RECONSTRUCTION FINANCE CORPORATION

SEVEN-YEAR REPORT

To The President and The Congress of The United States

February 2, 1932 to February 2, 1939

BY JESSE H. JONES
Chairman

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WASHINGTON

JESSE H. JONES
CHAIRMAN OF THE BOARD

February 2, 1939.

TO THE PRESIDENT AND THE CONGRESS:

I give you a summary of RFC activities since its organization February 2, 1932, seven years ago.

In addition to the original purposes of the Corporation and the many amendments to the Act from time to time which have expanded the scope of its direct operations, our activities have also been carried on through:

COMMODITY CREDIT CORPORATION, organized October 17, 1933

THE RFC MORTGAGE COMPANY, organized March 14, 1935

FEDERAL NATIONAL MORTGAGE ASSOCIATION, organized February 10, 1938

ELECTRIC HOME AND FARM AUTHORITY, organized August 1, 1935

DISASTER LOAN CORPORATION, organized February 15, 1937

Total RFC authorizations have been $13,206,639,807. Of this amount, $2,900,601,066 was by direction of Congress in which our Directors had no discretion.

February 1938, we asked Congress to direct the Secretary of the Treasury to cancel our notes given to the Treasury for disbursements which were in effect appropriations by Congress made through the RFC and for which the RFC received no benefit. The Act was approved February 24, 1938, and our notes aggregating $2,699,236,946 have been cancelled. This includes $282,825,767 of the $299,984,999 advanced to states, political subdivisions, and Puerto Rico for relief under the Emergency Relief and Construction Act of 1932, $17,159,232 of these advances having been repaid; $1,499,999,010 advanced for relief in 1933, 1934, and 1935 by direction of Congress; $883,234,749 in connection with advances to and purchase of stock of other governmental agencies; and $33,177,420 interest paid the Treasury on money borrowed to make these disbursements. Approximately $850,000,000 of this amount, exclusive of the interest paid the Treasury, is now carried by the Treasury and other agencies in the form of capital stock of governmental corporations, or other obligations, or has been converted into cash. No debt due the RFC was cancelled.

Authorizations for which our Directors have responsibility aggregate $10,306,038,741. Of this amount, $2,293,568,866 was withdrawn or cancelled, either the purposes for which the authorizations were made were not carried into effect or the applicants found they did not need the money. $7,243,873,197 has been disbursed and $5,372,565,029, or 74%, repaid. $768,-596,678 remains available to the borrowers or for the purposes for which the authorizations were made.

Attached is a breakdown of RFC authorizations, cancellations, disbursements, repayments and other credits, and balances outstanding; also financial statements of the several agencies. A condensed summary follows:

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LOANS AND OTHER AID TO AGRICULTURE:

Agriculture in one way or another has been accorded loan authorizations and allocations of $3,101,673,840.

Of this, $399,636,000 was to Federal land banks, $29,035,359 to joint-stock land banks, $9,250,000 to Federal intermediate credit banks and $199,072,648 to livestock and agricultural credit corporations, to provide funds to meet the needs of farmers and stockmen. $23,500,000 was authorized to the Secretary of Agriculture to acquire cotton pursuant to the Agricultural Adjustment Act, but only $3,300,000 of this was used.

$1,840,774,178 was for loans through Commodity Credit Corporation and other agricultural agencies to producers of cotton, corn, wheat, tobacco, turpentine, resin, wool, mohair, hops, figs, dates, raisins, prunes, peanuts, butter and pecans, in 39 states.

Cotton loans were made in Alabama, Arizona, Arkansas, California, Florida, Georgia, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia.

Corn loans were made in Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Minnesota, Missouri, Nebraska, Ohio, Pennsylvania, South Dakota and Wisconsin.

Wheat loans were made in Arkansas, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, New York, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming.

Tobacco loans were made in Kentucky, Tennessee, Virginia and Wisconsin.

Turpentine and resin loans were made in Alabama, Georgia, Florida, Louisiana, Mississippi and South Carolina.

Wool and mohair loans were made in California, Colorado, Idaho, Indiana, Iowa, Kentucky, Massachusetts, Minnesota, Missouri, New Mexico, North Dakota, Oregon, Pennsylvania, Texas, Utah, Wisconsin and Wyoming.

Loans on figs, dates, raisins and prunes were made in California; on hops in Washington; and on pecans in Georgia.

Peanut loans were made in Alabama, Florida, Georgia, North Carolina, South Carolina, Texas and Virginia.

Loans were made to cooperative associations on butter produced in California, Illinois, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Oregon, Pennsylvania and Washington.

$83,370,955 was authorized to finance the exportation of some of these commodities.

$115,000,000 was allocated to the Secretary of Agriculture for crop loans. $40,500,000 was allocated to the Governor of the Farm Credit Administration and used in part to provide capital of the Production Credit Corporations. $61,934,700 was allocated for the capital and expenses of the Regional Agricultural Credit Corporations and $97,000,000 for the capital of the Commodity Credit Corporation. Of $202,600,000 originally allocated to the Farm Credit Administration for loans to farmers and to joint-stock land banks, $200,000,000 was reallocated and used to provide the capital of the Federal Farm Mortgage Corporation. These items were by direction of Congress and their outstanding balances were included in the items for which our notes were cancelled in accordance with the Act of Congress approved February 24, 1938.

LOANS TO BANKS:

Loans were authorized in the aggregate amount of $1,334,744,454 to 5816 going banks, principally in 1932 and '33. $196,378,317 of this amount was not used. $1,138,217,337 was used, and 93% has been repaid. The purpose of these loans was to enable banks to meet the abnormal demands of depositors, occasioned by the nation-wide depression and consequent fear by depositors for the safety of their funds. Notwithstanding these loans, made to aid these banks, 2128 of them failed after receiving the loans, but 3688 were enabled to continue, thereby saving millions of depositors and stockholders from loss and inconvenience.

