

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was created June 13, 1933, to grant long-term mortgage loans, at low interest rates, to home owners who, because of depression conditions, were faced with foreclosure and were unable to refinance their loans through normal channels.

During its three-year lending period which ended June 12, 1936, the Corporation loaned \$3,093,451,321 to refinance the mortgages of 1,017,821 home owners. Supplementary advances made for such items as taxes, insurance, maintenance, reconditioning, and acquisition costs increased this original investment by \$405,445,363, bringing the Corporation's gross cumulative investment at the close of 1950 to \$3,498,896,684.

Since 1936 the chief task of the Corporation has been the liquidation of its assets. At the end of the calendar year 1950, as summarized in the following table, most of the Corporation's assets had been liquidated:

Original amount loaned to 1,017,821 individuals.....	\$3,093,451,321.01
Subsequent advances	405,445,362.63
	<hr/>
Cumulative investment to December 31, 1950.....	3,498,896,683.64
Outstanding on December 31, 1950:	
Original loans and advances	\$6,718,367.97
Vendee accounts and advances	2,873,812.04
Loans in foreclosure.....	3,714.96
	<hr/>
Total outstanding.....	9,595,894.97
	<hr/>
Net reduction in mortgage and property assets (99.7%)	3,489,300,788.67
	<hr/> <hr/>

The liquidation program of the Corporation has progressed in an orderly manner. Borrowers have been encouraged to pay their loans in full before maturity date, especially where loan balances have become small. In March 1948 a speed-up program of liquidation was launched in 20 States and the District of Columbia where loan portfolios were less than \$1.5 million. Borrowers were given opportunity to refinance their loans with local institutions of their own choice, but where such transfers were not made, the Corporation arranged with financial institutions within the general community to purchase the remaining accounts. By the close of 1949 the loan balances in these States and the District of Columbia had been reduced from an aggregate of \$15,726,130 to \$1,462,179.

In June 1949 a further program of liquidation acceleration was instituted designed to sell all remaining loans by publicly offering them for sale on a State-wide basis by bid and contract. This program extended to 29 States with total balances in about 160,000 accounts approximating \$277,000,000.

During 1950 the Corporation concluded the contracting for purchase of these accounts by savings and loan associations, mutual savings banks, trust companies, life insurance companies, and commercial banks. Deliveries of these accounts to the successful bidders continued to be made during the calendar year and by December 31, there remained undelivered 8,909 accounts with balances of \$9,592,180. From September 1, 1949, when the first purchase contract was closed, to December 31, 1950, the Corporation has received cumulative premiums of \$2,174,720 through sale of loans by contract.

Of the \$223,856,710 investment of the Corporation in the shares of nearly 1,500 savings and loan associations as a means of stimulating local financing of home loans, all but \$414,200 in five associations had been repaid by December 31, 1950. Dividends paid to the Corporation on these investments aggregated \$44,745,332.

In addition to its capital stock of \$200,000,000 originally subscribed by the United States Government, the Corporation issued for value bonds amounting to \$3,489,453,550. On January 27, 1950, the last of the bonds issued by the Corporation was retired, and at the close of the calendar year 1950, all of the capital stock had been retired and the United States Treasury repaid in full.

From the beginning of operations to December 31, 1950, as shown in Exhibit 7, the Corporation had a cumulative net income of \$352,247,062 before actual losses and provisions for future losses. Cumulative losses for the same period amounted to \$338,010,020, including losses on sale of properties amounting to \$336,544,274 and losses of \$1,465,746 from principal, interest and properties charged off, fire and other hazards, and fidelity and casualty losses. Accordingly, after deducting cumulative losses of \$338,010,020 and the balances in reserves and provision for future losses amounting to \$326,388 from the net income, the Corporation had a surplus of \$13,910,654 on December 31, 1950.

During the calendar year 1950, total income of the Corporation amounted to \$6,554,096 and total expenses amounted to \$1,838,059, leaving a net income of \$4,716,037. Losses during the year of \$12,116 resulted in a net profit of \$4,703,921. Premiums on the sale of loans accounted for \$1,897,496 of this profit. Exhibit 8 presents a statement of income and expense of the Corporation for the calendar year 1950.

HOME OWNERS' LOAN CORPORATION

Created June 13, 1933, as a temporary emergency relief measure, the Home Owners' Loan Corporation was directed by the Congress to commence liquidation as soon as its purposes had been accomplished. The scheduled three-year lending period ended June 12, 1936. During that period the Corporation made loans totaling \$3,093,451,321 to 1,017,821 home owners who, had it not been for its existence, would have lost their homes through foreclosure. Capitalized additions of \$405,451,791 for taxes, insurance, maintenance, reconditioning, and acquisition costs brought the cumulative investment as of June 30, 1951, to \$3,498,903,112.

Since 1936 the program for the liquidation of the assets of the Corporation has progressed in an orderly manner. At the close of 1950 only \$9,595,895 of the Corporation's total investment was unliquidated. During the calendar year 1951 the Corporation "went out of business" as a mortgage holding agency of the Government. By December 31, 1951, the Corporation had disposed of all its assets.

The \$200,000,000 stock of the Corporation, originally subscribed by the U. S. Government, was retired by repurchase at par value from the Secretary of the Treasury by the close of the calendar year 1950, and the amount thereof was paid into the Treasury of the United States and the receipts evidencing ownership of such stock were canceled.

The Corporation issued its bonds to the extent of \$3,489,453,550. Such bond issues have either been called or matured and all bonds have been redeemed with the exception of a relatively small amount which has not been presented for payment. However, funds are on deposit with the Treasurer of the United States for the retirement of these outstanding bonds.

Exhibit 7 presents a cumulative statement of income, expense, loss, and surplus of the Corporation from June 13, 1933, to December 31, 1951. The total income of the Corporation during its operations aggregated \$1,417,134,830 and its expenses amounted to \$1,065,052,681, or a net income of \$352,082,149, of which a reserve of \$351,990,459 was established for losses on loans and interest, property, fidelity and casualties, fire and other hazards. A cumulative total loss of \$338,016,707 was sustained by the Corporation, of which \$337,893,825 was charged against this reserve. Thus the surplus or net earnings after losses was \$14,065,442.

During May 1951 the Corporation paid into the Treasury of the United States \$13,800,000 of this surplus, thus reducing its available surplus at June 30, 1951, to \$265,442. Due to a reduction in accrued liabilities principally as a result of the transfer of employees to other Government agencies, the surplus was increased by \$3,147, to \$268,589 on November 30, 1951. Pursuant to the Independent Offices Appropriation Act, 1952, approved August 31, 1951, surplus funds of the Home Owners' Loan Corporation totaling \$75,000 were made available to the Home Loan Bank Board to cover post audit and miscellaneous expenses, possible claims against the Corporation, and the costs of the final liquidation report to be submitted to the Congress as required by Section 20 of the Federal Home Loan Bank Act. The residue surplus of \$193,589 was paid into the Treasury of the United States during December 1951, thus accounting for the Corporation's total surplus of \$14,068,589 as of December 31, 1951.