less: Unpaid subscriptions.....	5, 000. 00
Total.....	69, 202, 500. 00
U. S. Government—now owned by RFC (fully paid).....	124, 509, 900. 00
Total paid in on capital stock.....	193, 712, 400. 00
Surplus:	
Reserve as required under sec. 16 of the act.....	8, 915, 670. 72
Reserve for contingencies.....	2, 733, 815. 34
Total surplus.....	11, 649, 486. 06
Undivided profits.....	8, 053, 133. 48
Total surplus and undivided profits.....	19, 702, 619. 54
Total capital.....	213, 415, 019. 54

During the fiscal year 1945, the reserves and undivided profits of the Federal Home Loan Banks increased to the following:

	June 30, 1944	June 30, 1945
Reserve required by sec. 16 of act.....	\$8, 046, 193. 63	\$8, 915, 670. 72
Reserve for contingencies.....	2, 392, 154. 21	2, 733, 815. 34
Undivided profits.....	7, 063, 921. 17	8, 053, 133. 48
Total.....	17, 502, 269. 01	19, 702, 619. 54

Exhibit 16 presents a study of the surplus and undivided profits of the Federal Home Loan Banks for the fiscal year 1945.

The profits and losses of the Federal Home Loan Banks for the fiscal year 1945 are shown in exhibit 17. The consolidated gross income of the Banks during the year totaled \$6,379,141, an increase of 13.2 percent from the consolidated gross income of \$5,634,042 during the

previous fiscal year. Operating expenses also increased but to a lesser extent than income. During the fiscal year 1945, operating expenses were \$2,017,145 as contrasted with \$1,842,413 during the previous reporting period. After allowance for nonoperating charges, total consolidated expenses increased from \$1,863,156 during the fiscal year 1944 to \$2,031,756 one year later. As a result, the net income of the Banks rose from \$3,770,886 during the 1944 fiscal year to \$4,347,385 during the 1945 fiscal year, or by 15.3 percent.

During the 1945 fiscal year, the Federal Home Loan Banks declared a total of \$2,121,580 of dividends, slightly more than the \$2,096,846 declared during the preceding fiscal year. Of the dividends paid during 1945, \$1,380,395 was paid to the Reconstruction Finance Corporation and \$741,185 to member institutions. Since the beginning of their operations through June 30, 1945, the 12 Federal Home Loan Banks have paid a total of \$24,528,554. Of this, \$18,336,955 was paid on the stock subscribed by the United States and \$6,191,599 was paid on stock owned by member institutions.

INTEREST AND DIVIDEND RATES

During the reporting period there was a continuation of the downward trend in interest rates which has resulted in a reduction in the interest rates of mortgage loans and in the dividends paid on the shares of savings and loan associations. The financial records of all member savings and loan associations of the Bank System indicated that the average yield on mortgage loans held by these associations decreased from 5.77 percent in 1942 to 5.58 percent in 1943, and to 5.48 percent in 1944. Similarly, the dividends paid by the associations decreased from 3.08 percent of average outstanding share capital in 1942 to 2.85 percent in 1943 and to 2.63 percent in 1944.

EXAMINATION AND SUPERVISION

The Congress has charged the Federal Home Loan Bank Administration with the responsibility of examining and supervising Federal savings and loan associations. Examinations of insured State-chartered associations in most instances are conducted jointly with the respective State departments, and the supervision of these institutions is conducted cooperatively with those departments.

It will be observed, therefore, that since the number and assets of associations whose accounts are insured by the Federal Savings and Loan Insurance Corporation have been steadily increasing, the work of the Examining Division, the Chief Supervisor's Office, and the Supervisory Agents has expanded.

In addition to the annual supervisory examination of approximately 2,500 insured institutions, the Examining Division makes an examination of every applicant for insurance of accounts.

ADMINISTRATIVE EXPENSES

Funds to defray the administrative expenses of the Federal Home Loan Bank System are obtained by semiannual assessments upon the Federal Home Loan Banks, by reimbursement of the cost of services rendered to the Federal Savings and Loan Insurance Corporation

and the Home Owners' Loan Corporation, and by fees collected from the institutions in whose behalf examination expenses have been incurred. Expenses falling within the latter category represent the greater portion of the administrative expenses of the Federal Home Loan Bank System. It follows that the greater portion of administrative expense funds are obtained from the institutions in whose behalf examining services are rendered.

During the fiscal year 1945, total receipts of the Federal Home Loan Bank System were \$1,539,481 as compared with \$1,418,105 in the preceding fiscal year. A cash balance of \$289,216 was carried over at the beginning of the fiscal year 1945. During the reporting period, disbursements for administrative expenses totaled \$1,549,101 as compared with \$1,538,008 in the preceding reporting period. On June 30, 1945, the cash balance was \$279,597.

A statement reflecting the administrative obligations, by types, incurred by the Federal Home Loan Bank System during the fiscal years 1944 and 1945 is presented in exhibit 18.

Actively employed personnel of the Federal Home Loan Bank System totaled 324 on July 1, 1945. Of this total, 217 employees were on the staff of the Examining Division.

IV. SAVINGS AND LOAN ASSOCIATIONS *

In the United States, funds to build and buy homes are derived largely from the savings of the American people. The greater portion of the savings used for this purpose are first accumulated in savings and loan associations, mutual savings banks, life-insurance companies, and commercial banks.

For the first three of these types of thrift and home financing institutions, the Federal Home Loan Bank System acts as a central credit reserve system. The Federal Home Loan Bank Administration performs additional functions for savings and loan associations. The Bank Administration, for example, charters and supervises the Federal savings and loan associations. One of the component units of the Bank Administration is the Federal Savings and Loan Insurance Corporation which insures the safety of investments in all Federal associations and such State-chartered associations as apply and qualify for insurance.

FEDERAL HOME LOAN BANK DISTRICTS

There are 12 Federal Home Loan Banks. For purposes of the Federal Home Loan Bank System the Nation has been divided into 12 Federal Home Loan Bank Districts in each of which is located a Federal Home Loan Bank. The Banks make credit and deposit facilities available to associations within their Districts. The names and addresses of the 12 Federal Home Loan Banks and the area served by each are given in exhibit 19. The operations of these Banks have been discussed in the previous chapter

NUMBER AND ASSETS

The savings and loan associations which are members of the Federal Home Loan Bank System have been increasing rapidly in total resources, as shown in 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
June 30, 1944.....	5,962,319	1,702,292	2,881,276	1,001,640
June 30, 1945.....	7,013,906	2,021,536	3,528,027	1,016,706

¹ Estimated.

NOTE.—Figures for State chartered insured associations in this and the following tables include 4 insured associations which are not members of the Federal Home Loan Bank System. On June 30, 1945, these associations held total assets of \$6,394,100

*As here used the term "savings and loan associations" includes cooperative banks and homestead associations.

Total assets of all member associations increased during the fiscal year 1945 by \$1,051,587,000, or 17.6 percent. Of the increase, \$646,751,000 represented the growth in Federal savings and loan associations. Insured State-chartered savings and loan associations, including the four which are not members of the Federal Home Loan Bank System, increased by \$319,244,000 in total assets. Federal associations grew more rapidly than did other types. For example, their growth during the reporting period was 22.4 percent compared with a growth of 18.8 percent for all State-chartered insured associations.

Uninsured savings and loan associations which are not members of the Bank System have been decreasing in total resources for several years. During the reporting period, however, uninsured nonmember associations reversed this trend. However, the growth was limited to \$15,066,000, or 1.5 percent.

Although total assets of members of the Federal Home Loan Bank System have increased substantially, the number of member savings and loan associations has declined from the maximum which was attained in 1938, largely because of mergers and consolidations. The decrease in number of associations since June 30, 1938, is shown in 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	5,661
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	940	1,464	3,101
June 30, 1943.....	3,729	960	1,468	2,757
June 30, 1944.....	3,671	996	1,465	2,590
June 30, 1945.....	3,656	1,006	1,465	2,624

¹ Estimated

During the 1945 fiscal year the number of member associations decreased from 3,671 to 3,656 as a result of the termination of membership of 42 associations, while only 27 were admitted to membership in the System. The number of State-chartered insured associations continued the growth characteristic of recent years with a net increase of 10 State-chartered insured associations.

The number of Federal savings and loan associations has stabilized, in part because of wartime conditions. During the 1945 fiscal year, the 7 Federal associations which withdrew were exactly balanced by 7 additional Federal associations, the total number remaining unchanged at 1,465. Of the seven associations to which new Federal charters were granted, all were of the converted type. The following table shows the change in the average size of savings and loan associations in recent years.

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	1,205,107	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	1,379,468	1,506,777	377,596
June 30, 1943.....	1,407,727	1,515,542	1,652,642	384,892
June 30, 1944.....	1,624,168	1,709,129	1,966,741	395,905
June 30, 1945.....	1,918,464	2,006,479	2,408,210	387,464

¹ Estimated

Since June 30, 1938, the average size of member associations has increased by 102.5 percent. This increase was caused by the rapid increase in total resources and a slow decline in numbers. The rapid growth in the size and financial strength of individual member associations promises well for the future of the Federal Home Loan Bank System. In comparison, it will be seen that there has been little net change since 1938 in the average size of nonmember uninsured associations.

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 Federal savings and loan associations is growing more rapidly than that of other member associations. The average size of all Federal savings and loan associations has increased 165.9 percent since 1938 as compared with an increase of 77.8 percent for all State-chartered insured associations and an increase of 102.5 percent for member associations. In comparison, the net increase in average size for uninsured nonmember associations has been only 3.6 percent since June 30, 1938.

The major reason for the increase in total assets of savings and loan associations has been the continuous and substantial flow of private share capital into these associations. During the reporting period, new share investments and repurchases of share capital proceeded at the rate indicated in the following table:

(Thousands of dollars)

	New share investments	Repurchases	Net increase	Ratio of repurchases to new investments
				Percent
All member savings and loan associations ¹	1,928,932	1,002,522	926,410	52.0
All State-chartered insured associations.....	575,624	300,950	274,674	52.3
All Federal associations.....	1,102,082	536,682	565,350	48.7
Uninsured nonmember associations ¹	159,154	104,155	54,999	65.4

¹ Uninsured members and nonmembers estimated.

It will be observed that less than half of the new share investments in Federal associations were offset by repurchases during the reporting period. This proportion of new share investments offset by repurchases was smaller for Federal associations than for either State-chartered insured associations or all member savings and loan associations.

Member associations have used the private share capital which they have received in part to retire the greater portion of their Government share investments. By authorizations of Congress in 1933, 1934, and 1935, the United States Treasury invested \$49,300,000 in Federal savings and loan associations; and the Home Owners' Loan Corporation invested \$223,856,710 in savings and loan associations. These investments were used to increase the funds available for home financing during the depression period. The outstanding balance of these investments had been reduced to \$51,256,050 at the beginning of the reporting period. During the 1945 fiscal year, the outstanding balance was further reduced to \$28,887,450, of which \$2,654,500 represented Treasury investment and \$26,232,950 represented HOLC investment.

OPERATIONS IN A WARTIME ECONOMY

Lending operations.—In order to make labor and materials available for the war effort, the War Production Board limited the construction of new homes largely to the war housing required by workers migrating to war-production centers and defense areas. Because of this, new residential construction was severely limited during the war and reached its low point during the 1945 fiscal year.

In consequence, construction loans made by member savings and loan associations decreased from \$114,705,000 during the 1944 fiscal year to \$89,438,000 during the 1945 fiscal year. This decline of 22 percent in construction loans contrasted with an increase in every other category of home loans made by these associations. This can be seen from the following table:

New loans made by member associations, by purpose

Purpose of loan	July 1, 1943, to June 30, 1944	July 1, 1944, to June 30, 1945	Percent change
Construction.....	\$114,705,000	\$89,438,000	-22.0
Home purchase.....	849,336,000	1,065,605,000	+25.5
Refinancing.....	147,366,000	164,137,000	+11.4
Reconditioning.....	27,186,000	28,987,000	+6.6
Other purposes.....	81,570,000	105,764,000	+29.7
Total.....	1,220,163,000	1,453,931,000	+19.2

During the fiscal year 1945, loans made to finance the purchase of homes continued the rapid increase of recent years, moving up by more than one-fourth over the previous reporting period to a total of \$1,065,605,000. These loans represented 73.3 percent of all home loans made by member institutions during the fiscal year 1945. This compared with 69.6 percent in the fiscal year 1944 and 60.9 percent in the fiscal year 1943. Exhibit 20 presents this shift in the purpose for which mortgage loans have been made during the last few years.

FINANCIAL OPERATIONS

Balance sheet.—In exhibit 21 is presented the combined balance sheet for all reporting member savings and loan associations for the calendar years 1943 and 1944. During the 1944 calendar year, the assets of State-chartered insured associations increased, as a percentage of the total for all member associations, from 28 to 28.4 percent. The assets of Federal savings and loan associations rose from 47.2 percent of the total to 49.3 percent.

As a result of the increased volume of new loans made, which has been discussed previously, holdings of first-mortgage loans, including interest and advances, by all member savings and loan associations increased from \$4,047,693,000 to \$4,273,720,000 during the 1944 calendar year, an increase of 5.6 percent. The first-mortgage loans held by Federal savings and loan associations increased by 7.4 percent during this period, while those held by State-chartered insured associations increased by 9.1 percent.

Real estate owned by member associations during the calendar year 1944 declined by 47.0 percent from \$69,512,000 at the beginning of the year to \$36,827,000 at the end of the year.

Cash held by all member savings and loan associations dropped from \$387,229,000 at the end of the 1943 calendar year to \$347,348,000 1 year later, a decrease of 10.3 percent. Cash held by Federal savings and loan associations decreased 9.1 percent in comparison with a decline of 13.4 percent on the part of State-chartered insured associations. Holdings of United States Government obligations continued the rapid increase of recent years. For all member associations, the growth was from \$738,648,000 to \$1,490,747,000, or 101.8 percent. For State-chartered insured associations, the increase was 99.0 percent, while the most rapid growth was that of Federal savings and loan associations whose holdings of United States Government obligations rose 116.2 percent.

The private repurchasable shares of member savings and loan associations increased 17.3 percent compared with an increase of 22.3 percent for Federal savings and loan associations and 18.6 percent for State-chartered member insured associations. Advances from Federal Home Loan Banks and other borrowed money increased from \$127,017,000 on December 31, 1943, to \$190,409,000 one year later, or by 49.9 percent. The advances and borrowings of Federal savings and loan associations increased by 56.4 percent during the year, while the advances and borrowings of State-chartered insured associations increased by 44.9 percent.

For all member savings and loan associations, general reserves, undivided profits, and surplus rose from \$409,928,000 at the beginning of the 1944 calendar year to \$461,203,000 at the end of the year. Despite this 12.5 percent increase, general reserves, undivided profits, and surplus decreased from 7.4 percent of total assets to 7.2 percent during the calendar year. The reason for this was that total assets were increasing more rapidly than were general reserves, undivided profits, and surplus.

Statement of operations.—The combined statement of operations for all reporting member associations, Federal associations, State-chartered insured associations, and State-chartered uninsured associations is presented in exhibit 22. The gross operating income of the

3,652 reporting member savings and loan associations totaled \$269,897,946. Of this, 84.14 percent was obtained as interest from mortgage loans. For State-chartered insured associations, the percentage was 82.84 percent; for Federal savings and loan associations, 83.97 percent; and for uninsured State-chartered associations, 86.07 percent. The proportion of income obtained from mortgage loans continued to decrease slowly because of the fact that the associations are holding an increasing proportion of assets in the form of Government securities.

Of net income received, 70.47 percent was paid out as dividends by the reporting member associations. State-chartered insured associations paid 71.31 percent of net income as dividends and State-chartered uninsured associations paid 75.29 percent. Federal associations paid 67.30 percent, the smallest percentage of net income as dividends, thus permitting, comparatively, the largest transfers from net earnings to reserves and undivided profits.

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. The purpose of the Corporation was to encourage thrift and increase the volume of savings in savings and loan associations through the protection of such accounts up to \$5,000. It is significant that proportionately the savings of insured associations have increased more rapidly than similar accounts in any other class of institutions and substantially more funds are being provided by them for home mortgage lending. From the flow of such funds into the insured savings and loan associations, it is apparent that the principle of insurance of accounts has received wide public acceptance.

INSURED INSTITUTIONS

The number of savings and loan associations insured by the Federal Savings and Loan Insurance Corporation increased from 2,461 on June 30, 1944, to 2,471 on June 30, 1945. The total assets of these insured institutions rose from \$4,583,568,000 to \$5,549,563,000 during the same period, while the number of investors protected by insurance of accounts increased from 3,837,500 to 4,226,900. Exhibit 23 presents the increase in the number and assets of insured associations by Federal Home Loan Bank Districts and by States during the fiscal year 1945. The operations of insured savings and loan associations have been discussed previously in Chapter IV.

