

FOURTEENTH ANNUAL REPORT OF THE  
FEDERAL HOME LOAN BANK ADMINISTRATION

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LETTER

FROM

THE CHAIRMAN, HOME LOAN BANK BOARD

TRANSMITTING

THE FOURTEENTH 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 1946



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**LETTER OF TRANSMITTAL**

**HOUSING AND HOME FINANCE AGENCY,  
HOME LOAN BANK BOARD,  
*Washington 25, D. C., September 18, 1947.***

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

**MY DEAR MR. SPEAKER:** Transmitted herewith is the Fourteenth 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 1946.

Sincerely yours,

**JOHN H. FAHEY,  
*Chairman.***

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## I. HOUSING DEVELOPMENTS IN THE FISCAL YEAR 1946

The fiscal year 1946, which began about 2 months after the defeat of Germany and 2 months before the surrender of Japan, is significant as a period of domestic readjustment and of change from wartime to peacetime production. As part of this change, under the pressure of pent-up demand and a severe housing shortage, the volume of residential construction rose rapidly. While the Nation had been at war, in order to mobilize labor and critical materials for war production, residential construction was permitted only where it was needed to house war workers. With the coming of peace, the limitations on residential construction were ended almost immediately.

In consequence, the number of new nonfarm dwelling units started, rose rapidly from 65,500 in the first quarter of the 1946 fiscal year to 246,000 in the last quarter. Despite this increase, new construction was far below obvious needs.

### *The veterans' emergency housing program*

The present housing crisis has been developing since the depression of 1932 and 1933, when residential construction dropped sharply. Since 1932, the production of new dwelling units has been less than the growth in number of families. Families have been increasing more rapidly than dwelling units, because, as the number of families increased, many who normally would have sought new dwellings did not have the economic power to translate their wants into an effective demand. Moreover, existing dwellings deteriorated during the thirties because millions of home owners were unable to afford the upkeep needed to keep these homes in first-class condition. This deterioration and increased occupancy put a new and additional strain upon our housing supply.

During the war, the number of nonfarm families continued to grow. Moreover, millions of married couples with increased income found they could afford to buy new homes or older homes in good condition. The increased pressure of this demand in a market of short supply aggravated the shortage of housing throughout the wartime period.

At the end of the war, with a housing shortage seriously acute, millions of veterans and war workers returned to start new households or to reestablish homes broken by wartime conditions. During the reporting period, a total of more than 11 million men and women were discharged from the armed services.

In large part because of the return of these millions of men and women to civil life, the number of marriage licenses issued during the reporting period rose to 2,079,000, or 43.4 percent more than the number issued during the preceding fiscal year. During the last quarter of the 1946 fiscal year alone, 637,000 marriage licenses were issued, as compared with 382,359 during the last quarter of the previous fiscal year. In comparison, the number of marriages in the United States during the depression decade of the thirties averaged less than one and a quarter million a year.

Many of these newly married couples were unable to find separate living quarters, and in consequence were forced to double up with relatives or friends. This solution quickly became unsatisfactory, especially when families increased in size. During the fiscal year, an estimated 2,743,000 babies were born, and the total population increased by 1,643,000. In comparison, throughout the entire decade of the thirties, the population of the United States increased by less than 900,000 a year. With this expansion, occurring after several years of similar growth during which there had been relatively little new construction, the housing shortage became acute.

To meet the Nation's critical housing requirements, a Veterans' Emergency Housing Program was developed to provide housing for veterans as promptly as possible. Under this program, 1,200,000 moderate and low-priced family units were to be started in 1946, and 1,500,000 in 1947. Of the 2,700,000 units, 250,000 were to be of publicly financed temporary construction and the remaining 2,450,000 were to be of permanent construction. Conventional site building methods were to be used in erecting 1,600,000 permanent units, and prefabrication techniques were to be used for the remaining 850,000 permanent units. A price limitation of \$10,000 was placed upon these homes, but it was hoped that most would be constructed in the price range up to \$6,000.

To carry out this program, controls were imposed once more upon construction. Unless authorized specifically by the Government, new construction and extensive remodeling were prohibited, in order to direct as much construction activity as possible into homes for veterans. At least half of this construction was to be of low-cost homes priced below a "dividing line" established in each area. To stimulate rental housing, at least one-fourth of the units were required to be rental units. Because the shortage of building materials was a serious bottleneck, the Congress authorized premium payments of \$400,000,000 to increase production of critical building materials. Priorities were used to direct the stimulated flow of construction materials into low-cost homes for veterans.

This program would have required an enormous volume of financing. It was estimated in the spring of 1946 that the 2,450,000 of permanent units would have required 13.8 billion dollars of permanent mortgage financing and, in addition, a revolving fund of about 2½ billion dollars for construction financing. Since the permanent mortgage loans would have been placed on newly constructed dwellings, these loans would have represented an increase in the outstanding volume of mortgage loans.

It was obvious that, in any event, the next few years would see a greater volume of residential construction accompanied by an intensified demand for mortgage funds. For this reason, the Federal Home Loan Bank Administration during the reporting period made a study of the probable demand for funds in order to make sure that, as far as possible, financial difficulties would not delay meeting the Nation's urgent need for millions of new dwellings.

### ***Price inflation in real estate***

In addition to the financial demands imposed by the construction of millions of new homes, lending institutions were also faced with

the problem of limiting individual loans to an amount which, in later years, will bear a reasonable relationship to the value of the properties and to the borrowers' ability to pay. This is now a serious problem, because the intensity of the demand for the limited supply of homes available has resulted in a rapid increase in home prices. Every survey which has been made recently of the price of residential properties indicates that these prices are substantially higher than prewar prices.

Throughout the wartime period, the average amount of new residential loans has been increasing. To some extent, therefore, lending institutions have followed the market in making loans. However, it is important that mortgage loans should not be made on the basis of inflated valuations which cause difficulties later to borrowers, to lenders, and to the entire real estate field.

In view of this situation, the Federal Home Loan Bank Administration expressed a warning that the Nation is in the midst of the most serious inflation of real estate prices in our history and that many thousands of veterans and others are being forced to buy homes they cannot afford and will be unable to pay for. This is a repetition of the conditions which caused the unprecedented mortgage panic of the thirties with its attendant obliteration of thousands of lending institutions and the loss of billions of dollars to millions of people of small means.

#### ***Loans under the Servicemen's Readjustment Act of 1944***

During the fiscal year 1946, GI lending grew rapidly and became an important factor in the home-financing field. In July of 1945, about 700 to 800 applications a week were being submitted. By the end of the fiscal year; about 12,000 applications a week were being submitted. As of June 28, 1946, a total of 165,737 loans had been closed and disbursed for a total principal amount of \$804,907,000. The average size of these loans was \$4,857.

As the volume of residential construction available for veterans continues to increase, it is probable that GI lending will become an increasingly important part of the market and, for a few years, may continue at a rate several times that of the 1946 fiscal year.

#### ***Residential construction and the real estate market***

*Residential construction.*—A measure of the number of nonfarm dwelling units started may be obtained by adding the permits issued by local authorities for private residential construction, and the contracts awarded for publicly financed construction. This total fell to a wartime low of 161,900 in the 1945 fiscal year. With the resumption of large-scale postwar production, the total rose to 584,600 in the fiscal year 1946. The change in the number of nonfarm dwelling units started during each quarter of the last 3 fiscal years is shown in exhibit 1, attached.

The number of publicly financed units started during the fiscal year 1944 was 69,248, which dropped to 25,989 during the fiscal year 1945, and then rose to 73,103 during the fiscal year 1946. In comparison, a total of 177,800 privately financed units were started during the fiscal year 1944, decreasing to 135,900 during 1945 and rising again to a total of 511,500 during the fiscal year 1946.

*Building costs.*—The wholesale price index of building materials, adjusted from the index of the Bureau of Labor Statistics, rose from



131.1 in June 1945 to 145.1 in June of 1946. This increase of 14 points was substantially greater than the increase of 1.7 points during the fiscal year 1945 and the increase of 5.9 points during the fiscal year 1944.

The index of labor and material costs for constructing a standard six-room frame house also rose during the same period. According to this index, retail material prices rose from 133.5 on June 30, 1945, to 141.6 one year later. This was an increase of 8.1 points compared with an increase of 2.1 points during the previous year. Similarly, labor costs rose from 143.9 in June 1945 to 153.8 in June of 1946. This was an increase of 9.9 points compared with an increase of 4.5 points in the preceding fiscal year. The index of total building costs, which includes both labor and materials, increased from 137 to 145.7 during the reporting period. The increase of 8.7 points in the total index during this period compared with an increase of only 2.9 points during the preceding year. These indexes are presented in exhibit 2 for each month of the 1945 and 1946 fiscal years.

*Foreclosures.*—The number of nonfarm foreclosures continued to drop during the reporting period. The decline in recent years is shown in the following table.

<i>Fiscal year:</i>	<i>Number of nonfarm foreclosures</i>
1941 -----	69, 169
1942 -----	49, 890
1943 -----	33, 402
1944 -----	20, 710
1945 -----	16, 142
1946 -----	12, 674

Foreclosures during the 1946 fiscal year were 21.5 percent less than during the preceding year. However, the decrease was not shared by all Bank Districts. Foreclosures rose 19.6 and 9.1 percent, respectively, in the San Francisco and Topeka Districts. The greatest decrease in foreclosures was that occurring in the Boston (40.1 percent decrease), Little Rock (39.5 percent decrease), and Indianapolis Districts (38 percent). The number of nonfarm real-estate foreclosures during the last two fiscal years is presented in exhibit 3 by Federal Home Loan Bank Districts and by States.

*Real-estate overhang.*—During the depression of the thirties, mortgage-lending institutions were forced to take over a large number of residential properties in order to protect their interests. Because these institutions wished to dispose of these properties, they hung over the real-estate market and represented a serious weakness of the market at that time. If real-estate prices rose rapidly, the institutions owning this real estate might have dumped their holdings, a procedure which would have represented a depressing influence upon the market.

Because of the tremendous demand for residential property in recent years, lending institutions have been able to dispose of practically their entire overhang. Of the \$2,628,940,000 of residential properties owned by lending institutions at the end of 1938, only \$142,916,000 was still held by the end of 1945. The decrease, for each type of institutional lender, is shown in exhibit 4. The most complete liquidation during this period was that effected by the Home Owners' Loan Corporation, which held \$1,367,000 of properties on December 31, 1945, as compared with \$488,997,000 of properties 7 years before. The most important volume of residential properties owned by insti-

tutional lenders was that still held by the life-insurance companies, whose holdings of \$85,242,000 on December 31, 1945, represented more than half of the outstanding total at that time.

This reduction in the residential real estate held by institutional lenders has strengthened the real-estate market substantially. However, this overhang of real estate held by institutional lenders has, perhaps, simply been replaced by what is, in effect, a similar overhang of real estate insecurely held by new home owners.

During the wartime period from 1940 to 1945, the rise of almost 40 percent in owner-occupied, nonfarm, dwelling units was the sharpest gain ever recorded in the census series which started in 1890. The proportion of owner-occupied, nonfarm homes for the first time became more than one-half of the total when this proportion reached 51 percent in 1945 as compared with 41 percent in April of 1940.

This rapid rise in home ownership in part resulted from the great increase in family incomes occurring throughout this period. In part, however, the increase was caused by the acute shortage of residential units which became more and more critical during this period.

Under conditions of free enterprise, a growing shortage of residential units would be accompanied by rising rents. This was impossible in the wartime period because of rent controls. Because there were no controls on real estate sales prices, the increasing demand for homes could become effective only by forcing sales prices up. A large number of families who normally would have continued to rent their homes were forced to purchase in order to protect themselves from eviction by other possible purchasers.

As a result, home ownership was forced upon a large number of individual purchasers, many of whom were, perhaps, financially or otherwise unprepared for such ownership. Because of the financial obligations which they were forced to assume in purchasing homes during the period of high prices, the residential properties owned by many of these individuals may be forced into the market in a period of economic deflation. In a sense, this may be considered as a real estate overhang which constitutes a possible technical weakness of the real estate market similar to that resulting from the overhang of residential properties held by lending institutions during the latter part of the thirties.

Of course, if the level of individual incomes remains high, most of these purchasers can probably continue to meet carrying charges on the homes which they have bought. There would then be no widespread liquidation of residential properties to force down market values. In any event, however, it is advisable for those home owners who have purchased their homes in recent years to increase their equities as soon as possible. This will improve their security and insure that the gains in home ownership since 1940 will continue.

## II. FEDERAL HOME LOAN BANK ADMINISTRATION

The Federal Home Loan Bank Administration functions in the field of thrift and home finance. The four components of the Federal Home Loan Bank Administration are the following:

*Federal Home Loan Bank System.*—The Federal Home Loan Banks were established under the Federal Home Loan Bank Act, approved on July 22, 1932. These Banks were placed under the regulation of

the Federal Home Loan Bank Board, which was established by the same act. These Federal Home Loan Banks act as a central credit reserve system for thrift and home financing institutions, including savings and loan associations, savings banks, and insurance companies.

*Federal savings and loan associations.*—In the Home Owners' Loan Act, approved on June 13, 1933, the Congress provided for the creation of a system of local, mutual thrift institutions, to be known as Federal savings and loan associations. The Federal Home Loan Bank Administration has the responsibility of chartering and regulating these Federal associations.

*Federal Savings and Loan Insurance Corporation.*—This Corporation was created by title IV of the National Housing Act, approved on June 27, 1934. The act provided that the members of the Federal Home Loan Bank Board would constitute the board of trustees of the Insurance Corporation. The Insurance Corporation insures the safety of individual investments up to \$5,000 in all Federal savings and loan associations, and in such State chartered associations as apply, and qualify, and are approved for insurance.

*Home Owners' Loan Corporation.*—The Home Owners' Loan Act of 1933 directed the Federal Home Loan Bank Board to form the Home Owners' Loan Corporation and provided that the members of the Board would constitute the board of directors of the Corporation. The purpose of Congress in forming the Home Owners' Loan Corporation was to extend mortgage loan assistance to home owners who were in financial distress during the depression of the early thirties. The Corporation's lending ended on June 12, 1936, since when the Corporation has been engaged in liquidation.

By Executive Order No. 9070, dated February 24, 1942, the President of the United States established the Federal Home Loan Bank Administration, under a Commissioner, to exercise the functions, powers, and duties of the former Federal Home Loan Bank Board. The President's Executive order designated the Federal Home Loan Bank Administration as one of three constituent units of the newly created National Housing Agency, which, under the direction of an Administrator, was to include all Federal agencies engaged in building, financing, or insuring mortgages on nonfarm housing.

In carrying out its duties, the Federal Home Loan Bank Administration receives recommendations and advice from the Federal Savings and Loan Advisory Council which was created by an amendment to the Federal Home Loan Bank Act. This Council 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. This Council held two meetings during the 1946 fiscal year. A list of the members who served during these meetings is given in exhibit 9.

### ***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 their funds for administrative expenses are not obtained by appropriation out of the general funds of the United States Treasury. The amounts of their adminis-

trative expenses are authorized annually by the Congress, based on budgets submitted by the President 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 amount which each contributes is based upon a calculation of the time rendered to each by the employees of the Administrative Department. The amounts made available for the Administrative Department from these three sources during the fiscal year 1946, together with the disbursements relating to the Administrative Department, are given in exhibit 10.

### *Personnel of the Bank Administration*

Exhibit 11 indicates the number of employees in the components of the Federal Home Loan Bank Administration during the period from 1939 to 1946. The number of employees decreased from 2,213 on June 30, 1945, to 1,787 on June 30, 1946. This decrease resulted from the rapid liquidation of the Home Owners' Loan Corporation.

## III. FEDERAL HOME LOAN BANK SYSTEM

Growth of the Federal Home Loan Bank System attained a new high during the fiscal year 1946. Exhibit 12 presents, by Bank Districts and by States, the growth in assets of member institutions from June 30, 1945, to June 30, 1946. A summary of the change in number and assets of member institutions is presented in the following tabulation:

*Number and estimated assets of member institutions of the Federal Home Loan Bank System, June 30, 1945, and June 30, 1946*

[Dollar amounts in millions]

	June 30, 1945		June 30, 1946		Net change	
	<i>Number</i>	<i>Assets</i>	<i>Number</i>	<i>Assets</i>	<i>Number</i>	<i>Assets</i>
Savings and loan associations						
Federal associations.....	1,465	\$3,528	1,472	\$4,312	+7	+\$784
State-chartered insured member associations.....	1,002	2,015	1,014	2,424	+12	+409
Uninsured member associations.....	1,189	1,471	1,174	1,622	-15	+151
All member associations.....	3,656	7,014	3,660	8,358	+4	+1,344
Other member institutions						
Savings banks.....	25	567	25	630	0	+63
Insurance companies.....	15	389	14	455	-1	+66
All member institutions.....	3,696	7,970	3,699	9,443	+3	+1,473

### *Lending activity of regional banks*

Outstanding advances of the Federal Home Loan Banks to member institutions totaled \$203,295,571 on June 30, 1946. This was 54.4 percent greater than the total of \$131,665,985 one year before. The Federal Home Loan Banks advanced \$314,877,839 to member institutions during the reporting period, or 35.2 percent more than total advances made during the previous reporting period.

In comparison with the 54.4 percent increase in advances, total repayments during the fiscal year 1946 were \$243,248,253. This was only 6 percent more than the total for 1945. From the beginning of

operations to June 30, 1946, the Federal Home Loan Banks advanced \$1,795,606,642. Of this, \$1,592,311,071 had been repaid at the close of the fiscal year 1946.

In recent years the ratio of short-term advances of 1 year or less to total outstanding advances has been increasing. Short-term 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. During the fiscal year 1946, however, this trend was reversed, and short-term advances made during the year dropped to 79.5 percent of all advances. The increase in the proportion of long-term advances probably arose from the general expectation that there would be an increased demand during the years ahead for funds for home financing.

Secured advances represented 78.5 percent of all advances at the end of the 1946 fiscal year, compared with 82.6 percent on June 30, 1945. None of the borrowers from Federal Home Loan Banks were more than 30 days delinquent on their indebtedness as of June 30, 1946. No member borrower was in liquidation at the time.

The amount of the advances made by the Federal Home Loan Banks during the reporting period is listed in exhibit 13, together with a summary of lending activities for previous years.

Indebtedness of Federal savings and loan associations continues to represent most of the outstanding advances of the Federal Home Loan Banks. On June 30, 1946, the outstanding advances of the Banks were divided as follows:

Federal savings and loan associations.....	\$137, 600, 000
Insured State-chartered associations.....	52, 300, 000
Other member institutions.....	13, 400, 000
<b>Total.....</b>	<b>203, 300, 000</b>

Effective interest rates charged by the Banks for advances to members remained largely unchanged during the fiscal year 1946. Interest rates for advances to members are established by the board of directors of each Bank, subject to the maximum of 3 percent established by the Federal Home Loan Bank Administration. Effective interest rates charged by each of the Federal Home Loan Banks as of July 1, 1946, are listed in exhibit 14.

### ***Members' deposits***

Institutions which were members of the Federal Home Loan Bank System increased their deposits in Federal Home Loan Banks from \$21,360,313 on June 30, 1944, to \$45,327,829 one year later and to \$54,794,700 two years later. During the 1946 fiscal year both time and demand deposits increased, but the increase was more rapid for demand deposits. Demand deposits increased from 21.8 percent of total deposits on June 30, 1945, to 31.1 percent on June 30, 1946.

The interest rate paid on time deposits by the Federal Home Loan Banks is fixed by the board of directors of each Bank within ranges fixed by the Federal Home Loan Bank Administration. At the end of the 1946 fiscal year, the Federal Home Loan Banks were all paying interest on regular time deposits at the rate of 0.50 percent with the exception of the New York and San Francisco Banks, which were paying interest on members' time deposits at the rate of 1 and 0.75 percent

respectively. In addition, the Pittsburgh, Cincinnati, and Indianapolis Banks offered interest at the rate of 0.75 percent per annum, on special 6-month time deposits.

**Debenture financing**

During the reporting period, outstanding consolidated Federal Home Loan Bank debentures increased from \$50,000,000 to \$67,000,000. The debentures outstanding on June 30, 1946, were the series B 1946 debentures which were dated April 15, 1946, and matured on October 15, 1946. They bore 0.90 percent interest. 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.

The Bank Administration follows the policy of issuing such debentures only when cash available in the Federal Home Loan Banks is deemed inadequate for probable needs. The Banks have issued a total of \$791,500,000 of such debentures since the beginning of operations. Of these debentures, \$724,500,000 have been retired and/or refunded at maturity, thus leaving \$67,000,000 of debentures outstanding, as indicated previously.

**Financial statements**

Exhibit 15 presents a statement of condition of the 11 Federal Home Loan Banks both on an individual and on a consolidated basis. According to this statement, the fiscal year 1946 saw an increase of \$71,600,000 in advances outstanding to members. In addition, cash holdings of the Banks were increased by approximately \$4,000,000. This \$75,600,000 increase in advances to members and in cash holdings was derived from the following sources: Almost half was obtained by liquidating \$37,300,000 of investments. Consolidated debentures were increased by about \$17,000,000, members deposited \$9,500,000, and the net increase in paid-in capital stock totaled \$9,500,000. Finally, surplus and undivided profits increased about \$2,300,000 during the year.

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." In accordance with this section, a total of \$858,700 of the investment of the United States in capital stock of the Cincinnati and Indianapolis banks was retired in 1946.