Because of the widespread interest in the $90,000,000 loan to the Central Republic Bank and Trust Company, Chicago, in June 1932, I give the following information regarding its present status:

Repayments, including interest, have been $62,383,207 and the Receiver of the bank has on hand $7,300,000 collected from stockholders' assessments. This will be paid over when the judgment of the lower court fixing the assessments has been confirmed.* The estimated value of the unliquidated collateral appears to be about $15,000,000. So, assuming that the stockholders' assessments are effective and the remaining collateral is worth this estimated figure, our loss will be in the neighborhood of $5,000,000, in addition to interest and the expense of handling the loan.

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*Since the date of this report, the Circuit Court of Appeals handed down an opinion confirming the judgment of the lower court.

Preferred Stock, Capital Notes and Debentures of Banks:

Banks needed capital more than loans in 1932 and 1933. Loans had the effect of preferring depositors, because as long as banks were able to they paid their depositors, first come, first served. They borrowed as long as they could hoping to avoid failure.

By the RFC furnishing banks with capital, depositors were, in large measure, insured, no depositor being preferred over another. In many cases depositors voluntarily permitted a part of their deposits to be used in recapitalizing or reestablishing banks after they were closed. In some instances large depositors took more of the burden on themselves by permitting their deposits to be used for that purpose so that the smaller depositors might be paid first.

Our bank capital program was in operation prior to the creation of the Federal Deposit Insurance Corporation, and the announcement that the RFC had agreed to supply banks with capital stopped or prevented many bank runs.

We were given authority to buy preferred stock, capital notes and debentures in banks, and to make loans upon preferred stock in banks, by an Act of Congress approved March 9, 1933. We agreed to put capital in 6853 banks in the aggregate amount of $1,349,234,714. 714 of these banks did not take the capital, finding they could get along without it, but our agreement to furnish the capital enabled them to carry on with confidence. Our actual investments in bank capital, except for $47,500,000 invested in the preferred stock of Export-Import Banks, have been $1,099,090,662. Approximately 51% has been retired.

The terms on which this capital is invested contemplate that it will be retired out of approximately, but something less than, one-half of the net earnings of the bank after dividends or interest on our capital, but not more than 5½% of the original investment is required to be placed in the retirement fund in any one year. This will be increased to 5¾% for the year 1940 and 6% thereafter, provided the percentage of the bank's earnings, on the basis above indicated, is sufficient for these amounts to be placed in the retirement fund. However, at the option of the bank, RFC capital may be retired earlier if permission is obtained from the supervising authorities. 1280 banks have retired all of their RFC capital and 3088 banks a part of it. 84% of all banks in which we still have capital are current in interest or dividend payments.

To save so many banks in such a short period through putting new capital in them, in the manner authorized by law, required not only extraordinary effort, but necessarily some risk to the capital invested. We were greatly aided in this work by the various bank supervising authorities. Of the 6120 banks in which we have invested capital, only 206 have since been closed. We will probably recover our entire investment in 49 of these and the loss in the remaining 157 will not be relatively large. Other losses may occur, but, treated as a class, our bank capital investments should entail no net loss. Dividends and interest collected in excess of the cost of money to the Corporation should cover the individual losses. During the year ending February 1, 1939, we authorized $29,448,625 new capital in 60 banks.

Assisting banks through providing them with capital was reassuring to depositors. Without this assistance a great many more would have closed.

Closed Bank Loans:

In the original RFC Act, we were limited to $200,000,000 for loans to closed banks or banks in process of liquidation, but, because of the great number of banks that had failed, our law was further amended June 14, 1933, removing the limit.

Loans have been authorized for distribution to depositors in 2773 closed banks in the aggregate amount of $1,331,814,759. $327,511,981 of this was not used. $983,701,788 has been used and 93% repaid. A good many million depositors benefited from these loans. Depositors upon the average have received approximately 65% of their deposits in closed banks.

Stockholders in closed banks suffered much worse in proportion to their investment; usually they lost their entire investment, and in many cases were subject to assessments for an equal amount.

Drainage, Levee and Irrigation Loans:

During the decade prior to the depression, laws were passed in many states providing for the creation of drainage, levee and irrigation districts with authority to issue bonds. Many such projects were promoted that found the taxes and water charges much greater than the farmers could pay. On May 12, 1933, Congress authorized us to make loans to these districts to enable them to reduce and refinance their outstanding indebtedness.

We have authorized loans to 632 such districts in the amount of $142,845,995, of which $20,480,759 was not used. $85,600,433 has been disbursed and the balance remains available to the borrowers.

The holders of the old bonds have received an average of 48% for their bonds. By this reduction of 52% in the amount of the bonded indebtedness of the districts, and by our giving longer time, usually 30 to 33 years, and a lower interest rate, 4%, the water and bond service assessments to land owners have been reduced to approximately one-third of what they previously were.

Before their reorganization, the districts were badly in default due to the fact that the charges were so heavy the land owners could not pay them. Now 99% of the reorganized districts are current in interest and principal payments due the RFC.

SELF-LIQUIDATING LOANS:

Our authorizations for self-liquidating loans, including security purchases from PWA, have been $954,058,325. Of this amount, $741,744,404 has been disbursed and securities aggregating $457,826,219 have been retired or sold at a premium of $21,016,493 over cost. We feel there will be no net loss from the aggregate of those not yet sold.

The self-liquidating loans made by the RFC made possible the construction of many useful projects throughout the country, including a highway and railroad bridge across the Mississippi River at New Orleans for which there had long been a need; the San Francisco-Oakland Bay Bridge (a highway and interurban railway bridge), costing $73,000,000; and a 240-mile aqueduct, costing $208,500,000, to carry water from the Colorado River in Arizona to southern California. This aqueduct will insure an adequate supply of water for all purposes to Los Angeles and a dozen other smaller cities in southern California, including some irrigation. $75,056,000 of these bonds have already been sold at a substantial premium. The project was begun the early part of 1933, and will be completed in about another year. Our first authorization of $40,000,000 was made September 13, 1932. These bonds are supported by general taxing authority, but should be retired from water charges.

We financed the construction of a power line from Boulder Dam to Los Angeles, costing $22,800,000. This line carries electric current generated by Boulder Dam to Los Angeles, providing a market for the power and revenue for the Boulder Dam investment, also insuring fair rates to the users of electricity. These bonds have been sold.