OPERATIONS OF THE INSURANCE CORPORATION

The statement of condition of the Federal Savings and Loan Insurance Corporation as of June 30, 1945, is presented in exhibit 24. Total assets on that date were \$160,262,497 compared with \$151,631,510 one year before. At the end of the 1945 fiscal year the reserves and surplus of the Corporation totaled \$57,492,779, an increase of \$8,213,174 from the total of \$49,279,605 at the beginning of the year. On June 30, 1945, the surplus and reserves included a special contingency reserve of \$30,000,000, which is equivalent to total cumulative dividends since June 30, 1935, on the capital stock of the Federal Savings and Loan Insurance Corporation. This stock is held by the Home Owner's Loan Corporation. The Federal Savings and Loan Insurance Corporation has followed the practice of building surplus and reserves as rapidly as possible to provide a cushion against future losses.

That portion of a savings account which is in excess of \$5,000 is not insured. It is of interest to note that the percentage of insured

accounts to total accounts in insured associations has been increasing steadily for the last few years. This is shown in the following table:

Ratio of insured savings to gross savings

Fiscal year—	Gross savings (share liability)	Less accounts in excess of \$5,000	Amount insured (share liability)	Percent insurance to gross savings
1941-----	\$2,664,793,000	\$370,793,000	\$2,294,000,000	86.09
1942-----	2,944,986,000	372,046,000	2,572,941,000	87.37
1943-----	3,414,154,000	289,514,000	3,124,640,000	91.52
1944-----	3,982,731,000	246,317,000	3,746,414,000	93.83
1945-----	4,830,699,000	265,478,000	4,565,221,000	94.50

The total insured account liability of the Corporation increased from \$3,746,414,000 on June 30, 1944, to \$4,565,221,000 one year later. In the event of liquidation, the assets of an insured association must be used to pay creditor obligations before being applied upon share account liability. If the creditor obligations are included with the insured account liability of the Corporation, the total potential liability on June 30, 1944, was \$3,934,276,000, which increased to \$4,819,728,000 on June 30, 1945.

There was a potential liability of \$30.60 on June 30, 1945, for each dollar of capital, reserves, and surplus of the Corporation. Not only is it inconceivable that the total potential liability would ever become an actual obligation but it should also be observed that in the event of default the Corporation becomes subrogated to each account up to \$5,000. Because of this claim against the assets of insured institutions in default any loss will be determined by the results of liquidation. To date only seven insured members have been placed in liquidation and the original estimated loss amounted to approximately \$757,983, or 8.23 percent of the assets of the associations being liquidated. The record of liquidation to this point indicates that the actual loss will be nearer 4.16 percent of the assets.

The income of the Federal Savings and Loan Insurance Corporation is obtained from admission fees, premiums paid by insured institutions, and from interest on investments. All income received which is in excess of the Corporation's expenses is allocated to reserves. The losses of the Corporation from its insuring operations are charged to these reserve accounts.

The Corporation earned insurance premiums totaling \$5,080,796 during the fiscal year 1945 compared with \$4,245,151 during the preceding fiscal year. These premiums represent one-eighth of 1 percent each year on the accounts of the insured members of each insured institution, plus all creditor obligations. Admission fees totaled \$6,528 during the 1945 fiscal year compared with \$13,465 during the preceding fiscal year. Admission fees are computed on the basis of 4 cents for each \$100 of an institution's accounts of an insurable type.

During the reporting period, the Federal Savings and Loan Insurance Corporation received \$3,549,465 from investments, compared with \$3,277,125 during the preceding year. The aggregate income of the Corporation from these sources and from minor miscellaneous items totaled \$8,637,040 during the 1945 fiscal year, compared with

\$8,669,635 during the 1944 fiscal year. The decrease was caused by the fact that during the 1944 fiscal year the Insurance Corporation had a profit of more than \$1,000,000 from the sale of securities.

The Corporation's administrative expenses during the fiscal year 1945 totaled \$430,191, which represented only a slight increase from the total of \$425,667 during the previous fiscal year. During the reporting period, the Corporation's nonadministrative expenses were \$25,524. If the administrative and nonadministrative expenses are deducted from gross income, the resulting net income of the Corporation for the 1945 fiscal year was \$8,181,325. The income and expense of the Corporation for the 1944 and 1945 fiscal years is given in exhibit 25.

On July 1, 1945, the Corporation actively employed a total personnel of 52. 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

Insurance of accounts results in bringing about a greater degree of stability in savings and loan operations by spreading the loss risk according to accepted insurance principles. A certain number of problem cases must arise in doing so, for losses are as much a part of any normal insuring operation as is premium income.

In its 11 years of operation, 38 insured associations have experienced difficulties requiring study by the Federal Savings and Loan Insurance Corporation. The Corporation, after careful analysis, found that three of these associations required no financial assistance and these associations therefore continued normal operations. Of the remaining 35 associations, 28 received gross cash settlements from the Corporation aggregating \$5,374,125. These disbursements were used to prevent default of insured associations. Total recoveries of \$183,862 were received by the Corporation through June 30, 1945. Accordingly, the net cash disbursements of the Corporation were \$5,190,263. Additional contingent commitments of \$54,148 were still outstanding on June 30, 1945, to one of these 28 associations.

Of the associations which have received contributions from the Corporation, 19 continued operations as separate units, 6 have merged with other insured institutions, and 3 subsequently liquidated voluntarily, paying all investors in full. The remaining 7 of the 35 associations have been declared in default and placed in liquidation.

It is significant that the 19 associations which continued as independent units showed an increase in assets from approximately \$51,683,000 as of the dates of impairment to \$78,172,500 as of June 30, 1945. Such progress reflects the substantial character of the results of cash settlement and the benefits resulting from the avoidance of liquidation.

It is estimated that the final losses which will be sustained by the Insurance Corporation from contributions and commitments made

on or before June 30, 1945, and from insured associations placed in liquidation before that date will total \$5,887,127.

Analysis of the difficulties encountered by the 35 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 two factors were responsible for losses in 22 of the 35 cases. Outright dishonesty on the part of association employees or breach of trust on the part of management contributed to the difficulties experienced by the remaining 13 institutions.

The Corporation is authorized by statute to adopt several courses of action with respect to an insured association which is in difficulty. After careful study of the condition of the association, the Corporation determines whether it will act to prevent a declaration of default or whether it will permit the association to be liquidated. A declaration of default can be prevented by the Insurance Corporation either by purchasing doubtful assets from the association, by making a loan, or by means of a contribution to the institution in difficulty. Through the close of the fiscal year 1945, the Corporation had used only the last method of assistance.

To protect its subrogated rights, the Corporation takes an active interest in the liquidation of State-chartered insured institutions, while, in the liquidation of Federal savings and loan associations, the value of the subrogated rights is safeguarded by virtue of its position as active receiver.

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 the amount of their insured accounts. The Corporation then makes available to each insured member, upon surrender and transfer to the Corporation of his insured account up to \$5,000, 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.

Almost without exception, insured investors in the seven insured associations which have been placed in liquidation elected to accept the first method of settlement; that is, a new account in a normally operating insured association. Less than one-fifth of 1 percent of the claims settled have been paid with cash and debentures. Of the estimated dollar amount of insured claims in all insured associations placed in liquidation, 99.73 percent had been settled by June 30, 1945. This involved issuance of new share accounts by other insured institutions amounting to \$6,675,224 and payment by cash and debentures in the amount of \$13,200. The Corporation extended financial aid in the form of contributions or payments on contingent commitments previously authorized in the total amount of \$123,104 during the fiscal year 1945. During the same period, the Corporation had recoveries totaling \$41,845 as a result of payments previously made.

OPERATIONS OF INSURED INSTITUTIONS IN DEFAULT

No insured associations were placed in receivership during the fiscal year 1945. Of the seven insured associations previously placed in receivership, the receivership of two had been terminated by the beginning of the 1945 fiscal year. A third receivership, that of the Wapakoneta Building & Savings Co., Wapakoneta, Ohio, was virtually terminated during the year, and therefore is not included in exhibit 26, although the receiver has not yet been discharged. Comparative statements of condition of the remaining four associations in receivership are presented in exhibit 26.

The liquidations are progressing favorably. During the fiscal year partial liquidating dividends were declared in three of the four receiverships for which figures are presented in exhibit 26. The receivership of the Wapakoneta Building & Savings Co., Wapakoneta, Ohio, during the fiscal year paid a liquidating dividend, probably the final dividend, of 13.5 percent, increasing its total dividends to 98.5 percent.

VI. HOME OWNERS' LOAN CORPORATION

GENERAL OPERATIONS

In the period from June 13, 1933, through June 12, 1936, the Home Owners' Loan Corporation loaned \$3,093,451,321 to refinance the mortgage loans of 1,017,821 individuals, all of whom were in danger of losing their homes. Because of the financial conditions prevailing then and later, some of these home owners, despite the Corporation's efforts, were unable to work out of their difficulties. However, the Corporation's activities, since the beginning of its existence, have enabled more than 800,000 American families to avoid foreclosure in an unprecedented emergency program to support home ownership.

Because of the necessity of foreclosing on some of these properties, the Home Owners' Loan Corporation's original investment was increased by the capitalization of delinquent interest and taxes, foreclosure and acquisition costs, and reconditioning costs. In addition, the Corporation was forced to advance supplementary amounts in servicing these loans, primarily to make funds available to pay delinquent taxes. The total of these advances and capitalizations through June 30, 1945, was \$396,085,258. The Corporation's lending program for the support of American home ownership had, therefore, resulted by that time in a gross cumulative investment of \$3,489,536,579.

Since the end of the HOLC lending period on June 12, 1936, the Corporation's efforts have been devoted to the liquidation of its affairs as economically as possible. On June 30, 1945, the balance of mortgage loans, vendee accounts, and property accounts was \$969,227,207, a decrease of \$286,942,103, or 22.8 percent, from the balance of \$1,256,169,310 at the beginning of the reporting period. Of the \$3,489,536,579 gross cumulative investment, \$2,520,309,371, or 72.2 percent, had been liquidated at the end of the 1945 fiscal year. The reduction in these assets is summarized in the following table:

Original amount loaned.....	\$3, 093, 451, 321. 01
Subsequent advances to borrowers, net additions included in capitalized value of properties, etc.....	396, 085, 257. 59
Original loans plus advances, capitalized additions, etc.....	3, 489, 536, 578. 60
Outstanding on June 30, 1945:	
Mortgage loans and advances.....	\$647, 023, 618. 82
Vendee accounts, advances, and un- posted advances.....	317, 591, 713. 75
Property acquired and in process of acquisition.....	4, 611, 874. 54
Total outstanding.....	969, 227, 207. 11
Net reduction in mortgage and property assets....	2, 520, 309, 371. 49

In order to stimulate the home-mortgage market, Congress, in 1935, authorized the Home Owners' Loan Corporation to invest in the share capital of savings and loan associations. The cumulative investment

made by the Corporation in such associations by the end of the 1945 fiscal year was \$223,856,710. The total of \$46,529,250 of this investment which remained outstanding at the beginning of the 1945 fiscal year was reduced to \$26,232,950 one year later. The Corporation has received dividends from these investments which have been available to offset part of the loss from the properties which the Corporation has had to take over. Cumulatively to June 30, 1945, these dividends aggregated \$43,339,222.

The Corporation has used the funds received from the liquidation of debtor and property accounts and retirement of investments in savings and loan associations to reduce its bonded indebtedness. The outstanding unmatured bonds of the Corporation at the end of the fiscal year 1945 totaled \$1,009,982,000. This represented a reduction of 71.1 percent from the total of \$3,489,453,550 of bonds which had been issued for value.

All payments upon principal of loans made by the Corporation must, in accordance with the Home Owners' Loan Act of 1933, as amended, be applied to retire the Corporation's bonds. The Corporation also applies to bond retirement certain other receipts such as amounts received as a result of the repurchase of shares in savings and loan associations. The total applied to the retirement of bonds through June 30, 1945, was \$2,469,022,830. Funds in this amount have been deposited with the Treasurer of the United States and have been used or are available for use to retire bonds as shown in the following table:

Disposition of funds allocated (through June 30, 1945) to bond-retirement fund

Applied to retirement of bonds.....	\$2, 469, 022, 830. 46
Deposited for matured or called bonds on which interest has ceased.....	10, 317, 775. 00
Available for future retirement of unmatured bonds.....	86. 334. 35
Gross amount deposited in bond-retirement fund.....	2, 479, 426, 939. 81
Balance due retirement fund for June 1945 deposited in July 1945.....	1, 600, 958. 79
Total applicable to bond retirement.....	2, 481, 027, 898. 60

The most important refinancing operation carried out by the Home Owners' Loan Corporation during the fiscal year 1945 was represented by the issuance of \$754,000,000 of 1 percent series T bonds, the proceeds of which were used to refinance the 1½ percent series M bonds. Repayments made by the Corporation on the series S bonds reduced the outstanding bonds of this series from \$580,000,000 on June 30, 1944, to \$255,982,000 on June 30, 1945.

The average interest rate on the outstanding bonds of the Corporation (exclusive of bonds on which interest has ceased) was reduced during the year largely because of the refinancing of the series M bonds. At the beginning of the fiscal year 1945, the average interest rate was 1.283 percent, while at the end of the year the rate on all outstanding unmatured bonds was 1 percent.

The Corporation has reduced personnel and administrative expenses rapidly in recent years. The total personnel of the Corporation was reduced from 2,397 employees on July 1, 1944, to 1,746 one year later, a reduction of 27.2 percent.

Administrative expenses were \$6,903,051 during the current reporting period compared with \$9,078,615 during the preceding period, a reduction of 24 percent.

Three field stations were closed by the Corporation during the 1945 fiscal year. On June 30, 1945, the HOLC operated eight regional offices and five field stations. These stations were 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 operation. Collection facilities are maintained in four of the five field stations.

STATUS OF ACCOUNTS

During the 3 years of lending operations, the Home Owners' Loan Corporation made loans to 1,017,821 individuals. The cumulative number of accounts had increased to a total of 1,019,788 as of June 30, 1945, because of divisions of property, partial sales of properties owned, and other reasons. On that date, these accounts were classified as follows:

Accounts terminated.....	486,392
Original mortgage loans.....	405,508
Vendee accounts.....	126,987
Properties owned and in process of acquisition.....	901
Total.....	1,019,788

It will be observed that these accounts are of three major types—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 cumulative number of 1,019,788 accounts, 486,392, or almost one-half, have been terminated. Payment in full of original mortgage loans accounted for 418,144 of the accounts terminated. Of the remainder, payment in full of vendee accounts caused 53,008 terminations; cash sales of acquired properties accounted for 14,865 terminations; charge-offs of mortgage loans and vendee accounts caused 227 terminations; and 148 accounts were terminated through the charge-off or consolidation of property accounts. Of the 486,392 accounts terminated, 113,529 were terminated during the fiscal year 1945 alone.

Mortgage and vendee accounts.—A total of 532,495 mortgage and vendee accounts were outstanding at the end of the reporting period. Of these, 189,704 had been extended in accordance with the Mead-Barry Act of 1939 which provided that amortization periods could be extended in justifiable cases up to 25 years from the date of execution of the mortgage held by the Corporation.

At the end of the fiscal year 1945, 80 percent of the Corporation's outstanding accounts were paid on schedule. Experience has been gratifying with the loans which were extended from the original 15 up to a maximum of 25 years, beginning in 1939 under authorization of the Mead-Barry Act. When the extensions were granted, all of these borrowers were behind in their payments. On June 30, 1945, of the 185,551 outstanding mortgage loans which had been extended, 138,956, or 74.9 percent, were paid on schedule. Of the 4,153 outstanding vendee accounts which had been extended, 3,063, or 73.8

percent were paid on schedule. Many foreclosures with resultant losses to the Corporation have been averted through these extensions which cut down required monthly payments.

From the beginning of its operations, the Home Owners' Loan Corporation has been following the practice of servicing its loans individually. This permitted the Corporation to locate causes of trouble and to take action to avoid foreclosure. As part of this servicing program, the Corporation collects funds from borrowers on a monthly installment basis and holds these funds for the payment of taxes and insurance. This procedure assists borrowers to avoid tax difficulties and has the advantage to the Corporation that it reduces administrative expenses by eliminating the necessity for searching tax records to determine whether delinquencies exist. The proportion of such accounts increased from 61.7 percent of outstanding loan accounts at the beginning of the 1945 fiscal year to 65.5 percent at the end of the year.

Properties acquired, including those subject to redemption.—From the time that it commenced operations until June 30, 1945, the Home Owners' Loan Corporation acquired 197,921 properties as a result of foreclosures, abandonments, etc. In addition to these, the Corporation held 191 properties on June 30, 1945, which had been foreclosed or acquired subject to redemption. Of the Corporation's property acquisitions, 194,083 were of properties covered by original mortgage loans. Accordingly, it can be said that, of the 1,017,821 original mortgagors, all of whom faced loss of their properties under the conditions prevailing from 1933 to 1936, 823,738, or 80.9 percent, were saved from foreclosure through the operations of the Home Owners' Loan Corporation.