Outstanding stock in the Federal Home Loan Banks increased during the reporting period by \$9,498,250, which was 22.8 percent more than the increase of \$7,736,050 during the preceding fiscal year. Stock held by member institutions and by the United States Government changed as follows during the reporting period:

Increase in stock held by member institutions-----	\$10,356,950
Decrease in stock held by United States-----	858,700
	<hr/>
Net increase in outstanding stock of Federal Home Loan Banks-----	9,498,250

Capital, surplus, and undivided profits of the 11 Federal Home Loan Banks on June 30, 1946, are summarized in the following table:

Capital:	
Member institutions (subscribed).....	\$79, 566, 200. 00
Less: Unpaid subscriptions.....	6, 750. 00
	79, 559, 450. 00
U. S. Government—now owned by RFC (fully paid).....	123, 651, 200. 00
	203, 210, 650. 00
Surplus—Earned:	
Legal reserve.....	9, 923, 899. 02
Reserve for contingencies.....	3, 620, 594. 10
	13, 544, 493. 12
Total surplus reserves.....	8, 409, 976. 48
Undivided profits.....	
	21, 954, 469. 60
Total capital.....	225, 135, 119. 60

The reserves and undivided profits of the Federal home loan banks increased during the fiscal year 1946 as shown in the following:

	June 30, 1945	June 30, 1946
Legal reserve.....	\$8, 915, 670. 72	\$9, 923, 899. 02
Reserve for contingencies.....	2, 733, 815. 34	3, 620, 594. 10
Undivided profits.....	8, 053, 133. 48	8, 409, 976. 48
Total.....	19, 702, 619. 54	21, 954, 469. 60

The surplus and undivided profits of the Federal Home Loan Banks for the fiscal year 1946 is presented in exhibit 16, and profits and losses for the same period are presented in exhibit 17. During the year 1946, consolidated gross operating income was \$5,319,602 or 9.2 percent more than the \$4,872,445 reported for the previous year. Operating expenses increased from \$2,017,145 during the fiscal year 1945 to \$2,197,354, during 1946. After taking into consideration the non-operating income and charges, the net income of the Federal Home Loan Banks rose from \$1,347,385 during the 1945 fiscal year to \$4,666,141 during the 1946 fiscal year.

Dividends declared by the Federal Home Loan Banks during the 1946 fiscal year totaled \$2,385,138, or slightly more than the \$2,121,580 declared during the preceding fiscal year. Of the dividends paid during 1946, \$1,482,287 went to the Reconstruction Finance Corporation and \$902,851 to member institutions. The Federal Home Loan Banks have paid a total of \$26,913,701 of dividends from the beginning of their operations through June 30, 1946. Of this total, \$19,819,242 was paid on stock subscribed by the United States and \$7,094,459 on stock owned by member institutions.

### ***Interest and dividend rates***

For a number of years, the downward trend in interest rates has resulted in a continuing decrease in interest rates on mortgage loans and in the rate of dividends paid on the shares of savings and loan associations. The financial records of member savings and loan associations of the Federal Home Loan Bank System indicated that the average yield on mortgage loans held by these associations and divi-

dends paid by the associations on average outstanding share capital have decreased as follows :

Calendar year	Average yield on mortgage loans held by member associations	Percentage of average outstanding share capital paid as dividends by member associations
	<i>Percent</i>	<i>Percent</i>
1942.....	5.77	3.08
1943.....	5.58	2.85
1944.....	5.48	2.63
1945.....	5.26	2.43

**Examination and regulation**

The Congress has charged the Federal Home Loan Bank Administration with the responsibility of examining and regulating Federal savings and loan associations. Examinations of insured State-chartered associations in most instances are conducted jointly with the respective State banking departments, and the regulation 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 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 examining services are rendered.

Total receipts of the Federal Home Loan Bank System were \$1,556,230 during the fiscal year 1946, compared with \$1,539,481 during the preceding fiscal year. A cash balance of \$279,597 was carried over at the beginning of the fiscal year 1946. During the year, disbursements for administrative expenses totaled \$1,564,685, and the cash balance at the end of the year was \$271,143. Administrative expenses for the year were only slightly more than the total of \$1,549,101 for the preceding fiscal period. With the rapid increase in the size of the associations and the substantial increase expected in the volume of residential construction and in the resulting financing which will be needed, it is probable that the work of the Federal Home Loan Bank System will increase substantially during the next few years.

Exhibit 18 presents a statement of receipts and disbursements of the Bank System of the Federal Home Loan Bank Administration during the fiscal year 1946. On July 1, 1946, the actively employed personnel of the Federal Home Loan Bank System totaled 313, a reduction of



11 from the total 1 year before. Of the number employed on July 1, 1946, 213 employees were on the staff of the Examining Division.

### Bank Districts

The Federal Home Loan Bank System includes 11 Federal Home Loan Banks which make central credit reserve facilities available to the home financing institutions of the Nation. When these Banks were created, the Nation was divided into 12 Federal Home Loan Bank Districts, in each of which a Federal Home Loan Bank was located. Each bank made credit and deposit facilities available to the home financing institutions within its territory.

Recently it became evident that a single Federal Home Loan Bank on the west coast would be able to operate more economically and to offer more adequate facilities to the thrift and home financing institutions in that area than the two Banks originally established there. Accordingly, on March 29, 1946, the Federal Home Loan Bank Districts of Portland and Los Angeles were combined to form the Federal Home Loan Bank District of San Francisco. The former Federal Home Loan Banks of Los Angeles and Portland were combined to form the Federal Home Loan Bank of San Francisco, with a home office in San Francisco and offices at Los Angeles, Calif., and Portland, Oreg. This consolidation made the Federal Home Loan Bank of San Francisco one of the largest Banks in the System. The Bank now serves 9 States and the Territories of Alaska and Hawaii. The names and addresses of the 11 Federal Home Loan Banks and the area served by each are given in exhibit 19.

## IV. SAVINGS AND LOAN ASSOCIATIONS<sup>1</sup>

Savings and loan associations and similar organizations of various local titles are the thrift institutions most directly and most exclusively concerned with long-term home financing, since the greater portion of their funds have traditionally been used for this purpose. Total resources of those associations which are members of the Federal Home Loan Bank System have been increasing rapidly, as can be seen from the following table. For comparison, the assets of uninsured nonmember associations are also listed.

### Assets

[Thousands of dollars]

Date	All member savings and loan associations	All State-chartered insured associations <sup>1</sup>	All Federal associations	Uninsured nonmember associations <sup>2</sup>
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, 227, 649
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
June 30, 1946	8, 358, 532	2, 431, 374	4, 311, 747	1, 040, 829

<sup>1</sup> 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, 1946, these associations held total assets of \$7,264,700.

<sup>2</sup> Estimated.

<sup>1</sup> As used throughout this report, the term "savings and loan associations" includes cooperative banks, homestead associations, and similar thrift and lending institutions.

During the reporting period, the total assets of member associations grew 19.2 percent, from \$7,013,906,000 to \$8,358,532,000. This increase of \$1,344,626,000 was the greatest in the history of the Bank System. Federal associations grew more rapidly than other types. Assets of Federal associations during the 1946 fiscal year increased 22.2 percent compared with a similar increase of 20.3 percent for State-chartered insured associations. In the record growth during the year, assets of Federal savings and loan associations increased by \$783,720,000 while those of State-chartered insured associations increased by \$409,838,000.

From the table given previously, it can be seen that the total resources of uninsured savings and loan associations which are not members of the Federal Home Loan Bank System decreased continuously for a number of years: During the fiscal years 1945 and 1946, this trend was reversed, but even now, the growth of uninsured non-member associations is small, when compared with that of member associations of the Bank System. During the reporting period, uninsured nonmember associations grew by only 2.4 percent.

The number of savings and loan associations included in the Federal Home Loan Bank System reached a peak in 1938. Since that time, there has been a continuing decrease in numbers largely resulting from mergers and consolidation, but this decrease was checked during the reporting period, as can be seen from the following table:

*Number of associations*

Date	All member savings and loan associations	All State-chartered insured associations	All Federal associations	Uninsured nonmember associations <sup>1</sup>
June 30, 1938.....	3,909	681	1,337	5,651
June 30, 1939.....	3,897	790	1,380	4,474
June 30, 1940.....	3,865	816	1,421	4,007
June 30, 1941.....	3,798	861	1,452	3,341
June 30, 1942.....	3,772	910	1,464	3,237
June 30, 1943.....	3,729	960	1,468	2,757
June 30, 1944.....	3,671	996	1,465	2,530
June 30, 1945.....	3,656	1,006	1,465	2,624
June 30, 1946.....	3,660	1,018	1,472	2,570

<sup>1</sup> Estimated

It can be seen that the number of member associations increased from 3,656 to 3,660 during the reporting period. The net increase of 4 member associations resulted from the fact that 29 associations merged or left the System, and 33 other associations became members.

Both Federal associations and State-chartered insured associations increased in number. The net increase of 12 in State-chartered insured associations compared with a similar increase of 10 for the previous fiscal year. In recent years, partly because of wartime conditions, the number of Federal associations had virtually stabilized. From June 30, 1942, to June 30, 1945, there was a net increase of only 1 Federal savings and loan association. During the period from June 30, 1945, to June 30, 1946, however, the number of Federal associations increased by 7. This resulted, in part, from the resumption of building and the lifting of wartime controls. The net increase of 7 Federal savings and loan associations during the fiscal year 1946 resulted from 8 Federal associations merging or withdrawing from the System and 15 additional Federal associations entering the System. Of the 15

associations to which new Federal charters were granted, 8 were converted associations and 7 were newly formed associations.

As has been shown, the assets of member savings and loan associations have increased rapidly in recent years, while the number of member associations has been decreasing. As a result, there has been a rapid growth in the average size of the associations, as is shown in the following table:

*Average size of associations*

Date	All member savings and loan associations	All State-chartered insured associations	All Federal associations	Uninsured nonmember associations †
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, 458	1, 506, 777	379, 255
June 30, 1943.....	1, 407, 727	1, 515, 542	1, 652, 042	384, 892
June 30, 1944.....	1, 624, 168	1, 709, 129	1, 966, 741	395, 905
June 30, 1945.....	1, 918, 464	2, 009, 479	2, 408, 210	387, 464
June 30, 1946.....	2, 283, 752	2, 388, 383	2, 929, 176	404, 992

† Estimated.

The average size of member savings and loan associations has increased by 141 percent since June 30, 1938, while nonmember uninsured associations have increased by only 8.3 percent during the same period. The increasing strength of the Federal Home Loan Bank System is caused by this rapid growth in the financial resources of individual associations. Federal savings and loan associations are growing more rapidly than other member associations. The average size of Federal savings and loan associations has increased 223.5 percent since 1938 as compared with an increase of 111.3 percent for State-chartered insured associations.

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

*Investments and repurchases, fiscal year 1946*

[In thousands of dollars]

	New share investments	Repurchases	Net increase	Ratio of repurchases to new investments
				<i>Percent</i>
All member savings and loan associations.....	\$2, 602, 197	\$1, 556, 166	\$1, 046, 031	59.8
All State-chartered insured associations.....	763, 855	447, 731	316, 124	58.6
All Federal associations.....	1, 506, 606	897, 369	609, 237	59.6
Uninsured nonmember associations.....	206, 213	130, 636	75, 577	63.4

Slightly less than three-fifths of the new share investments of member associations were offset by repurchases during the fiscal year 1946. This proportion of repurchases was more than in the previous fiscal year, perhaps as a result of the fact that, with the end of hostilities,

many individuals had to liquidate their investment in savings and loan associations in order to move or to prepare for peacetime conditions.

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. This was done to increase funds available for home financing during the depression. Because of the rapid influx of private share capital in recent years, member associations have been able to retire most of this Government investment. By the beginning of the 1946 fiscal year, the outstanding balance of these investments had been reduced to \$28,887,450, and during the year this balance was further reduced to \$19,394,850. Of this, \$1,410,600 represented Treasury investment and \$17,984,250 represented the Home Owners' Loan Corporation's investment.

### *Lending operations*

A high light of the reporting period was the increase in loans made by member associations to finance newly constructed dwelling units. During the war, in order to make more labor and materials available for the war effort, new residential construction had been severely limited. With the coming of peace and the removal of wartime controls, such construction increased rapidly. As a result, loans made by member associations to finance construction increased more rapidly than the volume of new loans made for any other purpose. This can be seen from the following table:

*New loans made by member associations, by purpose*

Purpose of loan	July 1, 1944 to June 30, 1945	July 1, 1945, to June 30, 1946	Percent increase
Construction.....	\$89,438,000	\$393,902,000	340.4
Home purchase.....	1,065,605,000	1,775,396,000	66.6
Refinancing.....	164,137,000	230,649,000	40.5
Reconditioning.....	28,987,000	53,257,000	83.7
Other purposes.....	105,764,000	183,436,000	73.4
Total.....	1,453,931,000	2,636,640,000	81.3

Loans made by member associations during the 1946 fiscal year to finance new residential construction were more than four times the volume of loans made for the same purpose during the previous year. In contrast, loans made to finance home purchases increased by only two-thirds. However, the volume of loans made for the latter purpose has increased so rapidly in recent years that, during the reporting period, these loans represented 67.3 percent of all home loans made by member associations.

Presumably, as the conditions of a free economy return, and the volume of new building becomes large enough to meet the accumulated demand for housing, home lending will return to the prewar pattern. For this reason, it might be well to note the changes which have occurred in recent years in the purposes for which home loans have been made by member associations of the Bank System, as shown by the following table.

*Percentage of new loans made by member associations by purpose*

[Fiscal Years]

	1939	1940	1941	1942	1943	1944	1945	1943
Construction.....	32 0	33.4	35 9	29.2	12.5	9 4	6.2	14.9
Home purchase.....	31 6	33 2	35 8	44.9	60.9	69 6	73 3	67.3
Refinancing.....	19 9	18.6	15 5	14.3	16.5	12 1	11 3	8.7
Reconditioning.....	6.1	5 2	4 6	4 1	3 2	2 2	2.0	2 0
Other purposes.....	10.5	9 6	8.2	7.4	6.8	6.7	7.3	7.0

NOTE: The percentages for each year do not always add up to 100 because of the effect of rounding off.

Before the Nation entered the war, the volume of loans made for construction was approximately equal to the volume of those made for home purchase. Home construction and home financing, perhaps, cannot be considered as having returned to normal, until some approach has been made to this former equality of construction and home-purchase loans. Residential construction and the volume of construction loans must increase greatly before this prewar relationship returns.

The shift in the purpose for which mortgage loans have been made during the last few years is shown by dollar amounts for each quarter year in exhibit 20.

**Financial operations**

*Balance sheet.*—A combined balance sheet for all reporting member savings and loan associations is presented in exhibit 21 for the calendar years 1944 and 1945. Total assets of the 3,658 member associations reporting as of December 31, 1945, were \$7,681,494,000, which was 19.6 percent more than the total of \$6,422,762,000 reported 1 year earlier by 3,656 associations.

The proportion of assets held by Federal savings and loan associations has increased to more than one-half of the total. As of December 31, 1945, Federal savings and loan associations held 51.0 percent of the assets of all reporting member associations, as compared with 49.3 percent on December 31, 1944, and 47.2 percent on December 31, 1943. The proportion held by State-chartered insured associations increased more slowly. The latter associations held 28.6 percent of the assets on December 31, 1945, compared with 28.4 percent on December 31, 1944, and 28.0 percent on December 31, 1943.

During the 1945 calendar year, first-mortgage loans held by member savings and loan associations rose by 12.9 percent from \$4,273,720,000 on December 31, 1944 to \$4,823,418,000 1 year later. First-mortgage loans held by Federal savings and loan associations increased by 15.6 percent during this period, and those held by State-chartered insured associations increased by 13.9 percent. In comparison, first-mortgage loans held by uninsured State-chartered member associations rose only 6.1 percent.

Real estate owned by member associations continued the rapid decline of recent years. This real estate dropped more than one-half, from \$36,827,000 at the beginning of the 1945 calendar year to \$18,279,000 at the end of the year.

Member savings and loan associations at the end of the 1945 calendar year held \$383,896,000 in cash compared with \$347,343,000 1 year before, an increase of 10.5 percent. Cash held by Federal savings and loan associations rose 16.7 percent compared with a rise of 11.0

percent for State-chartered insured associations. Cash held by uninsured State-chartered member associations decreased by 3.4 percent.

United States Government obligations held by reporting member associations continued to increase rapidly. For all member associations, the growth during the calendar year 1945 was from \$1,490,747,000 to \$2,181,169,000, a rise of 46.3 percent. United States Government obligations held by State-chartered insured associations rose 49.9 percent; those of Federal savings and loan associations rose 49.6 percent; and those of uninsured State-chartered member associations rose 31.0 percent.

Private repurchasable shares of member savings and loan associations increased by 18.3 percent during the 1945 calendar year. For Federal savings and loan associations, the increase was 21.3 percent, and for State-chartered member insured associations the increase was 19.6 percent. This compared with an increase of only 9.8 percent in the private repurchasable shares of State-chartered uninsured member associations.

Advances from Federal Home Loan Banks together with other borrowed money increased rapidly. This total was \$324,734,000 at the end of the 1945 calendar year, compared with \$190,409,000 1 year before, an increase of 70.5 percent. Advances and borrowings of Federal savings and loan associations increased by 66.4 percent. For State-chartered uninsured member associations, the increase was only 35.2 percent.

To maintain a strong financial position, savings and loan associations must have an adequate cushion of general reserves and undivided profits. It is difficult to maintain the present proportion of general reserves and undivided profits to total assets, because assets are increasing at a record rate. The general reserves and undivided profits of all member savings and loan associations increased from \$461,203,000 on December 31, 1944, to \$533,064,000 on December 31, 1945, an increase of 15.6 percent. Despite this increase, general reserves and undivided profits were only 6.9 percent of total assets at the end of the 1945 calendar year compared with 7.2 percent 1 year before and 7.4 percent 2 years before.

General reserves and undivided profits held by Federal associations increased by 21.3 percent during the reporting period. For State-chartered insured member associations the increase was 14.2 percent and for State-chartered uninsured member associations the increase was 9.1 percent.

*Statement of operations.*—Exhibit 22 presents the combined statement of operations for all reporting member associations, with figures given separately for Federal associations, State-chartered insured associations, and State-chartered uninsured associations. For 3,655 reporting member savings and loan associations, gross operating income in the calendar year 1945 totaled \$296,842,990. Of this, 80.37 percent was obtained as interest from mortgage loans. For Federal savings and loan associations the percentage was 79.25 percent; for State-chartered insured associations 79.58 percent; and for State-chartered uninsured associations 83.89 percent. The proportion of income obtained from mortgage loans is decreasing slowly because the associations hold an increasing proportion of assets in the form of Government securities.

Reporting member savings and loan associations paid out as dividends 66.52 percent of the net income received. The proportion of net

income paid as dividends was 67.59 percent for State-chartered insured associations, and 72.82 percent for State-chartered uninsured associations. Federal associations paid only 62.94 percent, thus permitting, comparatively, the largest transfers from net earnings to reserves and undivided profits. As a result, the general reserves and undivided profits of Federal associations, as pointed out previously, are increasing more rapidly than those of State-chartered associations.

### ***Savings and mortgage lending***

During the 1945 calendar year, all savings and loan associations received more than a billion dollars of new savings. During the same period, the associations made \$1,913,000,000 of new residential loans. However, because of repayments, the outstanding home mortgage debt held by savings and loan associations increased only \$577,000,000 during the year.

The volume of residential construction is increasing and will probably remain at a high level for several years. This will create a tremendous demand for funds for mortgage financing. To meet their responsibilities, savings and loan associations must receive a satisfactory flow of new savings and must maintain suitable liquidity during the years ahead when the demand for mortgage loans for residential financing is expected to absorb most of the available funds.

The flow of savings into savings and loan associations and the mortgage loans made by the associations are discussed in more detail in the next chapter.

## **V. INDIVIDUAL SAVINGS AND HOME FINANCING <sup>1</sup>**

In harmony with its congressional mandate, the Federal Home Loan Bank System is primarily concerned with the flow of savings into thrift institutions and the use of these savings to finance home construction and home purchase. This is discussed in the following paragraphs.

### ***Savings of individuals***

Long-term savings of individuals continued, during 1945, the rapid increase of wartime years. The increase each year during the last few years in savings held in savings and loan associations, life insurance companies, savings deposits in banks, postal savings, and United States savings bonds is shown in the following table:

Calendar year:	<i>Increase each year in savings in selected media</i>
1941-----	\$4,422,000,000
1942-----	9,103,000,000
1943-----	15,689,000,000
1944-----	20,291,000,000
1945-----	18,082,000,000

The net increase in these savings rose each year during the wartime period, but the net increase in 1945 was not so great as in the previous year, although still far more than in any prewar year.

Exhibit 8 shows the distribution of long-term savings from 1938 through 1945. The following table shows the gain in long-term savings in 1945, with a break-down to indicate the increase in each of the selected types of savings media:

<sup>1</sup> Because most of the data are available on a calendar year basis, this chapter deals largely with the calendar year 1945 rather than the fiscal year 1946.

**Volume of long-term private savings in selected savings media**

[Millions of dollars]

	December 31, 1944	December 31, 1945	Increase	
			Amount	Percent
Life insurance companies.....	\$34, 100	\$37, 362	\$3, 262	9.6
Mutual savings banks.....	13, 332	15, 332	2, 000	15.0
Insured commercial banks.....	21, 728	27, 830	6, 102	28.1
Savings and loan associations.....	6, 305	7, 365	1, 060	16.8
Postal savings.....	2, 406	3, 013	607	25.2
2½% postal savings bonds.....	82	82	-----	-----
United States Savings Bonds.....	29, 153	34, 204	5, 051	17.3
<b>Total.....</b>	<b>107, 106</b>	<b>125, 188</b>	<b>18, 082</b>	<b>16.9</b>

For several years, the greatest single increase in private savings has been that represented by the rapid growth of investment in United States savings bonds. During the 1945 calendar year, however, the 17.3 percent increase in United States savings bonds was only slightly larger than the 16.9 percent increase in the total for all of these selected types of investment media.