We authorized $8,075,000 for the Knickerbocker Village, New York, low cost housing development; $6,090,600 to the Middle Rio Grande Conservancy District, New Mexico, for the completion of an $8,500,000 irrigation project; $1,300,000 for an airport at New Orleans; $3,400,000 for the Rip Van Winkle Bridge across the Hudson at Catskill, New York; $2,815,000 for the Niagara Frontier Bridges near Buffalo; $5,050,000 for the construction of causeways, bridges and other improvements in connection with Jones Beach State Park, Long Island, New York; $3,200,000 for the Saratoga Springs Spa, Saratoga Springs, New York; $2,430,000 to the State of Georgia for the repair of public buildings; $3,520,000 to the State of Washington for the construction of a vehicular bridge at Puget Sound; $2,181,000 to the City of Greenville, Mississippi, for a bridge across the Mississippi River; $2,500,000 for a vehicular tunnel under the Mobile River on the Spanish Trail Highway; $1,983,500 for a vehicular bridge over the Mississippi River at Natchez, Mississippi; $35,000,000 for the construction of a highway from Pittsburgh to Harrisburg, Pennsylvania; $3,000,000 to the Tennessee Valley Authority; $5,000,000 to the Lower Colorado River Authority for the purchase of light and power plants in the vicinity of this project (the Authority expects to sell some of the units to the cities and towns in which they operate); $6,000,000 to the City of Knoxville to buy the Knoxville power plant from the Tennessee Public Service Company (with our commitment it was able to get the money from private sources); $7,900,000 to the City of Utica, New York, to buy its waterworks system; $1,800,000 to Westchester County, New York, for a bridge; and many other smaller loans to cities and towns for the construction of bridges, waterworks, sewer systems, state and city college dormitories and other public projects of equal importance to their respective communities. In addition to our loans, some of the borrowers received grants from PWA. It is contemplated that the revenue from the projects will liquidate the loans. Many of the bonds have already been sold at some premium.

These self-liquidating loans have provided useful public facilities and have been a great stimulus to business and employment.

Railroad Loans:

Of the $1,248,348,560 loan commitments to railroads ($200,-460,500 representing securities purchased from PWA), $307,561,-724 was not used, either because the purposes for which the authorizations were made were not carried into effect, or because the roads, having an RFC commitment, were able to get the money from private sources. $826,773,161 has been disbursed to 82 roads. $346,509,316 of this has been repaid, leaving a balance outstanding of $480,263,845 due from 50 railroads. 32 roads have repaid their loans in full. 19 were placed in receivership or trusteeship after receiving loans. 3 of these are no longer indebted to the Corporation. The balance due from the remaining 16 roads in the custody of the courts aggregates $168,565,837. Interest is being paid currently on 2 of these loans which aggregate $25,825,227.

We shall have losses on some individual railroad loans, as in other classes of borrowers, but, treated as a class, there should be little, if any, net loss on railroad loans.

To be more specific in view of your interest, and that of the country generally, in the railroad situation, we have collected $86,335,352 interest from railroad loans, and in addition to this have approximately $15,000,000 interest accrued that we believe will be paid. The margin in interest received over the cost of money to the Government will, in our opinion, cover the individual losses.

Loans to Business and Industry:

7371 loans have been authorized to business enterprises, aggregating $447,324,578. Banks have agreed to take participations in the amount of $61,492,756 in 1661 of these loans, their participations ranging from 10% to 75% of a loan. The banks and RFC share proportionately in security and repayments. Of the RFC part of these loans $86,027,903 was not used and $144,-192,699 remains available to the banks and borrowers when called for. 2720 of these loans, or 37% of the total number, have been for $5000 or less. (During the past 12 months 49% have been for $5000 or less.) 53% of the loans have been for $10,000 or less, 83% for $50,000 or less.

In addition to the participations taken for their own account, banks hold $57,552,558 of these loans with a take-out agreement from the RFC. For the take-out agreements the RFC gets a part of the interest paid by the borrower. This is 2% per annum where the bank's participation is less than 25% of the loan; 1½% where the bank's participation is from 25% to 50%; 1% where the bank's participation is 50% or more.

Participation agreements and take-out commitments are executed when the loan is made, and the take-out commitment insures the bank against loss on that part of the loan covered by the agreement. It is necessary to exercise the same care in insuring part of a loan as in making the entire loan. The same investigation is required and the same expenses incurred.

In April and May 1938, we made commitments to lend apple growers in the State of Washington up to $2,000,000. Under these commitments we authorized 960 loans to 716 applicants in the amount of $1,025,120, of which $991,506 was disbursed.

In addition to the foregoing loans to business, the Electric Home and Farm Authority buys installment contracts from dealers in electrical appliances. These are small loans to business. To date, 2573 dealers have been furnished with capital for their credit sales in this manner. The contracts carry the unconditional endorsement of the dealer.

We shall probably have a substantially larger percentage of losses from industrial loans than from any other class. 46 of these (representing loans in the aggregate amount of $3,009,092) have already been foreclosed and the security reduced to possession. Properties securing 3 of these loans, which amounted to $234,905, have been sold at a net loss to the Corporation of $31,003. 543 loans to business, aggregating $21,427,000, are in default and 60, aggregating $3,588,000, are in process of foreclosure, usually after several extensions and supplemental loans. In addition to these, the loans to apple growers are in default.

We have authorized 2 loans at the request of the Maritime Commission, one to the American President Lines, Ltd., $2,500,000, secured by a first mortgage on 13 ships, and another for building ships at Tampa, Florida, $300,000. Local banks took an additional $200,000 participation in this loan.

When the President authorized us to resume lending, about a year ago, we wrote the banks of the country—every bank in the United States—asking them to cooperate with us in meeting whatever legitimate demand there was for business and industrial loans. We asked them to consider originating and taking participations in loans; and where loans were of such a character that they felt they should not take any participation in them, we asked them to accept applications for the RFC and forward them to our Agency serving their district, with such information about the applications as the banks could furnish. We sent our loan application blanks to the banks and have continually urged their cooperation. I am glad to be able to report that since bank supervising authorities have adopted a uniform and more considerate attitude toward longer-time business loans, the banks are more inclined to make them and to cooperate with us in this character of lending.