The properties acquired during the 1945 fiscal year totaled 432 as compared with 930 during the previous fiscal year. During the reporting period, the Corporation disposed of 4,990 properties as compared with 21,512 during the fiscal year 1944.

Property accounts.—The Home Owners' Loan Corporation has succeeded in selling practically all of its acquired properties. The rapid decrease in the number of properties which the Corporation owned or to which it was acquiring title is shown in the following table:

Properties owned or in process of acquisition

June 30, 1941.....	49, 419	June 30, 1944.....	5, 459
June 30, 1942.....	37, 998	June 30, 1945.....	901
June 30, 1943.....	26, 041		

Of the 197,921 properties which the Corporation acquired and had available for sale, it had disposed of 197,211, or 99.6 percent up to June 30, 1945. During the last few years the combined capital value of properties which the Corporation owned or to which the Corporation was in process of acquiring title decreased as in the following table:

Capital value of properties owned or in process of acquisition

June 30, 1942.....	\$262, 307, 276	June 30, 1944.....	\$36, 063, 486
June 30, 1943.....	191, 298, 828	June 30, 1945.....	4, 611, 875

As of June 30, 1945, sale of Corporation-owned properties had resulted in a total cumulative loss, including brokers' commissions and selling costs, of \$334,335,775. In addition to these losses, 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, etc., amounted to \$1,313,715. As a result, total book losses from all sources cumulative through the close of the fiscal year 1945 totaled \$335,649,490.

As of June 30, 1945, the Corporation had earned a cumulative net income of \$243,319,544, before provision for losses. After deducting these earnings, the Corporation's losses in excess of its net earnings as of June 30, 1945, were \$92,329,946. This compares with losses in excess of net earnings as of June 30, 1944, in the amount of \$106,879,442. Accordingly, the total losses after deducting net income were reduced by \$14,549,496 during the fiscal year 1945.

The loss figures for properties sold include 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 of the foreclosed loans, delinquent interest and taxes, foreclosure and acquisition costs, and reconditioning costs. This indicates that a large part of the book losses reflects the cost of leniency to borrowers who eventually had to be foreclosed.

Although the Corporation sells its acquired properties as promptly as possible, some time may elapse before buyers can be found for specific properties. Pending sale, therefore, most of these properties are rented. On June 30, 1945, properties owned by the Corporation contained 1,420 rental units, of which 294 were not available for rental because they were in the process of repair, held vacant for sale, or adversely occupied. The remaining 1,126 units were available for rental and of these, 863, or 76.6 percent were rented.

For the 1945 fiscal year, the Corporation's gross operating income from rental of properties was \$938,446. Gross expense for rented and unrented properties, not including interest and administrative expenses, was \$956,104. For the year, therefore, the Corporation had a net operating deficit from property of \$17,658. From the beginning of operations until June 30, 1945, net operating income from properties owned by the Corporation was \$25,701,288.

Financial statements.—The balance sheet of the Home Owners' Loan Corporation for June 30, 1945, is presented in exhibit 27. During the reporting period, as a result of the Corporation's progress in liquidation, total assets decreased 24.4 percent. Exhibits 28 and 29, respectively, present statements of income and expense for the fiscal year 1945 and for the period from the beginning of operations through June 30, 1945. Operating and other income for the fiscal year 1945 totaled \$52,409,449. Total expenses, including interest on bonded indebtedness, decreased to \$22,554,185 for the reporting period. This left a net income of \$29,855,264 before provision for losses. After allowance for the reserves necessary to meet future estimated losses, the Corporation's net income for the fiscal year 1945 was \$27,997,417. The difference between this figure and the net reduction of \$14,549,496 mentioned previously is accounted for by a reduction in the reserve balance for future losses.

In comparison, operating and other income for the fiscal year 1944 was \$71,339,093. Total expenses including interest on bonded indebtedness for the same period were \$47,713,019, leaving a net income for the fiscal year 1944, before provision for losses, of \$23,626,074.

After allowance for the reserves necessary to meet estimated future losses, the Corporation had a loss of \$16,507,173 for the fiscal year 1944.

During the fiscal year 1945, the Corporation's gross income continued the decline of previous years, due to the rapid reduction of the assets of the Corporation. However, partly because of refunding operations, which decreased substantially the interest on the Corporation's bonded indebtedness, expenses decreased even more rapidly than gross income. Accordingly, the Corporation's net income, before provision for losses, increased during the year. In addition, because the Corporation has now liquidated most of its properties, it was possible to reduce the provision for losses on mortgage loans, interest, and property. As a result, only \$1,800,000 was set aside for this purpose during the fiscal year 1945, as compared with the \$40,000,000 set aside during the fiscal year 1944. The remaining balance of this reserve for future losses decreased from \$27,206,888.02 to \$13,758,633.27 during the 1945 fiscal year.

The net income of the Corporation, after provision for losses, changed from a deficit of \$16,507,173 during the fiscal year 1944 to a net income of \$27,997,417 during the fiscal year 1945. At the beginning of the 1945 fiscal year the Corporation had a deficit of \$134,086,330 as a result of its unprecedented program to save the Nation's home owners from foreclosure. The Corporation's net income of \$27,997,417 during the reporting period, plus an adjustment of \$333.05 for unidentified payments, reduced this deficit to \$106,088,580 as of June 30, 1945.

VII. UNITED STATES HOUSING CORPORATION

The United States Housing Corporation was created in 1918 during World War I for the purpose of providing housing for workers in congested war production centers. Under Executive Order No. 9070 of February 24, 1942, the task of finally liquidating the affairs of that Corporation which was transferred to the Federal Home Loan Bank Administration has now been completed. At the close of the reporting period, all of the Corporation's remaining properties had been sold, and all assets and known claims had been liquidated. The Corporation had a cash balance on June 30, 1945, which has been covered into the Treasury of the United States.

A final report on the United States Housing Corporation will presently be submitted to the Congress. This final report summarizes the history of the United States Housing Corporation since its formation and its liquidation by the Federal Home Loan Bank Administration.

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EXHIBITS

EXHIBIT 1.—Estimated number of new nonfarm dwelling units started

	Total nonfarm	Private			Public
		1-family	2-family ¹	Multi- family ²	
Fiscal year 1943, total.....	391,700	155,581	14,905	24,385	196,829
Third quarter, 1942.....	94,600	53,132	3,235	7,521	30,712
Fourth quarter, 1942.....	96,900	36,695	3,976	4,488	51,741
First quarter, 1943.....	118,100	26,927	2,689	4,527	83,957
Second quarter, 1943.....	82,100	38,827	5,005	7,849	30,419
Fiscal year 1944, total.....	247,000	135,780	16,396	25,576	69,248
Third quarter, 1943.....	76,100	37,316	5,662	9,561	23,561
Fourth quarter, 1943.....	73,700	33,262	4,410	7,693	28,335
First quarter, 1944.....	48,900	31,082	2,703	3,523	11,592
Second quarter, 1944.....	48,300	34,120	3,621	4,799	5,760
Fiscal year 1945, total.....	161,500	116,609	8,402	10,916	25,573
Third quarter, 1944.....	38,600	27,781	2,253	2,893	5,673
Fourth quarter, 1944.....	33,200	21,628	2,049	2,323	7,200
First quarter, 1945.....	29,400	22,800	1,600	2,200	2,800
Second quarter, 1945.....	60,300	44,400	2,500	3,500	9,900

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

² Includes multifamily dwellings with stores.

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 building costs for the standard frame house

[1935-39=100]

Period	Materials	Labor	Total	Period	Materials	Labor	Total
Fiscal year 1944:				Fiscal year 1945:			
1943—July.....	123.1	133.9	126.7	1944—July.....	131.6	139.8	134.3
August.....	123.8	134.1	127.3	August.....	132.1	139.9	134.7
September.....	124.5	134.3	127.8	September.....	132.2	140.8	135.0
October.....	126.1	135.3	129.1	October.....	132.2	141.4	135.3
November.....	127.2	135.7	130.1	November.....	132.4	142.8	135.9
December.....	128.1	136.9	131.0	December.....	132.5	143.0	136.0
1944—January.....	128.8	137.3	131.7	1945—January.....	132.5	143.3	136.1
February.....	129.4	137.6	132.1	February.....	132.8	143.4	136.3
March.....	129.8	138.2	132.6	March.....	133.1	143.8	136.7
April.....	130.4	138.9	133.2	April.....	133.2	143.8	136.8
May.....	130.9	139.2	133.7	May.....	133.4	143.8	136.8
June.....	131.4	139.4	134.1	June.....	133.5	143.9	137.0

Source: Prepared by Division of Operating Statistics, Federal Home Loan Bank System, Washington, D. C.

EXHIBIT 3.—Number of nonfarm real estate foreclosures

Federal Home Loan Bank District and State	Fiscal year ending June 30—		Percent change	Federal Home Loan Bank District and State	Fiscal year ending June 30—		Percent change
	1944	1945			1944	1945	
United States.....	20,710	16,142	-22.1	No. 7—Chicago.....	1,121	730	-34.9
No. 1—Boston.....	2,452	1,657	-32.4	Illinois.....	791	525	-33.6
Connecticut.....	624	372	-40.4	Wisconsin.....	330	205	-37.9
Maine.....	285	307	+7.7	No. 8—Des Moines.....	1,277	718	-43.8
Massachusetts.....	1,324	869	-34.4	Iowa.....	105	38	-63.8
New Hampshire.....	89	37	-58.4	Minnesota.....	198	77	-61.1
Rhode Island.....	101	46	-54.5	Missouri.....	796	488	-38.7
Vermont.....	29	26	-10.3	North Dakota.....	94	70	-25.5
No. 2—New York.....	5,515	4,091	-25.8	South Dakota.....	84	45	-46.4
New Jersey.....	905	619	-31.6	No. 9—Little Rock.....	649	478	-26.3
New York.....	4,610	3,472	-24.7	Arkansas.....	55	38	-30.9
No. 3—Pittsburgh.....	3,535	2,881	-18.5	Louisiana.....	177	102	-42.4
Delaware.....	38	40	+5.3	Mississippi.....	59	48	-18.6
Pennsylvania.....	3,207	2,646	-17.5	New Mexico.....	21	9	-57.1
West Virginia.....	290	195	-32.8	Texas.....	337	281	-16.6
No. 4—Winston-Salem.....	2,286	1,797	-21.4	No. 10—Topeka.....	799	854	+6.9
Alabama.....	211	236	+11.8	Colorado.....	124	109	-12.1
District of Columbia.....	65	49	-24.6	Kansas.....	109	44	-59.6
Florida.....	408	325	-20.3	Nebraska.....	424	623	+46.9
Georgia.....	278	126	-54.7	Oklahoma.....	142	78	-45.1
Maryland.....	390	471	+20.8	No. 11—Portland.....	170	108	-36.5
North Carolina.....	357	270	-24.4	Idaho.....	10	1	-90.0
South Carolina.....	81	80	-1.2	Montana.....	39	6	-84.6
Virginia.....	496	240	-51.6	Oregon.....	40	27	-32.5
No. 5—Cincinnati.....	1,731	1,737	+0.3	Utah.....	9	8	-11.1
Kentucky.....	222	188	-15.3	Washington.....	64	61	-4.7
Ohio.....	980	692	-29.4	Wyoming.....	8	5	-37.5
Tennessee.....	529	857	+62.0	No. 12—Los Angeles.....	770	586	-23.9
No. 6—Indianapolis.....	405	505	+24.7	Arizona.....	23	12	-47.8
Indiana.....	218	208	-4.6	California.....	744	573	-23.0
Michigan.....	187	297	+58.8	Nevada.....	3	1	-66.7

EXHIBIT 4.—*Residential real estate owned by selected institutions*

[Amounts in thousands of dollars]

Type of institution	Dec. 31—		Decrease during 1944	
	1943	1944	Amount	Percent
Savings and loan associations ¹	² \$116,969	\$60,383	\$56,586	48.4
Mutual savings banks ³	80,605	36,398	44,207	54.8
Commercial banks ⁴	49,248	24,132	25,116	51.0
Life-insurance companies ⁵	212,818	123,678	89,140	41.9
Total, private.....	² 459,640	244,591	215,049	46.8
Home Owners' Loan Corporation ⁶	94,140	10,701	83,439	88.6
Grand total.....	² 553,780	255,292	298,488	53.9

¹ Estimate based on reports of operating associations received by the Federal Home Loan Bank Administration.² Revised.³ Estimate based on reports from the Comptroller of the Currency and State supervisory authorities.⁴ Based on reports of the Comptroller of the Currency and of the Federal Deposit Insurance Corporation. Excludes trust departments of commercial banks.⁵ Estimate of the Federal Home Loan Bank Administration based on a questionnaire survey of the largest life-insurance companies. Excludes company-built housing projects.⁶ Capital value.

Source: Prepared by the Division of Operating Statistics, Federal Home Loan Bank System, Washington, D. C.

EXHIBIT 5.—*Estimated volume of mortgage loans made on 1- to 4-family nonfarm homes, by years, 1932-44*

[In millions of dollars]

Type of lender	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944
Savings and loan associations.....	\$543	\$414	\$451	\$564	\$755	\$897	\$798	\$986	\$1,200	\$1,379	\$1,051	\$1,184	\$1,454
Insurance companies.....	54	10	16	77	140	232	242	274	324	371	374	272	300
Mutual savings banks.....	150	99	80	80	100	120	105	112	133	171	130	120	140
Commercial banks and their trust departments.....	170	110	110	264	430	500	560	610	689	798	606	515	601
Home Owners' Loan Corporation.....		132	2,263	583	128	27	81	151	143	63	40	54	31
Individuals and others ¹	175	100	150	443	605	723	669	740	801	1,028	954	1,038	1,304
Total.....	1,092	865	3,070	2,011	2,158	2,499	2,455	2,873	3,290	3,810	3,155	3,183	3,830

¹ 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.—*Nonfarm mortgages of \$20,000 or less recorded during fiscal year ending June 30, 1945*

[Amounts in thousands of dollars; estimates are based on mortgage recordings in approximately 625 counties which contain more than two-thirds of the total nonfarm population]

Federal Home Loan Bank District and State	Total		Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgage loans	
	Number	Amount	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount	Num- ber	Amount
United States.....	1,519,482	\$4,991,680	524,927	\$1,717,476	48,230	\$248,058	262,062	\$933,842	45,429	\$181,693	479,085	\$1,289,517	159,749	\$921,094
Boston.....	109,422	383,966	37,280	140,258	908	5,377	11,270	45,520	25,106	90,488	26,491	72,480	8,367	29,843
Connecticut.....	20,965	86,936	3,975	17,302	382	3,580	3,977	19,472	3,511	14,610	6,553	22,027	2,367	9,444
Maine.....	11,307	28,517	2,792	7,675	50	234	3,358	2,918	3,513	8,791	3,862	6,267	232	632
Massachusetts.....	57,258	211,395	25,197	96,154	257	1,494	3,233	14,468	12,766	52,015	11,176	31,561	4,629	16,705
New Hampshire.....	7,130	16,996	1,519	4,189	17	63	856	1,771	2,558	6,761	2,021	3,870	159	342
Rhode Island.....	8,353	31,950	2,860	11,904	2	6	1,352	5,932	1,191	4,352	2,056	6,277	892	3,471
Vermont.....	4,409	10,172	937	2,534	---	---	494	999	1,567	3,959	1,323	2,478	88	242
New York.....	145,760	548,093	35,625	137,096	3,651	21,085	18,002	73,062	14,972	67,690	56,880	179,051	16,630	70,105
New Jersey.....	43,457	167,842	10,880	42,654	1,471	8,437	8,151	36,240	1,421	7,681	15,026	47,308	6,508	25,522
New York.....	102,303	380,251	24,745	94,442	2,180	12,648	9,851	36,822	13,551	60,009	41,854	131,743	10,122	44,387
Pittsburgh.....	109,187	351,326	42,464	128,360	4,474	22,477	24,568	83,396	1,280	5,726	26,115	72,025	10,276	35,342
Delaware.....	3,016	10,306	694	2,370	322	1,478	496	1,974	128	447	1,058	3,003	318	1,034
Pennsylvania.....	90,363	302,187	37,333	115,389	3,514	17,684	18,709	66,455	1,162	5,279	20,663	61,219	8,922	36,151
West Virginia.....	15,808	38,833	4,377	10,591	698	3,315	5,363	14,967	---	---	4,394	7,803	1,036	2,157
Winston-Salem.....	169,329	517,378	56,727	185,759	7,297	31,877	22,637	67,461	496	1,596	65,634	181,456	16,538	40,225
Alabama.....	14,199	32,490	2,889	6,469	1,117	4,854	2,863	6,737	---	---	5,692	10,785	1,788	3,645
District of Columbia.....	12,540	71,407	5,308	32,498	1,431	3,406	1,120	7,207	---	---	4,616	22,086	1,065	6,210
Florida.....	33,689	115,782	5,464	20,797	2,112	7,830	3,072	9,718	---	---	19,735	65,014	3,297	12,423
Georgia.....	23,438	59,104	7,515	21,229	559	2,663	5,501	13,153	---	---	7,955	15,909	1,908	6,150
Maryland.....	24,734	84,176	14,300	47,770	260	1,603	2,460	9,808	496	1,596	6,277	20,163	831	3,236
North Carolina.....	25,607	59,290	9,945	26,049	1,674	6,602	1,875	4,771	---	---	8,562	14,990	3,551	6,878
South Carolina.....	10,417	23,814	1,954	4,764	1,599	2,484	1,796	4,792	---	---	4,425	8,282	1,463	3,492
Virginia.....	24,714	71,315	9,342	26,183	545	2,435	3,770	11,275	---	---	8,472	24,227	2,585	7,195
Cincinnati.....	183,129	602,663	96,231	327,460	4,446	22,474	34,163	118,585	1,363	7,415	20,558	73,996	17,368	52,733
Kentucky.....	19,824	53,631	12,091	32,719	939	3,965	3,867	11,114	---	---	2,293	4,137	634	1,696
Ohio.....	139,204	482,742	80,906	286,333	1,857	10,446	26,400	97,397	1,363	7,415	23,894	62,413	4,734	18,738
Tennessee.....	24,101	66,290	3,234	8,408	1,650	8,063	3,836	10,074	---	---	3,381	7,446	12,000	32,299