In both rate and the total dollar amount of increase, the growth in United States savings bonds was exceeded during the calendar year 1945 by the growth in deposits in insured commercial banks. These deposits increased 28.1 percent from \$21,728,000,000 to \$27,830,000,000. Postal savings grew almost as rapidly, the increase being from \$2,406,000,000 to \$3,013,000,000, a growth of 25.2 percent. At the same time, savings and loan associations increased their holdings of savings by 16.8 percent, and mutual savings banks by 15.0 percent. The least rapid increase was that of 9.6 percent in savings held by insurance companies. Long-term private savings invested in life insurance companies increased from \$34,100,000,000 at the beginning of the year to \$37,362,000,000 at the end of the year.

Although the level of savings was high during the calendar year 1945, the rate of savings had begun to drop markedly by the end of the year. This decline in the rate of savings continued into the calendar year 1946. The drop in rate of savings can be readily seen from the following table, which indicates, for each type of savings media, the total volume of savings during the three half-year periods beginning with January 1945.

[Dollar amounts are shown in millions]

Types of savings media	Dollar change			Percent change		
	First half 1945	Second half 1945	First half 1946 <sup>a</sup>	First half 1945	Second half 1945	First half 1946
Savings and loan associations.....	\$520	\$540	\$585	8.2	7.9	7.9
Life insurance companies.....	1, 631	1, 631	1, 538	4.8	4.6	4.1
Mutual savings banks.....	1, 046	954	893	7.8	6.6	5.8
Insured commercial banks.....	3, 075	3, 027	2, 100	14.2	12.2	7.5
Postal savings.....	326	281	194	13.5	10.3	6.4
2½% postals.....	-----	-----	-1	0	0	-1.2
U. S. bonds.....	3, 529	1, 522	-481	12.1	4.7	-1.4
<b>Total.....</b>	<b>10, 127</b>	<b>7, 955</b>	<b>4, 828</b>	<b>9.5</b>	<b>6.9</b>	<b>3.9<sup>a</sup></b>

<sup>a</sup> Preliminary.



Total increase in savings during the first 6 months of the calendar year 1945 was \$10,127,000,000, or just about one-half of the net increase of \$20,291,000,000 which occurred during the entire calendar year 1944. During this first half of 1945, savings in these media increased 9.5 percent. In the second half of the year, the net growth in these forms of savings was slightly less than \$8,000,000,000, representing a percentage increase of less than 7 percent. For the first half of the calendar year 1946, the net increase in savings had dropped to less than \$5,000,000,000, representing an increase of less than 4 percent.

These figures indicate clearly that the fiscal year 1946 saw a turning point in the rate of individual savings throughout the Nation. Before the reporting period, savings had increased continuously throughout the wartime period, but the rate dropped markedly throughout the

Not only is the rate of savings down, but it has been found that liquid savings are held by a relatively small proportion of the Nation's families. Because of the importance of the volume of liquid assets accumulated during the wartime period, the Bureau of Agricultural Economics of the Department of Agriculture interviewed a selected sample of the population early in 1946 in order to find out for the Board of Governors of the Federal Reserve System the distribution of personal holdings of liquid assets and the uses which their holders planned to make of these assets.

It was found that personal holdings of United States savings bonds, checking accounts, and savings accounts, which represented most of the wartime savings of individuals, are concentrated in a relatively small proportion of the population. Ten percent of the Nation's families own 60 percent of these liquid assets, while 50 percent of the Nation's families own only 3 percent of the total holdings of liquid savings of these types.

Because of this concentration, the effect of these personal liquid assets on the postwar economy will depend upon the action taken by a relatively small proportion of the Nation's families. For most of the families throughout the United States, holdings of liquid assets are not large enough to make significant purchases of durable goods or to maintain normal spending if income drops severely. Consequently, current buying will come primarily from current income. For a large proportion of families, purchases of durable goods must necessarily be financed in part by use of installment credit.

Because of the demand for consumer durable goods and the increase which occurred in the cost of living, the rate of saving may be reduced substantially. That this has already occurred can be seen from the table given previously, which shows that net savings in selected media during the first half of the calendar year 1946 were less than one-half the amount saved in these forms during the first half of the calendar year 1945. This rapid drop in the rate of savings may intensify competition among thrift institutions for new savings during the next few years. This is important to savings and loan associations because, as stated previously, such associations will need a substantial inflow of funds for residential financing during the years ahead.

### **Home mortgage lending in 1945**

During the calendar year 1945, an estimated total of \$4,701,000,000 of new mortgage loans was written on nonfarm one- to four-family

dwellings. This compares with a total of \$3,830,000,000 during 1944 and \$3,183,000,000 during 1943. The volume of new mortgage loans in 1945 was the largest written since 1928.

New mortgage loans on one- to four-family nonfarm homes by each major lending group during the years 1933 through 1945 is summarized in exhibit 5. Except for the years 1934 and 1935, when emergency lending by the Home Owners' Loan Corporation was at its height, savings and loan associations made a greater volume of loans each year during this period than did any other type of lender.

During recent years, in fact, the associations have made more residential loans than all other institutional lenders combined. In the calendar year 1945, savings and loan associations wrote \$1,913,000,000 of new residential loans, or 31.6 percent more than the total of \$1,454,000,000 written during the preceding year. As a result, the associations made 40.7 percent of the residential loans made by both individuals and institutions during the calendar year 1945, compared with 38.0 percent of the total during the preceding year. The only mortgage lenders who approached savings and loan associations in the volume of mortgages written during 1945 were "individuals and others", who made \$1,551,000,000 of new mortgage loans during the year.

Among private institutional lenders, commercial banks experienced the most rapid increase in mortgage loan business. The \$840,000,000 of mortgage loans made by the banks during 1945 was 39.8 percent greater than the total of \$601,000,000 made during the preceding year. A somewhat lower rate of increase was shown by the mutual savings banks, which made \$184,000,000 of mortgage loans in 1945 as compared with \$140,000,000 during the preceding year. The 31.4 percent increase in new loans made by the mutual savings banks was not much different from the increase of 31.6 percent in the new loans of savings and loan associations.

Life insurance companies were the only private institutional lenders making less mortgage loans in 1945 than in the preceding year. The life insurance companies loaned \$209,000,000 in 1945, compared with \$300,000,000 in 1944.

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

These purchase money mortgages and advances made by the Corporation during the calendar year 1945 totaled \$4,000,000 as compared with \$31,000,000 in 1944 and \$54,000,000 in 1943. The sharp drop in 1945 resulted from the fact that the Corporation has practically completed the liquidation of real estate which it was forced to acquire. In consequence, acceptance of purchase money mortgages by the Corporation has dropped sharply.

Mortgage lending on a fiscal year basis can be studied by means of the mortgage recording data which have been collected for years by the Federal Home Loan Bank Administration. Recordings are not a perfect measure of new lending, because they include changes in

existing mortgage contracts as well as new mortgage lending. However, recordings give a valuable picture of trends in mortgage financing and in the activities of institutions which lend on residential property.

Mortgage recordings for the fiscal year ending June 30, 1946, broken down by types of lender, by Federal Home Loan Bank Districts, and by States are presented in exhibit 6. In recent years, the total volume of recordings has been rising rapidly, as is shown in the following summary. That this rise is continuing is evidenced by the fact that, shortly after the 1946 fiscal year ended, the amount of mortgages under \$20,000 recorded in 1 month passed the billion dollar mark for the first time.

Fiscal year	Mortgages recorded	
	Number	Amount
1944.....	1,385,487	<i>In thousands</i> \$4,334,549
1945.....	1,519,482	4,991,680
1946.....	2,070,155	7,854,283

### *Home mortgage debt*

By the end of 1941, the total outstanding mortgage debt on one- to four-family dwellings had risen to \$20,095,000,000. During the wartime period, because of limitations on construction, new mortgage loans were not required in large amount to finance new housing. New mortgages written during this period increased greatly because of the need for mortgage money to finance home purchases. However, since most of these purchased homes were existing structures, the placing of many of the new mortgage loans was accompanied by cancellation of existing loans. This procedure, therefore, did not increase mortgage debt greatly. In fact, because of increased incomes, home owners were able to repay mortgage loans rapidly. As a result, the outstanding volume of mortgage loans decreased from \$20,095,000,000 at the end of 1941, to a low of \$19,528,000,000 at the end of 1944.

During the calendar year 1945, this decline in the volume of outstanding mortgage loans ended, and the amount of such loans began to increase once more. By the end of the year, outstanding mortgage loans had increased by \$463,000,000 to a total of \$19,991,000,000. The outstanding balance of mortgages held by the Home Owners' Loan Corporation decreased by \$239,000,000. The total home mortgage debt held by all other lenders increased by \$702,000,000. Of this increase, \$200,000,000 was of mortgages owned by individuals and others, and \$502,000,000 was in mortgages owned by private institutional lenders.

During the year, the most rapid increase in mortgages held was that of savings and loan associations, the holdings of which increased by \$577,000,000 or more than the combined total increase for all private institutional lenders. The outstanding mortgage loans of the associations rose from \$4,799,000,000 at the end of 1944 to \$5,376,000,000 1 year later, an increase of 12.0 percent. As a result, savings and loan associations held 26.9 percent of the home mortgage debt at the end of 1945 as compared with 24.6 percent at the end of 1944 and 23.3 percent at the end of 1943. The volume of mortgages held by savings

and loan associations was exceeded only by that held by the miscellaneous group, which includes individual lenders and others. The holdings of this group increased from \$6,200,000,000 to \$6,400,000,000 during 1945 and, at the end of the year, represented 32.0 percent of the home mortgage debt.

Commercial banks were the only other lenders to increase their holdings of mortgage debt. Their increase during the year was from \$2,410,000,000 to \$2,575,000,000, or 6.8 percent. During the year, commercial banks passed both insurance companies and mutual savings banks. At the end of the year, the commercial banks held a greater volume of mortgage debt than either of these types of lenders.

The nonfarm home mortgage debt held by all other residential lenders decreased. The greatest decrease, other than that of the Home Owners' Loan Corporation, was experienced by the insurance companies, whose holdings of home mortgages decreased by \$200,000,000, from a total of \$2,458,000,000 to \$2,258,000,000. The home mortgage debt held by mutual savings banks dropped from \$2,570,000,000 to \$2,530,000,000.

Exhibit 7 presents the changes in estimated home mortgage debt by types of lender from 1933 to 1945. 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 one- to four-family dwellings*

[Millions of dollars]

Types of mortgagees	December 31, 1944	December 31, 1945	Percent change
Savings and loan associations.....	\$4,799	\$5,376	12.0
Insurance companies.....	2,458	2,258	-8.1
Mutual savings banks.....	2,570	2,530	-1.6
Commercial banks.....	2,410	2,575	6.8
Home Owners' Loan Corporation.....	1,091	852	-21.9
Individuals and others.....	6,200	6,400	3.2
Total.....	19,528	19,991	2.4

Life insurance companies and, to a lesser extent, mutual savings banks, are supplementing their holdings of home mortgage debt by making direct investments in large-scale rental properties. These investments have been authorized in recent years by changes in State laws. Under this legal authorization, some of the larger life insurance companies have been constructing large sized rental projects in a number of leading urban centers of the United States. These properties have been uniformly successful as a means of providing outlet for the great volume of funds held by life insurance companies. In consequence, the insurance companies are increasing their holdings of this type. Mutual savings banks in a few areas have also been authorized to invest funds in this way.

## VI. FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was created to encourage and protect thrift and thereby increase the flow of sav-

ings into savings and loan associations in order to make more funds available for the financing of home ownership. The Corporation insures accounts in savings and loan associations up to a maximum of \$5,000 for an insured account. The public reaction to this is indicated by the fact that savings invested in insured associations have increased more rapidly than similar accounts in other savings and loan associations. As a result, the volume of funds available for home financing has been substantially increased.

### *Insured institutions*

On June 30, 1946, there were 2,490 savings and loan associations insured by the Federal Savings and Loan Insurance Corporation. This was 19 more than were insured on June 30, 1945. During the same period, assets of insured associations rose from \$5,549,563,000 to \$6,743,121,000, and the number of investors protected by insurance of accounts increased from 4,226,900 to 4,644,100. The increase, during the reporting period, in the number and assets of insured associations, by Federal Home Loan Bank Districts and by States, is shown in exhibit 23.

### *Operations of the Insurance Corporation*

Total assets of the Federal Savings and Loan Insurance Corporation increased from \$160,262,497 on June 30, 1945, to \$170,728,691 1 year later. During the same 1-year period, total reserves of the Corporation increased from \$57,492,779 to \$67,350,194, an increase of \$9,857,415. The total reserves included a special contingency allowance amounting to \$33,000,000. This is equivalent to total cumulative dividends since June 30, 1935 on the capital stock of the Insurance Corporation, which is owned by the Home Owners' Loan Corporation. In order to accumulate a cushion against future losses, the Federal Savings and Loan Insurance Corporation has followed the practice of building reserves as rapidly as possible. Exhibit 24 presents a statement of condition of the Federal Savings and Loan Insurance Corporation as of June 30, 1945, and June 30, 1946.

For a number of years, the proportion of the total investment in insured savings and loan associations which is insured has been increasing. During the 1946 fiscal year, there was an interruption to this trend, as can be seen from 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	372,045,000	2,572,941,000	87 37
1943.....	3,414,154,000	289,514,000	3,124,640,000	91 52
1944.....	3,992,731,000	246,317,000	3,746,414,000	93 83
1945.....	4,830,699,000	265,478,000	4,565,221,000	94 50
1946.....	5,755,157,000	338,971,000	5,416,186,000	94 11

The total liability of the Corporation for insured accounts increased during the 1946 fiscal year from \$4,565,221,000 to \$5,416,186,000. In

considering this total liability, allowance should also be made for the creditor obligations of insured associations since, in the event of liquidation, the assets of an insured association must be used to pay creditor obligations before these assets can be applied upon share account liability. If, for this reason, creditor obligations are added to the insured account liability of the Corporation, the total potential liability on June 30, 1946, was \$5,735,535,000, or \$915,807,000 more than the potential liability of \$4,819,728,000 which existed on June 30, 1945.

At the end of the reporting period, the Insurance Corporation had a potential liability of \$34.27 for each dollar of capital and reserves. However, it is inconceivable that the total amount of this potential liability should ever become an actual obligation. If any of this potential liability becomes an actual obligation, the Corporation becomes subrogated to the accounts involved up to a total of \$5,000 for each account. Because of this claim which the Insurance Corporation has against the assets of any insured association which is placed in receivership, the Corporation's actual loss is determined by the results of the liquidation.

By the end of the reporting period, a cumulative total of only seven insured associations had been placed in liquidation covering the entire 12-year period of the Corporation's existence. For these associations, the original estimated loss was approximately \$757,983, or 8.23 percent of their assets. The record of liquidation indicates that the actual loss will be nearer \$314,538 or 3.42 percent of the assets.

The Insurance Corporation's income is derived from admission fees, premiums paid by insured associations, and interest in investments. Income received by the Corporation which is in excess of expenses is allocated to reserves. To these reserve accounts, the Corporation charges all losses from its insuring operations.

From June 30, 1945, to June 30, 1946, the Corporation earned \$6,114,920 of insurance premiums, compared with \$5,080,796 during the preceding year. These premiums are one-eighth of 1 percent each year of the accounts of insured members of each insured association, together with creditor obligations. During the 1946 fiscal year, the Corporation collected \$3,984 of admission fees, computed on the basis of 4 cents for each \$100 of an association's accounts of an insurable type, plus creditor obligations.

The Insurance Corporation's income from investments was \$3,764,296 during the 1946 fiscal year, compared with \$3,549,465 during the 1945 fiscal year. Aggregate operating income received as premiums, interest from investments, and from minor miscellaneous items was \$9,883,201 during the reporting period. This represented an increase of \$1,246,161 over the total income of \$8,637,040 during the previous year.

If recoveries on contributions of \$146,693 are added to the operating income received during the 1946 fiscal year, the total of operating income and recoveries during this period is \$10,029,894, as compared with a similar total of \$8,678,885 for the 1945 fiscal year.

Administrative expenses of the Corporation rose from \$430,191 in the 1945 fiscal year to \$491,766 during the 1946 fiscal year. During the latter year, the Corporation also had nonadministrative expenses of

\$7,646. After deducting administrative and nonadministrative expenses from operating income and recoveries, the resulting net income of the Corporation from operations during the reporting period is \$9,530,482. Exhibit 25 shows the income and expense statement of the Corporation for the 1945 and 1946 fiscal years.

During the reporting period, the Division of Operating Statistics was transferred from the Federal Home Loan Bank System to the Federal Savings and Loan Insurance Corporation. The name of the division was then changed to the Operating Analysis Division. The transfer was effected in order to increase the over-all operating efficiency of the Bank System and the Insurance Corporation. The division will continue to serve both organizations. The Federal Home Loan Bank System will reimburse the Insurance Corporation for work performed by the Operating Analysis Division for the Bank System.

At the end of the 1946 fiscal year, the Federal Savings and Loan Insurance Corporation actively employed a total personnel of 97.

### ***Insurance settlements***

The primary function of insurance is to spread losses over a large volume of risks. In this way, a loss which might be burdensome or catastrophic if borne by a single individual becomes simply a minor expense to a large number of people. Insurance of savings and loan accounts spreads the risk of loss in accordance with these established insurance principles. In doing this, a certain number of problem cases must be expected, because losses are as much a part of any normal insuring operation as is premium income.

The Federal Savings and Loan Insurance Corporation, during its 12 years of operation, has been forced to give particular attention to 39 insured associations which experienced difficulties. After careful analysis, 4 of these associations were found to need no financial assistance, and they continued normal operations. Of the remaining 35 associations, 7 were placed in liquidation and 28 received gross cash disbursements from the Corporation in a total amount of \$5,374,125. As a result of these disbursements, there was no default by these insured associations.

Through June 30, 1946, the Corporation received total recoveries of \$330,555. After deducting these recoveries, the net cash disbursements of the Corporation were \$5,043,570. On June 30, 1946, an additional contingent commitment of \$54,148 was still outstanding to one of the 28 associations.

During the fiscal year, the Corporation was not required to extend any further financial aid to insured associations. During the year, there were recoveries totaling \$146,693 as a return on payments previously made. It is estimated that final losses which will be sustained by the Insurance Corporation from contributions and commitments made before June 30, 1946 to 28 associations and to the 7 insured associations which have been placed in liquidation will total \$5,412,256. Of the 28 associations which have received contributions from the Corporation, 19 have continued in operation as separate units, 6 have merged with other insured associations, and 3 have liquidated voluntarily, paying in full all insured accounts.

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. 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. In preventing default of insured associations, the Corporation has 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. In the liquidation of Federal savings and loan associations, the Corporation's subrogated rights are safeguarded because the Corporation acts as 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.

Of the estimated total amount of insured claims in all insured associations placed in liquidation since the Corporation was organized 99.83 percent had been settled by June 30, 1946. This involved issuance of new share accounts totaling \$6,682,494 by other insured associations. Payment in cash and debentures totaled \$13,200. It is evident that most insured investors in the seven insured associations which so far have been placed in liquidation have elected to accept settlement in the form of a new account in a normally operating insured association. For this reason, even the involuntary liquidation of a savings and loan association does not usually result in much net loss of investments by insured associations.

### ***Operations of insured associations in default***

During the reporting period, no insured associations were placed in receivership. Of seven insured associations previously placed in receivership, the receivership of two had been terminated before the reporting period, while a third receivership had been virtually terminated, although the receiver had not yet been discharged. Exhibit 26 presents statements of conditions and operation for the four insured associations which are still in active receivership.

During the 1946 fiscal year, partial liquidating dividends were declared for three of these four receiverships. Percentages of liquidating dividends paid during the 1946 fiscal year are shown in the following table, together with the cumulative percentage of all liquidating



dividends declared through June 30, 1946, for each of these associations.

Association	Percentage of liquidating dividends declared during the fiscal year 1946	Cumulative percentage of liquidating dividends declared through June 30, 1946
	<i>Percent</i>	<i>Percent</i>
Security Federal Savings and Loan Association of Guymon, Guymon, Okla.	3	100
Community Federal Savings and Loan Association of Independence, Independence, Mo.	10	100
Aetna Federal Savings and Loan Association, Topeka, Kans.	10	75
First Federal Savings and Loan Association of Oklahoma, Oklahoma City, Okla.	40	85

## VII. HOME OWNERS' LOAN CORPORATION

### *Ten years of liquidation*

On June 12, 1936, the 3-year lending period of the Home Owners' Loan Corporation terminated. Since that time, the major activity of the Corporation has been the liquidation of its great volume of loans. The results attained during this 10-year period of liquidation have been extremely favorable. Of the total lending of approximately 3½ billion dollars, about four-fifths has been liquidated. Less than three-quarters of a billion dollars of the cumulative investment was outstanding at the end of the 1946 fiscal year.

The loans of the Corporation were originally made to refinance the mortgages of more than a million American home owners who were victims of the depression. Most of these home owners were in arrears nearly 2 years on principal and interest and 3 years on taxes. At the time, it was felt that this rescue operation might result in a loss to the Government of one-half billion to a billion dollars. Instead, at the end of 10 years of liquidation, it now appears that, when liquidation of the remaining loans is completed, the Corporation will have repaid the 3½ billion dollars of bonds guaranteed by the Government and will be able to return, without impairment, the 200 million dollars of capital originally subscribed by the Government.