Within the past year our Board has authorized approximately two out of every three applications presented. Each application receives the most sympathetic consideration, and when it cannot be approved as submitted, every reasonable effort is made to find a basis upon which a loan can be approved.

MORTGAGE LOANS:

The total amount authorized, $608,597,899, includes the capital stock of The RFC Mortgage Company, $25,000,000, and loan authorizations to The RFC Mortgage Company of $160,021,276. It also includes the capital stock of the Federal National Mortgage Association, $11,000,000, and loans to it of $50,000,000. It includes $362,576,623 in loans to privately owned mortgage loan companies made principally in 1932, '33 and '34 to prevent the companies from failing, and to enable them to grant extensions to their borrowers. Of the total amount authorized, $418,662,964 has been disbursed and $298,016,329 repaid.

Of all loans to privately owned mortgage companies, we shall have only one loss of any consequence, a loan to the Prudence Company of New York City. This loan was for $20,000,000 made in March and June 1932 on sundry collateral, in an effort to prevent failure of this large mortgage guaranty company. Mortgage guaranty companies located in New York had outstanding in the hands of investors guaranteed mortgages in the approximate amount of $2,000,000,000. Notwithstanding our efforts and assistance, practically all of these companies failed.

Mutual Savings Banks

November 1933, we aided the savings banks of New York State by authorizing the investment of $50,000,000 in the capital notes of the Savings Banks Trust Company, which company the savings banks of New York organized to assist any of their banks that might need to realize on their mortgages. None of this money was used.

We authorized $86,000,000 to the Institutional Securities Corporation, also organized by the savings banks for the same purpose. Only $14,312,567 of the amount was used, and it has all been repaid.

Publication of this procedure by the RFC and the savings banks was so reassuring to depositors that the banks were soon able to remove the restriction on withdrawals allowed under the law.

We aided individual mutual savings banks, principally in the New England States, New York State and Ohio, through buying their notes containing provisions of subordination in favor of depositors, in this manner giving to the savings banks the same assistance provided for National and State commercial banks.

LOANS TO INSURANCE COMPANIES:

Loans were authorized to 133 insurance companies, principally in 1932 and '33, in the aggregate amount of $104,439,750 to enable these particular companies to meet the demands of policyholders and other creditors. $13,331,442 of this was not used. $90,693,210 has been disbursed and over 95% repaid. Loans were authorized and disbursed on the preferred stock of 6 casualty and 3 fire insurance companies in the amount of $34,425,000. $7,655,955 of this has been repaid. The majority of insurance companies were able to meet their obligations without borrowing from the Government.

LOANS TO BUILDING AND LOAN ASSOCIATIONS:

We have authorized loans to 1023 building and loan associations and receivers of building and loan associations aggregating $154,240,454. Of this amount, $29,028,416 was not used. $118,-221,783 has been disbursed and over 98% repaid. Loans to the open institutions made funds available to meet withdrawals of shareholders and depositors without foreclosing on the property of borrowers. The loans to closed building and loan associations enabled the receivers to make distribution to depositors and other creditors.

LOANS TO PUBLIC SCHOOL AUTHORITIES:

Because of the great amount of delinquent taxes in the City of Chicago from 1928 to 1934, public-school teachers were forced to go without pay from November 15, 1933, to May 31, 1934. August 1934, we loaned $22,300,000 to the Chicago Board of Education to pay back salaries to 15,000 school teachers. The loan was secured by valuable income-bearing real estate belonging to the public-school system of Chicago. The real estate is situated in the Loop District and was ceded by the United

States Government to Illinois for public schools when that State entered the Union in 1818. In order to mortgage the property it was necessary for the State Legislature of Illinois to pass an Act permitting it to be mortgaged. This Act was approved by the Governor February 28, 1934, and by the Court under a test case July 31, 1934. The Act provided that the property could only be mortgaged to an agency of the United States Government. We made the loan August 27, 1934, and sold it to Chicago banks a few months later, at a substantial premium.

We authorized $2,086,800 to other school districts for refinancing indebtedness. $1,067,300 of this was cancelled and $150,000 disbursed.

LOANS TO STATE FUNDS CREATED TO INSURE DEPOSITS OF PUBLIC MONEYS:

Due to the great amount of public funds tied up in closed banks in 1933, belonging to cities, towns and counties in the State of Wisconsin, we loaned $13,064,631 to the "Board of Deposits of Wisconsin" to free these funds. It was all soon repaid.

MINING LOANS:

144 loans in the amount of $12,655,500 have been authorized to 126 borrowers for mining, milling and smelting ores and development of ore bodies. Of this, $7,392,000 has been cancelled and $4,179,700 disbursed. $1,531,252 has been repaid. 87 of these loans aggregating $1,440,500 have been approved under the section of the Act which authorizes loans up to $20,000 to one borrower for development. $716,000 of this has been withdrawn or cancelled. These development loans will entail a large percentage of loss.

RURAL ELECTRIFICATION LOANS:

Loans to the Rural Electrification Administrator are made by direction of Congress upon the request of the Administrator and the approval of the President. $146,500,000 has been authorized and $47,700,000 disbursed. These loans are made on collateral consisting of notes evidencing loans made by the Administrator, which in turn are secured by mortgages on the projects he finances. We lend up to 85% of the face of the collateral. These loans bring electricity and the use of electrical facilities to a great many people living in rural districts who otherwise would not have them.

COMMODITY CREDIT CORPORATION:

Commodity Credit Corporation was organized October 17, 1933, pursuant to Executive Order, with capital stock of $3,000,000 provided from funds made available by the National Industrial Recovery Act. In April 1936, Congress directed the RFC to increase this capital to $100,000,000 by buying $97,000,000 of the Corporation's stock.