Indianapolis	96,009	284,873	38,643	98,115	5,704	28,196	29,633	90,928	171	400	15,550	41,537	6,308	25,697
Indiana.....	50,471	131,653	27,493	63,486	1,933	9,000	11,956	34,340	171	400	6,108	14,742	2,810	9,655
Michigan.....	45,538	153,220	11,150	34,629	3,771	19,196	17,677	56,588			9,442	26,795	3,498	16,012
Chicago.....	120,605	467,009	51,605	196,454	2,679	14,040	17,983	71,035	77	175	28,412	84,646	19,969	100,659
Illinois.....	85,880	348,169	39,152	150,270	1,679	9,802	10,961	45,729			16,197	49,618	17,881	93,050
Wisconsin.....	34,725	118,840	12,453	46,184	1,000	4,538	6,902	25,306	77	175	12,215	35,028	2,078	7,609
Des Moines	115,584	323,343	38,339	108,682	4,761	23,298	26,101	75,947	557	2,149	31,494	64,985	14,132	45,282
Iowa.....	23,846	63,557	10,233	27,852	549	2,310	6,799	18,800			4,772	10,604	1,493	3,991
Minnesota.....	29,407	91,992	12,780	39,023	1,413	6,317	5,321	15,687	557	2,149	4,772	17,484	2,649	10,632
Missouri.....	56,806	153,562	13,343	35,508	2,607	13,903	12,305	38,012			17,794	53,077	9,757	33,042
North Dakota.....	2,824	7,292	1,229	3,641	125	473	316	5,061			1,854	3,687	197	663
South Dakota.....	3,601	6,960	954	2,158	67	193	1,100	2,387			1,284	2,006	136	214
Little Rock	97,912	279,691	34,879	100,256	7,147	34,157	8,397	24,081			37,297	87,089	10,192	33,508
Arkansas.....	7,795	16,773	2,533	6,290	231	790	1,966	3,787			3,081	5,328	984	578
Louisiana.....	18,491	55,323	7,696	26,558	793	4,720	5,374	1,977			7,033	16,924	2,085	5,329
Mississippi.....	7,171	15,437	1,893	285	349	1,343	1,414	2,983			2,911	3,410	697	1,417
New Mexico.....	2,993	7,551	857	2,107	113	48	527	1,691			1,439	3,450	127	265
Texas.....	61,489	184,597	21,990	61,218	5,851	27,247	3,816	13,643			22,813	56,577	7,019	25,912
Topeka	84,799	212,328	35,634	91,266	2,043	9,805	10,826	27,517			29,477	61,982	6,819	21,758
Colorado.....	20,815	61,229	4,610	13,830	230	1,263	1,756	5,732			11,850	31,002	2,369	9,402
Kansas.....	19,901	45,050	11,455	26,439	370	1,588	3,285	7,502			3,688	6,697	1,103	2,824
Nebraska.....	12,657	30,367	6,272	14,974	861	3,729	1,175	3,825			3,413	5,906	1,496	1,933
Oklahoma.....	31,426	75,682	13,297	36,023	582	3,225	4,610	10,458			10,526	18,377	2,411	7,599
Portland.....	59,071	177,013	18,184	52,940	1,355	5,581	14,408	43,626	1,397	6,054	17,762	42,909	5,965	25,903
Idaho.....	4,612	11,948	1,462	3,634	129	510	611	2,028			1,933	4,236	477	1,240
Montana.....	3,544	9,740	1,336	3,740	47	220	536	1,839			1,473	3,619	152	322
Oregon.....	14,649	42,450	4,598	14,293	520	2,248	1,311	4,178	127	465	7,209	17,412	884	3,854
Utah.....	6,642	20,354	1,653	5,473	410	1,485	2,374	7,582			1,490	3,428	715	2,386
Washington.....	27,269	85,395	8,596	23,884	243	1,090	8,911	25,720	1,270	5,589	4,617	11,203	3,632	17,900
Wyoming.....	2,355	7,126	539	1,616	6	19	665	2,279			1,040	3,011	3,105	201
Los Angeles	228,675	843,997	39,116	150,830	3,765	29,691	44,194	212,684			114,415	326,761	27,185	124,031
Arizona.....	6,753	22,402	904	2,998	81	335	1,265	4,497			4,281	13,866	222	706
California.....	220,194	815,889	37,911	146,867	3,665	26,276	42,620	207,065			109,089	309,509	26,909	123,152
Nevada.....	1,728	5,696	301	965	19	80	309	1,092			1,045	3,386	54	173

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

(In millions of dollars)

Type of mortgagee	1932	1933	1934	1935	1936	1937	1938
Savings and loan associations.....	\$5,148	\$4,437	\$3,710	\$3,293	\$3,237	\$3,420	\$3,555
Insurance companies.....	1,724	1,599	1,379	1,281	1,245	1,246	1,320
Mutual savings banks.....	3,375	3,200	3,000	2,850	2,750	2,700	2,670
Commercial banks.....	1,995	1,810	1,189	1,189	1,230	1,400	1,600
Home Owners' Loan Corporation.....	-----	132	2,379	2,897	2,763	2,308	2,169
Individuals and others.....	7,000	6,700	6,200	6,000	6,000	6,180	6,332
Total.....	19,242	17,878	17,857	17,510	17,225	17,344	17,646

Type of mortgagee	1939	1940	1941	1942	1943	1944
Savings and loan associations.....	\$3,758	\$4,084	\$4,552	\$4,556	\$4,584	\$4,799
Insurance companies.....	1,490	1,758	1,976	2,255	2,410	2,458
Mutual savings banks.....	2,680	2,700	2,730	2,700	2,660	2,570
Commercial banks.....	1,810	2,095	2,470	2,480	2,450	2,410
Home Owners' Loan Corporation.....	2,038	1,956	1,777	1,567	1,338	1,091
Individuals and others.....	6,440	6,510	6,590	6,350	6,100	6,200
Total.....	18,216	19,103	20,095	19,908	19,542	19,528

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

¹ Revised.

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

EXHIBIT 8.—Estimated long-term savings of individuals in selected institutions

(In millions of dollars)

	1937	1938	1939	1940	1941	1942	1943	1944	Percent change 1943-44
Total.....	\$49,109	\$51,144	\$54,190	\$57,633	\$62,023	\$71,084	\$86,815	\$107,042	+23.3
Life insurance companies ¹	20,510	21,858	23,381	25,025	27,393	29,610	31,256	34,100	+9.1
Mutual savings banks ²	10,126	10,235	10,481	10,618	10,490	10,621	11,707	13,332	+13.9
Insured commercial banks ³	12,100	12,196	12,622	13,062	13,261	13,916	16,864	21,728	+28.8
Savings and loan associations ⁴	4,011	4,035	4,092	4,304	4,652	4,910	5,491	6,305	+14.8
Postal savings ⁵	1,303	1,286	1,315	1,342	1,392	1,417	1,837	2,342	+27.6
2½% postal savings bonds ⁶	95	92	90	87	85	84	83	82	-1.2
United States Savings Bonds ⁷	964	1,442	2,209	3,195	4,750	10,526	19,574	29,153	+48.9

¹ Revised.

² Estimated accumulated savings in United States life insurance companies. Represents reserves plus dividends unpaid and left to accumulate and surplus to policyholders, except that deduction is made of policy notes and loans and net deferred and unpaid premiums. Source: The Spectator.

³ Deposits. Source: The Month's Work published by the National Association of Mutual Savings Banks.

⁴ Deposits evidenced by savings passbooks for insured commercial banks. Figures since 1942 are estimated. Source: FDIC

⁵ Estimated private investments in savings and loan associations including deposits and investment securities. Excludes shares pledged against mortgage loans. Source: Federal Home Loan Bank Administration.

⁶ Due depositors; outstanding principal and accrued interest on certificates of deposit, 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.

Prepared by the Division of Operating Statistics, Federal Home Loan Bank System

EXHIBIT 9.—Federal Home Loan Bank Administration—Members of the Federal Savings and Loan Advisory Council during the meetings held in the fiscal year 1945

Federal Home Loan Bank District	Member	Elected or appointed
Boston	Raymond P. Harold	Elected.
Do	Joseph H. Soliday	Appointed.
New York	J. Alston Adams	Elected.
Pittsburgh	James J. O'Malley	Do.
Do	Charles S. Tippetts	Appointed.
Winston-Salem	Frank Muller, Jr.	Elected.
Cincinnati	W. Megrue Brock	Do.
Indianapolis	Walter Gehrke	Do.
Do	Herman B. Wells	Appointed.
Chicago	Arthur G. Erdmann	Elected.
Des Moines	Roy W. Larsen	Do.
Little Rock	J. J. Miranne	Do.
Do	Ben H. Woolen	Appointed.
Topeka	Ray H. Babbitt	Elected.
Do	William M. Jardine	Appointed.
Portland	Keith Powell ¹	Elected.
Do	S. S. Selak ²	Do
Los Angeles	J. K. Baillie	Do
Do	David G. Davis	Appointed.

¹ Resigned Jan. 8, 1945² Vice Powell**EXHIBIT 10.—Federal Home Loan Bank Administration (Administrative Department) statement of receipts and disbursements, fiscal year 1945 (cash basis)**

Balance at beginning of 1945 fiscal year	40
Receipts by sources:	
Contributions	
Home Owners' Loan Corporation	\$163,144.00
Federal Savings and Loan Insurance Corporation	103,933.00
Federal Home Loan Bank Administration (System)	139,867.00
Collection from United States Treasury	356.16
Miscellaneous refunds	244.29
Total receipts	\$407,544.45
Disbursements:	
Salaries	\$301,714.45
Communications	3,893.90
Rents and utilities	33,902.25
Other contractual services	1,835.72
Supplies and materials	1,038.27
Total disbursements	342,384.59

Balance at close of 1945 fiscal year 65,159.86

¹ Prior to July 1, 1944, the activities of the Administrative Department of the Federal Home Loan Bank Administration were not segregated, but were grouped with the over-all activities of the Federal Home Loan Bank Administration. This Department now operates under a separate budget.

EXHIBIT 11.—Federal Home Loan Bank Administration—Number of employees

July 1	Adminis- trative De- partment	Federal Home Loan Bank System	Federal Savings and Loan Insurance Corpora- tion	Home Owners' Loan Corporation		Total
				Home office	Field	
1939		359	39	1,318	9,689	11,405
1940		398	47	1,274	8,569	10,288
1941		451	56	1,256	6,508	8,271
1942		359	74	1,026	4,202	5,661
1943		299	60	750	2,569	3,678
1944	95	315	53	464	1,933	2,860
1945	89	324	52	335	1,411	2,211

EXHIBIT 12.—*Federal Home Loan Bank System—Number and estimated assets of member institutions June 30, 1944, and June 30, 1945*

Federal Home Loan Bank District and States	Number of members		Assets of members (in thousands of dollars)	
	1944	1945	1944	1945
United States.....	13,714	13,696	\$6,840,241	\$7,969,978
No. 1—Boston.....	236	239	1,045,816	1,203,256
Connecticut.....	51	52	188,154	240,494
Maine.....	22	22	29,891	28,185
Massachusetts.....	132	134	678,494	763,234
New Hampshire.....	21	21	88,701	99,272
Rhode Island.....	5	5	53,851	63,975
Vermont.....	5	5	6,725	8,096
No. 2—New York.....	359	361	694,444	842,765
New Jersey.....	223	221	272,511	325,208
New York.....	136	140	421,933	517,557
No. 3—Pittsburgh.....	453	442	370,224	441,092
Delaware.....	7	7	3,965	4,656
Pennsylvania.....	419	408	340,588	408,175
West Virginia.....	27	27	25,671	28,261
No. 4—Winston-Salem.....	412	410	905,344	1,024,646
Alabama.....	27	27	29,074	33,593
District of Columbia.....	22	23	188,579	215,974
Florida.....	50	50	126,802	166,573
Georgia.....	55	55	62,578	81,424
Maryland.....	63	62	113,259	130,264
North Carolina.....	112	110	264,313	260,730
South Carolina.....	44	44	55,495	61,794
Virginia.....	39	39	67,244	74,294
No. 5—Cincinnati.....	561	559	1,117,746	1,309,868
Kentucky.....	75	75	96,725	111,422
Ohio.....	450	449	975,364	1,141,433
Tennessee.....	36	35	45,657	57,013
No. 6—Indianapolis.....	221	221	399,626	461,464
Indiana.....	163	162	236,606	273,191
Michigan.....	58	59	163,020	188,273
No. 7—Chicago.....	454	457	578,852	691,543
Illinois.....	341	343	444,093	539,804
Wisconsin.....	113	114	134,759	151,739
No. 8—Des Moines.....	238	235	322,968	377,047
Iowa.....	72	72	69,266	80,645
Minnesota.....	43	42	105,070	130,349
Missouri.....	100	98	128,115	140,270
North Dakota.....	13	13	15,844	20,006
South Dakota.....	10	10	4,673	5,777

¹ The number of members, by type of institution, was as follows:

	June 30, 1944	June 30, 1945
Savings and loan associations.....	3,671	3,656
Savings banks.....	22	25
Life insurance companies.....	21	15
Total.....	3,714	3,696

EXHIBIT 12.—Federal Home Loan Bank System—Number and estimated assets of member institutions June 30, 1944, and June 30, 1945—Continued

Federal Home Loan Bank District and States	Number of members		Assets of members (in thousands of dollars)	
	1944	1945	1944	1945
No. 9—Little Rock	278	271	\$456,834	\$463,332
Arkansas.....	40	40	22,405	24,526
Louisiana.....	67	66	110,030	114,175
Mississippi.....	26	25	32,409	12,994
New Mexico.....	14	14	8,524	9,510
Texas.....	131	126	283,466	302,127
No. 10—Topeka	209	207	221,885	254,036
Colorado.....	39	39	41,276	47,844
Kansas.....	87	86	66,912	77,160
Nebraska.....	31	30	32,842	35,487
Oklahoma.....	52	52	80,855	93,545
No. 11—Portland	128	128	249,708	311,824
Idaho.....	8	8	12,645	16,721
Montana.....	14	14	14,507	15,817
Oregon.....	26	26	50,772	62,442
Utah.....	10	10	29,652	36,301
Washington.....	59	59	138,859	170,724
Wyoming.....	10	10	7,526	8,907
Alaska.....	1	1	747	912
No. 12—Los Angeles	165	166	476,794	589,105
Arizona.....	3	3	9,654	16,503
California.....	156	157	457,755	561,558
Nevada.....	1	1	1,169	1,305
Hawaii.....	5	5	8,276	9,739