In the course of its operations, the Corporation extended a helping hand to thousands of financial institutions by taking over almost \$2,000,000,000 of their mortgage loans at a time when no other refinancing was available. The Corporation also helped thousands of local government units by advancing \$485,000,000 to pay taxes, many of which were seriously delinquent. Not least, the Corporation initiated loan plans which have had a beneficial influence on the entire structure and procedure of home financing.

Of 198,114 properties which the Corporation had to take over and which were available for sale, all but 127 had been sold by June 30, 1946. Losses from the sale of these properties totaled approximately \$336,274,000, which was increased to \$337,637,000 by losses from other sources. Operating net earnings have reduced this to about \$68,594,000. These figures do not take into consideration cumulative dividends due the Corporation from its investment in the capital of the Federal Savings and Loan Insurance Corporation. Of the loan accounts, 574,000 have been paid in full, including 102,557 which were

repaid during the 1946 fiscal year. More than two-thirds of the remaining accounts have balances of less than \$2,000 and more than two-fifths have balances of less than \$1,000.

How far the liquidation of the Corporation has progressed may readily be seen by comparing administrative expenses of \$37,427,000 during its peak year with expenses of only \$5,442,000 during the fiscal year 1946. By June 30, 1946, Home Owners' Loan Corporation personnel had decreased from its peak of 21,000 to 1,287.

An important factor in contributing to this record was the 15-year monthly payment, direct reduction type of loan which proved to be the safest and most economical type of home mortgage ever available in this country. The lenient collection policy of the Corporation, together with the servicing methods which it developed to help home owners, also contributed greatly. The successful outcome of this lending operation stands as a demonstration of the respect of borrowers for their financial obligations to their Federal Government which extended a helping hand to them in a time of crisis.

### **General operations**

From June 13, 1933, through June 12, 1936, the Home Owners' Loan Corporation loaned \$3,093,451,321. These loans were made to finance the home mortgages of 1,017,821 individuals who were unable to finance their loans elsewhere and were, therefore, dependent on the credit of the Federal Government. The financial conditions prevailing then and later were so adverse that some of these home owners, despite the efforts of the Corporation, were unable to work out of their financial difficulties. However, the Corporation did enable more than 800,000 American families to avoid foreclosure, either then or later, on these properties.

The Home Owners' Loan Corporation's original investment has been increased by the capitalization of delinquent interest and taxes, foreclosure and acquisition costs, and reconditioning expenses. The Corporation has also made supplementary advances, largely to enable borrowers to pay delinquent taxes. From the beginning of operations through June 30, 1946, these advances and capitalizations totaled \$397,512,367. As a result, the Corporation's gross cumulative investment to assist home ownership has been \$3,490,963,688.

Liquidation of this investment has proceeded rapidly. At the end of the 1946 fiscal year, the balance of mortgage loans, vendee accounts, and property accounts was \$736,144,542, a decrease of 24 percent from the balance of \$969,227,207 at the beginning of the year. Accordingly, of the \$3,490,963,688 gross cumulative investment, \$2,754,819,146, or 78.9 percent, had been liquidated by the end of the reporting period. 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.....	397, 512, 366. 99
Original loans plus advances, capitalized additions, etc.....	3, 490, 963, 688. 00
Outstanding on June 30, 1946:	
Mortgage loans and advances.....	\$484, 415, 583. 74
Vendee accounts, advances, and un-posted advances.....	250, 887, 618. 52
Property acquired and in process of acquisition .....	841, 339. 85
<b>Total outstanding</b> .....	<b>736, 144, 542. 11</b>
Net reduction in mortgage and property assets.....	2, 754, 819, 145. 89

Congress in 1935 authorized the Home Owners' Loan Corporation to purchase shares of savings and loan associations in order to make funds available to stimulate the local financing of home loans. The cumulative investment in savings and loan shares made by the Corporation totaled \$223,856,710 by June 30, 1946. Of this investment, only \$17,984,250 remained outstanding at the end of the 1946 fiscal year, as compared with \$26,232,950 at the beginning of the year. Dividends aggregating \$44,086,234 have been received by the Corporation from these investments.

The Home Owners' Loan Act of 1933 requires that all payments upon principal of the Corporation's loans must be used to retire outstanding bonds. In order to retire bonds, the Corporation also uses certain other receipts such as amounts received as a result of the repurchase of shares in savings and loan associations. By the end of the reporting period, the total applied to bond retirement was \$2,746,879,530. The amounts deposited with the Treasurer of the United States and used or available to retire bonds are shown in the following table:

*Disposition of funds allocated (through June 30, 1946) to bond retirement fund*

Applied to retirement of bonds.....	\$2,746,879,530.46
Deposited for matured or called bonds on which interest has ceased.....	5,461,075.00
Available for future retirement of unmatured bonds.....	88,999.38
	2,752,429,604.84
Gross amount deposited in bond retirement fund....	2,752,429,604.84
Balance due retirement fund for June 1946 to be deposited in July 1946.....	620,882.04
	2,753,050,486.88
Total applicable to bond retirement.....	2,753,050,486.88

As a result of bond retirements, the outstanding unmatured bonds of the Corporation on June 30, 1946 totaled \$737,000,000 or 78.9 percent less than the total amount of \$3,489,453,550 of bonds which had been issued for value.

The most important bond operation carried out during the fiscal year 1946 by the Home Owners' Loan Corporation was the repayment of the remaining balance of the 1 percent series S bonds. The amount of these bonds outstanding on June 30, 1945 totaled \$255,982,000. This entire amount was repaid during the following year. The interest rate now paid on all outstanding unmatured bonds of the Corporation is 1 percent.

The personnel and administrative expenses of the Corporation have been reduced rapidly in recent years. The number of employees of the Corporation on June 30, 1946 was 1,287 as compared with 1,748, 1 year before. The Corporation's administrative expenses of \$5,442,226, during the 1946 fiscal year were 21.2 percent less than the administrative expenses of \$6,903,051 during the preceding year.

At the beginning of the reporting period, the Home Owners' Loan Corporation was operating eight regional offices. Of these, the Atlanta regional office was closed during the reporting period, and the Omaha and Cincinnati regional offices were closed shortly after the fiscal year had ended.

In addition, the Home Owners' Loan Corporation still operates five field stations. These stations were established strategically at points

of loan concentration in order to permit 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**

As previously shown, the Home Owners' Loan Corporation made loans to 1,017,821 individuals during its 3 years of lending operations. Because of divisions of properties, partial sales of properties owned, and other reasons, the cumulative number of accounts had increased to a total of 1,019,788 by June 30, 1946. These accounts were classified then as follows:

Accounts terminated.....	589,272
Original mortgage loans.....	323,851
Vendee accounts.....	106,456
Properties owned and in process of acquisition.....	209
	1,019,788

These accounts are of three major types: (1) Accounts which have been terminated, (2) those which represent outstanding debtor accounts, and (3) those which represent property owned. These types of accounts are discussed separately in the three following sections.

(1) *Accounts terminated.*—Of the total number of accounts, 589,272, or substantially more than one-half, have been terminated. Of these terminations, 499,747 resulted from payment in full of original mortgage loans. Payment in full of vendee accounts resulted in 73,962 terminations, and cash sales of acquired properties caused 15,185 terminations. There were 226 mortgage loans and vendee accounts charged off, and 152 accounts which were terminated through the charge-off or consolidation of property accounts. Of 589,272 terminations, 102,880 occurred during the reporting period.

(2) *Mortgage and vendee accounts.*—On June 30, 1946, there were 430,307 mortgage and vendee accounts still outstanding. Of these outstanding accounts, 165,547 had been extended under 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.

Approximately 80 percent of the Corporation's outstanding accounts were paid on schedule at the end of the reporting period. For the loans extended from the original 15 years to not more than 25 years under authorization of the Mead-Barry Act, the results have been especially noteworthy. All of these borrowers were behind in their payments when the extensions were granted. By June 30, 1946, there were 123,317, or 76.1 percent of the outstanding extended mortgage loans, which were paid on schedule. By reducing the required monthly payments, these extensions have averted many thousands of foreclosures which would have resulted in losses to the Corporation.

The Home Owners' Loan Corporation has devoted much effort to individual servicing of its loan accounts. This servicing has enabled the Corporation to locate causes of trouble and to take prompt action to avoid foreclosure. As part of this servicing program, the Corporation collects funds from borrowers on a monthly installment basis for the payment of taxes and insurance. This procedure assists borrowers to avoid tax difficulties and reduces the Corporation's expenses by eliminating the necessity for searching tax records to determine

whether delinquencies exist. The proportion of such accounts increased from 65.5 percent of outstanding loan accounts at the beginning of the 1946 fiscal year to 68.4 percent at the end of the year.

(3) *Properties acquired, including those subject to redemption.*—As a result of foreclosures, abandonments, etc., the Home Owners' Loan Corporation has acquired a total of 198,114 properties. In addition, there were 82 properties which the Corporation held on June 30, 1946, but which were still subject to redemption. Of the properties acquired by the Corporation, 194,135 were covered by original mortgage loans. Therefore, of the 1,017,821 original mortgages, 823,686, or 80.9 percent were saved from foreclosure through the operation of the Home Owners' Loan Corporation. All of these owners faced loss of their properties under the depression conditions prevailing when the loans were made.

During the 1946 fiscal year, 84 properties were acquired as compared with 432 during the previous fiscal year. Because the Corporation has now disposed of most of its properties, only 776 properties were sold during the 1946 fiscal year, compared with 4,990 properties during the previous year.

*Property accounts.*—Practically all the properties acquired by the Home Owners' Loan Corporation have now been sold. The rapid decrease in the number and capital value of properties which the Corporation owned or to which it was acquiring a title is shown in the following table:

Date	Properties owned or in process of acquisition	Capital value of properties owned or in process of acquisition
June 30, 1942	37,998	\$262,307,276
June 30, 1943	26,041	191,298,828
June 30, 1944	5,459	36,063,486
June 30, 1945	901	4,611,875
June 30, 1946	209	841,340

By June 30, 1946, the total number of properties which the Corporation had acquired and which had become available for sale was 198,114. Of these, 197,987, or 99.9 percent had been disposed of. The total cumulative loss, including brokers' commissions and selling costs, which resulted from sales of the Corporation's properties through June 30, 1946 was \$336,274,429. There were other losses which totaled \$1,362,832 from such sources as principal and interest losses on mortgage loans and vendee accounts, properties charged off, fire and other hazards, and fidelity and casualty losses. In consequence, the total book losses from all sources totaled \$337,637,261 by June 30, 1946.

#### ***Earnings of the Corporation and net losses***

Most of these losses were offset by earnings. By the end of the reporting period, the Corporation had earned a cumulative net income of \$269,043,034 before provision for losses. As a result, the Corporation's losses in excess of its net earnings were \$68,594,227 by June 30, 1946, without taking into consideration cumulative dividends from the investment in the capital stock of the Federal Savings and Loan Insurance Corporation.

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 much of the book loss reflects the cost of leniency to borrowers who eventually had to be foreclosed.

### ***Financial statements***

In exhibit 27, the balance sheet of the Home Owners' Loan Corporation for June 30, 1946 is presented. Because of the rapid progress of the Corporation's liquidation during the reporting period, total assets decreased during this period by 23 percent. Exhibits 28 and 29, respectively, present statements of income and expense for the 1946 fiscal year and for the period from the beginning of operations through June 30, 1946. Operating and other income for the reporting period totaled \$40,115,849. Expenses, including interest on bonded indebtedness, decreased to \$14,392,358, thus leaving a net income of \$25,723,490 before provision for losses. After allowing for reserves necessary to meet future losses, the Corporation's net income for the reporting period was \$23,888,196.

At the beginning of the 1946 fiscal year, the Corporation had a deficit of \$106,088,580 resulting from its program of assistance to the home owners of the Nation. During the reporting period, this deficit was reduced by the net income for the year of \$23,888,196; by a surplus adjustment of \$513,717 from the reserve for fire and other hazards; and by an adjustment of \$367 for unidentified payments. This reduced the deficit to \$81,686,300 as of June 30, 1946. If we deduct from this deficit the reserve of \$13,092,073, the difference of \$68,594,227 represents total losses in excess of net earnings.

In view of the Corporation's present rate of earnings, it is believed that the liquidation of the Home Owners' Loan Corporation can be completed without any loss to the Federal Government.

### **LIST OF EXHIBITS**

1. Estimated number of new nonfarm dwelling units started, fiscal years 1944, 1945, and 1946.
2. Indices of building costs for the standard frame house, fiscal years 1945 and 1946.
3. Number of nonfarm real estate foreclosures, by Federal Home Loan Bank Districts and States, fiscal years 1945 and 1946.
4. Residential real estate owned by selected institutions, December 31, 1938, through December 31, 1945.
5. Estimated volume of mortgage loans made on one- to four-family nonfarm homes, by type of lender, 1933-45.
6. Nonfarm mortgages of \$20,000 or less recorded during fiscal year ending June 30, 1946, by Federal Home Loan Bank Districts and States.
7. Estimated balance of mortgage loans outstanding on one- to four-family nonfarm homes, 1933-45, by type of mortgagee.
8. Estimated long-term savings of individuals in selected institutions, 1938-45.
9. Members of the Federal Savings and Loan Advisory Council during the meetings held in the fiscal year 1946.
10. Statement of receipts and disbursements of the administrative department of the Federal Home Loan Bank Administration, fiscal year 1946.
11. Number of employees of the Federal Home Loan Bank Administration, July 1, 1939, to July 1, 1946.

12. Number and estimated assets of member institutions of the Federal Home Loan Bank System, June 30, 1945, and June 30, 1946.
13. Federal Home Loan Banks—advances and repayments for the fiscal year 1933 to 1945, and the balance of advances outstanding at the close of each fiscal year.
14. Interest rates charged member institutions on new advances, July 1, 1946.
15. Statement of condition of the Federal Home Loan Banks as of June 30, 1946.
16. Analysis of surplus and undivided profits of the Federal Home Loan Banks for the fiscal year ended June 30, 1945.
17. Statement of profit and loss for the fiscal year ended June 30, 1946, of the Federal Home Loan Banks.
18. Statement of receipts and disbursements of the Federal Home Loan Bank System during the fiscal year 1946.
19. Names and addresses of the Federal Home Loan Banks and the area served by each.
20. New mortgage loans made by member savings and loan associations, by type of loan, fiscal years 1944, 1945, and 1946.
21. Combined statement of condition of member savings and loan associations, as of December 31, 1944, and December 31, 1945.
22. Combined statement of operations of member savings and loan associations for the year ending December 31, 1945.
23. Number and assets of all insured associations as of June 30, 1945, and June 30, 1946.
24. Statement of condition of the Federal Savings and Loan Insurance Corporation as of June 30, 1946, and June 30, 1945.
25. Income and expense statement of the Federal Savings and Loan Insurance Corporation for the period July 1, 1945, through June 30, 1946, and July 1, 1944, through June 30, 1945.
26. Statements of condition and operations for insured institutions in receivership, June 30, 1946.
27. Balance sheet of the Home Owners' Loan Corporation as of June 30, 1946.
28. Statement of income and expense of the Home Owners' Loan Corporation for the fiscal year 1946.
29. Statement of income and expense of the Home Owners' Loan Corporation from the beginning of operations, June 13, 1933, to June 30, 1946.

<sup>1</sup>EXHIBIT 1.—*Estimated number of new nonfarm dwelling units started*

	Total nonfarm	Private			Public
		One-family	Two-family <sup>1</sup>	Multi-family <sup>2</sup>	
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.....	161,900	116,558	8,388	10,965	25,989
Third quarter—1944.....	38,630	27,781	2,253	2,893	5,673
Fourth quarter—1944.....	33,600	21,632	2,049	2,323	7,596
First quarter—1945.....	29,400	22,783	1,592	2,202	2,823
Second quarter—1945.....	60,300	44,362	2,494	3,547	9,897
Fiscal year 1946—total.....	584,600	454,604	20,242	36,651	73,103
Third quarter—1945.....	65,500	55,406	2,379	4,117	3,598
Fourth quarter—1945.....	91,200	79,773	3,382	6,781	1,264
First quarter—1946.....	181,900	141,999	6,051	12,318	21,532
Second quarter—1946.....	246,000	177,426	8,430	13,435	46,709

<sup>1</sup> Includes one- and two-family dwellings with stores.

<sup>2</sup> Includes multifamily dwellings with stores.

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

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

[Average Month 1935-1939=100]

Period	Materials	Labor	Total
<b>Fiscal year 1945:</b>			
1944			
July.....	131 6	139 8	134 3
August.....	132 1	139 9	134 7
September.....	132 2	140 8	135 0
October.....	132 2	141 4	135 3
November.....	132 4	142 8	135 9
December.....	132 5	143 0	136 0
1945			
January.....	132 5	143 3	136 1
February.....	132 8	143 4	136 3
March.....	133 1	143 8	136 7
April.....	133 2	143 9	136 8
May.....	133 4	143 9	136 9
June.....	133 5	143 9	137 0
<b>Fiscal year 1946:</b>			
1945			
July.....	133 8	144 1	137 2
August.....	133 9	144 5	137 4
September.....	134 1	146 0	138 0
October.....	134 6	146 3	138 5
November.....	135 0	147 3	139 1
December.....	135 2	147 5	139 3
1946			
January.....	135 5	147 9	139 7
February.....	136 3	148 5	140 3
March.....	137 1	148 9	141 0
April.....	138 0	150 6	142 1
May.....	139 2	152 5	143 6
June.....	141 6	153 8	145 7

Source. Construction and Housing Division, Housing and Home Finance Agency.

**EXHIBIT 3.—Number of nonfarm real estate foreclosures**

Federal Home Loan Bank District and State	Fiscal year ending		Percent change
	June 30, 1945	June 30, 1946	
UNITED STATES.....	16, 142	12, 674	-21. 5
No. 1—Boston.....	1, 657	993	-40 1
Connecticut.....	372	119	-68. 0
Maine.....	307	265	-13 7
Massachusetts.....	869	537	-38 2
New Hampshire.....	37	28	-24 3
Rhode Island.....	46	38	-17 4
Vermont.....	26	6	-76 9
No. 2—New York.....	4, 091	3, 017	-26. 3
New Jersey.....	619	497	-19. 7
New York.....	3, 472	2, 520	-27 4
No. 3—Pittsburgh.....	2, 881	2, 479	-14. 0
Delaware.....	40	31	-22 5
Pennsylvania.....	2, 646	2, 298	-13 2
West Virginia.....	195	150	-23. 1
No. 4—Winston-Salem.....	1, 797	1, 460	-18 8
Alabama.....	236	125	-47. 0
District of Columbia.....	49	39	-20. 4
Florida.....	325	351	+8. 0
Georgia.....	126	143	+13. 5
Maryland.....	471	288	-38. 9
North Carolina.....	270	234	-13 3
South Carolina.....	80	73	-8 8
Virginia.....	240	207	-13 8
No. 5—Cincinnati.....	1, 737	1, 203	-30. 7
Kentucky.....	188	114	-39. 4
Ohio.....	692	571	-17. 5
Tennessee.....	857	518	-39. 6



EXHIBIT 3.—Number of nonfarm real estate foreclosures—Continued

Federal Home Loan Bank District and State	Fiscal year ending		Percent change
	June 30, 1945	June 30, 1946	
No. 6—Indianapolis.....	505	313	-38.0
Indiana.....	208	149	-28.4
Michigan.....	297	164	-44.8
No. 7—Chicago.....	730	576	-21.1
Illinois.....	325	421	-19.8
Wisconsin.....	205	155	-24.4
No. 8—Des Moines.....	718	582	-18.9
Iowa.....	38	31	-18.4
Minnesota.....	77	56	-27.3
Missouri.....	488	461	-5.5
North Dakota.....	70	18	-74.3
South Dakota.....	45	16	-64.4
No. 9—Little Rock.....	478	289	-39.5
Arkansas.....	38	14	-63.2
Louisiana.....	102	93	-8.8
Mississippi.....	48	27	-43.8
New Mexico.....	9	1	-88.9
Texas.....	281	154	-45.2
No. 10—Topeka.....	854	932	+9.1
Colorado.....	109	127	+16.5
Kansas.....	44	34	-22.7
Nebraska.....	623	717	+15.1
Oklahoma.....	78	54	-30.8
No. 11—San Francisco.....	694	830	+19.6
Arizona.....	12	10	-16.7
California.....	573	725	+26.5
Idaho.....	1	0	-100.0
Montana.....	6	16	+166.7
Nevada.....	1	0	-100.0
Oregon.....	27	24	-11.1
Utah.....	8	3	-62.5
Washington.....	61	38	-37.7
Wyoming.....	5	14	+180.0

EXHIBIT 4.—Residential real estate owned by selected institutions, December 31, 1938, through December 31, 1945

[Amounts in thousands of dollars]

	1938	1939	1940	1941	1942	1943	1944	1945
Savings and Loan Assns. <sup>1</sup> .....	\$890,094	\$680,857	\$492,171	\$327,620	\$202,686	\$116,969	\$60,383	\$32,814
Mutual Savings Banks <sup>2</sup> .....	392,354	342,256	297,662	212,105	142,111	80,605	36,398	12,148
Commercial Banks <sup>3</sup> .....	290,000	235,000	187,000	127,000	85,000	49,248	24,132	11,345
Life Insurance Companies <sup>4</sup> .....	567,495	529,707	473,641	357,937	295,062	212,818	123,678	85,242
Total, Private Inst.....	2,139,943	1,787,820	1,450,474	1,024,662	724,859	459,640	244,591	141,549
HOLC <sup>5</sup> .....	488,997	462,230	338,277	274,608	221,512	94,140	10,701	1,367
Grand total.....	2,628,940	2,250,050	1,788,751	1,299,270	946,371	553,780	255,292	142,916

<sup>1</sup> Estimated from annual reports of FHLBS members and annual reports of state supervisory authorities.