Commodity Credit Corporation's principal purpose is to make loans to producers to finance the carrying and orderly marketing of cotton, corn, wheat and other agricultural commodities. It has done this principally with RFC loans and credit. In an Act approved March 8, 1938, Congress authorized Commodity Credit Corporation to borrow directly with Government guaranty, instead of depending entirely upon the RFC. This Act also directed the Secretary of the Treasury to appraise the assets of Commodity Credit Corporation at the end of March each year and to maintain its capital unimpaired at $100,000,000, and authorized appropriations for that purpose. This was to bring to Congress each year the loss, if any, in commodity loans.

RFC commitments to Commodity Credit Corporation have been $1,754,712,665 and disbursements $767,716,962, all of which has been repaid to RFC. Commodity Credit Corporation's disbursements have been $897,779,520, of which $522,093,139 has been repaid. Loans now outstanding are $360,296,170 and loans held by banks which Commodity Credit Corporation has agreed to purchase, if tendered, aggregate $387,152,033.

The capital of Commodity Credit Corporation and the amount it may borrow with Government guaranty aggregate $600,000,000, of which $316,174,000 is outstanding. To enable Commodity Credit Corporation to comply with the mandatory provisions of the Agricultural Adjustment Act of 1938 and make wheat and corn loans in the summer and fall of 1938, the RFC agreed to buy producers' notes from Commodity Credit Corporation, without recourse on Commodity Credit Corporation, should it become necessary for that Corporation to obtain additional funds to carry out its commitments to take up notes for loans on such commodities as might be tendered to it by banks.

Commodity Credit Corporation is managed by a Board of Directors composed of representatives of the Department of Agriculture, Farm Credit Administration, Export-Import Bank, and the RFC. The agencies and facilities of the RFC are used in making and administering the loans.

The Corporation's policy has been to lend only on such commodities as are recommended by the Secretary of Agriculture and approved by the President. The Agricultural Adjustment Act of 1938 directed that loans be made on cotton, corn and wheat of not less than 52% of parity and not more than 75% of parity, the loans to become mandatory when the price of these commodities is less than 52%.

"Parity," generally speaking, represents the price that would give the commodity a purchasing power to the farmer equivalent to its purchasing power in a base period which for tobacco is the ten-year period from 1919 to 1929 and for other commodities the five-year period 1909 to 1914, taking into consideration the size of the crop and other factors.

The 1938 loan on cotton was approximately 52% of parity; on corn 70% of parity; and wheat 52% of parity. The loans were authorized after the commodities reached these levels.

Loans are made to individual producers and associations of producers. Approximately 3,500,000 individual loans have been made. When loans are authorized at a fixed rate per unit on basic commodities such as cotton, corn, wheat or wool, the producer may obtain them from banks and other local lending agencies, on forms which are provided by Commodity Credit Corporation, under an arrangement whereby such loans as are in acceptable form will be purchased by the Corporation at face value plus accrued interest at 2½%, the producer's note bearing a 4% rate. The difference in interest accrues to Commodity Credit Corporation for its expense and undertaking. The producer may also obtain a loan directly from Commodity Credit Corporation through RFC Loan Agencies.

At the time such loans are authorized, it is impossible to determine accurately the amount of the commodity which will be borrowed on. This depends upon the ultimate volume of the commodity produced, and the market. It is necessary in such cases to provide funds in the maximum amount that may be needed.

THE RFC MORTGAGE COMPANY:

Because there was practically no mortgage money available to deserving borrowers to protect their business properties from foreclosure, and to aid in the reorganization of properties covered by excessive mortgages and mortgage bond issues, Congress, at our request, authorized the RFC in January 1935 to invest in the capital stock of mortgage companies up to $100,000,000 when any such investment was approved by the President.

Following the approval of this Act, we endeavored to interest private capital to organize mortgage companies, offering to take preferred stock in the companies. Meeting with no success in this effort, we, with the approval of the President, organized The RFC Mortgage Company March 14, 1935, with a capital of $10,000,000, later increased to $25,000,000. The stock is all owned by the RFC. The company has authorized $137,969,839 loans on income-producing business properties, borrowing its requirements from the RFC.

FHA Insured Mortgages

Because banks, insurance companies, and other private investors were reluctant to buy FHA insured mortgages, we announced August 27, 1935, that The RFC Mortgage Company would buy these mortgages at a discount of ½ of 1% and sell them at some premium, sufficient to cover the cost of operation. The Mortgage Company has authorized the purchase of 23,020 FHA insured mortgages aggregating $96,955,222, and has completed the purchase of 18,433 of these totaling $73,083,604. It has sold 3956 aggregating $16,604,899 to private investors at a modest premium. 8954 totaling $34,108,848 have been transferred to the Federal National Mortgage Association.

Of the total number of FHA insured mortgages bought, 102 loans aggregating $400,845 have been foreclosed, for which the Mortgage Company holds or will receive FHA 2¾% or 3% debentures carrying government guaranty, dated as of the date of institution of foreclosure proceedings, for the unpaid balance of the mortgages. The loss arising from foreclosure has been less than 10% on the mortgages foreclosed, and to date less than one-tenth of 1% of the total amount of mortgages purchased.

Federal National Mortgage Association:

The National Housing Act, approved June 27, 1934, provided for the organization of National Mortgage Associations, and to aid in the establishment of these, we offered, at the request of the Federal Housing Administrator, to match dollars with private capital by taking preferred stock in National Mortgage Associations.

Even on this basis the Administrator received no applications, and, with the approval of the President, we organized the Federal National Mortgage Association February 10, 1938, with a capital of $10,000,000 and a surplus of $1,000,000. It is owned and operated by the RFC and deals exclusively with mortgages insured by the Federal Housing Administrator.

It has authorized the purchase of 26,276 mortgages aggregating $111,470,381. Purchases have been completed on 22,684 of these aggregating $92,083,405. It has been necessary to start foreclosure on only 25 of these aggregating $105,288. The Federal National Mortgage Association is financed through the sale of its notes to the public. $85,240,000 of these notes have been sold. $29,748,000 bear 2% and mature May 16, 1943. $55,492,000 bear 1⅝% and mature January 3, 1944. They are not guaranteed by the Government or by the RFC, but constitute a sound investment, enjoying certain income tax exemptions.