Source Division of Operating Statistics, Federal Home Loan Bank System

EXHIBIT 13.—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 outstanding
Fiscal year			
1933.....	\$48,894,602.41	\$1,230,772.82	\$47,663,829.59
1934.....	62,871,970.22	25,387,446.72	85,148,354.00
1935.....	36,683,308.61	42,599,148.52	79,232,514.10
1936.....	78,195,224.32	38,846,900.50	118,586,838.00
1937.....	114,287,052.41	65,817,003.85	107,056,886.56
1938.....	105,432,157.95	76,264,107.15	196,224,937.35
1939.....	76,659,074.62	103,922,448.88	168,964,563.10
1940.....	108,009,901.23	119,574,417.17	187,397,047.16
1941.....	142,876,863.45	180,375,280.91	169,897,389.70
1942.....	155,025,046.83	132,277,500.65	192,644,955.89
1943.....	96,346,312.85	198,799,071.97	90,191,576.76
1944.....	222,500,864.94	184,414,893.59	128,277,546.11
1944—July	28,484,109.00	20,640,683.02	186,118,012.49
August.....	4,073,930.00	26,516,064.94	113,673,877.55
September.....	6,992,758.33	25,465,647.30	95,200,988.58
October.....	4,180,989.99	18,868,647.81	80,513,330.76
November.....	30,736,883.50	10,872,000.62	100,378,213.04
December.....	47,131,991.74	16,947,256.28	130,562,949.10
1945—January	10,946,300.00	35,783,245.44	105,726,003.06
February.....	1,534,125.00	28,089,753.80	79,170,374.86
March.....	2,769,888.00	20,881,742.95	61,058,518.91
April.....	3,080,980.00	12,079,092.50	52,040,416.41
May.....	6,306,764.00	7,423,464.75	50,923,715.06
June.....	86,734,092.84	5,991,733.27	131,665,985.23
Total, fiscal year 1945	232,947,723.40	220,556,284.28	
Grand total through June 30, 1945	1,480,728,803.24	1,349,062,816.01	

EXHIBIT 14.—Interest rates charged member institutions on new advances July 1, 1945

Federal Home Loan Bank	Rate in effect	Type of advance
Boston.....	Percent 1½	Short-term advances amortized within 1 year, or without amortization when 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.
	2	On advances for 5 years for GI loans, such advances to be amortized at a rate of 5 percent quarterly.
	2½	All other advances.
New York.....	1½	On short-term advances.
	2½	On long-term advances.
Pittsburgh.....	1½	On secured advances not to exceed 6 months for the purchase of Government securities during war-loan drives with bimonthly amortization of 33½ percent.
	2	Secured advances up to 5 years with quarterly amortization of 2½ percent for purpose of repurchasing HOLC share investments.
	2½	On advances up to 5 years, advances exceeding 1 year to be collateralized and amortized 2½ percent quarterly. Within certain limits unsecured advances may be made for a term not to exceed 1 year.
	3	All other advances.
Winston-Salem.....	2	All advances.
Cincinnati.....	1½	On advances not exceeding 1 year secured by (1) obligations of or guaranteed by the Government, (2) other acceptable collateral, advances so secured not to exceed current redemption price of series F and G savings bonds held by member.
	2	All other advances.
Indianapolis.....	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.
Chicago.....	1½	On short-term advances amortized in equal monthly, quarterly, or semi-annual installments, such advances must not exceed in the aggregate 10 percent of the gross assets of borrowing member.
	1	On short-term advances which exceed 10 percent of member's gross assets or which are unamortized.
	3	On long-term advances.
Des Moines.....	1½	On secured advances not exceeding 6 months, without amortization requirement, for purchase of Government bonds. Such advances, together with other type of short-term advances to a member shall not exceed 40 percent of its line of credit.
	2	Advances not exceeding 1 year.
	2½	Advances exceeding 1 year.
Little Rock.....	2	All advances.
Topeka.....	2½	Do.
Portland.....	2	Advances collateralized by Government obligations.
	2	On unsecured advances not exceeding 6 months, for the retirement of Treasury or HOLC moneys during the month of July 1945, renewal of such loans to be on a secured basis.
	3	All other advances.
Los Angeles.....	1½	On 1 year secured advances to replace funds invested in Government securities between Jan. 1, 1942, and Apr. 1, 1945, payable quarterly (total obtainable limited to purchase price or par value, whichever is less, of securities purchased).
	1½	On 6 months secured advances for purchase of Government securities or to replace funds so invested since Apr. 1, 1945, payable quarterly (total obtainable limited to purchase price or par value, whichever is less, of securities purchased). (Foregoing advances limited to \$100,000, or 60 percent of line of credit, whichever is greater)
	2	All other advances.

NOTE.—Rates on advances to nonmembers are ½ percent higher, except Cincinnati which charges 1 percent more.

Order 3764, Mar. 15, 1945: Effective Apr. 1, 1945, all advances made by a Bank for the purpose of enabling member institutions to participate in war-loan drives and/or purchase Government securities through subscription, or otherwise, shall be on a short-term or amortization basis fully repayable within periods not exceeding 6 months.

EXHIBIT 15.—Federal Home Loan Banks—Statement of condition as of June 30, 1945

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
ASSETS							
Cash:							
On hand and on deposit with commercial banks	\$11,948,363.22	\$11,948,363.22	\$524,397.99	\$602,755.60	\$2,411,880.86	\$77,789.72	\$2,532,813.32
On deposit with United States Treasurer	5,439,093.53	5,439,093.53	74,334.15	511,153.69	227,274.10	196,179.43	807,101.65
On deposit with other Federal Home Loan banks	0	7,500,000.00	0	4,000,000.00	0	0	1,500,000.00
Total	17,387,456.75	24,887,456.75	598,732.14	5,113,909.29	2,639,154.96	273,919.15	4,830,914.97
Investments:							
Treasury bills	2,298,411.64	2,298,411.64	0	0	499,828.12	0	0
Other U. S. Government obligations	157,464,041.38	157,464,041.38	13,086,189.21	32,048,765.71	10,372,756.12	7,136,377.27	24,704,150.77
Total	159,762,453.02	159,762,453.02	13,086,189.21	32,048,765.71	10,872,584.24	7,136,377.27	24,704,150.77
Advances outstanding, members	131,665,985.23	131,665,985.23	9,575,094.00	6,834,502.37	11,103,662.00	11,269,075.00	11,843,939.65
Accrued interest receivable	770,566.41	772,292.00	94,254.68	161,457.59	60,775.50	38,596.24	105,244.78
Deferred charges	7,264.38	7,264.38	349.35	167,670.89	398.92	145.66	385.74
Other assets	239,072.10	239,074.87	5,805.90	3,665.45	21,317.34	3,085.03	63,802.52
Total assets	309,832,787.89	317,334,526.25	23,280,435.28	44,162,971.30	24,687,842.96	18,721,198.35	41,557,438.43
LIABILITIES AND CAPITAL							
Liabilities:							
Deposits of member institutions	45,327,829.45	45,327,829.45	914,332.48	11,049,628.61	2,037,993.28	371,100.00	10,800,591.52
Deposits of applicants for membership	42,800.00	42,800.00	0	5,500.00	8,800.00	400.00	13,473.00
Deposits of other Federal Home Loan Banks	7,403,000.00	7,403,000.00	0	0	0	0	0
Accrued interest payable	220,608.90	222,349.56	10,531.44	19,479.68	24,368.00	761.06	15,819.11
Dividends payable	77,397.15	77,397.15	94,309.25	0	0	0	182,049.52
Accounts payable	55,273.45	55,273.45	278.70	4,234.52	0	2,835.02	26,030.74
Consolidated debentures outstanding ¹	50,000,000.00	50,000,000.00	2,000,009.00	5,000,000.00	5,500,000.00	0	2,500,000.00
Total liabilities	96,417,793.95	103,919,506.71	3,019,533.87	16,078,900.81	7,571,131.28	375,196.08	13,547,965.89
Capital:							
Capital stock:							
Reconstruction Finance Corporation (fully paid)	124,509,900.00	124,509,900.00	12,467,500.00	18,963,200.00	11,146,300.00	9,208,200.00	12,775,700.00
Member institutions (subscribed)	69,207,500.00	69,207,500.00	6,513,000.00	7,003,100.00	4,107,800.00	6,883,200.00	12,759,700.00
Total subscribed	193,717,400.00	193,717,400.00	18,980,500.00	25,971,300.00	15,254,100.00	16,091,400.00	25,535,400.00
Less: Unpaid subscriptions of members	5,000.00	5,000.00	0	0	0	5,000.00	0
Total paid in on capital stock	193,712,400.00	193,712,400.00	18,980,500.00	25,971,300.00	15,254,100.00	16,086,400.00	25,535,400.00

See footnote at end of table, p. 51.

EXHIBIT 15.—Federal Home Loan Banks—Statement of condition as of June 30, 1945—Continued

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
LIABILITIES AND CAPITAL—continued							
Surplus:							
Reserve required by sec. 16 of act.	\$8,915,670.72	\$8,915,670.72	\$655,267.29	\$1,094,752.26	\$768,837.53	\$768,838.08	\$1,259,794.54
Reserve for contingencies	2,733,815.34	2,733,815.34	262,240.23	262,240.23	235,000.00	235,000.00	500,000.00
Undivided profits	8,063,133.48	8,063,133.48	625,134.12	755,778.00	1,103,774.15	1,165,784.19	714,278.00
Total surplus	19,702,619.54	19,702,619.54	1,280,401.41	2,112,770.49	1,872,611.68	2,269,602.27	2,474,072.54
Total capital	213,415,019.54	213,415,019.54	20,260,901.41	28,084,070.49	17,126,711.68	18,346,002.27	28,009,472.54
Total liabilities and capital	309,822,787.89	317,334,526.25	23,280,435.28	44,162,971.30	24,697,842.96	18,721,198.35	41,557,438.43
ASSETS							
Cash:							
On hand and on deposit with commercial banks	\$2,050,878.20	\$1,988,222.92	\$183,283.06	\$256,410.58	\$154,557.88	\$353,226.90	\$792,237.19
On deposit with United States Treasurer	100,000.00	700,402.50	640,692.10	937,925.46	718,007.24	267,448.73	228,574.48
On deposit with other Federal Home Loan banks	2,000,000.00	0	0	0	0	0	0
Total	4,150,878.20	2,688,625.42	823,975.16	1,194,345.04	872,565.12	670,675.63	1,020,811.67
Investments:							
Treasury bills	0	0	0	0	0	296,962.53	1,498,620.99
Other U. S. Government obligations	14,291,498.61	6,328,667.35	12,495,152.35	9,116,575.11	8,221,272.96	10,590,620.46	9,152,015.46
Total	14,291,498.61	6,328,667.35	12,495,152.35	9,116,575.11	8,221,272.96	10,890,582.99	10,650,636.45
Advances outstanding, members	8,110,292.48	26,201,750.60	9,853,695.00	4,351,759.50	3,502,420.00	2,368,000.00	26,651,794.63
Accrued interest receivable	76,984.41	37,037.21	65,438.47	46,620.15	45,762.73	37,147.10	33,045.14
Deferred charges	1,105.22	397.46	566.22	180.45	202.87	236.02	2,625.58
Other assets	33,973.07	54,624.57	48,930.64	2,690.44	5.35	293.62	2,940.54
Total assets	26,664,732.39	35,312,022.61	23,287,755.84	14,711,140.69	12,642,220.03	13,636,905.36	38,359,854.01
LIABILITIES AND CAPITAL							
Liabilities:							
Deposits of member institutions	6,406,956.26	5,287,059.08	1,087,184.18	35,000.00	644,177.98	1,207,710.48	5,486,127.83
Deposits of applicants for membership	1,000.00	600.00	4,000.00	1,000.00	0	0	8,025.00
Deposits of other Federal Home Loan Banks	0	0	0	0	0	2,000,000.00	5,800,000.00
Accrued interest payable	27,829.07	25,788.70	33,127.17	7,794.86	3,940.30	9,753.12	43,145.05

Dividends payable.....	102,008.31	189,122.06	89,048.97	56,804.14	48,626.82	39,256.48	0
Accounts payable.....	588.04	7,105.10	1,540.70	844.40	576.90	718.78	340.65
Consolidated debentures outstanding ¹	5,000,000.00	6,000,000.00	8,500,000.00	2,000,000.00	1,000,000.00	2,000,000.00	10,500,000.00
Total liabilities.....	11,538,351.68	11,479,674.94	9,714,901.02	2,101,443.40	1,697,330.70	5,257,438.76	21,837,638.28
Capital:							
Capital stock:							
Reconstruction Finance Corporation (fully paid).....	6,346,300.00	14,173,900.00	7,394,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,867,900.00
Member institutions (subscribed).....	7,578,400.00	7,368,400.00	4,795,600.00	2,648,800.00	2,488,400.00	1,928,600.00	5,127,500.00
Total subscribed.....	13,924,700.00	21,542,300.00	12,190,500.00	11,421,200.00	9,822,000.00	7,888,600.00	15,095,400.00
Less: Unpaid subscriptions of members.....	0	0	0	0	0	0	0
Total paid in on capital stock.....	13,924,700.00	21,542,300.00	12,190,500.00	11,421,200.00	9,822,000.00	7,888,600.00	15,095,400.00
Surplus:							
Reserve required by sec. 16 of act.....	605,287.05	1,178,327.95	608,512.93	537,606.84	427,111.13	339,835.29	641,649.83
Reserve for contingencies.....	0	0	400,000.00	76,375.11	0	400,000.00	800,000.00
Undivided profits.....	596,393.66	1,111,713.72	378,841.89	574,515.34	695,787.20	51,151.31	285,165.90
Total surplus.....	1,201,680.71	2,290,047.67	1,387,354.82	1,188,497.29	1,122,898.33	790,866.60	1,726,815.73
Total capital.....	15,126,380.71	23,832,347.67	13,572,854.82	12,609,697.29	10,944,898.33	8,679,466.60	16,822,215.73
Total liabilities and capital.....	26,664,732.39	35,312,022.61	23,287,755.84	14,711,140.69	12,642,229.03	13,996,905.36	38,359,854.01

¹ 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 16.—Federal Home Loan Banks—Analysis of surplus and undivided profits for the fiscal year ended June 30, 1945

	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Surplus—Reserve as required by sec. 16 of act:						
Balance, June 30, 1944.....	\$8,048,198.63	\$804,702.14	\$989,171.11	\$704,629.28	\$730,351.58	\$1,163,440.36
Add transfers from undivided profits (net).....	868,477.09	50,565.15	105,351.15	64,208.25	68,456.50	96,394.18
Balance, June 30, 1945.....	8,915,670.72	655,267.29	1,094,522.26	768,837.53	798,838.08	1,259,794.54
Surplus—Reserve for contingencies:						
Balance, June 30, 1944.....	2,392,154.21		191,799.28		295,000.00	477,141.18
Add transfers from undivided profits.....	355,447.43		72,373.06			22,858.82
Balance, June 30, 1945.....	2,748,601.64		264,172.34		295,000.00	500,000.00
Deduct: Transfers to undivided profits						
Balance, June 30, 1945.....	2,733,815.34		262,240.23		295,000.00	500,000.00
Undivided profits:						
Balance, June 30, 1944.....	7,063,921.17	610,378.06	660,109.66	965,917.33	1,047,300.88	678,958.72
Add:						
Profits for fiscal year 1945.....	4,347,355.44	252,825.73	527,905.79	321,041.27	342,432.47	481,770.91
Transfers from reserve for contingencies.....	14,786.30	92.48	1,932.11	92.48		80.89
Retirement fund, prior service adjustment.....	532.37		94.14			
Total.....	11,426,925.28	863,296.27	1,190,041.70	1,317,051.08	1,389,733.40	1,160,810.52
Deduct—Dividends declared:						
Reconstruction Finance Corporation.....	1,380,394.03	124,675.00	189,632.00	111,463.00	92,082.00	175,665.88
Members (adj.).....	741,155.40	62,922.00	66,677.49	37,605.08	63,400.71	151,633.64
Transfers to reserves.....	1,225,924.62	50,565.15	177,954.21	64,208.25	68,456.50	119,213.00
Retirement fund (prior service).....	26,287.25					
Total.....	3,373,791.80	238,162.15	434,263.70	213,276.33	223,969.21	446,532.52
Balance, June 30, 1945.....	8,063,133.48	625,134.12	755,778.00	1,103,774.15	1,165,764.19	714,278.00

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
Surplus—Reserve as required by sec. 16 of act:							
Balance, June 30, 1944.....	\$542,509.76	\$1,045,734.37	\$518,770.02	\$500,558.73	\$360,802.24	\$309,766.53	\$375,937.51
Add transfers from undivided profits (net).....	62,777.29	132,593.58	89,742.91	37,048.11	66,508.89	29,918.76	65,692.32
Balance, June 30, 1945.....	605,287.05	1,178,327.95	608,512.93	537,606.84	427,311.13	339,685.29	641,640.83
Surplus—Reserve for contingencies:							
Balance, June 30, 1944.....			250,000.00	78,212.75		400,000.00	700,000.00
Add transfers from undivided profits.....			150,000.00	11,215.55			100,000.00
Deduct: Transfers to undivided profits.....			400,000.00	89,429.30		400,000.00	800,000.00
Balance, June 30, 1945.....			400,000.00	12,854.19			
Undivided profits:							
Balance, June 30, 1944.....	546,829.72	844,534.28	311,885.82	537,787.15	526,979.51	35,797.84	287,441.85
Add:							
Profits for fiscal year 1945.....	313,886.45	682,967.90	448,714.55	185,240.58	332,544.47	149,593.78	328,461.56
Transfers from reserve for contingencies.....				12,854.19			
Retirement fund, prior service adjustment.....	92.48	92.48		92.48	102.46		92.48
Total.....	860,808.65	1,507,594.66	760,600.37	735,974.38	859,626.74	185,391.62	595,995.89
Deduct—Dividends declared:							
Reconstruction Finance Corporation.....	96,927.75	177,173.75	92,436.25	87,724.00	73,336.00	59,600.00	99,679.00
Members (adj.).....	104,709.95	86,107.61	54,579.32	25,671.38	23,994.65	18,404.30	45,458.67
Transfers to reserves.....	62,777.29	132,593.58	239,742.91	48,283.66	66,508.89	29,918.76	165,692.32
Retirement fund (prior service).....						26,287.25	
Total.....	264,414.99	395,874.94	386,758.48	161,659.04	163,839.54	134,210.31	310,829.99
Balance, June 30, 1945.....	596,393.66	1,111,719.72	373,841.89	574,315.34	695,787.20	51,181.31	285,165.90