<sup>2</sup> Estimates based on reports of the Comptroller of the Currency and of state supervisory authorities.

<sup>3</sup> Based on reports of the Comptroller of the Currency and of the Federal Deposit Insurance Corporation. Excludes trust departments of commercial banks.

<sup>4</sup> Estimate of the Federal Home Loan Bank Administration based on a questionnaire survey of the largest life insurance companies. Excludes company-built housing projects.

<sup>5</sup> Capital value of properties owned. Excludes properties in process of acquiring title.

Prepared by: Operating Analysis Division, Federal Savings and Loan Insurance Corporation.

**EXHIBIT 5.—Estimated volume of mortgage loans made on one- to four-family nonfarm homes, by years 1933-45**

[In millions of dollars]

Type of lender	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
Savings and loan associations.....	\$414	\$451	\$564	\$755	\$397	\$798	\$986	\$1,200	\$1,379	\$1,051	\$1,184	\$1,454	\$1,913
Insurance companies.....	10	16	77	140	232	242	274	324	371	374	272	300	209
Mutual savings banks.....	99	80	80	100	120	105	112	133	171	130	120	140	184
Commercial banks <sup>1</sup> .....	110	110	264	430	500	560	610	689	798	606	515	601	840
Home Owners' Loan Corporation.....	132	2,263	583	128	27	81	151	143	63	40	54	31	4
Individuals and others.....	100	150	443	605	723	669	740	801	1,028	954	1,038	1,304	1,551
	865	3,070	2,011	2,158	2,499	2,455	2,873	3,290	3,810	3,155	3,183	3,830	4,701

<sup>1</sup> Includes loans made by trust departments of commercial banks.

Source: Operating Analysis Division, Federal Savings and Loan Insurance Corporation.

EXHIBIT 6.—*Nonfarm mortgages of \$20,000 or less recorded during fiscal year ending June 30, 1946*

[NOTE.—Amounts in thousands of dollars. Estimates are based on mortgage recordings in approximately 500 areas containing about three-fifths of the total nonfarm population.]

FHLB District and State	Total		Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
United States.....	2,070,155	\$7,854,283	727,217	\$2,802,375	69,814	\$323,713	432,747	\$1,772,375	74,962	\$357,424	570,761	\$1,719,904	204,654	\$878,492
District Number 1.....	149,083	624,057	50,405	221,794	1,108	7,284	17,156	82,730	40,464	178,904	29,326	90,423	10,624	42,922
Connecticut.....	30,492	149,246	5,545	28,834	677	4,945	6,163	35,935	6,809	33,788	7,930	30,154	3,368	15,360
Maine.....	11,781	51,048	2,893	8,969	55	238	1,694	4,379	779	3,055	6,160	6,160	305	800
Massachusetts.....	82,125	362,548	36,290	157,745	357	2,016	5,815	30,240	22,875	111,663	12,315	39,958	5,473	20,926
New Hampshire.....	9,166	24,235	2,000	6,219	16	61	1,135	3,362	3,362	2,429	4,293	4,293	224	466
Rhode Island.....	10,213	44,047	3,619	16,777	3	24	1,725	8,162	1,677	7,061	2,003	7,072	1,186	4,951
Vermont.....	5,306	12,933	1,058	3,260	3	24	624	1,425	1,962	5,283	1,594	2,786	68	189
District Number 2.....	201,591	869,348	51,655	227,281	4,274	24,325	31,326	144,618	26,990	138,687	69,475	245,792	18,771	88,645
New Jersey.....	54,546	223,360	14,240	58,758	1,832	9,712	11,021	52,964	2,165	12,522	18,045	60,427	7,243	28,977
New York.....	147,045	645,988	37,415	168,523	2,442	14,613	20,305	91,654	23,925	126,165	51,430	185,365	11,528	59,668
District Number 3.....	166,585	572,191	60,831	210,683	4,552	25,384	44,722	169,200	2,261	10,998	32,661	105,569	11,558	50,357
Delaware.....	4,298	15,634	919	3,361	346	1,912	788	3,163	370	1,412	1,445	4,454	430	1,332
Pennsylvania.....	131,217	490,465	54,136	191,844	3,470	19,526	35,276	140,826	1,891	9,586	26,451	91,086	9,993	46,597
West Virginia.....	21,070	57,082	5,776	15,478	736	3,946	8,658	25,211	1	1	4,765	10,029	1,135	2,428
District Number 4.....	207,356	704,054	71,764	267,690	8,897	43,147	31,196	100,982	853	3,270	75,325	227,007	19,321	61,958
Alabama.....	18,235	43,740	4,223	11,162	927	4,570	3,595	7,734	.....	.....	6,877	13,870	2,613	6,404
District of Columbia.....	15,346	90,463	6,779	44,995	617	5,358	1,399	9,988	.....	.....	5,448	23,648	2,648	7,174
Florida.....	46,972	173,691	9,942	41,744	3,081	12,772	5,027	16,963	.....	.....	24,509	86,353	4,413	15,589
Georgia.....	27,134	76,113	9,019	28,803	550	2,886	6,991	17,930	.....	.....	8,078	17,762	2,486	8,722
Maryland.....	31,576	121,047	18,439	70,305	385	2,384	4,285	18,185	813	3,270	6,780	23,408	834	3,485
North Carolina.....	26,412	68,388	10,476	29,523	1,717	7,403	2,465	7,042	.....	.....	8,435	17,438	3,319	6,982
South Carolina.....	11,182	28,822	2,138	6,046	694	2,797	2,553	6,691	.....	.....	4,389	9,352	1,518	3,096
Virginia.....	30,509	101,790	10,748	35,512	1,016	5,017	4,901	16,749	.....	.....	10,809	35,176	3,035	9,336
District Number 5.....	255,737	978,327	134,695	537,234	5,982	31,247	55,308	223,516	1,781	9,863	34,341	99,703	23,650	76,764
Kentucky.....	25,825	83,606	15,262	47,839	1,305	5,974	5,623	20,768	.....	.....	2,723	6,309	912	2,716
Ohio.....	195,363	789,066	114,298	474,033	2,655	15,359	43,003	178,577	1,781	9,863	27,692	83,937	5,934	27,297
Tennessee.....	34,549	105,655	5,135	15,362	2,002	9,914	6,682	24,171	.....	.....	3,926	9,457	16,804	46,751
District Number 6.....	145,156	489,111	57,694	180,181	6,360	33,499	52,758	180,378	101	209	19,168	57,322	9,075	37,522

Indiana.....	73,756	226,231	39,465	109,753	2,927	14,220	20,212	67,585	101	209	7,341	20,835	3,720	13,029
Michigan.....	71,390	262,880	18,229	70,428	3,433	10,279	32,546	112,793			11,827	36,487	5,355	23,863
District Number 7.....	163,398	714,403	73,815	327,432	3,019	17,206	27,443	118,350	183	444	34,826	117,033	24,112	184,028
Illinois.....	117,557	533,647	57,653	256,599	1,912	15,200	16,173	71,461			20,841	71,935	21,318	122,426
Wisconsin.....	45,801	180,846	16,162	70,833	1,107	5,000	11,270	46,880	186	444	13,985	48,878	2,794	11,602
District Number 8.....	151,890	504,123	51,512	171,070	5,529	23,438	40,857	137,769	1,119	4,836	33,871	88,828	18,872	77,353
Iowa.....	33,250	105,080	13,652	44,411	3,668	3,112	11,413	36,713			7,868	14,010	1,929	6,234
Minnesota.....	43,586	158,924	18,368	65,752	1,335	7,022	10,193	35,885			7,272	22,734	4,776	22,662
Missouri.....	63,928	219,764	16,521	51,697	3,326	18,453	17,003	60,048	1,119	4,835	18,272	41,910	11,806	47,680
North Dakota.....	4,044	11,737	1,774	6,180	108	340	1,059	2,477			1,842	3,965	261	634
South Dakota.....	4,052	11,197	1,197	3,030	92	340	1,186	2,477			1,842	2,409	169	163
District Number 9.....	130,552	436,813	43,420	153,082	9,726	47,327	14,185	45,747			47,009	123,223	16,232	61,254
Louisiana.....	12,609	31,302	4,263	12,680	739	2,402	3,092	7,941			7,493	7,493	3,587	10,167
Arkansas.....	26,246	85,798	10,516	42,404	921	4,292	1,443	3,000			6,779	25,935	3,587	2,410
Mississippi.....	10,285	24,913	2,793	9,854	546	2,242	2,244	5,220			9,707	7,173	995	2,410
New Mexico.....	3,621	6,241	1,084	2,926	18	2,125	678	5,688			7,173	4,310	152	195
Texas.....	77,791	279,559	24,761	87,209	7,502	38,252	6,808	27,988			1,739	7,339	11,118	47,685
District Number 10.....	117,180	344,298	47,748	149,519	3,026	14,228	10,059	54,622			27,002	78,312	11,118	47,685
Colorado.....	32,117	98,416	6,733	25,395	357	1,873	3,743	13,646			37,139	89,855	10,208	36,073
Kansas.....	14,294	41,416	16,852	48,652	642	2,773	6,953	18,199			16,287	46,105	2,823	12,037
Nebraska.....	41,826	117,311	17,663	58,217	1,948	4,708	1,833	8,217			5,378	11,878	2,282	8,917
Oklahoma.....	391,657	1,627,668	83,673	356,409	7,318	50,928	6,500	15,551			3,718	25,640	1,164	1,994
District Number 11.....	12,254	46,706	2,298	17,663	318	1,008	98,727	514,532	2,110	10,214	12,720	480,349	3,929	13,125
Arizona.....	1,627,668	1,627,668	83,673	356,409	7,318	50,928	6,500	15,551			3,718	25,640	1,164	1,994
California.....	288,624	1,254,719	52,750	243,388	5,098	39,453	2,703	410,070			6,524	22,937	42,281	211,686
Idaho.....	6,763	20,112	2,528	8,696	180	731	1,014	3,582			2,981	6,490	186	386
District Number 12.....	2,908	17,111	2,091	8,987	196	507	1,185	4,357			2,981	5,920	186	386
Montana.....	2,908	17,111	2,091	8,987	196	507	1,185	4,357			2,981	5,920	186	386
Nevada.....	20,788	73,074	6,408	25,161	432	3,722	3,314	12,964	252	3,314	8,481	23,359	1,580	7,945
Utah.....	8,779	30,355	4,292	13,804	276	2,179	6,352	17,789			7,779	14,882	1,580	2,101
District Number 13.....	40,157	157,266	13,046	49,295	552	2,869	14,871	54,080	1,858	8,900	6,283	18,104	4,628	24,155
Washington.....	3,777	12,088	917	3,390	54	1,117	1,142	3,847			1,438	4,309	225	425
Wyoming.....														

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

(In millions of dollars)

Type of mortgage	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
Savings and loan associations.....	\$4,437	\$3,710	\$3,293	\$3,237	\$3,420	\$3,555	\$3,758	\$4,084	\$4,552	\$4,556	\$4,584	\$4,799	\$5,376
Insurance companies.....	1,599	1,379	1,281	1,245	1,246	1,320	1,490	1,758	1,976	2,255	2,410	2,488	2,258
Mutual savings banks.....	3,200	3,000	2,850	2,750	2,700	2,670	2,680	2,700	2,730	2,700	2,660	2,570	2,530
Commercial banks.....	1,510	1,188	1,189	1,230	1,400	1,600	1,810	2,095	2,470	2,480	2,450	2,410	2,575
Home Owners' Loan Corporation.....	132	2,379	2,897	2,763	2,398	2,169	2,038	1,956	1,777	1,567	1,338	1,091	852
Individuals and others <sup>1</sup> .....	6,700	6,200	6,000	6,000	6,190	6,332	6,440	6,510	6,590	6,350	6,100	6,200	6,400
Total.....	17,878	17,857	17,510	17,225	17,344	17,646	18,216	19,103	20,095	19,908	19,542	19,528	19,991

<sup>1</sup> Includes fiduciaries, trust departments of commercial banks, real estate and bond companies, title and mortgage companies, philanthropic and educational institutions, fraternal organizations, construction companies, RFC Mortgage Company, etc.

**Home-Operating Analysis Division; Federal Savings and Loan Insurance Corporation.**

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

(In millions of dollars)

	1938	1939	1940	1941	1942	1943	1944	1945	Percent increase 1944-1945
Savings and loan associations 1.....	\$ 4,065	\$ 4,060	\$ 4,272	\$ 4,632	\$ 4,910	\$ 5,494	\$ 6,305	\$ 7,365	16.8
Life insurance companies 2.....	21,858	23,381	25,025	27,393	29,610	31,256	34,100	37,362	9.6
Mutual savings banks 3.....	10,235	10,481	10,618	10,490	10,621	11,707	13,332	15,332	15.0
Insured commercial banks 4.....	12,196	12,622	13,062	13,261	13,916	16,864	21,728	27,830	28.1
Postal savings 5.....	1,286	1,315	1,342	1,392	1,459	1,837	2,406	3,013	25.2
2½% Postal savings bonds 6.....	92	90	87	85	84	83	82	82	
War savings securities and United States savings bonds 7.....	1,442	2,209	3,195	4,750	10,526	19,574	29,153	34,204	17.3
Total.....	51,114	54,158	57,601	62,023	71,126	86,815	107,106	125,188	16.9

1 Estimated private investments in savings and loan associations, including deposits and investment securities. Does not include shares pledged against mortgage loans. Source: Federal Home Loan Bank Administration.

2 Estimated accumulations in United States life insurance companies. Data include reserves plus unpaid dividends, dividends left to accumulate and surplus to policyholders, minus premium notes, policy 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. Prior to 1938 data based on savings deposits in mutual savings banks as reported by the Comptroller of the Currency. All figures include a small percentage of Christmas savings and other special accounts in addition to regular deposits.

4 Deposits evidenced by savings passbooks. For 1933 and prior years data based on Comptroller of the Currency figures for all active banks except mutual savings banks; for 1934 and subsequent years, figures represent savings deposits in insured commercial banks. Figures for 1942 to date are revised estimates based on total time deposits. Source: *Assets and Liabilities of Insured Commercial Banks, report of Federal Deposit Insurance Corporation*.

5 Due depositors: outstanding principal and accrued interest on certificates of deposit, outstanding savings stamps, and unclaimed deposits. Source: Post Office Department, *Statements* and Post Office Department.

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

7 Current redemption value. From 1920 to 1928, War Savings Securities; 1935 to May 1, 1941, U. S. Savings Bonds, Series A-D; and May 1, 1941 to date, also includes U. S. War Savings Bonds, Series E. Source: *Treasury Daily Statements*.

Prepared by: Operating Analysis Division, Federal Savings & Loan Insurance Corporation.

**EXHIBIT 9.—Federal Home Loan Bank Administration. Members of the Federal Savings and Loan Advisory Council, during the meetings held in the fiscal year 1946**

Federal Home Loan Bank District	Member	Elected or appointed
Boston	Raymond P. Harold	Elected.
New York	J. Alston Adams	Do.
Do	Eustace Seligman	Appointed.
Pittsburgh	James J. O'Malley	Elected.
Do	Ernest T. Trigg <sup>1</sup>	Appointed.
Winston-Salem	Frank Muller, Jr.	Elected.
Do	Horace S. Haworth	Appointed.
Cincinnati	W. Megrue Brock	Elected.
Do	Allen C. Knowles <sup>2</sup>	Do.
Do	Harry S. Kissell	Appointed.
Indianapolis	Walter Gehrke	Elected.
Chicago	Earl S. Larson	Do.
Do	Henry G. Zander, Jr.	Appointed.
Des Moines	John F. Scott	Elected.
Do	Robert E. Lee Hill	Appointed.
Do	John W. Ballard <sup>3</sup>	Do.
Little Rock	J. J. Miranne	Elected.
Topeka	Ray H. Babbitt	Do.
Do	Herrington Wimberly <sup>4</sup>	Appointed.
Portland	S. S. Selak	Elected.
Do	Ben A. Perham	Appointed.
Los Angeles	Douglas H. Driggs	Elected.

<sup>1</sup> Vice Seligman, resigned.

<sup>2</sup> Alternate to serve in place of Brock at May 1946 meeting.

<sup>3</sup> Alternate to serve in place of Hill at May 1946 meeting.

<sup>4</sup> Vice Kissell, deceased.

**EXHIBIT 10.—Statement of receipts and disbursements, Federal Home Loan Bank Administration, Administrative Department, fiscal year 1946 (cash basis)**

Balance—June 30, 1945		\$65, 159.86
Receipts by sources:		
Federal Home Loan Bank System	\$138, 923. 00	
Federal Savings & Loan Insurance Corporation	94, 099. 00	
Home Owners' Loan Corporation	153, 911. 00	386, 933. 00
Disbursements:		
Salaries	309, 025. 98	
Communications	4, 889. 11	
Rents and utilities	33, 243. 57	
Other contractual services	1, 652. 02	
Supplies and materials	1, 084. 93	
Periodicals and newspapers	161. 51	
Transferred to:		
Federal Home Loan Bank System	15, 122. 80	
Federal Savings & Loan Insurance Corporation	11, 237. 60	
Home Owners' Loan Corporation	17, 639. 60	394, 057. 12
Balance June 30, 1946		<u>58, 035. 74</u>

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

Date	Admin- istrative depart- ment	Federal Home Loan Bank System	Federal Savings and Loan Insurance Corpora- tion	Home Owners' Loan Corporation		Total
				Home office	Field	
July 1, 1939.....	-----	359	39	1,318	9,689	11,405
July 1, 1940.....	-----	398	47	1,274	8,569	10,288
July 1, 1941.....	-----	451	56	1,256	6,508	8,271
July 1, 1942.....	-----	395	74	1,026	4,202	5,697
July 1, 1943.....	-----	299	60	750	2,569	3,678
July 1, 1944.....	95	315	53	464	1,933	2,860
June 30, 1945.....	89	324	52	335	1,413	2,213
June 30, 1946.....	90	313	97	259	1,028	1,787

EXHIBIT 12.—Federal Home Loan Bank System—Number and estimated assets of member institutions, June 30, 1945, and June 30, 1946

Federal Home Loan Bank District and States	Number of mem- bers		Assets of members (in thousands of dollars)	
	1945	1946	1945	1946
United States.....	13,696	13,699	\$7,969,978	\$9,443,242
No. 1—Boston.....	239	238	1,203,256	1,331,754
Connecticut.....	52	52	240,404	275,701
Maine.....	22	23	28,185	31,625
Massachusetts.....	134	132	763,234	833,255
New Hampshire.....	21	21	99,272	110,760
Rhode Island.....	5	5	63,975	70,842
Vermont.....	5	5	8,096	9,571
No. 2—New York.....	361	363	842,765	1,015,763
New Jersey.....	221	221	325,208	392,957
New York.....	140	142	517,557	622,806
No. 3—Pittsburgh.....	442	436	441,092	540,043
Delaware.....	7	7	4,650	5,386
Pennsylvania.....	408	402	408,175	501,263
West Virginia.....	27	27	28,261	33,394
No. 4—Winston-Salem.....	410	411	1,024,646	1,226,021
Alabama.....	27	28	33,593	44,456
District of Columbia.....	23	22	215,974	251,322
Florida.....	50	51	166,573	202,304
Georgia.....	55	55	81,424	107,584
Maryland.....	62	61	130,264	162,485
North Carolina.....	110	110	260,730	295,413
South Carolina.....	44	45	61,794	76,953
Virginia.....	39	39	74,294	85,504
No. 5—Cincinnati.....	559	560	1,309,868	1,532,996
Kentucky.....	75	74	111,422	130,588
Ohio.....	449	451	1,141,433	1,331,131
Tennessee.....	35	35	57,013	71,277
No. 6—Indianapolis.....	221	219	461,464	539,775
Indiana.....	162	161	273,191	318,651
Michigan.....	59	58	188,273	221,124
No. 7—Chicago.....	457	459	691,543	852,903
Illinois.....	343	344	539,804	675,003
Wisconsin.....	114	115	151,739	177,900



EXHIBIT 12.—Federal Home Loan Bank System—Number and estimated assets of member institutions, June 30, 1945, and June 30, 1946—Continued

Federal Home Loan Bank District and States	Number of members		Assets of members (in thousands of dollars)	
	1945	1946	1945	1946
No. 8—Des Moines.....	235	236	377,047	458,128
Iowa.....	72	71	80,645	98,318
Minnesota.....	42	42	130,349	162,098
Missouri.....	98	100	140,270	167,246
North Dakota.....	13	13	20,006	24,226
South Dakota.....	10	10	5,777	6,240
No. 9—Little Rock.....	271	273	463,332	548,683
Arkansas.....	40	40	24,526	31,178
Louisiana.....	66	68	114,175	126,122
Mississippi.....	25	25	12,994	16,356
New Mexico.....	14	14	9,510	11,425
Texas.....	126	126	302,127	363,602
No. 10—Topeka.....	207	207	254,036	309,017
Colorado.....	39	39	47,844	62,260
Kansas.....	86	86	77,160	93,084
Nebraska.....	30	29	35,487	38,988
Oklahoma.....	52	53	93,545	114,735
No. 11—San Francisco.....	294	297	900,929	1,088,159
Arizona.....	3	3	16,503	20,895
California.....	157	160	561,558	680,143
Idaho.....	8	8	16,721	21,167
Montana.....	14	14	15,817	17,633
Nevada.....	1	1	1,305	1,979
Oregon.....	26	26	62,442	72,683
Utah.....	10	10	36,301	43,834
Washington.....	59	59	170,724	206,968
Wyoming.....	10	10	8,907	10,321
Alaska.....	1	1	912	1,150
Hawaii.....	5	5	9,739	11,386

<sup>1</sup> The number of members, by type of institution, was as follows:

	June 30, 1945	June 30, 1946
Savings and loan associations.....	3,656	3,660
Savings banks.....	25	25
Life insurance companies.....	15	14
	3,696	3,699

Prepared by the Operating Analysis Division, Federal Savings and Loan Insurance Corporation.