The Federal National Mortgage Association offers to buy at par and accrued interest any mortgages insured by the Federal Housing Administrator on new homes, including large-size housing projects. The RFC Mortgage Company buys insured mortgages on old homes at par and accrued interest.

Electric Home and Farm Authority:

Electric Home and Farm Authority was incorporated under the laws of the District of Columbia August 1, 1935, to aid in the distribution and sale of electrical equipment in homes and on farms at low financing cost. It has a capital of $850,000, provided from funds made available by the National Industrial Recovery Act, and held by its Trustees for the United States. It borrows its requirements at low rates with RFC backing and management.

It has purchased from 2573 dealers in 32 states 101,953 installment contracts, covering installment sales for home electrical appliances, aggregating $15,573,318, of which $7,703,924 has been retired. These contracts usually run from a few months to three years, the average being about two years.

Electric Home and Farm Authority operates in cooperation with utility companies and with dealers who sell the equipment. The dealers guarantee the notes and the utility company makes collections with its monthly bills. It is helpful to householders who find it necessary to buy on installment.

Buying these contracts is making loans to business enterprises, to dealers upon the security of the equipment sold and the obligation of the purchaser of the equipment. Payments are made promptly and there are no losses to speak of.

The RFC extends these small loans to business through Electric Home and Farm Authority.

Disaster Loans:

By special direction of Congress, the RFC from 1933 to 1936 made loans for rehabilitation of property damaged by floods, earthquakes or other catastrophes. $16,784,521 was authorized for this purpose, $12,003,055 disbursed. $4,278,027 of this has been repaid.

Following the Ohio River flood in January 1937, Congress directed us to organize the Disaster Loan Corporation and provide it with capital up to $20,000,000 to make loans to those who suffered losses from the flood or other catastrophes in the year 1937. This Act was later amended to include catastrophe losses that occurred in the years 1936 and 1938.

Immediately following creation of this Corporation, we established offices for making disaster loans at Cairo, Galena, Harrisburg and Metropolis, Illinois; Evansville, Jeffersonville and New Albany, Indiana; Ashland, Frankfort, Louisville, Paducah and Smithland, Kentucky; New Orleans, Louisiana; Cincinnati, Cleveland, Ironton and Portsmouth, Ohio; Dyersburg and Memphis, Tennessee; and Huntington, West Virginia. Loan committees composed of local citizens were set up to recommend loans. These committees served on a voluntary basis and were of great assistance to the Corporation in meeting the emergency.

7555 loans aggregating $8,805,051 were authorized as a result of the Ohio River flood. $1,574,504 of this was not used. $6,785,729 has been disbursed and $1,752,542 repaid. It is significant of the character and integrity of the American people that 80% of these loans are current in their payments.

We are now making disaster loans as a result of the hurricane in September 1938, principally in the New England states. Immediately after the hurricane we established offices at Hartford, New London and Norwich, Connecticut; Athol, Boston, Fitchburg, Gardner, Lowell, New Bedford, Orange, Springfield, Winchendon and Worcester, Massachusetts; Concord and Keene, New Hampshire; New York City, Montauk and Quogue, Long Island, New York; Newport, Providence and Westerly, Rhode Island; and later at Charleston, South Carolina; with loan committees composed of local citizens to recommend loans. These committee members also served on a voluntary basis and have been most helpful.

Loans aggregating $3,764,625 have been authorized to 1526 applicants who suffered losses from the hurricane. We are lending to salvage the very large amount of blown-down timber. It is estimated that 3,000,000,000 feet of timber is down in New England as a result of the hurricane, and effort is being made to salvage as much of it as possible. Probably 25,000 farmers and landowners lost their timber. The facilities of the Forestry Service and the Federal Surplus Commodities Corporation are being used to salvage the timber.

Disaster and catastrophe loans have been made in 33 States, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont and West Virginia.

* * * * * * * * * *

The beneficiaries of RFC activities have been almost entirely people of relatively small means or business interests. It is estimated that loans to closed banks benefited 20,000,000 depositors in these institutions: putting capital in banks probably saved another 20,000,000 depositors from loss or inconvenience. More than 3,000,000 commodity loans have been made to 1,500,000 farmers averaging less than $400 per loan. Probably 150,000 stockmen received loans averaging $1600. More than 130,000 farmers and landowners in 26 states have benefited by loans to drainage, levee and irrigation districts. More than 10,000 borrowers have received disaster loans averaging approximately $1300, and 102,000 householders have received loans averaging less than $150 for the purchase of electrical appliances.

2720 of the 7371 loans to business enterprises have been for $5,000 or less, and 1150 between $5,000 and $10,000. 6088 of all loans to business have been for $50,000 or less. These loans to business have maintained employment for more than 400,000 people and have provided additional jobs for 225,000. Employment has been increased and business stimulated through the purchase of more than 32,000 home mortgages averaging approximately $4000. Loans for the construction of business buildings and large-size housing projects have likewise increased employment and stimulated business.

Mining loans have created 1,500,000 days work. Self-liquidating loans, exclusive of security purchases from PWA, have produced 181,000,000 man-months of work, not counting the additional employment made necessary in the fabrication of materials for the construction involved and the employment of all classes of workers serving the business concerns which furnished the materials.

Loans to railroads for maintenance and for the purchase of equipment have been translated immediately into work for hundreds of thousands of workers, both skilled and unskilled—probably 20,000,000 days work. Loans for payment of interest on railroad obligations went largely to savings banks, insurance companies and other trust funds.

With the exception of loans on commodities, which are made largely by direction of Congress, both as to amount and basis, and upon which there will be some loss, this vast contribution to the business and economic life of our country during the past seven years has been without any loss or cost to the Government.

In addition to RFC loans authorized, and credit actually used, we have assisted a great many borrowers in getting loans from private sources by bringing borrower and lender together when, in our opinion, the loan applicant could properly be taken care of by banks or other private lending institutions, and by indicating that if necessary, to protect the applicant from failure or unnecessary loss, we would make the loan.