EXHIBIT 17.—Federal Home Loan Banks—Statement of profit and loss for the fiscal year ended June 30, 1945

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Earned operating income:							
Interest on advances	\$1,727,923.15	\$1,727,923.15	\$132,435.33	\$206,742.00	\$224,674.97	\$128,487.30	\$113,659.22
Interest on securities	3,142,304.02	3,142,304.02	242,068.99	639,282.56	194,777.46	171,058.68	480,371.35
Interest on deposits with other Federal Home Loan Banks	5,973.55	5,973.55	0	2,572.33	181.24	0	110.96
Redemption fees, United States savings bonds	2,217.87	2,217.87	210.00	210.00	420.00	210.00	263.22
Total earned operating income	4,872,445.04	4,879,418.59	374,714.32	748,806.89	420,053.67	300,589.78	584,404.75
Operating expenses:							
Compensation, travel, and other expenses (detail below)	861,503.95	861,504.18	59,699.61	110,829.28	110,867.68	52,833.39	94,343.68
Interest on debentures	430,504.77	430,504.77	17,868.01	54,312.23	49,052.00	1,729.20	25,750.87
Debiture expense:							
Concessions	47,304.37	47,304.37	2,025.92	6,178.93	5,846.77	0	2,532.36
Miscellaneous	21,110.72	21,254.07	1,718.24	1,810.70	1,809.62	1,674.78	1,735.64
Interest on members' deposits	206,717.79	206,717.79	6,235.56	74,201.18	6,034.75	2,408.86	25,492.55
Interest on other Federal Home Loan Banks' deposits	0	6,976.32	0	0	0	0	1,184.38
Assessment of Federal Home Loan Bank Administration	450,000.00	450,000.00	35,105.19	62,248.70	41,532.37	28,364.29	49,192.30
Total operating expenses	2,017,144.60	2,024,261.50	122,652.53	309,581.07	215,146.19	87,010.52	200,231.78
Net operating income	2,855,300.44	2,855,157.09	252,061.79	439,225.82	204,907.48	213,579.26	384,172.97
Nonoperating income:							
Profit, sales of securities	1,505,412.14	1,505,412.14	1,165.18	90,466.33	116,928.33	130,757.82	99,587.44
Miscellaneous	1,284.23	1,427.88	0	260.85	0	.97	268.81
Total nonoperating income	1,506,696.37	1,506,839.72	1,165.18	90,727.18	116,928.33	130,758.79	99,856.25
Nonoperating charges:							
Loss on sale of investments	12,830.44	12,830.44	401.24	1,832.11	794.54	1,871.59	1,478.42
Furniture and equipment purchased	1,780.53	1,780.83	0	113.10	0	33.99	1,779.89
Total nonoperating charges	14,611.37	14,611.37	401.24	2,047.21	794.54	1,905.58	2,258.31
Net income	4,347,385.44	4,347,385.44	252,825.73	527,905.79	321,041.27	342,432.47	481,770.91

DETAIL OF COMPENSATION, TRAVEL AND OTHER EXPENSES							
Compensation							
Directors' fees.....	39,005.00	39,005.00	2,440.00	5,010.00	3,050.00	2,250.00	4,495.00
Officers' salaries.....	301,121.21	301,121.21	29,375.00	38,539.96	24,862.50	17,600.00	29,365.40
Counsel's compensation.....	34,226.04	34,226.04	3,500.00	3,635.04	4,300.00	3,000.00	4,001.00
Other salaries.....	213,723.40	213,723.40	8,430.00	31,017.76	43,278.05	15,217.80	27,866.25
Total compensation.....	588,075.65	588,075.65	43,745.00	78,202.76	75,490.55	35,367.80	65,727.65
Travel expense:							
Directors.....	37,032.24	37,032.24	1,012.37	1,695.54	4,336.93	3,019.90	3,927.87
Officers.....	22,520.61	22,520.61	879.65	2,119.99	3,313.17	2,819.97	1,175.68
Counsel and others.....	2,455.20	2,455.20	38.13	129.51	1,441.12	4.97	285.67
Maintenance and operation costs of automobile.....	1,079.77	1,079.77	212.66	0	201.64	0	167.11
Total travel expense.....	63,087.82	63,087.82	2,162.81	3,945.04	9,292.86	5,844.84	5,566.33
Other expenses:							
Retirement fund contributions.....	26,604.98	26,604.98	2,267.46	4,252.09	4,606.84	0	3,376.84
Telephone and telegraph.....	10,790.92	10,790.92	1,588.00	1,777.81	2,651.80	1,293.94	1,982.04
Postage and expressage.....	20,392.22	20,392.22	712.61	2,139.07	2,290.06	1,833.24	1,775.26
Stationery, printing, and other office supplies.....	15,840.72	15,840.72	1,294.48	1,673.44	1,639.92	1,105.06	2,507.75
Rent of banking quarters, less rent charged FHLBA.....	64,415.32	64,415.32	2,499.96	9,375.00	8,875.32	2,885.00	8,400.04
Maintenance of banking quarters and equipment.....	13,655.30	13,655.30	833.25	2,257.94	421.57	535.20	1,469.47
Services of FHLBA's Examining Division.....	8,295.53	8,295.53	1,023.00	170.01	223.31	2,379.81	14.32
Safeguarding and protection services.....	9,635.60	9,635.60	25.00	0	0	0	0
Insurance and surety-bond premiums.....	15,213.73	15,213.73	1,240.57	2,543.32	1,393.25	768.19	1,319.51
Reports and other publications.....	3,887.82	3,887.82	66.50	411.38	645.60	189.25	215.08
Stockholders' annual meeting expense.....	2,550.57	2,550.57	0	1,833.47	0	0	0
Dues and subscriptions.....	4,109.62	4,109.62	479.04	673.24	541.94	126.38	454.08
Public relations expense.....	3,486.26	3,486.26	231.57	936.61	267.85	320.31	71.82
Miscellaneous operating expenses.....	11,455.99	11,453.22	1,730.46	658.10	2,225.82	204.27	1,463.49
Total other expenses.....	210,343.48	210,340.71	13,791.80	23,081.48	26,084.27	11,620.75	23,049.70
Total compensation, travel and other expenses.....	861,506.95	861,504.18	59,699.61	110,829.28	110,857.68	52,833.39	94,343.68

EXHIBIT 17.—Federal Home Loan Banks—Statement of profit and losses for the fiscal year ended June 30, 1946—Continued.

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
Earned operating income							
Interest on advances	\$124,451.38	\$246,516.64	\$102,564.09	\$85,929.09	\$79,905.90	\$27,235.97	\$285,221.26
Interest on securities	278,398.29	277,014.28	244,273.24	194,113.46	167,727.54	160,196.96	192,491.22
Interest on deposits with other Federal Home Loan Banks	288.36	843.82	0	688.32	0	0	1,409.83
Redemption fees, United States savings bonds	210.70	239.50	210.00	210.00	3.50	55.40	5.55
Total earned operating income	404,066.42	524,589.24	347,040.33	280,941.07	247,636.94	187,438.32	459,057.86
Operating expenses							
Compensation, travel, and other expenses (detail below)	56,352.57	82,271.91	57,602.69	61,308.44	57,115.50	46,280.27	71,009.16
Interest on debentures	43,802.04	50,312.84	58,135.77	17,988.01	10,236.06	14,385.92	87,041.82
Debiture expense							
Concessions	5,064.69	4,963.40	6,660.02	2,025.92	1,012.91	1,468.76	9,521.64
Miscellaneous	1,792.78	1,807.99	1,855.30	1,716.96	1,701.41	1,419.09	1,011.56
Interest on members' deposits	24,485.80	23,893.91	8,447.13	355.28	1,004.26	4,775.13	28,383.35
Interest on other Federal Home Loan Banks' deposits	0	0	1,029.48	191.52	1,409.83	690.41	2,470.70
Assessment of Federal Home Loan Bank Administration	38,195.47	44,880.54	32,856.58	29,659.91	26,027.86	18,815.73	42,121.06
Total operating expenses	169,693.35	203,130.59	166,676.97	113,126.04	98,507.86	88,145.31	245,359.29
Net operating income	234,393.07	316,458.65	180,372.36	167,815.03	149,129.08	99,343.01	213,698.57
Nonoperating income:							
Profit, sales of securities	80,981.48	347,050.75	270,023.00	17,769.16	183,679.39	50,622.19	116,375.07
Miscellaneous	40.50	0	9.81	30.00	0	0	816.64
Total nonoperating income	81,021.98	347,050.75	270,038.81	17,799.16	183,679.39	50,622.19	117,191.71
Nonoperating charges							
Loss on sale of investments	1,410.11	531.30	1,696.62	373.63	0	289.52	2,051.36
Furniture and equipment purchased	118.49	10.20	0	0	264.00	81.90	377.36
Total nonoperating charges	1,528.60	541.50	1,696.62	373.63	264.00	371.42	2,428.72
Net income	313,886.45	662,967.90	448,714.55	185,240.56	332,544.47	149,593.78	328,461.56

EXHIBIT 18.—Federal Home Loan Bank System of the Federal Home Loan Bank Administration—Statement of receipts and disbursements during the fiscal years 1944 and 1945

[Cash basis]

	Fiscal, 1944	Fiscal, 1945
Balance at beginning of fiscal year.....	\$409, 119. 12	\$289, 216. 31
Receipts, by sources.		
Treasury appropriation.....	0	0
Home Owners' Loan Corporation.....	27, 957 44	1, 669. 70
Federal Savings and Loan Insurance Corporation.....	75, 702. 99	121, 902. 82
Fees, Examining Division and Review Committee.....	953, 477 51	961, 958. 06
National Housing Agency.....	0	565. 32
Administrative Department, Federal Home Loan Bank Administration.....	0	802. 17
Federal Works Agency.....	0	868. 99
Department of Justice.....	0	344. 15
Miscellaneous refunds.....	6, 662 90	540. 52
Federal Home Loan banks.....	350, 000. 00	450, 000. 00
Sale of material.....	445 00	85 00
Refund from Treasury.....	1, 826 41	0
Refund from Federal Loan Agency.....	216 73	0
Refund from National Housing Agency.....	1, 814. 84	744. 74
Total receipts.....	1, 418, 104. 82	1, 539, 481. 47
Total cash and receipts.....	1, 827, 223. 94	1, 828, 697. 78
Disbursements		
Salaries.....	1, 010, 073 87	1, 057, 830. 01
Supplies and materials.....	6, 805 19	8, 022 33
Communications.....	14, 481 80	11, 407 89
Travel.....	202, 155 41	193, 946 48
Transportation of things.....	355 49	485. 52
Printing and binding.....	2, 802 49	746. 63
Other contractual services.....	189, 195 53	44, 059. 21
Rents and utilities.....	69, 230 36	63, 578 98
Equipment, furniture, and fixtures.....	135 94	433 40
Periodicals and newspapers.....	317. 55	271. 08
Repayment to Home Owners' Loan Corporation and Federal Savings and Loan Insurance Corporation.....	0	0
Transferred to administrative expenses:		
Federal Loan Agency assessments.....	0	0
National Housing Agency assessments.....	42, 454 00	28, 452. 00
Administrative Department, Federal Home Loan Bank Administration.....	0	139, 867. 00
Total disbursements.....	1, 538, 007 63	1, 549, 100. 53
Balance at end of fiscal year.....	289, 216 31	279, 597. 25

EXHIBIT 19.—Names and addresses of Federal Home Loan Banks and area served by each

Name and address	Area served
Federal Home Loan Bank of Boston, 111 Devonshire St., Boston 9, Mass.....	Connecticut. Maine. Massachusetts. New Hampshire Rhode Island. Vermont.
Federal Home Loan Bank of New York, 165 Broadway, New York 6 N. Y.....	New Jersey New York. Puerto Rico. Virgin Islands.
Federal Home Loan Bank of Pittsburgh, 1510 Clark Bldg., 7th St. and Liberty Ave., Pittsburgh 22, Pa.	Delaware. Pennsylvania. West Virginia
Federal Home Loan Bank of Winston-Salem, Reynolds Bldg., Winston-Salem 3, N. C.	Alabama. District of Columbia. Florida. Georgia. Maryland. North Carolina South Carolina. Virginia.
Federal Home Loan Bank of Cincinnati, Chamber of Commerce Bldg., Cincinnati, 2, Ohio	Kentucky. Ohio. Tennessee.

EXHIBIT 19.—Names and addresses of Federal Home Loan Banks and area served by each—Continued

Name and address	Area served
Federal Home Loan Bank of Indianapolis, 614 Guaranty Bldg., Indianapolis 4, Ind.	Indiana.
Federal Home Loan Bank of Chicago, 105 West Monroe St., Chicago 3, Ill.	Michigan.
Federal Home Loan Bank of Des Moines, Des Moines, Bldg., Des Moines 9, Iowa.	Illinois.
	Wisconsin.
	Iowa.
	Minnesota.
	Missouri.
	North Dakota.
	South Dakota.
Federal Home Loan Bank of Little Rock, 623 Main St., Little Rock, Ark.	Arkansas.
	Louisiana.
	Mississippi.
	New Mexico.
	Texas.
Federal Home Loan Bank of Topeka, National Bank of Topeka Bldg., Topeka, Kans.	Colorado.
	Kansas.
	Nebraska.
	Oklahoma.
Federal Home Loan Bank of Portland, 608 Pacific Bldg., Portland 4, Oreg.	Alaska.
	Idaho.
	Montana.
	Oregon.
	Utah.
	Washington.
	Wyoming.
Federal Home Loan Bank of Los Angeles, 311 South Spring St., Los Angeles 13, Calif.	Arizona.
	California.
	Hawaii.
	Nevada.