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

Fiscal year:	Advances	Repayments	Balance outstanding
1933.....	\$48,894,602 41	\$1,230,772 82	\$47,663,829 59
1934.....	62,871,970 22	25,387,445 72	85,148,354 09
1935.....	36,683,308 61	42,599,148 52	79,232,514 18
1936.....	78,195,224 32	38,840,900 50	118,586,838 00
1937.....	114,287,052 41	65,817,003 85	167,056,886 56
1938.....	105,432,157 95	76,264,107 15	196,224,937 36
1939.....	76,659,074 62	103,922,448 88	168,961,563 10
1940.....	108,009,901 23	119,574,417 17	157,397,047 16
1941.....	142,875,563 45	130,375,220 91	169,897,389 70
1942.....	155,025,046 83	132,277,500 65	192,644,935 88
1943.....	96,346,312 85	198,799,671 97	90,191,576 76
1944.....	222,500,864 94	184,414,895 59	128,277,546 11
1945.....	232,947,723 40	229,559,284 28	131,665,985 23

**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—Continued**

	Advances	Repayments	Balance outstanding
<i>1945</i>			
July .....	7,443,540.00	17,501,265.33	121,608,259.90
August .....	9,794,060.00	18,951,527.89	112,450,792.01
September .....	4,519,056.12	17,200,465.49	99,769,382.64
October .....	6,577,031.00	19,748,766.49	86,597,647.15
November .....	21,213,419.00	10,880,057.99	96,931,008.16
December .....	116,849,100.88	18,907,866.05	194,872,242.99
<i>1946</i>			
January .....	17,714,625.34	38,694,029.43	173,892,838.90
February .....	13,703,355.00	22,572,970.83	165,023,223.07
March .....	14,368,305.00	26,159,666.62	153,231,861.45
April .....	24,462,471.66	21,858,276.26	155,836,056.85
May .....	33,714,315.00	16,881,347.90	172,669,023.95
June .....	44,518,559.56	13,892,012.52	203,295,570.99
Total fiscal year 1946 .....	314,877,838.56	243,248,252.80	-----
Grand total through June 30, 1946 .....	1,795,606,641.80	1,592,311,070.81	-----

**EXHIBIT 14.—Interest rates charged member institutions on new advances, July 1, 1946.**

Bank	Rate in effect	Type of Advance
	<i>Percent</i>	
Boston .....	1½	On advances, secured or unsecured, for periods up to 1 year.
	2	On advances for periods up to 5 years
	2½	On advances for periods up to 10 years.
New York .....	1½	On short term advances.
	2	On long term advances for periods up to 5 years.
	2½	On long term advances for more than 5 years.
Pittsburgh .....	2	On advances not exceeding 1 year, such advances must be collateralized by either mortgages or government securities, the latter to be submitted through the custodianship agreement with the Chase National Bank of New York or a custodianship arrangement entered into by the member with some other incorporated financial institution.
	2½	On advances from 1 to 5 years, such advances to be collateralized by either mortgages or government securities
Winston-Salem .....	2½	On unsecured advances within certain limits.
Cincinnati .....	2	All advances.
	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 aggregate 10 percent of the gross assets of borrowing member.
	2	On short term advances which exceed 10 percent of member's gross assets or which are unamortized.
	2	On advances for more than 1 year but not more than 5 years.
Des Moines .....	2½	On advances of more than 5 years.
Little Rock .....	2	On all advances.
Topeka .....	2	On all advances.
	2	On advances not exceeding 5 years.
San Francisco .....	2½	On advances up to 10 years.
	2	On all advances.

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

EXHIBIT 15.—Federal Home Loan Banks—Statement of condition as of June 30, 1946

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
<i>Assets</i>							
Cash:							
On hand including imprest funds.....	\$18,672 25	\$18,672 25	\$1,750 00	\$1,750.00	\$2,550 00	\$1,250 00	\$1,810 00
On deposit with:							
U. S. Treasurer.....	7,357,114 01	7,357,114 01	796,657 00	296,359 39	244,793 74	527,369 72	70,353.66
Commercial banks.....	14,003,404 87	14,003,404 87	908,867 78	1,185,023 83	1,324,840 66	297,467 59	1,089,702 80
Other Federal Home Loan Banks.....	0	0	0	3,500,000 00	0	0	3,000,000 00
In transit.....	1,082 19	0	0	0	0	0	0
Total cash.....	21,860,273 32	31,379,191 13	1,677,274 78	4,983,133 22	1,572,184 40	826,097 31	4,761,845 96
Investments							
U. S. Treasury bills.....	2,449,464 87	2,449,464 87	0	0	0	0	1,499,682 29
Other U. S. Government obligations.....	120,061,153 55	120,061,153 55	8,483,574 47	26,790,515 62	7,449,185 22	4,121,249 62	23,149,826 16
Total investments.....	122,510,618 42	122,510,618 42	8,483,574 47	26,790,515 62	7,449,185 22	4,121,249 62	24,649,508 45
Advances outstanding—members.....	203,295,570 99	203,295,570 99	13,602,030 00	12,582,088 98	20,519,576 42	19,707,050 00	19,821,919 51
Accrued interest receivable:							
Deposits—other FHL Banks.....	0	4,397 25	0	1,534 24	0	0	356 17
Investments.....	555,451 28	555,451 28	45,261 80	119,471 54	25,681 06	24,918 04	99,195 92
Advances to members.....	158,253 25	158,253 25	6,679 01	27,909 07	39,967 56	35,555 55	7,251 80
Total accrued interest receivable.....	713,704 53	718,101 79	51,940 81	148,914 85	65,648 62	60,473 59	106,803 69
Deferred charges:							
Prepaid consolidated debenture expense.....	19,541 66	19,541 66	583 33	0	2,916 67	729 17	1,458 33
Prepaid surety bond and insurance premiums.....	16,571 64	10,571 64	733 44	1,875 98	641 75	659 33	1,232 38
Other.....	237 33	277 33	0	0	0	12 33	225 00
Total deferred charges.....	36,350 63	30,350 63	1,316 77	1,875 98	3,558 42	1,400 83	2,915 71
Other assets:							
U. S. Savings bonds redeemed.....	100,758 15	100,758 15	0	0	0	21,769 67	22,033 16
Accounts receivable.....	30,805 06	30,805 06	150 00	4,253 23	764 25	1,350 83	13,330 41
Furniture and equipment 1.....	11 00	11 00	1 00	1 00	1 00	1 00	1 00
Total other assets.....	131,574 21	131,574 21	151 00	4,254 23	765 25	23,121 50	35,364 57
Total assets.....	348,062,092 10	358,065,407 17	23,816,267 83	44,510,782 88	29,710,918 33	24,739,392 85	49,078,357 89
<i>Liabilities and capital</i>							
Liabilities:							
Deposits							
Members—time.....	37,776,229 05	37,776,229 05	971,087 95	8,952,313 27	979,680 75	176,100 00	8,528,562 87
Members—demand.....	17,018,471 35	17,018,471 35	0	6,338,439 77	542,475 20	0	6,214,305 81
Applicants.....	50,625 00	50,625 00	500 00	900 00	20,250 00	1,125 00	13,050 00

Other Federal Home Loan Banks.....	0	10,000,000.00	0	0	0	0	0	0	2,000,000.00	0
Total deposits.....	54,845,325.40	64,845,325.40	971,557.95	15,291,653.04	1,542,355.95	2,177,225.00	14,755,918.68			
Accrued interest payable:										
Deposits—Members.....	36,642.26	36,642.26	2,280.81	0	0	0	169.50	4,775.69		
Deposits—Other FHL Banks.....	0	3,315.07	0	0	0	0	575.34			
Consolidated debentures.....	125,625.00	125,625.00	3,750.00	0	0	0	4,687.50	9,375.00		
Total accrued interest payable.....	162,267.26	165,582.33	6,040.81	0	0	0	5,432.34	14,150.69		
Dividends payable										
Reconstruction Finance Corporation.....	505,690.13	505,690.13	62,337.50	0	0	0	0	77,788.13		
Members.....	353,080.60	353,080.60	33,270.12	0	0	0	0	85,789.02		
Total dividends payable.....	858,770.73	858,770.73	95,607.62	0	0	0	0	163,577.15		
Accounts payable.....	30,609.11	30,609.11	0	4,638.28	0	0	0	14,236.30		
Consolidated debentures, <sup>2</sup> 0.90% Series "B-1946" due October 15, 1946.....	67,000,000.00	67,000,000.00	2,000,000.00	0	0	0	0	5,000,000.00		
Total liabilities.....	122,896,972.50	132,900,287.57	3,073,206.38	15,296,291.32	11,563,400.01	4,688,431.94	19,947,882.82			
Capital										
Capital stock (Par):										
Members (fully paid).....	79,552,700.00	79,552,700.00	6,789,400.00	7,764,400.00	4,992,700.00	8,388,700.00	14,021,700.00			
Members (partially paid).....	13,500.00	13,500.00	0	0	0	0	0	0		
Total.....	79,566,200.00	79,566,200.00	6,802,900.00	7,764,400.00	4,992,700.00	8,388,700.00	14,021,700.00			
Less: Unpaid subscriptions.....	6,750.00	6,750.00	6,750.00	0	0	0	0	0		
U. S. Govt. now owned by RFC (fully paid).....	79,559,450.00	79,559,450.00	6,796,150.00	7,764,400.00	4,992,700.00	8,388,700.00	14,021,700.00			
Total paid in on capital stock.....	123,651,200.00	123,651,200.00	12,487,500.00	18,965,200.00	11,146,300.00	9,208,200.00	12,446,100.00			
Surplus:										
Legal reserve—section 16 of act.....	9,923,899.02	9,923,899.02	734,123.99	1,223,243.08	918,319.67	869,766.75	1,370,337.59			
Reserve for contingencies.....	3,620,594.10	3,620,594.10	0	439,007.09	0	400,000.00	500,000.00			
Total surplus.....	13,544,493.12	13,544,493.12	734,123.99	1,662,250.17	918,319.67	1,269,766.75	1,870,337.59			
Undivided profits.....	8,409,976.48	8,409,976.48	745,307.46	824,641.39	1,090,108.65	1,184,294.16	792,337.48			
Total surplus and undivided profits.....	21,954,469.60	21,954,469.60	1,479,431.45	2,486,891.56	2,008,428.32	2,454,060.91	2,662,675.07			
Total capital.....	225,165,119.60	225,165,119.60	20,743,081.45	29,214,491.56	18,147,428.32	20,050,960.91	29,130,475.07			
Total liabilities and capital.....	348,062,092.10	358,065,407.17	23,816,287.83	44,510,782.88	29,710,918.33	24,739,392.85	49,078,357.89			

<sup>1</sup> Original cost of furniture and equipment: Combined, \$167,914.10; Boston, \$9,606.89; New York, \$24,335.96; Pittsburgh, \$14,997.83; Winston-Salem, \$10,864.85; Cincinnati, \$15,340.75; Indianapolis, \$10,317.78; Chicago, \$10,598.37; Des Moines, \$16,983.53; Topeka, \$10,967.82; San Francisco, \$23,422.66

<sup>2</sup> 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 15.—Federal Home Loan Banks—Statement of condition as of June 30, 1946—Continued

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco
<i>Assets</i>						
Cash:						
On hand including imprest funds.....	\$2,427.25	\$1,750.00	\$1,300.00	\$1,300.00	\$1,275.00	\$1,500.00
On deposit with:						
U. S. Treasurer.....	1,044,965.33	268,431.74	300,705.03	930,780.51	811,079.70	2,095,698.19
Commercial banks.....	1,282,630.83	2,346,880.01	369,100.06	253,542.17	154,980.06	4,178,399.58
Other Federal Home Loan Banks.....	1,500,000.00	0	0	0	0	2,000,000.00
In transit.....	0	0	0	0	0	0
Total cash.....	3,840,043.41	2,617,061.75	671,105.09	1,187,622.68	967,284.76	8,275,537.77
Investments:						
U. S. Treasury bills.....	199,903.96	0	249,971.59	0	0	499,907.03
Other U. S. Government obligations.....	13,218,978.13	4,392,993.29	7,701,787.96	7,621,587.01	8,045,657.53	9,085,798.54
Total investments.....	13,418,882.09	4,392,993.29	7,951,759.55	7,621,587.01	8,045,657.53	9,585,705.57
Advances outstanding—members.....	13,062,916.81	40,703,701.00	16,720,157.25	10,494,330.50	7,101,643.00	29,180,137.52
Accrued interest receivable:						
Deposits—other FHL Banks.....	95.89	0	0	0	0	2,410.96
Investments.....	72,403.76	24,088.46	36,168.79	35,854.46	38,983.83	33,423.62
Advances to members.....	2,385.14	2,181.21	9,544.88	17,471.67	1,606.78	7,699.78
Total accrued interest receivable.....	74,884.79	26,270.67	45,713.67	53,326.13	40,590.61	43,534.36
Deferred charges:						
Prepaid consolidated debenture expense.....	2,333.33	3,645.84	2,479.16	1,458.33	583.33	3,354.17
Prepaid surety bond and insurance premiums.....	582.76	1,521.90	417.85	731.42	737.63	1,437.20
Other.....	0	0	0	0	0	0
Total deferred charges.....	2,916.09	5,167.74	2,897.01	2,189.75	1,320.96	4,791.37
Other assets:						
U. S. Savings bonds redeemed.....	0	42,435.60	0	14,519.72	0	0
Accounts receivable.....	695.36	3,420.80	126.50	346.65	0	6,367.03
Furniture and equipment.....	1.00	1.00	1.00	1.00	1.00	1.00
Total other assets.....	696.36	45,857.40	127.50	14,867.37	1.00	6,368.03
Total assets.....	30,400,339.55	47,791,051.85	25,591,760.07	19,373,943.44	16,156,497.86	47,096,074.62
<i>Liabilities and capital</i>						
Liabilities:						
Deposits:						

Members—time	4,347,742.07	4,663,869.38	891,959.76	177,500.00	185,000.00	7,902,463.00
Members—demand	2,327,150.71	3,700.00	863,535.52	0	639,344.66	93,219.68
Applicants	500.00	5,000,000.00	4,300.00	1,000.00	3,500.00	1,800.00
Other Federal Home Loan Banks	0	0	0	1,000,000.00	2,000,000.00	0
Total deposits	6,675,392.78	9,667,599.38	1,759,795.28	1,178,500.00	2,827,844.66	7,997,482.68
Accrued interest payable:						
Deposits—Members	5,438.76	1,450.63	2.41	38.70	21.57	20,070.13
Deposits—Other FHL Banks	0	2,739.73	0	0	0	0
Consolidated debentures	15,000.00	23,437.50	15,937.50	9,375.00	3,750.00	21,562.50
Total accrued interest payable	20,438.76	27,627.86	15,939.91	9,413.70	3,771.57	41,632.63
Dividends payable						
Reconstruction Finance Corporation	43,629.00	106,304.25	55,461.75	43,832.00	36,668.00	79,639.50
Members	61,736.36	61,394.34	43,468.00	14,226.17	12,561.24	40,636.35
Total dividends payable	105,365.36	167,698.59	98,929.75	58,058.17	49,229.24	120,275.85
Accounts payable	439.16	2,951.80	450.04	548.20	496.84	1,073.89
Consolidated debentures, <sup>2</sup> 0.90% Series "B-1946" due October 15, 1946	8,000,000.00	12,500,000.00	8,500,000.00	5,000,000.00	2,000,000.00	11,500,000.00
Total liabilities	14,801,635.06	22,365,877.63	10,375,114.98	6,246,550.07	4,881,342.31	19,680,465.06
Capital:						
Capital stock (Par):						
Members (fully paid)	8,359,100.00	8,888,200.00	5,995,100.00	3,006,100.00	2,686,200.00	8,661,100.00
Members (partially paid)	0	0	0	0	0	0
Total	8,359,100.00	8,888,200.00	5,995,100.00	3,006,100.00	2,686,200.00	8,661,100.00
Less Unpaid subscriptions	0	0	0	0	0	0
U. S. Govt. now owned by RFC (fully paid)	8,359,100.00	8,888,200.00	5,995,100.00	3,006,100.00	2,686,200.00	8,661,100.00
Total paid in on capital stock	14,176,300.00	23,062,100.00	13,390,000.00	11,778,500.00	10,019,300.00	24,589,000.00
Surplus:						
Legal reserve—Section 16 of act	691,886.15	1,260,895.58	696,044.35	591,218.41	473,154.68	1,094,958.77
Reserve for contingencies	0	0	800,000.00	81,587.01	0	1,400,000.00
Total surplus	691,886.15	1,260,895.58	1,496,044.35	672,805.42	473,154.68	2,494,958.77
Undivided profits	730,518.34	1,102,178.64	130,600.74	676,087.95	782,200.87	351,700.80
Total surplus and undivided profits	1,422,404.49	2,363,074.22	1,626,645.09	1,348,893.37	1,255,355.55	2,846,659.57
Total capital	15,598,704.49	25,425,174.22	15,016,645.09	13,127,393.37	11,275,155.55	27,435,659.57
Total liabilities and capital	30,400,339.55	47,791,051.85	25,391,760.07	19,373,943.44	16,156,497.86	47,096,074.62

EXHIBIT 16.—Federal Home Loan Banks—Analysis of surplus and undivided profits for the fiscal year ended June 30, 1946

	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Surplus—Reserve as required by section 16 of act:						
Balance—June 30, 1945.....	88,915,670.72	\$655,287.29	\$1,094,752.26	\$708,837.53	\$798,838.08	\$1,289,794.54
Add—Transfers from undivided profits.....	1,008,228.30	78,856.70	128,490.52	149,482.14	70,928.67	110,543.05
Balance—June 30, 1946.....	9,923,899.02	734,123.99	1,223,243.08	918,319.67	869,766.75	1,370,337.59
Surplus—Reserve for contingencies:						
Balance—June 30, 1945.....	2,733,815.34	0	262,240.23	0	285,000.00	500,000.00
Add—Transfers from undivided profits.....	886,778.76	0	176,766.86	0	105,000.00	0
Balance—June 30, 1946.....	3,620,594.10	0	439,007.09	0	400,000.00	500,000.00
Undivided profits:						
Balance—June 30, 1945.....	8,033,133.48	625,134.12	755,778.00	1,103,774.15	1,165,764.19	714,278.00
Add—Profits for fiscal year 1946.....	4,666,141.59	394,283.49	642,454.12	372,410.71	354,643.38	552,715.27
Total.....	12,719,275.07	1,019,417.61	1,398,232.12	1,476,184.86	1,520,407.57	1,266,993.27
Deduct—Dividends declared						
Reconstruction Finance Corporation	1,482,286.63	124,675.00	189,632.00	167,194.50	92,082.00	173,605.88
Members (adj.).....	902,860.19	65,392.75	72,880.35	61,465.87	68,102.74	185,062.16
Allocated to legal reserves.....	1,008,228.30	78,856.70	128,490.52	149,482.14	70,928.67	110,543.05
Transfers to reserves for contingencies.....	886,778.76	0	176,766.86	0	105,000.00	0
Retirement fund (prior service)—adjustments.....	23,143.71	5,185.70	5,820.70	7,933.70	0	5,444.70
Furniture and fixtures charged off.....	1.00	0	0	0	0	0
Total.....	4,309,298.59	274,110.15	573,590.73	386,076.21	336,113.41	474,655.79
Balance—June 30, 1946.....	8,409,976.48	745,307.46	824,641.39	1,090,108.65	1,184,294.16	792,337.48

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco
Surplus—Reserve as required by section 16 of act:						
Balance—June 30, 1945.....	\$605,287 05	\$1,178,327 95	\$608,512 93	\$537,603 84	\$427,111 13	\$981,323 12
Add—Transfers from undivided profits.....	86,599 10	82,567 63	87,531 42	53,511 57	46,043 53	113,373 65
Balance—June 30, 1946.....	691,886 15	1,260,895 58	696,044 35	591,218 41	473,154 68	1,094,696 77
Surplus—Reserve for contingencies:						
Balance—June 30, 1945.....	0	0	400,000 00	76,575 11	0	1,200,000 00
Add—Transfers from undivided profits.....	0	0	400,000 00	5,011 90	0	200,000 00
Balance—June 30, 1946.....	0	0	800,000 00	81,587 01	0	1,400,000 00
Undivided profits						
Balance—June 30, 1945.....	596,393 66	1,111,719 72	373,841 89	574,315 34	695,787 20	336,347 21
Add—Profits for fiscal year 1946.....	432,995 45	412,838 18	437,657 09	268,057 86	230,217 76	567,868 27
Total.....	1,029,389 12	1,524,557 90	811,498 98	842,373 20	926,004 96	904,215 48
Deduct—Dividends declared						
Reconstruction Finance Corporation.....	91,223 25	212,608 50	110,923 50	87,724 00	73,336 00	159,379 00
Members (adj.).....	120,545 73	118,110 43	82,443 32	27,510 67	24,302 84	76,512 23
Allocated to legal reserves.....	86,599 10	82,567 63	87,531 42	53,511 57	46,043 53	113,373 65
Transfers to reserves for contingencies.....	0	0	400,000 00	0	0	200,000 00
Retirement fund (prior service)—adjustments.....	498.70	9,082 70	0	1 (71,002 89)	1 (78 30)	12,843 70
Furniture and fixtures charged off.....	0	0	0	0	0	1.00
Total.....	298,870 78	422,379 26	680,898 24	166,285 25	143,804 09	552,514 68
Balance—June 30, 1946.....	730,518 34	1,102,178 64	130,600 74	676,087 95	782,200 87	351,700 80

† Minus figures in parenthesis.