The RFC has a capital stock of $500,000,000 appropriated by Congress January 27, 1932. In addition, the Corporation has been given authority, from time to time, to borrow, with government guaranty, the funds necessary to do the things that Congress has authorized and directed it to do. Prior to July 1938 we borrowed from the Treasury, except that in buying preferred stock, capital notes and debentures in banks that needed capital but did not need cash, we sometimes sold them our notes. These notes have been paid.

We now have outstanding in the hands of the public our notes aggregating $211,460,000 maturing July 20, 1941, and $297,439,000 maturing November 1, 1941. We are selling another issue of approximately $300,000,000 maturing January 15, 1942. All of these notes bear 7/8% interest per annum. After paying the Treasury the proceeds of this last issue, we shall only owe the Treasury approximately $400,000,000.

We have paid the Treasury $194,801,847 interest on borrowed money and $24,507,637 interest to others. Our operating expenses have been slightly less than 1%.

In addition to the foregoing, we have accumulated operating reserves in excess of $200,000,000, which in the opinion of our Board is sufficient to cover all probable losses.

In conclusion, I should like to say that our Directors are ever mindful of their responsibility to the President and the Congress in administering the affairs of the Corporation.

JESSE H. JONES,
Chairman.

RECONSTRUCTION FINANCE CORPORATION—SUMMARY OF ACTIVITIES

February 2, 1932 Through February 1, 1939

	Authorizations	*Cancellations*	*Disbursements*	*Repayments and Other Credits **	*Balance Outstanding*
For benefit of agriculture	$2,584,639,140	$982,459,540	$1,446,284,760	$1,414,958,458	$31,326,302
To open banks to meet demands of depositors	1,334,744,454	196,378,317	1,138,217,337	1,060,626,324	77,591,013
For distribution to depositors in closed banks	1,331,814,759	327,511,981	983,701,788	920,580,062	63,121,726
For bank capital (including Export-Import Banks)	1,349,234,714	169,593,552	1,146,590,662	562,558,630	584,032,032
For Self-Liquidating projects (including PWA municipal securities)	954,058,325	44,719,243	741,744,404	457,826,219	283,918,185
To business enterprises	390,816,097 (a)	86,027,903	160,595,495	49,697,449	110,898,046
To drainage, levee & irrigation districts	142,845,995	20,480,759	85,600,433	3,204,792	82,395,641
To railroads (including receivers and trustees)	1,248,348,560	307,561,724	826,773,161	346,509,316	480,263,845
For loans to and capital of mortgage loan companies (including $25,000,000 capital The RFC Mortgage Company and $11,000,000 capital Federal National Mortgage Association)	608,597,899	103,599,895	418,662,964	298,016,329	120,646,635
For loans to and capital of insurance companies	138,914,750	13,331,442	125,168,210	95,374,562	29,793,648
To building & loan associations (including receivers)	154,240,454	29,028,416	118,221,783	116,255,022	1,966,761
To public school authorities	24,586,800	1,267,300	22,450,000	22,301,000	149,000
Catastrophe rehabilitation loans	16,784,521	4,139,466	12,003,055	9,546,494	2,456,561
To state funds for insurance of deposits of public moneys	13,087,716	23,085	13,064,631	13,064,631	
For mining, milling & smelting businesses	12,655,500	7,392,000	4,179,700	1,531,252	2,648,448
For other purposes	669,057	54,243	614,814	514,489	100,325
Total—By Directors of the Corporation	$10,306,038,741	$2,293,568,866	$ 7,243,873,197	$5,372,565,029*	$1,871,308,168
Allocations and loans to other governmental agencies and for relief by direction of Congress	2,900,601,066	15,001	2,801,096,178	2,753,398,603 (b)	47,697,575
Grand Total	$13,206,639,807	$2,293,583,867	$10,044,969,375	$8,125,963,632*	$1,919,005,743

* Includes $25,111,268 credited on indebtedness for property taken over for debt.

[a] Total loans to business of RFC and participating banks, $447,324,578. Bank participations $61,492,756, including $4,984,275 RFC loans taken up by banks.

[b] Includes $2,699,236,946 cancellation of Corporation's notes pursuant to Act of Congress approved February 24, 1938.

RECONSTRUCTION FINANCE CORPORATION

Statement of Condition as of the Close of Business February 1, 1939

ASSETS

Cash:		
General Account	$16,510,611.68	
Expense Account	158,103.17	
Held by Custodian Banks & Trustees	677,957.11	
Petty and Other	946,072.50	$18,292,744.46
United States Government Securities (Par)		48,020,200.00
Loans		1,166,401,027.64
Preferred Stock, Capital Notes & Debentures:		
Banks & Trust Companies	576,732,549.27	
Insurance Company	100,000.00	
Installment Sales Contracts	98,650.00	576,931,199.27
Capital Stock of Other Agencies:		
The RFC Mortgage Company	25,000,000.00	
Federal Nat'l Mortgage Association	11,000,000.00	36,000,000.00
Securities Purchased from Federal Emergency Administration of Public Works (Par $170,065,406.12)		139,772,165.97
Notes and Accounts Receivable		369,268.33
Advances for Care & Preservation of Collateral		1,119,486.27
Property Acquired in Foreclosures and Settlements (Original Cost, Advances for Care & Preservation and Expense)	30,073,325.09	
Less Proceeds of Liquidation and Income	8,754,222.28	21,319,102.81
Accrued Interest & Dividends Receivable		27,116,609.08
Reimbursable Expense		1,475,117.60
Furniture & Fixtures (Less Depreciation)		501,081.68
Other		545,754.72
Total		$2,037,863,757.83