EXHIBIT 20.—New mortgage loans made by member savings and loan associations

{In thousands of dollars}

Period	Total	Construc- tion	Home pur- chase	Refinanc- ing	Recondi- tioning	Other
Fiscal year 1943, total	895,534	112,308	545,580	148,017	29,070	60,559
Third quarter, 1942	239,077	39,233	135,807	38,631	9,695	15,711
Fourth quarter, 1942	201,228	26,011	118,594	35,048	7,282	14,293
First quarter, 1943	181,486	19,706	108,828	33,755	5,315	13,882
Second quarter, 1943	273,743	27,358	182,351	40,583	6,778	16,673
Fiscal year 1944, total	1,220,163	114,705	849,336	147,366	27,180	81,570
Third quarter, 1943	313,694	32,215	216,798	39,205	7,684	17,692
Fourth quarter, 1943	282,133	24,732	194,716	35,558	6,842	20,285
First quarter, 1944	265,384	27,705	179,962	32,955	5,059	19,693
Second quarter, 1944	358,952	29,053	257,860	39,638	7,601	23,900
Fiscal year 1945, total	1,453,931	89,438	1,005,605	164,137	28,987	105,764
Third quarter, 1944	362,131	20,134	270,386	39,913	8,012	23,686
Fourth quarter, 1944	331,636	15,598	245,858	39,408	6,464	24,308
First quarter, 1945	319,484	14,036	235,009	38,220	5,743	20,476
Second quarter, 1945	440,680	39,670	314,352	46,596	8,768	31,294

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

EXHIBIT 21.—Combined statement of condition of member savings and loan associations, as of Dec. 31, 1943 and 1944

[In thousands of dollars]

	All member associations		Federal associations		Insured State associations		Uninsured State associations	
	1943	1944	1943	1944	1943	1944	1943	1944
Number of reporting associations.....	3,701	3,656	1,466	1,464	974	995	1,261	1,197
ASSETS								
First mortgage loans.....	4,047,693	4,273,720	1,920,735	2,063,038	1,103,944	1,204,765	1,023,014	1,005,917
Other loans (including share loans).....	14,262	12,002	4,442	4,297	4,034	2,698	5,786	5,007
Real estate sold on contract.....	141,422	116,748	52,245	44,447	51,269	43,435	37,908	28,866
Real estate owned.....	69,512	36,827	21,344	13,011	21,658	11,355	26,510	12,461
Federal Home Loan Bank stock.....	56,024	62,251	28,204	32,524	15,288	17,012	12,532	12,715
U. S. Government obligations.....	738,648	1,490,747	375,201	811,288	206,077	410,018	157,370	269,441
Other investments (including accrued interest).....	25,070	22,977	3,386	3,271	13,015	11,822	8,669	7,884
Cash on hand and in banks.....	387,229	347,348	183,750	167,028	119,054	103,044	84,425	77,276
Office building (net).....	46,850	47,807	21,547	22,965	13,644	14,117	11,659	10,725
Furniture, fixtures, and equipment (net).....	5,216	4,890	2,808	3,003	1,564	1,370	844	517
Other assets.....	6,674	7,445	2,392	2,642	1,728	1,975	2,554	2,828
Total assets.....	5,538,600	6,422,762	2,616,054	3,167,514	1,551,275	1,821,611	1,371,271	1,433,637
LIABILITIES AND CAPITAL								
U. S. Government investment.....	69,326	35,529	54,454	28,393	14,872	7,136		
Private repurchasable shares ¹	4,689,103	5,500,973	2,260,034	2,764,077	1,306,856	1,549,892	1,122,213	1,187,004
Mortgage pledged shares.....	112,057	103,445	4,324	3,145	17,876	21,262	89,867	79,038
Advances from Federal Home Loan Banks.....	107,869	126,882	74,386	89,680	25,696	32,175	7,787	5,027
Other borrowed money.....	19,148	63,627	12,111	45,605	3,402	9,981	3,635	7,941
Loans in process.....	37,508	35,134	21,651	18,757	13,292	13,038	2,565	3,339
Advance payments by borrowers.....	26,082	30,109	12,544	14,180	8,092	9,235	5,446	6,694
Other liabilities ²	22,077	22,169	10,104	10,496	7,568	8,273	4,405	3,400
Permanent reserve or guaranty stock.....	25,509	25,936			21,450	22,073	4,059	3,863
Deferred credit to future operations.....	12,513	10,312	5,161	4,302	3,642	3,265	3,710	2,745
Specific reserves.....	7,480	7,543	3,675	3,876	2,119	2,206	1,686	1,461
General reserves.....	273,591	313,610	98,310	120,344	90,298	103,215	84,983	90,051
Undivided profits and surplus.....	136,337	147,593	59,300	64,659	36,112	39,860	40,925	43,074
Total liabilities and capital.....	5,538,600	6,422,762	2,616,054	3,167,514	1,551,275	1,821,611	1,371,271	1,433,637

¹ Includes deposits and investment certificates.

² Includes bonus on shares.

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

EXHIBIT 22.—Combined statement of operations of member savings and loan associations for the year ending Dec. 31, 1944

	All member associations	Federal associations	Insured State associations	Uninsured State associations	Ratio to gross operating income			
					All member associations	Federal associations	Insured State associations	Uninsured State associations
Number of associations reporting operations.....	3, 652	1, 464	994	1, 194	3, 652	1, 464	994	1, 194
Gross operating income:								
Interest:								
On mortgage loans:								
Ordinary cash collections.....	\$226, 002, 738	\$107, 702, 987	\$63, 569, 175	\$54, 717, 576	Percent 83.73	Percent 83.60	Percent 82.59	Percent 83.40
All other.....	1, 106, 183	475, 817	105, 947	131, 416	41	37	25	67
On real estate sold on contract.....	7, 225, 887	2, 759, 143	2, 791, 810	1, 674, 466	2.58	2.14	3.63	2.61
On investments and bank deposits.....	19, 615, 892	10, 743, 004	5, 371, 549	3, 138, 496	7.38	8.34	6.98	5.93
Net income or loss from real estate owned.....	1, 297, 188	135, 417	594, 775	385, 876	48	14	68	92
Gross income from office building.....	3, 452, 597	1, 557, 959	941, 882	912, 686	1.24	1.24	1.22	1.43
All other operating income.....	10, 898, 071	5, 373, 982	3, 575, 030	1, 949, 059	4.04	4.17	4.65	3.04
Gross operating income.....	269, 897, 946	128, 864, 209	76, 964, 177	64, 069, 560	100.00	100.00	100.00	100.00
Less operating expense:								
Compensation to directors, officers, employees, etc.....	37, 153, 905	18, 144, 875	11, 284, 231	7, 734, 799	13.77	14.08	14.66	12.07
Rent, light, heat, etc.....	3, 574, 804	1, 822, 518	1, 011, 551	745, 525	1.32	1.41	1.32	1.16
Repairs, taxes and maintenance of office building.....	3, 256, 512	1, 494, 223	980, 772	775, 817	1.21	1.16	1.29	1.17
Depreciation of office building.....	1, 393, 335	612, 178	478, 401	302, 756	0.49	0.48	0.62	0.47
Advertising.....	4, 766, 909	2, 821, 623	1, 284, 355	680, 190	1.77	2.19	1.67	1.69
Audit.....	808, 402	282, 083	301, 384	224, 935	30	22	30	35
Supervisory examinations and assessments.....	1, 225, 806	513, 504	531, 673	184, 627	45	40	45	38
All other operating expense.....	23, 810, 314	12, 067, 695	7, 833, 298	3, 907, 321	8.82	9.36	10.18	6.10
Total operating expense.....	76, 000, 077	37, 758, 699	23, 716, 068	14, 524, 710	28.16	29.30	30.82	22.67
Net operating income before interest and other charges.....	193, 897, 869	91, 105, 510	53, 247, 509	49, 544, 850	71.84	70.70	69.18	77.33
Less interest charges:								
On advances from Federal Home Loan Bank.....	1, 802, 276	1, 226, 933	441, 840	133, 503	.67	.95	.57	.21
On borrowed money.....	575, 466	284, 932	179, 748	110, 766	.21	.22	.23	.17
Total interest.....	2, 377, 742	1, 511, 865	621, 588	244, 269	.88	1.17	.80	.38

EXHIBIT 22.—Combined statement of operations of member savings and loan associations for the year ending Dec. 31, 1944—Continued

	All member associations	Federal associations	Insured State associations	Uninsured State associations	Ratio to gross operating income			
					All member associations	Federal associations	Insured State associations	Uninsured State associations
					Percent	Percent	Percent	Percent
Net operating income.....	\$191,520,127	\$89,593,625	\$52,625,921	\$49,300,551	70.96	69.53	68.38	76.95
Add nonoperating income.....	6,012,946	2,180,552	2,225,893	1,606,501	2.23	1.69	2.89	2.51
Net income after interest and before charges.....	197,533,073	91,774,177	54,851,814	50,907,052	73.19	71.22	71.27	79.46
Less nonoperating charges.....	2,062,017	828,180	666,884	566,953	.76	.64	.87	.89
Net income for the year.....	195,471,056	90,945,997	54,184,930	50,340,129	72.43	70.58	70.40	78.57
					Ratio to net income			
Less transfers for reserves and dividends:								
Reserves.....					20.46	23.25	20.95	14.92
Dividends (including interest on deposits and investment certificates).....					70.47	67.30	71.31	75.29
Balance to undivided profits.....					9.07	9.45	7.74	9.79

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

EXHIBIT 23.—Federal Savings and Loan Insurance Corporation—Number and assets of all insured associations, as of June 30, 1944 and 1945

Federal Home Loan Bank District and State	All insured				Federal				Insured State			
	Number of associations		Assets		Number of associations		Assets		Number of associations		Assets	
	June 30, 1944	June 30, 1945	June 30, 1944	June 30, 1945	June 30, 1944	June 30, 1945	June 30, 1944	June 30, 1945	June 30, 1944	June 30, 1945	June 30, 1944	June 30, 1945
United States.....	2, 461	2, 471	\$4, 583, 598, 000	\$5, 549, 563, 000	1, 465	1, 465	\$2, 881, 276, 000	\$3, 528, 027, 000	996	1, 006	\$1, 702, 292, 000	\$2, 021, 536, 000
No. 1—Boston.....	65	65	293, 352, 000	293, 352, 000	52	52	228, 465, 000	271, 955, 000	13	13	18, 828, 000	21, 397, 000
Connecticut.....	27	27	67, 136, 000	81, 305, 000	16	16	49, 310, 000	60, 880, 000	11	11	17, 826, 000	20, 425, 000
Maine.....	5	5	2, 158, 000	2, 767, 000	5	5	2, 158, 000	2, 767, 000	0	0	0	0
Massachusetts.....	26	26	154, 183, 000	181, 739, 000	26	26	154, 183, 000	181, 739, 000	0	0	0	0
New Hampshire.....	4	4	15, 346, 000	16, 197, 000	2	2	14, 344, 000	15, 225, 000	2	2	1, 002, 000	972, 000
Rhode Island.....	1	1	2, 872, 000	4, 425, 000	1	1	2, 872, 000	4, 425, 000	0	0	0	0
Vermont.....	2	2	5, 598, 000	6, 919, 000	2	2	5, 598, 000	6, 919, 000	0	0	0	0
No. 2—New York.....	228	236	542, 863, 000	673, 722, 000	74	76	262, 289, 000	327, 274, 000	154	160	280, 574, 000	346, 448, 000
New Jersey.....	117	122	162, 663, 000	205, 487, 000	9	11	12, 497, 000	17, 383, 000	108	111	150, 166, 000	188, 104, 000
New York.....	111	114	380, 200, 000	468, 235, 000	65	65	249, 792, 000	309, 891, 000	46	49	130, 408, 000	158, 344, 000
No. 3—Pittsburgh.....	235	243	280, 052, 000	353, 144, 000	133	134	192, 426, 000	237, 521, 000	102	109	87, 623, 000	115, 623, 000
Delaware.....	1	1	457, 000	565, 000	1	1	457, 000	565, 000	0	0	0	0
Pennsylvania.....	208	216	254, 521, 000	324, 947, 000	110	111	170, 178, 000	212, 836, 000	98	105	84, 343, 000	112, 111, 000
West Virginia.....	26	26	25, 074, 000	27, 632, 000	22	22	21, 794, 000	24, 120, 000	4	4	3, 280, 000	3, 512, 000
No. 4—Winston-Salem.....	287	287	484, 714, 000	592, 843, 000	219	219	384, 160, 000	475, 715, 000	68	68	100, 554, 000	117, 128, 000
Alabama.....	25	25	21, 277, 000	25, 146, 000	17	17	18, 140, 000	21, 384, 000	8	8	3, 137, 000	3, 762, 000
District of Columbia.....	11	11	54, 918, 000	67, 005, 000	3	3	32, 288, 000	40, 260, 000	8	8	22, 630, 000	26, 745, 000
Florida.....	47	47	108, 088, 000	142, 702, 000	46	46	106, 396, 000	140, 860, 000	1	1	1, 642, 000	1, 902, 000
Georgia.....	49	49	60, 376, 000	78, 928, 000	45	45	51, 490, 000	67, 687, 000	4	4	8, 866, 000	11, 241, 000
Maryland.....	43	43	85, 381, 000	100, 589, 000	33	33	69, 917, 000	81, 019, 000	10	10	15, 644, 000	19, 570, 000
North Carolina.....	47	47	63, 732, 000	75, 351, 000	25	25	39, 085, 000	47, 222, 000	22	22	24, 647, 000	28, 123, 000
South Carolina.....	39	39	35, 507, 000	40, 429, 000	30	30	27, 734, 000	31, 706, 000	9	9	7, 773, 000	8, 723, 000
Virginia.....	26	26	55, 485, 000	62, 633, 000	20	20	39, 110, 000	45, 577, 000	6	6	16, 375, 000	17, 056, 000

EXHIBIT 23.—*Federal Savings and Loan Insurance Corporation—Number and assets of all insured associations, as of June 30, 1944 and 1945—*
Continued

Federal Home Loan Bank District and State	All insured			Federal			Insured State		
	Number of associations		Assets	Number of associations		Assets	Number of associations		Assets
	June 30, 1944	June 30, 1945		June 30, 1944	June 30, 1945		June 30, 1944	June 30, 1945	
No. 5—Cincinnati.....	340	338	\$850,487,000	214	215	\$462,558,000	126	123	\$387,931,000
Kentucky.....	57	56	83,681,000	54	54	81,533,000	3	2	2,148,000
Ohio.....	247	247	721,149,000	124	126	333,366,000	123	121	385,783,000
Tennessee.....	36	35	45,657,000	36	35	45,657,000	0	0	0
No. 6—Indianapolis.....	181	180	319,806,000	100	101	216,617,000	81	79	103,192,000
Indiana.....	136	135	198,354,000	69	69	138,410,000	67	66	59,944,000
Michigan.....	45	45	121,455,000	31	32	78,207,000	14	13	43,245,000
No. 7—Chicago.....	302	303	486,387,000	140	139	260,063,000	162	164	226,324,000
Illinois.....	213	213	375,062,000	100	99	221,150,000	113	114	153,912,000
Wisconsin.....	89	90	111,325,000	40	40	38,913,000	49	50	72,412,000
No. 8—Des Moines.....	157	155	259,527,000	109	108	196,059,000	48	47	63,468,000
Iowa.....	42	42	39,683,000	32	32	31,801,000	10	10	7,892,000
Minnesota.....	35	34	98,851,000	31	30	97,678,000	4	4	1,173,000
Missouri.....	66	65	108,226,000	36	36	60,064,000	30	29	48,162,000
North Dakota.....	8	8	9,570,000	6	6	4,585,000	2	2	4,985,000
South Dakota.....	6	6	3,187,000	4	4	1,931,000	2	2	1,256,000
No. 9—Little Rock.....	262	260	277,045,000	165	163	119,543,000	97	97	157,502,000
Arkansas.....	37	37	19,298,000	33	33	16,138,000	4	4	3,130,000
Louisiana.....	68	67	110,040,000	13	13	14,923,000	55	54	95,117,000
Mississippi.....	24	24	10,722,000	21	21	9,443,000	3	3	1,279,000
New Mexico.....	13	13	7,793,000	7	7	3,991,000	6	6	3,802,000
Texas.....	120	119	123,222,000	91	89	75,048,000	29	30	54,174,000
									67,062,000

No. 10—Topeka.....									
31	150	151	180,062,000	212,084,000	97	97	135,562,000	160,327,000	53
59		32	38,403,000	45,647,000	23	23	30,086,000	35,568,000	8
19		59	54,636,000	65,095,000	28	28	33,241,000	40,303,000	31
41		19	13,287,000	15,473,000	15	15	10,759,000	12,640,000	4
		41	73,730,000	85,869,000	31	31	61,476,000	71,823,000	10
No. 11—Portland.....									
112		112	215,944,000	272,624,000	84	84	154,890,000	196,650,000	28
8		8	12,645,000	16,721,000	8	8	12,645,000	16,721,000	0
10		10	13,845,000	15,171,000	3	3	11,340,000	11,524,000	7
22		22	27,800,000	35,587,000	22	22	27,800,000	35,587,000	0
9		9	29,466,000	36,094,000	6	6	14,564,000	16,878,000	3
53		53	125,487,000	160,676,000	35	35	91,840,000	117,565,000	18
		9	5,954,000	7,463,000	9	9	5,954,000	7,463,000	0
		1	747,000	912,000	1	1	747,000	912,000	0
No. 12—Los Angeles.....									
142		141	439,385,000	547,756,000	78	77	268,643,000	345,829,000	64
3		3	9,654,000	16,503,000	2	2	8,135,000	13,985,000	1
134		133	423,119,000	523,923,000	74	73	256,334,000	327,388,000	60
1		1	1,109,000	1,305,000	1	1	1,009,000	1,304,000	0
4		4	5,503,000	6,025,000	1	1	3,063,000	3,151,000	3
No. 13—Los Angeles.....									
142		141	439,385,000	547,756,000	78	77	268,643,000	345,829,000	64
3		3	9,654,000	16,503,000	2	2	8,135,000	13,985,000	1
134		133	423,119,000	523,923,000	74	73	256,334,000	327,388,000	60
1		1	1,109,000	1,305,000	1	1	1,009,000	1,304,000	0
4		4	5,503,000	6,025,000	1	1	3,063,000	3,151,000	3

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

EXHIBIT 24.—*Federal Savings and Loan Insurance Corporation—Statement of condition*