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

	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
Earned Operating Income.....	\$2,500,629.84	\$2,500,629.84	\$161,038.93	\$159,615.41	\$270,459.56	\$274,104.93	\$209,711.65
Interest on advances.....	2,817,258.96	2,817,258.96	232,903.63	528,347.79	180,519.43	116,041.80	491,336.69
Interest on securities.....	0	29,875.42	0	17,427.40	0	465.75	3,543.19
Interest on deposits with other FHL Banks.....	1,712.94	1,712.94	48.20	17,200.02	164.30	200.00	3,396.32
Redemption fees—U. S. Savings bonds.....	0	0	0	0	0	0	0
Total earned operating income.....	5,319,601.74	5,349,477.16	393,990.76	705,590.60	451,143.29	390,812.48	704,987.85
Operating expenses.....	890,656.59	890,659.36	64,708.04	121,291.12	111,624.80	56,785.18	100,208.50
Compensation, travel and other expenses (detail below).....	513,430.28	515,430.28	13,505.60	15,388.94	55,411.04	15,937.50	37,538.99
Interest on debentures.....	50,418.26	50,418.26	1,505.04	1,721.02	5,326.43	1,770.83	3,652.18
Debiture expense—Concessions.....	23,018.21	23,043.03	1,883.27	1,876.01	1,988.84	1,889.87	1,940.80
Interest on members' deposits.....	269,839.98	269,839.98	4,432.17	76,655.75	8,150.57	1,334.33	50,023.43
Interest on other FHL Banks' deposits.....	0	29,872.65	3,178.10	0	0	6,164.37	219.18
Assessment of FHLB Administration.....	450,000.00	450,000.00	34,521.91	62,503.19	38,445.67	30,466.63	54,092.16
Total operating expenses.....	2,197,354.32	2,227,254.56	123,734.13	279,436.03	218,947.35	114,348.71	247,686.24
Net operating income.....	3,122,247.42	3,122,222.60	270,256.63	426,154.57	232,195.94	276,463.77	457,292.61
Nonoperating income.....	1,569,924.61	1,569,924.61	124,233.43	222,530.05	141,095.65	80,376.18	96,728.70
Profit—Sales of securities.....	1,999.76	2,024.58	10.00	632.32	0	0	0
Miscellaneous.....	0	0	0	0	0	0	0
Total nonoperating income.....	1,571,924.37	1,571,949.19	124,243.43	223,182.37	141,095.65	80,376.18	96,816.57
Nonoperating charges.....	17,117.27	10,912.93	216.57	1,257.18	547.38	1,672.51	973.75
Less on sale of investments.....	0	17,117.27	0	5,625.64	333.50	524.06	421.16
Furniture and equipment purchased.....	0	0	0	0	0	0	0
Total nonoperating charges.....	28,030.20	28,030.20	216.57	6,882.82	880.88	2,196.57	1,393.91
Net income.....	4,666,141.59	4,666,141.59	394,283.49	642,454.12	372,410.71	354,643.38	562,715.27

DETAIL OF COMPENSATION, TRAVEL AND OTHER EXPENSES

Compensation:	\$38,852 50	\$38,852 50	\$2,750 00	\$6,150 00	\$4,125 00	\$1,967 50	\$3,925 00
Directors' fees.....	313,629 22	313,629 22	31,200 00	3,940 04	25,550 00	1,800 00	35,000 00
Officers' salaries.....	315,309 91	315,309 90	3,600 00	3,883 04	4,449 92	1,800 00	4,000 00
Counsel's compensation.....	215,259 34	215,259 34	8,400 00	34,313 22	41,849 27	16,869 46	26,776 77
Other salaries.....	603,141 02	603,141 02	45,950 00	84,388 30	75,974 19	39,436 96	69,891 77
Total compensation.....	31,812 42	31,812 42	1,062 09	1,482 55	4,107 14	2,233 06	3,552 40
Travel expense:	19,768 00	19,768 00	1,504 81	2,882 99	2,850 62	2,577 33	1,360 08
Directors.....	2,576 10	2,576 10	0	199 58	1,233 30	84 80	8 40
Officers.....	2,494 99	2,494 99	427 68	0	493 97	0	623 76
Counsel and others.....	56,651 51	56,651 51	3,026 98	4,569 03	8,215 03	4,896 09	5,544 64
Maintenance and operation costs of automobile.....	33,443 24	33,443 24	2,904 24	5,412 67	5,406 27	0	4,334 03
Total travel expense.....	20,212 74	20,212 74	1,160 03	1,871 45	2,793 41	1,351 33	2,200 76
Other expenses:	16,653 78	16,653 78	588 43	2,039 04	1,585 90	1,355 11	1,733 56
Retirement fund contributions.....	16,184 12	16,184 12	653 07	3,023 40	1,582 07	3,313 52	1,735 19
Telephone and telegraph.....	68,398 96	68,398 96	2,499 96	8,962 50	9,472 07	2,577 53	8,400 04
Stationery, printing and other office supplies.....	16,934 56	16,934 56	692 13	3,409 88	333 00	2,455 97	1,401 63
Rent of banking quarters, less rent charged FHLBA.....	8,920 20	8,920 20	931 27	0	169 14	0	134 48
Maintenance of banking quarters and equipment.....	3,920 20	3,920 20	135 27	279 26	110 27	630 25	117 24
Services of FHLBA's examining division.....	12,552 64	12,552 64	1,005 42	1,979 52	1,311 51	630 01	1,211 96
Safekeeping and protection services.....	7,430 73	7,430 73	1,047 00	735 70	1,859 08	0	1,492 59
Insurance and surety bond premiums.....	7,403 16	7,403 16	1,292 03	2,174 75	22 55	0	1,549 07
Reports and other publications.....	8,993 48	8,993 48	1,352 88	1,068 15	1,642 15	320 00	779 16
Stockholders' annual meeting expense.....	7,618 42	7,618 42	1,346 91	901 56	615 34	1,261 57	771 16
Dues and subscriptions.....	3,081 36	3,081 36	107 52	477 82	61 00	16 00	810 14
Public relations expense.....	230,864 06	230,864 83	15,731 06	32,333 79	27,435 58	12,452 13	24,772 09
Miscellaneous operating expense.....	890,656 59	890,659 36	64,708 04	121,291 12	111,624 80	56,785 18	100,208 50
Total other expenses.....							
Total compensation, travel and other expenses.....							

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

	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco
Earned operating income.....	\$140,121 87	\$478,306 28	\$179,753 37	\$112,218 69	\$78,628 74	\$436,670 41
Interest on advances.....	281,569 69	130,534 51	197,937 13	181,818 33	164,279 12	311,970 84
Interest on securities.....	1,493 86	780 83	0	0	0	6,164 39
Interest on deposits with other FHL Banks.....	1,152 80	249 59	61 45	201 20	4 13	6,34 95
Redemption fees—U. S. savings bonds.....						
Total earned operating income.....	423,338 22	609,871 21	377,751 95	294,238 22	242,911 99	754,840 69
Operating expenses.....						
Compensation, travel and other expenses (detail below).....	56,926 23	90,174 93	57,249 94	55,102 08	58,690 45	117,898 08
Interest on debentures.....	42,472 17	91,433 23	64,033 99	15,578 50	10,523 66	151,586 66
Depenture expense—Concessions.....	3,887 69	9,119 34	6,396 53	1,630 04	960 89	14,448 27
Depenture expense—Miscellaneous.....	1,956 99	2,031 77	2,012 04	1,900 67	1,877 61	3,085 16
Interest on members' deposits.....	32,352 11	21,643 78	4,687 18	915 80	851 14	68,783 72
Interest on other FHL Banks' deposits.....	2,808 25	3,123 29	619 18	3,452 07	1,410 95	8,897 26
Assessment of FHLR Administration.....	37,353 41	47,201 84	31,983 56	26,320 83	23,705 45	65,425 35
Total operating expenses.....	177,757 85	264,728 18	168,982 42	104,899 99	98,020 16	430,724 50
Nonoperating income.....	245,600 37	245,143 03	210,769 53	189,338 23	144,891 83	324,116 09
Profit—Sales of securities.....	189,182 62	67,689 43	227,704 99	79,106 58	85,325 93	255,951 05
Miscellaneous.....	105 00	67,200 00	23 57	0	0	1,125 82
Total nonoperating income.....	189,287 62	67,709 43	227,728 56	79,106 58	85,325 93	257,076 87
Nonoperating charges.....						
Loss on sale of investments.....	795 89	0	841 00	288 80	0	4,320 85
Furniture and equipment purchased.....	1,096 64	14 28	0	98 15	0	9,003 84
Total nonoperating charges.....	1,892 53	14 28	841 00	386 95	0	13,324 69
Net income.....	452,995 46	412,838 18	437,657 09	268,057 86	230,217 76	567,868 27



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EXHIBIT 18.—Statement of receipts and disbursements, Federal Home Loan Bank Administration (Bank System), fiscal year 1946 (cash basis)

	July 1, 1945, through June 30, 1946
Balance June 30, 1945-----	\$279, 597. 25
Receipts by sources:	
Home Owners' Loan Corporation-----	658. 12
Federal Savings and Loan Insurance Corporation-----	147, 134. 76
Fees, Examining Division and Review Committee-----	930, 843. 99
National Housing Agency-----	833. 59
Administrative department—FHLBA-----	946. 46
Department of Justice-----	30. 78
Miscellaneous refunds-----	528. 92
Federal Home Loan Banks-----	450, 000. 00
Reimbursement for conservator expense-----	9, 776. 35
Sale of material-----	240. 00
Refund from National Housing Agency-----	114. 32
Refund from administrative department-----	15, 122. 80
Total receipts-----	1, 556, 230. 09
Total balances and receipts-----	1, 835, 827. 34
Disbursements:	
Salaries-----	1, 110, 570. 56
Supplies and materials-----	7, 029. 92
Communications-----	8, 884. 77
Travel-----	167, 855. 02
Transportation of things-----	745. 49
Printing and binding-----	285. 67
Other contractual services-----	35, 941. 60
Rents and utilities-----	58, 775. 96
Equipment, furniture, and fixtures-----	6, 041. 68
Periodicals and newspapers-----	220. 15
Transferred to administrative expenses:	
National Housing Agency assessments-----	29, 411. 00
Administrative department—FHLBA-----	138, 923. 00
Total disbursements-----	1, 564, 684. 82
Balance June 30, 1946-----	271, 142. 52

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

<i>Name and address</i>	<i>Area served</i>
Federal Home Loan Bank of Boston, 111 Devonshire Street, Boston 9, Mass.	Connecticut. Maine. Massachusetts. New Hamp- shire. 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 Building, Seventh Street and Liberty Avenue, Pittsburgh 22, Pa.	Delaware. Pennsylvania. West Virginia.
Philadelphia Office: 1730 Land Title Building, Phila- delphia 10, Pa.	

- Federal Home Loan Bank of Winston-Salem, Reynolds Building, 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 Building, Cincinnati 2, Ohio. Kentucky. Ohio. Tennessee.
- Federal Home Loan Bank of Indianapolis, 614 Guaranty Building, Indianapolis 4, Ind. Indiana. Michigan.
- Federal Home Loan Bank of Chicago, 105 West Monroe Street, Chicago 3, Ill. Illinois. Wisconsin.
- Federal Home Loan Bank of Des Moines, Des Moines Building, Des Moines 9, Iowa. Iowa. Minnesota. Missouri. North Dakota. South Dakota.
- Federal Home Loan Bank of Little Rock, 623 Main Street, Little Rock, Ark. Arkansas. Louisiana. Mississippi. New Mexico. Texas.
- Federal Home Loan Bank of Topeka, National Bank of Topeka Building, Topeka, Kans. Colorado. Kansas. Nebraska. Oklahoma.
- Federal Home Loan Bank of San Francisco, Pacific Building, 821 Market Street, San Francisco 3, Calif. Alaska. Arizona. California. Hawaii. Idaho. Montana. Nevada. Oregon. Utah. Washington. Wyoming.

Los Angeles Office: Chester Williams Building, 215 West 5th Street, Los Angeles 13, Calif.

Portland Office: Pacific Building, Portland 4, Oreg.

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

[In thousands of dollars]

Period	Total	Construction	Home purchase	Refinancing	Reconditioning	Other
Fiscal year 1944—total	\$1,220,163	\$114,705	\$849,336	\$147,366	\$27,186	\$81,570
Third quarter—1943	313,694	32,315	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	32,965	5,059	19,693
Second quarter—1944	358,952	29,953	257,860	39,638	7,601	23,900
Fiscal year 1945—total	1,453,931	89,438	1,065,905	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	26,476
Second quarter—1945	440,680	39,670	314,352	46,596	8,768	31,294
Fiscal year 1946—total	2,636,640	393,902	1,775,396	230,649	53,257	183,436
Third quarter—1945	452,423	53,675	310,564	46,695	9,850	31,639
Fourth quarter—1945	535,958	69,076	363,226	53,562	11,808	38,286
First quarter—1946	690,386	104,684	460,447	62,277	13,002	49,976
Second quarter—1946	957,873	166,467	641,159	68,115	18,597	63,535

Prepared by Operating Analysis Division, Federal Savings and Loan Insurance Corporation.

EXHIBIT 21.—Federal Home Loan Bank System—Combined statement of condition for member savings and loan associations as of Dec. 31, 1944 and 1945

	[Amounts in thousands of dollars]							
	All member associations		Federal associations		Insured state associations		Uninsured state associations	
	1944	1945	1944	1945	1944	1945	1944	1945
Number of reporting associations.....	3, 656	3, 658	1, 464	1, 467	995	1, 004	1, 197	1, 187
<i>Assets</i>								
First mortgage loans.....	\$4, 273, 720	\$4, 823, 418	\$2, 063, 038	\$2, 384, 486	\$1, 204, 765	\$1, 371, 822	\$1, 005, 917	\$1, 067, 110
Other loans (including share loans).....	12, 002	14, 813	4, 287	6, 563	2, 698	4, 042	5, 007	4, 208
Real estate sold on contract.....	16, 748	92, 624	44, 447	36, 647	43, 435	32, 549	28, 866	23, 428
Real estate owned.....	36, 827	18, 279	33, 011	7, 173	11, 355	5, 690	12, 461	5, 416
Federal Home Loan Bank stock.....	1, 490, 747	1, 820	32, 524	38, 610	17, 012	19, 739	12, 715	13, 471
U. S. Government obligations.....	62, 251	2, 181, 169	811, 288	1, 213, 764	410, 018	614, 521	269, 441	352, 884
Other investments (including accrued interest).....	22, 977	28, 760	3, 271	4, 924	11, 822	14, 390	7, 884	9, 446
Cash on hand and in banks.....	347, 548	383, 896	167, 028	194, 903	103, 044	114, 339	77, 276	74, 654
Office building (net).....	47, 807	53, 602	22, 965	27, 512	14, 117	14, 898	10, 725	11, 192
Furniture, fixtures and equipment (net).....	4, 890	4, 379	3, 003	2, 759	1, 370	1, 277	1, 517	543
Other assets.....	7, 445	8, 534	2, 642	3, 696	1, 975	2, 250	2, 828	2, 588
<b>Total assets.....</b>	<b>6, 422, 762</b>	<b>7, 681, 494</b>	<b>3, 167, 514</b>	<b>3, 921, 037</b>	<b>1, 821, 611</b>	<b>2, 195, 517</b>	<b>1, 433, 637</b>	<b>1, 564, 940</b>
<i>Liabilities and capital</i>								
U. S. Government investment.....	35, 529	20, 821	28, 383	16, 074	7, 136	4, 747	4, 747	1, 303, 510
Private repurchasable shares.....	5, 400, 973	6, 969, 029	2, 764, 077	3, 352, 232	1, 549, 892	1, 863, 287	1, 187, 004	70, 042
Mortgage pledged shares.....	196, 852	83, 689	3, 145	2, 164	21, 252	11, 483	79, 038	70, 042
Advance from Federal Home Loan Bank.....	189, 852	189, 852	89, 680	137, 415	32, 175	45, 480	5, 027	7, 087
Other borrowed money.....	35, 124	134, 732	43, 605	87, 671	9, 981	36, 641	7, 941	10, 440
Loans in process.....	52, 278	109, 045	48, 757	65, 583	13, 038	33, 239	3, 339	10, 783
Other liabilities.....	56, 377	26, 412	24, 676	27, 091	17, 508	19, 866	10, 094	9, 920
Permanent reserve or guaranty stock.....	25, 956	8, 418	4, 302	3, 818	22, 073	22, 962	3, 863	3, 850
Deferred credits to future operations.....	40, 214	8, 418	4, 302	3, 818	3, 255	2, 497	2, 745	2, 103
Specific reserves.....	7, 945	8, 845	3, 876	4, 536	2, 206	2, 374	1, 461	1, 935
General reserves.....	315, 010	359, 620	120, 344	147, 592	103, 215	115, 040	90, 051	96, 988
Undivided profits.....	147, 958	173, 444	64, 689	76, 861	39, 860	48, 301	43, 074	48, 282
<b>Total liabilities and capital.....</b>	<b>6, 422, 762</b>	<b>7, 681, 494</b>	<b>3, 167, 514</b>	<b>3, 921, 037</b>	<b>1, 821, 611</b>	<b>2, 195, 517</b>	<b>1, 433, 637</b>	<b>1, 564, 940</b>

<sup>1</sup> Includes deposits and investment certificates.

EXHIBIT 22.—Federal Home Loan Bank System—Combined statement of operations for member savings and loan associations for the year ending Dec. 31, 1945

	Amount				Ratio to gross operating income			
	All member associations	Federal associations	Insured State associations	Uninsured State associations	All member associations	Federal associations	Insured State associations	Uninsured State associations
Number of associations reporting operations.....	3, 655	1, 467	1, 004	1, 184	3, 655	1, 467	1, 004	1, 184
Gross operating income:								
Interest:								
On mortgage loans.....	\$238, 563, 352	\$115, 780, 465	\$68, 006, 460	\$54, 776, 427	80.37	79.25	70.58	83.89
On real estate sold on contract.....	6, 143, 737	2, 321, 779	2, 398, 657	2, 811, 750	2.07	1.59	2.81	2.18
On investments and bank deposits.....	34, 692, 832	19, 528, 641	9, 422, 404	1, 423, 301	11.69	13.37	11.02	8.79
Premiums, commissions, and fees.....	6, 789, 964	3, 753, 919	2, 235, 305	5, 741, 787	2.35	2.57	2.62	1.54
Net income or loss from real estate owned.....	8, 950, 464	125, 572	359, 967	350, 967	3.25	0.88	3.30	2.54
Gross income from office building.....	4, 257, 743	2, 187, 464	1, 045, 665	1, 024, 614	1.43	1.50	1.22	1.57
All other operating income.....	5, 466, 868	2, 390, 136	2, 096, 560	1, 980, 202	1.84	1.64	2.45	1.50
Gross operating income.....	296, 842, 990	146, 087, 976	85, 457, 976	65, 297, 038	100.00	100.00	100.00	100.00
Less operating expense:								
Compensation.....	41, 150, 772	20, 403, 162	12, 515, 097	8, 232, 513	13.86	13.97	14.65	12.61
Rent, light, heat, etc.....	3, 821, 436	1, 969, 386	1, 061, 424	790, 626	1.29	1.35	1.24	1.21
Repairs, taxes, and maintenance of office building.....	3, 863, 249	1, 921, 544	1, 107, 903	833, 802	1.30	1.31	1.30	1.26
Depreciation of office building.....	1, 600, 544	740, 462	532, 017	328, 065	0.54	0.51	0.62	0.51
Advertising.....	5, 501, 496	3, 255, 618	1, 465, 345	780, 535	1.85	2.23	1.71	1.19
Federal insurance premium.....	5, 579, 307	3, 568, 542	2, 009, 210	1, 555	1.88	2.44	2.35	1.19
Audit.....	774, 540	301, 521	318, 292	154, 727	0.26	0.21	0.37	0.24
Supervisory examinations and assessments.....	1, 366, 537	565, 104	560, 913	240, 520	0.46	0.39	0.66	0.37
All other operating expense.....	22, 324, 576	10, 918, 775	7, 111, 269	4, 294, 532	7.52	7.47	8.32	6.58
Total operating expense.....	85, 982, 457	43, 644, 114	26, 681, 468	15, 956, 875	28.96	29.88	31.22	23.98
Net operating income before interest and other charges.....	210, 860, 533	102, 443, 862	58, 776, 508	49, 640, 163	71.04	70.12	68.78	76.02
Less interest charges:								
On advances from Federal Home Loan Bank.....	1, 681, 720	1, 136, 470	445, 456	101, 794	0.77	0.78	0.52	0.15
On borrowed money.....	814, 456	185, 705	185, 705	123, 505	0.38	0.34	0.22	0.19
Total interest.....	2, 496, 176	1, 641, 716	629, 161	225, 299	1.17	1.12	0.74	0.34
Net operating income.....	208, 364, 357	100, 802, 146	58, 147, 347	49, 414, 864	70.20	69.00	68.04	75.68
Add nonoperating income.....	17, 131, 534	9, 682, 411	4, 674, 453	2, 774, 670	8.23	6.63	5.47	4.25
Net income after interest and before charges.....	225, 495, 891	110, 484, 557	62, 821, 800	52, 189, 534	75.97	75.63	73.51	79.93
Less nonoperating charges.....	2, 369, 429	1, 037, 163	689, 412	642, 854	1.06	0.71	0.81	0.99
Net income for the year.....	223, 126, 462	109, 447, 394	62, 132, 388	51, 546, 680	75.17	74.92	72.70	78.94
Distribution of net income:								
Reserves.....	45, 057, 332	25, 620, 607	11, 887, 344	7, 549, 381	20.19	23.41	19.13	14.65
Undivided profits.....	29, 650, 198	14, 943, 763	8, 248, 173	6, 458, 262	13.26	13.65	13.28	12.53
Dividends (including interest on deposits and investment certificates).....	148, 418, 932	68, 883, 024	41, 996, 371	37, 539, 037	66.52	62.94	67.59	72.82
					Ratio to net income			
					20.19	23.41	19.13	14.65
					13.26	13.65	13.28	12.53
					66.52	62.94	67.59	72.82

Prepared by: Operating Analysis Division, Federal Savings and Loan Insurance Corporation, Washington, D. C.