	June 30, 1945	June 30, 1944
ASSETS		
Cash in U. S. Treasury:		
Special deposit account.....	\$1,567,001.28	\$950,478.02
Available for:		
Administrative expenses:		
1942.....	0	2,571.95
1943.....	7,099.84	7,106.98
1944.....	9,680.90	30,472.25
1945.....	51,764.63	0
Employees' bond allotment account.....	633.87	2,339.79
Withholding tax account.....	7,492.40	7,402.60
	<u>1,643,642.92</u>	<u>1,000,371.59</u>
Accounts receivable:		
Insurance premiums:		
Payments due.....	14,712.39	9,721.54
Payments deferred.....	1,391,061.96	1,167,313.19
Admission fees due.....	128.38	0
Due from receiver for institutions in liquidation.....	1,771.73	1,652.53
Miscellaneous.....	11,574.01	345.60
	<u>1,419,188.47</u>	<u>1,179,032.86</u>
Investments:		
U. S. Government obligations and securities fully guaranteed by United States (par value).....	155,462,000.00	146,782,000.00
Net unamortized premium and discount on investments.....	21,100.74	20,408.51
	<u>155,483,100.74</u>	<u>146,802,408.51</u>
Accrued interest on investments.....	<u>163,034.76</u>	<u>181,977.89</u>
Subrogated accounts in insured institutions in liquidation.....	2,169,049.66	3,169,558.02
Less: Allowance for losses.....	<u>615,519.87</u>	<u>701,838.57</u>
	<u>1,553,529.79</u>	<u>2,467,719.45</u>
Total assets.....	<u>160,262,496.68</u>	<u>151,631,510.30</u>
LIABILITIES AND CAPITAL		
Liabilities		
Accounts payable.....	10,719.44	0
Estimated expenses incurred and not billed at close of fiscal year.....	34,536.42	21,638.00
Employees' War Savings bond allotments.....	633.87	2,339.79
Employees' withholding tax.....	7,492.40	7,402.60
Unsettled insurance claims.....	55.67	55.67
Undisbursed commitments for contributions to insured institutions.....	54,148.10	80,265.75
	<u>107,555.90</u>	<u>111,701.81</u>
Deferred income:		
Unearned insurance premiums.....	2,661,738.95	2,232,858.78
Prepaid insurance premiums.....	<u>422.60</u>	<u>7,344.42</u>
	<u>2,662,161.55</u>	<u>2,240,203.20</u>
Capital:		
Capital stock.....	100,000,000.00	100,000,000.00
Reserve fund as provided by law.....	<u>27,492,779.23</u>	<u>22,279,605.29</u>
(In institutions in default the Corporation estimates a loss of \$2,127.40 [\$2,496.98] ¹ on insured accounts, aggregating \$18,418.07 [\$19,975.50] ¹ pending settlement or not claimed.)		
Special reserve for contingencies.....	30,000,000.00	27,000,000.00
	<u>57,492,779.23</u>	<u>49,279,605.29</u>
Total, liabilities and capital.....	<u>160,262,496.68</u>	<u>151,631,510.30</u>

¹ As of June 30, 1944

EXHIBIT 25.—*Federal Savings and Loan Insurance Corporation Income and Expense statement*

	July 1, 1944 through June 30, 1945	July 1, 1943 through June 30, 1944
Income		
Insurance premiums earned	\$5,080,795.63	\$4,245,150.52
Admission fees earned	6,527.75	13,464.87
Interest earned on U. S. Government obligations and securities fully guaranteed by United States	3,549,465.28	3,277,125.47
Miscellaneous	251.11	6.20
	<u>8,637,039.77</u>	<u>7,535,747.06</u>
Administrative expenses:		
Personal services	159,465.39	177,572.08
Travel	2,536.32	3,453.79
Transportation of things	2.63	299.26
Communication services	2,745.81	4,770.46
Rents and utility services	14,233.44	23,389.58
Printing and binding	684.53	381.77
Other contractual services	10,062.32	5,244.30
Supplies and materials	741.82	594.44
Equipment	5,347.62	278.90
Services rendered by FHLBA	129,643.75	98,508.39
Services rendered by Administrative Department, FHLBA	92,695.00	0
Services rendered by HOLC	4,681.56	106,189.01
Administrator's office—NHA	6,249.00	4,985.00
Administrator's office—NHA—Penalty mail	1,102.00	0
	<u>430,191.19</u>	<u>425,666.98</u>
Nonadministrative expenses.		
Personal services	21,441.53	25,438.77
Travel	1,303.08	632.11
Transportation of things	2.80	.60
Communication services	110.67	69.00
Other contractual services	2,654.33	833.72
Supplies and materials	11.30	0
	<u>25,523.71</u>	<u>26,974.20</u>
Net income from operations	<u>8,181,324.87</u>	<u>7,083,105.88</u>
Nonoperating charges and credits: Profit on sale of securities	<u>0</u>	<u>1,133,887.93</u>
Net income for period	<u>8,181,324.87</u>	<u>8,216,993.81</u>
Adjustment of net income for prior years	672.09	764.48
Net income	<u>8,181,996.96</u>	<u>8,217,758.29</u>

RECONCILIATION OF RESERVES AND SURPLUS

Balance as of June 30, 1944		\$49,279,605.29
Add:		
Recoveries on contributions to insured institutions	\$41,845.39	
Allocation of income to special reserve for contingencies	3,000,000.00	
Allocation of income to reserve fund as provided by law	5,181,996.96	
Adjustment of allowance for losses on subrogated shares	86,606.45	
Adjustment of undisbursed commitments for contributions	13,562.95	8,324,011.75
Total		<u>57,603,617.04</u>
Deduct:		
Approved contributions to insured institutions	110,550.06	
Allowance for losses on subrogated shares	287.75	110,837.81
Balance as of June 30, 1945		<u>57,492,779.23</u>

EXHIBIT 26.—*Federal Savings and Loan Insurance Corporation—Statements of condition and operation for insured institutions in receivership (Federal associations) June 30, 1945*

CONDENSED COMPARATIVE STATEMENTS OF CONDITION

	Security Federal Savings and Loan Association of Guymon, Guymon, Okla.		Community Federal Savings and Loan Association of Independence, Independence, Mo.		Aetna Federal Savings and Loan Association, Topeka, Kans.		First Federal Savings and Loan Association of Oklahoma City, Okla.		*Grand total as of June 30, 1945
	Date of receivership, Feb. 12, 1940	As of June 30, 1945	Date of receivership, June 26, 1940	As of June 30, 1945	Date of receivership, Aug 27, 1941	As of June 30, 1945	Date of receivership, Aug. 30, 1941	As of June 30, 1945	
ASSETS									
Mortgage loans.....	\$96,496.34		\$892,380.31		\$3,369,490.13		\$838,573.90		\$1,071,090.12
Share loans.....	1,147.14		12,427.73		14,110.99		4,056.87		342,543.10
Real estate sold on contract.....	118,457.27		64,909.46		798,133.72		32,973.99		87,440.73
Real estate owned, includes office building.....	8,697.00	\$7,040.15	213,607.94		1,334,352.47		374,286.24		598,389.42
Cash and investments.....	455.00		52,439.44	\$65,822.63	309,115.93		99,664.33		7,534.47
Furniture, fixtures, and equipment.....			2,251.99		10,597.23		2,198.55		1,207.49
Other assets.....			7,542.89		8,012.03		2,381.35		
Total.....	225,280.75	7,040.15	1,245,549.76	65,822.63	5,843,812.50	1,580,595.21	1,354,135.23	454,747.34	2,108,205.33
LIABILITIES AND CAPITAL									
Secured claims of creditors.....	14,236.01		274,730.50		527,459.59		336,380.44		
Unsecured claims of creditors.....	364.48		2,276.69		13,710.80	236.14	9,278.50		1,956.19
Loans in process.....			2,015.00		101,886.79		706.09		
Advance payments by borrowers.....					34,593.25		2,017.84		
Other liabilities.....	1,684.20	12.00	7,244.71		48,880.42	4,321.72	15,426.91	9,267.80	13,601.52
Reserve for uncollected interest.....	1,890.39		7,244.71		10,622.67		873.18	1,660.64	1,046.30
Allowance for losses.....	48,916.59		101,472.59		522,286.28	32,173.73	66,858.58	2,350.61	34,524.34
Surplus.....	17,741.23	1,862.05	119,559.68	65,174.54	1,387,830.69	1,206,096.34	1,141,035.30	1,145,963.04	1,285,022.79
Shares purchased by the Federal Savings and Loan Insurance Corporation.....		4,924.25							2,162,706.07
Other share account claims.....	165,940.31	241.85	877,389.95	648.09	4,972,173.39	1,300,631.53	1,063,639.99	147,872.23	179,393.70
Total.....	225,280.75	7,040.15	1,245,549.76	65,822.63	5,843,812.50	1,580,595.21	1,354,135.23	454,747.34	2,108,205.33

CONDENSED STATEMENTS OF OPERATION

	Fiscal year ended June 30, 1945	Cumulative Feb. 12, 1940, through June 30, 1945	Fiscal year ended June 30, 1945	Cumulative June 26, 1940, through June 30, 1945	Fiscal year ended June 30, 1945	Cumulative Aug. 27, 1941, through June 30, 1945	Fiscal year ended June 30, 1945	Cumulative Aug. 30, 1941, through June 30, 1945	Grand totals cumulative through June 30, 1945
Gross income.....	-----	\$32,063.04	\$8,581.36	\$176,721.54	\$93,516.32	\$726,614.86	\$23,785.32	\$178,277.47	\$1,113,676.91
Less gross expense.....	\$53.13	27,662.73	8,489.76	80,710.21	47,093.30	391,253.31	14,666.46	97,761.57	597,392.82
Net income.....	2 53.13	4,400.31	91.60	96,011.33	46,423.02	335,356.55	9,118.86	80,515.90	516,284.09
Capital gains.....	-----	6,130.36	-----	9,287.41	5,671.91	31,930.88	3,056.45	17,135.30	64,543.95
Less capital losses.....	-----	31,209.09	-----	62,545.57	81,035.66	681,049.63	8,178.57	145,775.52	920,579.81
Net capital loss.....	-----	25,018.73	912.05	53,258.16	75,363.75	649,118.75	5,122.12	128,640.22	856,035.86

1 Indicates red figures.

2 Net loss (assets sold Mar. 15, 1943).

EXHIBIT 27.—*Home Owners' Loan Corporation—Balance sheet as of June 30, 1945*

ASSETS		
Mortgage loans, vendee accounts and advances, at present face value.....		\$964,615,332.57
Interest receivable.....		2,546,217.24
Property		
Owned.....	\$4,143,695.49	
In process of acquiring title.....	468,179.05	
		14,611,874.54
Total.....		971,773,424.35
Less reserve for losses.....		12,990,904.26
Total.....		958,782,520.09
Investments, at cost:		
Federal Savings and Loan Insurance Corporation (entire capital).....	\$100,000,000.00	
Savings and loan associations		
Federal chartered.....	\$20,096,450.00	
State chartered.....	6,136,500.00	
		26,232,950.00
U. S. Treasury $\frac{3}{4}$ percent certificates of indebtedness (borrowers' special deposits) at face value.....	15,000,000.00	
		141,232,950.00
Bond retirement fund: Cash (including \$10,317,775.00 deposited with U. S. Treasury for retirement of matured bonds).....		10,404,109.35
Cash:		
Operating funds (includes \$1,600,958.79 payable to bond retirement fund in July 1945, and \$8,210,580.47 deposited by borrowers and employees (see contra)).....	\$26,907,047.81	
NHA homes conversion program—Conversion fund (see contra).....	109,194.83	
Special funds held by U. S. Treasury for payment of interest coupons (see contra).....	713,098.03	
Special funds—Federal tax withheld (see contra).....	159,653.28	
Special funds held by U. S. Treasury for refunding of $1\frac{1}{2}$ percent series M bonds called as of June 1, 1945.....	5,939,925.00	
		33,828,918.95
Fixed assets:		
Home office land and building, at cost.....	2,987,819.93	
Furniture, fixtures, and equipment at cost.....	1,423,527.68	
Total.....	4,411,347.61	
Less reserve for depreciation.....	1,902,812.38	
		2,508,535.23
Other assets:		
Accounts receivable.....	208,787.34	
Less reserve for uncollectible accounts receivable.....	53,220.36	
Total.....	155,566.98	
Mineral and oil rights.....	8.00	
Treasury bonds accepted as repayments (to be retired in July 1945).....	200.00	
		155,774.98
Deferred and unapplied charges.....		26,398.61
Total.....		1,146,939,207.21
LIABILITIES AND CAPITAL		
Bonded Indebtedness (guaranteed as to principal and interest by the United States, except \$129,375 of unpaid matured 4 percent bonds guaranteed as to interest only):		
Bonds outstanding, ¹ not matured.....	\$1,009,982,000.00	
Bonds matured, on which interest has ceased.....	16,257,700.00	
		1,026,239,700.00
Accounts payable:		
Interest due July 1, 1945, and prior thereto (see contra).....	713,091.33	
Vouchers payable.....	3,579.57	
Accrued pay roll.....	185,647.59	
Insurance premiums.....	82,478.81	
Commissions to sales brokers.....	11,976.25	
Special deposits:		
By borrowers.....	23,195,169.30	
By employees.....	15,411.17	
Federal tax withheld (see contra).....	159,653.28	
Miscellaneous.....	33,112.50	
		24,400,119.80
Accrued liabilities.....		136,771.24
Liability for special funds held:		
NHA, homes conversion program.....	\$106,239.12	
Accrued pay roll.....	2,955.71	
		109,194.83
Deferred and unapplied credits.....		1,374,271.86

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 \$211,005.32.

EXHIBIT 27.—Home Owners' Loan Corporation—Balance sheet as of June 30, 1945—Continued

LIABILITIES AND CAPITAL—continued		
Reserves:		
Fire and other hazards.....	\$517,729.01	
Fidelity and casualties.....	250,000.00	
		\$767,729.01
Capital stock less deficit:		
Capital stock:		
Authorized, issued and outstanding.....	200,000,000.00	
Losses in excess of net earnings.....	² \$92,329,946.26	
Reserve for future losses.....	³ 13,758,633.27	
	106,068,579.53	
		93,911,420.47
		1,146,939,207.21

² 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.

³ The reserve for losses is being accumulated at a 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 28.—Home Owners' Loan Corporation—Statement of income and expense for the fiscal year 1945

Operating and other income:	
Interest:	
Mortgage loans and advances.....	\$33,464,077.72
Vendee accounts and advances.....	15,071,932.71
Total.....	49,136,010.43
Special investments.....	131,332.09
Total.....	49,267,342.52
Property income.....	988,446.35
Dividends received from savings and loan associations.....	988,871.08
Miscellaneous.....	1,214,789.49
Total income.....	52,409,449.44
Operating and other expenses:	
Interest on bonded indebtedness.....	15,106,378.13
Less amortization of premium on bonds sold.....	¹ 594,740.73
Total.....	14,511,637.40
Administrative and general expenses:	
Administrative expenses:	
Current fiscal year.....	6,903,050.61
First preceding fiscal year.....	47,319.01
All other fiscal years.....	² 5,813.23
General expenses.....	141,887.27
Property expense.....	956,104.14
Total expenses.....	22,554,185.20
Net income before provision for losses which may be sustained in the liquidation of assets.....	29,855,264.24
Provision for losses:	
On mortgage loans, interest, and property.....	1,800,000.00
For fidelity and casualties.....	22,098.51
For fire and other hazards.....	13,759.50
For uncollectible accounts receivable.....	21,988.83
Total.....	1,857,846.84
Net income for fiscal year after provision for losses.....	27,997,417.40

¹ Includes write-off of the balance of unamortized premium on 1½ percent series M bonds called for redemption as of June 1, 1945.

² Net credit.

EXHIBIT 29.—Home Owners' Loan Corporation—Statement of income and expense from the beginning of operations June 13, 1933, to June 30, 1945

Operating and other income:

Interest:

Mortgage loans and advances..... \$979,937,778.88
 Vendee accounts and advances..... 95,683,094.91

Total..... 1,075,620,873.79
 Special investments..... 780,431.92

Total..... \$1,076,401,305.71
 Property income..... 138,482,617.80
 Dividends received, Federal Savings and Loan Insurance Corporation..... 3,035,326.09
 Dividends received from savings and loan associations..... 43,339,222.08
 Miscellaneous..... 6,497,215.34

Total..... 1,267,755,687.02

Operating and other expenses:

Interest on bonded indebtedness..... \$632,938,898.25
 Less amortization of premium on bonds sold..... 1,618,866.43

Total..... 631,320,031.82
 Amortization of discount on refunded bonds..... 7,147,710.28
 Administrative and general expenses..... 273,187,071.62
 Property expense..... 112,781,329.49

1,024,436,143.21

Net income before provision for losses which may be sustained in the liquidation of assets..... 243,319,543.81

Provision for losses:

On mortgage loans, interest, and property (computed in accordance with board resolution of Nov. 15, 1938)..... \$347,937,153.25
 For fidelity and casualties..... 1,298,426.91
 For fire and other hazards..... 881,252.50
 For uncollectible accounts receivable..... 35,860.16

350,152,692.82

Loss for period June 13, 1933, to June 30, 1945.....

106,833,149.01

Add unlocated payments..... \$33,780.04

Less:

Unidentified payments..... \$14,152.48
 Repayments unallocated—unidentified difference.. 14,197.04

28,349.52

5,430.52

Deduct surplus adjustment, reserve against fire and other hazards.....

106,838,579.53

750,000.00

Deficit at June 30, 1945.....

106,088,579.53