EXHIBIT 23.—Federal Savings and Loan Insurance Corporation—Number and assets of all insured associations, as of June 30: 1945 and 1946

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, 1945	June 30, 1946	June 30, 1945	June 30, 1946	June 30, 1945	June 30, 1946	June 30, 1945	June 30, 1946	June 30, 1945	June 30, 1946	June 30, 1945	June 30, 1946
United States.....	2, 471	2, 490	\$5, 549, 563, 000	\$6, 743, 121, 000	1, 465	1, 472	\$3, 528, 027, 000	\$4, 311, 747, 000	1, 006	1, 018	\$2, 021, 536, 000	\$2, 451, 374, 000
No. 1—Boston.....	65	65	293, 352, 000	359, 666, 000	52	52	271, 955, 000	314, 819, 000	13	13	21, 397, 000	24, 847, 000
Connecticut.....	27	28	81, 305, 000	100, 982, 000	16	17	60, 880, 000	77, 226, 000	11	11	20, 425, 000	23, 756, 000
Maine.....	5	5	2, 767, 000	3, 831, 000	5	5	2, 767, 000	3, 831, 000	0	0	0	0
Massachusetts.....	26	25	181, 739, 000	204, 972, 000	26	25	181, 739, 000	204, 972, 000	0	0	0	0
New Hampshire.....	4	4	16, 197, 000	16, 202, 000	2	2	15, 225, 000	15, 111, 000	2	2	972, 000	1, 091, 000
Rhode Island.....	1	1	4, 425, 000	5, 350, 000	1	1	4, 425, 000	5, 350, 000	0	0	0	0
Vermont.....	2	2	6, 919, 000	8, 329, 000	2	2	6, 919, 000	8, 329, 000	0	0	0	0
No. 2—New York.....	236	241	673, 722, 000	827, 004, 000	76	81	327, 274, 000	409, 233, 000	160	160	346, 448, 000	417, 771, 000
New Jersey.....	122	126	205, 487, 000	290, 533, 000	11	16	17, 383, 000	28, 818, 000	111	110	188, 104, 000	231, 715, 000
New York.....	114	115	468, 235, 000	566, 471, 000	65	65	309, 891, 000	380, 413, 000	49	50	138, 344, 000	186, 056, 000
No. 3—Pittsburgh.....	243	242	353, 144, 000	445, 037, 000	134	135	287, 521, 000	303, 628, 000	109	107	115, 623, 000	141, 429, 000
Delaware.....	1	1	565, 000	632, 000	1	1	565, 000	632, 000	0	0	0	0
Pennsylvania.....	216	215	324, 947, 000	411, 679, 000	111	112	212, 836, 000	274, 085, 000	105	103	112, 111, 000	137, 594, 000
West Virginia.....	26	26	27, 632, 000	32, 746, 000	22	22	24, 120, 000	28, 941, 000	4	4	3, 512, 000	3, 853, 000
No. 4—Winston-Salem.....	287	291	592, 843, 000	732, 073, 000	219	222	475, 715, 000	583, 936, 000	68	69	117, 128, 000	148, 137, 000
Alabama.....	25	26	25, 146, 000	29, 548, 000	17	18	21, 384, 000	24, 795, 000	8	8	3, 762, 000	4, 753, 000
District of Columbia.....	11	10	67, 005, 000	79, 247, 000	3	4	40, 260, 000	48, 731, 000	6	6	26, 745, 000	30, 516, 000
Florida.....	47	48	142, 762, 000	171, 919, 000	46	47	140, 860, 000	169, 819, 000	1	1	1, 902, 000	2, 100, 000
Georgia.....	49	49	78, 928, 000	104, 396, 000	45	45	83, 311, 000	88, 311, 000	4	4	11, 241, 000	16, 085, 000
Maryland.....	43	42	100, 589, 000	123, 230, 000	33	32	81, 019, 000	101, 589, 000	10	10	19, 570, 000	27, 631, 000
North Carolina.....	47	49	75, 351, 000	91, 879, 000	25	26	47, 222, 000	57, 934, 000	23	23	28, 129, 000	33, 943, 000
South Carolina.....	39	40	40, 429, 000	51, 541, 000	30	30	31, 705, 000	40, 252, 000	10	10	8, 723, 000	11, 239, 000
Virginia.....	26	27	62, 633, 000	74, 323, 000	20	20	45, 577, 000	52, 475, 000	6	7	17, 056, 000	21, 948, 000
No. 5—Cincinnati.....	338	339	1, 017, 798, 000	1, 199, 798, 000	215	214	559, 024, 000	662, 992, 000	123	125	458, 774, 000	536, 776, 000
Kentucky.....	56	55	85, 867, 000	112, 033, 000	54	53	93, 391, 000	109, 009, 000	2	2	2, 476, 000	3, 024, 000
Ohio.....	247	249	864, 918, 000	1, 016, 458, 000	126	126	408, 620, 000	482, 705, 000	121	123	456, 298, 000	533, 752, 000



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EXHIBIT 24.—*Federal Savings and Loan Insurance Corporation—Comparative statement of financial condition*

	June 30, 1946	June 30, 1945
<i>Assets</i>		
Cash: With U. S. Treasury .....	\$1,287,917 41	\$1,643,642.92
Investments U. S. Government obligations and securities fully guaranteed by U. S. ....	165,982,721 22	155,483,100 74
Accounts receivable		
Insurance premiums and admission fees .....	1,727,032 70	1,405,842.73
Due from receiver for institutions in liquidation .....	816 14	1,771 73
Due from Government agencies .....	29,321 66	0
Miscellaneous .....	0	11,574 01
	1,757,170 50	1,419,188 47
Accrued interest receivable .....	623,812 46	163,034 76
Acquired security		
Subrogated accounts in institutions in liquidation .....	1,355,419 26	2,169,049 66
Less: Allowance for losses .....	288,642 34	615,519.87
	1,066,776 92	1,553,529 79
Insured accounts in institutions in liquidation—pending and unclaimed.		
Less: Allowance for losses .....	11,148 27	0
	855 65	0
	10,292 62	0
<b>Total assets</b> .....	<b>170,728,691.13</b>	<b>160,262,496 68</b>
<i>Liabilities</i>		
Accounts payable .....	17,151 54	10,719.44
Unsettled insurance claims .....	0	55 67
Accrued liabilities Salaries and current expenses .....	51,044 48	34,536 42
Funds held in trust for employees .....	8,778 89	8,096 27
Other liabilities		
Undisbursed commitments for contributions to insured institutions .....	54,148 10	54,148 10
Pending and unclaimed accounts in insured institutions in liquidation .....	11,148 27	0
Liquidating dividends on insured accounts in institutions in liquidation—pending and unclaimed .....	26 48	0
	65,322 85	54,148 10
Deferred income Unearned insurance premiums .....	3,236,199.57	2,662,161 55
<b>Total liabilities</b> .....	<b>3,373,497 33</b>	<b>2,769,717 45</b>
<i>Capital</i>		
Capital stock .....	100,000,000 00	100,000,000 00
Surplus reserves		
Reserve fund as provided by law .....	34,350,193 80	27,492,779 23
Special reserve for contingencies .....	33,000,000 00	30,000,000 00
<b>Total surplus reserves</b> .....	<b>67,350,193 80</b>	<b>57,492,779 23</b>
<b>Total liabilities and capital</b> .....	<b>170,728,691.13</b>	<b>160,262,496.68</b>

Prepared in the Comptroller's Division Apr. 30, 1947

**EXHIBIT 25.**—*Federal Savings and Loan Insurance Corporation—Comparative statement of income and expenses*

	Fiscal year 1946	Fiscal year 1945
<b>Income:</b>		
Insurance premiums and admission fees earned.....	\$6, 118, 903 97	\$5, 087, 323 38
Interest earned on investments.....	3, 764, 296. 42	3, 549, 465. 28
Recoveries on contributions.....	146, 693 01	41, 845. 39
Miscellaneous.....	. 49	251. 11
Total income.....	10, 029, 893 89	8, 678, 885. 16
<b>Expenses and losses:</b>		
Administrative expenses.....	491, 765 98	430, 191 19
Liquidation and other expenses.....	7, 645 92	25, 523. 71
Approved contributions.....	0	96, 987. 11
Total expenses and losses.....	499, 411 90	552, 702. 01
Net income before adjustment of valuation reserves.....	9, 530, 481 99	8, 126, 183 15
<b>Adjustments of valuation reserves</b>		
Provision for losses on acquired security.....	326, 877 53	86, 318 70
Provision for losses on insured accounts—pending and unclaimed.....	--826 46	0
Net adjustments of Valuation Reserves.....	326, 051 07	86, 318. 70
Net income for the year.....	9, 856, 533. 06	8, 212, 501 85
Adjustment of net income for prior years.....	881 51	672. 09
Net income.....	9, 857, 414. 57	8, 213, 173 94

Prepared in the Comptroller's Division Apr. 30, 1947.

EXHIBIT 26.—Federal Savings and Loan Insurance Corporation—Statements of condition and operation for insured institutions in receivership (Federal associations), June 30, 1946

Condensed comparative statements of condition	Security Federal Savings and Loan Association of Guyton, 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 City, Okla.		Grand totals As of June 30, 1946
	Date of receivership, Feb. 12, 1940	As of June 30, 1946	Date of receivership, June 26, 1940	As of June 30, 1946	Date of receivership, Aug. 27, 1941	As of June 30, 1946	Date of receivership, Aug. 30, 1941	As of June 30, 1946	
<i>Assets</i>									
Mortgage loans.....	\$96,496.34		\$892,380.31	65,903.43	\$3,369,490.13		\$838,573.90		
Share loans.....	1,147.14		12,427.73		14,110.99		4,056.87		
Real estate sold on contract.....	118,457.27		64,909.46		798,133.72		32,973.99		
Real estate owned, includes office building.....	8,697.00		213,607.94		1,364,352.47	\$1.00	374,286.24	\$5.00	\$6.00
Cash and investments.....	455.00		52,429.44	\$65,903.43	3,004,115.93	1,080,077.78	99,664.33	35,911.80	1,183,920.77
Furniture, fixtures, and equipment.....	28.00		2,251.99		10,597.23	5,806.92	2,198.55		5,806.92
Other assets.....			7,542.89		8,012.03		2,381.35		24.00
Total.....	225,280.75	2,027.76	1,245,549.76	65,903.43	5,843,812.50	1,085,909.70	1,354,135.23	35,916.80	1,189,757.69
<i>Liabilities and capital</i>									
Secured claims of creditors.....	14,236.01		274,730.50		597,450.50		336,390.44		
Unsecured claims of creditors.....	304.48		2,276.69		13,740.80	236.14	9,273.50	1,720.05	1,956.19
Loans in process.....			2,015.00		11,886.70		2,070.09		
Advance payments by borrowers.....					31,593.25		2,017.84		
Other liabilities.....	1,684.20		7,244.71		48,880.42	327.61	15,423.91	7,378.48	7,706.09
Reserve for uncollected interest.....	1,880.30		101,473.50		10,632.67	4,837.54	66,853.58		4,837.54
Allowance for losses.....	48,016.50		119,559.68	65,255.54	522,286.28	1,067,078.12	114,163.30	113,672.72	1,236,861.45
Surplus.....	17,741.23	1,834.05			1,387,830.69				
Shares purchased by the Federal Savings and Loan Insurance Corporation.....	165,940.31	193.71	877,369.95	648.09	4,972,173.39	18,361.57	1,063,629.99	119,850.71	1,349,075.67
Other share account claims.....	225,280.75	2,027.76	1,245,549.76	65,903.43	5,843,812.50	1,085,909.70	1,354,135.23	35,916.80	1,189,757.69
Total.....	225,280.75	2,027.76	1,245,549.76	65,903.43	5,843,812.50	1,085,909.70	1,354,135.23	35,916.80	1,189,757.69
Condensed statements of operation									
Gross income.....	\$50.00	\$32,063.04			\$69,752.62	\$776,367.48	\$3,172.06	\$181,449.53	\$1,166,601.59
Less: Gross expense.....	150.00	27,712.73	\$25.00	80,755.21	33,747.30	425,005.61	5,275.60	103,037.17	636,490.72
Net income.....		4,350.31	1.25	95,986.33	16,005.32	351,361.87	1,2103.54	78,412.36	530,110.87
Capital gains.....		6,190.36		9,287.41	19,296.97	51,227.85	9,924.25	27,059.55	93,765.17
Less Capital losses.....		31,209.09		62,545.57	24,881.25	705,980.88	2,233.72	148,009.24	947,694.78
Net capital gain or loss.....		125,018.73		153,258.16	15,584.28	1,654,703.03	7,690.53	1,120,949.69	1,853,929.61

Prepared in the Comptroller's Department July 16, 1946. † Indicates red figure.

EXHIBIT 27.—Home Owners' Loan Corporation—Balance sheet as of June 30, 1946

<i>Assets</i>		
Mortgage loans, vendee accounts and advances—at present face value	-----	\$735, 803, 202. 26
Interest receivable	-----	2, 070, 404. 66
Property:		
Owned	-----	\$684, 603. 43
In process of acquiring title	-----	156, 736. 42
		1 841, 339. 85
		738, 214, 946. 77
Less: Reserve for losses	-----	12, 842, 073. 31
		725, 372, 873. 46
Investments—at cost:		
Federal Savings and Loan Insurance Corporation (entire capital)	-----	\$100, 000, 000. 00
Savings and loan associations:		
Federal chartered	-----	\$13, 165, 750. 00
State chartered	-----	4, 818, 500. 00
		17, 984, 250. 00
U. S. Treasury 7/8% Certificates of Indebtedness (borrowers' special deposits)—at face value	-----	15, 000, 000. 00
		132, 984, 250. 00
Bond retirement fund: Cash (including \$5,461,075 deposited with U. S. Treasury for retirement of matured bonds)	-----	5, 550, 074. 38
Cash:		
Operating funds (includes \$620,882.04 payable to bond retirement fund in July 1946; and \$5,185,921.38 deposited by borrowers and employees—see contra)	-----	\$15, 712, 527. 44
.NHA—Homes conversion program—Conversion fund (see contra)	-----	17, 305. 19
Special funds held by U. S. Treasury for payment of interest coupons (see contra)	-----	450, 222. 08
Special funds—Federal tax withheld (see contra)	-----	86, 868. 68
Special funds—held by U. S. Treasury for re-funding of 1½% series M bonds called as of June 1, 1945	-----	650, 550. 00
		16, 917, 473. 39
Fixed assets:		
Home office land and building—at cost	-----	2, 972, 358. 93
Furniture, fixtures, and equipment—at cost	-----	1, 048, 855. 87
		4, 021, 214. 80
Less: Reserve for depreciation	-----	1, 581, 716. 44
		2, 439, 498. 36
Other assets:		
Accounts receivable	-----	193, 969. 94
Less: Reserve for uncollectible accounts receivable	-----	57, 371. 37
		136, 598. 57

<sup>1</sup> 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 \$39,376.28.

EXHIBIT 27.—*Home Owners' Loan Corporation—Balance sheet as of June 30, 1946—Continued*

<i>Assets—Continued</i>	
Other assets—Continued	
Dividends receivable—Savings and loan associations .....	\$201, 473. 90
Mineral and oil rights .....	8. 00
	\$338, 080. 47
Deferred and unapplied charges .....	23, 073. 72
	883, 625, 323. 78

*Liabilities and capital*

Bonded indebtedness:	
(Guaranteed as to principal and interest by the United States, except \$123,150 of unpaid, matured, 4% bonds guaranteed as to interest only):	
Bonds outstanding—not matured .....	\$737, 000, 000. 00
Bonds matured—on which interest has ceased .....	6, 111, 625. 00
	743, 111, 625. 00
Accounts payable:	
Interest due (see contra) .....	450, 222. 08
Vouchers payable .....	4, 060. 04
Accrued pay roll .....	133, 285. 01
Insurance premiums .....	186, 127. 28
Commissions to sales brokers .....	3, 708. 83
Special deposits—	
By borrowers .....	20, 175, 009. 66
By employees .....	10, 911. 72
Federal tax withheld (see contra) .....	86, 868. 68
Miscellaneous .....	43, 238. 13
	21, 093, 431. 43
Accrued liabilities .....	133, 471. 26
Liabilities for special funds held: NHA—Home conversion program .....	17, 305. 19
Deferred and unapplied credits .....	705, 790. 95
Reserve for fidelity and casualties .....	250, 000. 00
Capital stock less deficit: Capital stock: Authorized, issued, and outstanding .....	\$200, 000, 000. 00
Deficit:	
Losses in excess of net earnings .....	<sup>2</sup> \$68, 594, 226. 74
Reserve for future losses .....	13, 092, 073. 31
	81, 686, 300. 05
	118, 313, 699. 95
	883, 625, 323. 78

<sup>2</sup> 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.

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 1946*

Operating and other income :

Interest :		
Mortgage loans and advances-----	\$25,416,046.49	
Vendee accounts and advances-----	12,819,815.68	
		<u>38,235,862.17</u>
Special investments-----	131,250.00	
Total-----	38,367,112.17	
Property income-----	107,572.40	
Dividends received from savings and loan associations----	<sup>1</sup> 747,011.82	
Miscellaneous-----	894,152.17	
Total income-----	40,115,848.56	<u><u></u></u>

Operating and other expenses :

Interest on bonded indebtedness-----	8,750,378.95
Administrative and general expenses :	
Administrative expenses—current fiscal year-----	5,442,226.06
Administrative expenses—first preceding fiscal year----	34,348.22
Administrative expenses—all other fiscal years-----	<sup>2</sup> 9,952.95
General expenses-----	114,870.78
Property expense-----	60,487.11
	<u>14,392,358.17</u>

Net income before provision for losses which may be sustained in the liquidation of assets----- 25,723,490.39

Provision for losses :

On mortgage loans, interest, and property--	\$1,800,000.00	
For fidelity and casualties-----	27,451.17	
For fire and other hazards-----	0	
For uncollectible accounts receivable-----	7,843.51	
		<u>1,835,294.68</u>

Net income for fiscal year after provision for losses----- 23,888,195.71

Deficit at July 1, 1945-----	\$106,088,579.53	
Deduct : Surplus adjustments—		
Reserve against fire and other hazards_	\$513,716.85	
Suspended payments unidentified (Fiscal year 1943)----	366.92	
		<u>514,083.77</u>
		<u>105,574,495.76</u>

Deficit at June 30, 1946----- 81,686,300.05

<sup>1</sup> Includes \$201,473.90 of dividends on investments in savings and loan associations declared, but not paid, as of June 30, 1946. In prior years dividends were recorded in the period when received.

<sup>2</sup> Net credit.



EXHIBIT 29.—*Home Owners' Loan Corporation—Statement of income and expense from the beginning of operations June 13, 1933, to June 30, 1946*

## Operating and other income:

Interest:		
Mortgage loans and advances----	\$1,005,353,825.37	
Vendee accounts and advances----	108,502,910.59	
	<u>1,113,856,735.96</u>	
Special investments-----	911,681.92	
Total-----		\$1,114,768,417.88
Property income-----		138,590,190.20
Dividends received—Federal Savings and Loan Insurance Corporation-----		3,085,326.09
Dividends received from savings and loan associations-----		44,086,233.90
Miscellaneous-----		7,391,367.51
Total-----		<u>1,307,871,535.58</u>
Operating and other expenses:		
Interest on bonded indebtedness-----	\$641,689,277.20	
Less amortization of premium on bonds sold-----	1,618,866.43	
	<u>640,070,410.77</u>	
Amortization of discount on re-funded bonds-----	7,147,710.28	
Administrative and general expenses-----	278,768,563.73	
Property expense-----	112,841,816.60	
		<u>1,038,828,501.38</u>
Net income before provision for losses which may be sustained in the liquidation of assets-----		269,043,034.20
Provision for losses:		
On mortgage loans, interest and property (computed in accordance with Board Resolution of Nov. 15, 1938)-----	\$349,737,153.25	
For fidelity and casualties-----	1,325,878.08	
For fire and other hazards-----	881,252.50	
For uncollectible accounts receivable-----	43,703.67	
		<u>351,987,987.50</u>
Loss for period June 13, 1933, to June 30, 1946-----		82,944,953.30
Add unlocated payments-----	\$33,780.04	
Less: Unidentified payments-----	\$14,519.40	
Less: Repayments unallocated—unidentified difference-----	14,197.04	
	<u>28,716.44</u>	
Total-----		5,063.60
Deduct: Surplus adjustment—reserve against fire and other hazards-----		82,950,016.90
		<u>1,263,716.85</u>
Deficit at June 30, 1946-----		\$81,686,300.05