LIABILITIES AND CAPITAL

Notes:		
Held by Treasury	$709,763,054.17	
Held by Others:		
Ser. "K" 1½% due 12/15/38	180,000.00	
Ser. "N" ⅞% due 7/20/41	211,460,000.00	
Ser. "P" ⅞% due 11/1/41	297,439,000.00	$1,218,842,054.17
Liability for Funds Held:		
Cash Collateral	677,957.11	
For Other Governmental Agencies:		
The RFC Mortgage Company	390,985.65	
Disaster Loan Corporation	3,124,358.81	
Federal Nat'l Mtge. Assn.	8,369,839.83	
Export-Import Bank of Washington	20,000,000.00	
Commodity Credit Corporation	14,494,463.36	47,057,604.76
Receipts Not Allocated Pending Advices from Fiscal Agents		13,730,195.54
Other Liabilities (Inc. Suspended Credits)		11,031,156.09
Interest Paid in Advance & Unearned Discount		138.39
Interest & Dividend Refunds Payable		13,443.48
Accrued Interest Payable:		
On Notes Held by Treasury	622,512.06	
On Notes Held by Others	1,660,205.35	
Other	573,298.24	2,856,015.65
Deferred Credits:		
Premium from Sale of Securities Purchased from Other Governmental Agencies	15,750,806.10	
Other	9,063,580.61	24,814,386.71
Capital Stock		500,000,000.00
Surplus and Reserve from Operations	219,318,763.04	
Reserve for Self-Insurance	200,000.00	219,518,763.04
Total		$2,037,863,757.83

MEMORANDUM

Undisbursed Authorizations and Conditional Agreements to make Loans, Purchase Preferred Stock, Capital Notes and Debentures, etc. (Including $1,229,418.23 agreed participation by third parties)	$768,596,678.26
Undisbursed Allocations and Loans to Other Governmental Agencies (Including Advances under 1933 Relief Act)	138,989,886.86
Undisbursed Authorizations for Advances for Care & Preservation of Collateral, etc.	351,660.27
Total	$907,938,225.39

COMMODITY CREDIT CORPORATION

Statement of Condition as of the Close of business February 1, 1939

ASSETS

Cash on Hand and on Deposit			$ 149,704.83
Cash Collateral on Deposit with RFC		$14,505,570.32	
Accrued Interest		367,641.38	14,873,211.70
Commodity Loans	$360,296,170.19*		
Accrued Interest	6,248,244.12	$366,544,414.31	
Less: Balance of appropriation to cover losses		74,289,160.05	292,255,254.26
1937-38 Cotton Collateral Purchased			52,106.41
1937-38 Corn Pool			10,124,278.14
Miscellaneous Receivables			64,756.01
Claims in Process of Settlement			28,254.93
Advanced to Employees for Travel			450.00
Equipment, Fixtures and Furniture			50,981.11
Total			$317,598,997.39

LIABILITIES AND CAPITAL

Notes:		
Held by Treasury (½% due 8/1/39)	$ 10,000,000.00	
Held by Others (Ser. C, ¾% due 11/2/39)	206,174,000.00	$216,174,000.00
Accrued Interest Payable:		
On Notes held by Treasury	3,561.64	
On Notes held by Others	396,114.73	399,676.37
Miscellaneous Payables		1,257.32
Suspended Credits Unallocated		972,570.79
Cash Collateral		51,492.91
Capital Stock Paid in		100,000,000.00

The capital stock paid in was $100,000,000. Pursuant to the Act of March 8, 1938, the capital must be maintained unimpaired at this amount by appropriation to be made soon after March 31 each year, upon appraisement by the Secretary of the Treasury of the assets and liabilities of the Corporation to determine the impairment, if any. The impairment March 31, 1938, was estimated to be $94,285,404.73, which was paid to the Corporation by the Secretary of the Treasury under the Act. Of this amount $19,996,244.68 represents operating expenses and losses actually sustained on commodities sold up to February 1, 1939.

Total	$317,598,997.39

* In addition $387,152,032.76 in loans are carried by banks and other lending agencies which the Corporation has agreed to purchase if and when tendered at par and accrued interest at rates of 1¼ and 2½%. The difference between these rates and 4%, which the loans bear, accrues to C.C.C. for its agreement to purchase.

THE RFC MORTGAGE COMPANY

Statement of Condition as of the Close of Business February 1, 1939

ASSETS

Cash—General Account		$1,270.75
Cash—Expense Account		4,419.74
Cash on Deposit with Reconstruction Finance Corp.:		
General Fund	$390,985.65	
Suspended Credits—Miscellaneous Deposits	1,212,092.36	
Unallocated Credits—Miscellaneous Cash Collections by RFC Not Allocated	126,084.57	1,729,162.58
Loans (Less Repayments & Other Reductions) Secured by First Mortgages:		
For New Construction	5,886,589.71	
For Refinancing	30,812,596.19	
Secured by Mortgage Bonds or Ctfs. of Deposit	4,077.50	36,703,263.40
Mortgages Purchased (Less Repayments):		
Insured by Federal Housing Administrator	18,602,832.63	
Other than Insured by Federal Housing Administrator	1,343,970.33	19,946,802.96
Debentures of the Federal Housing Administrator		327,193.39
Certificates of Claim—Federal Housing Administrator		24,140.05
Property Acquired Through Foreclosure:		
Original Cost	102,392.42	
Expense	779.98	
	103,172.40	
Less Proceeds of Liquidation & Income	1,628.18	101,544.22
Advances (Less Repayments)		246,161.10
Accounts Receivable—Miscellaneous		2,354.45
Accrued Interest Receivable		152,085.00
Reimbursable Expense due from Applicants		17,283.53
Service Charges Prepaid		304.81
Unallocated Charges (Miscellaneous Disbursements by RFC Not Allocated)		153,043.40
Total		$59,409,029.38

LIABILITIES AND CAPITAL

Notes Payable to Reconstruction Finance Corporation		$31,598,786.60
Interest Accrued on Notes Payable		487,996.57
Service Charges Accrued (Insured Mortgages Purchased)		5,730.27
Interest Receivable Prepaid		27,492.34
Accounts Payable:		
Reimbursable Expense for Account of Applicants	$17,283.53	
Reimbursable Expense—Administrative	7,622.40	
Miscellaneous Disbursements by RFC Not Allocated	153,043.40	177,949.33
Suspended Credits—Miscellaneous Deposits		1,212,092.44
Unallocated Credits:		
Miscellaneous Cash Collections by RFC Not Allocated	126,084.57	
Loan & Interest Collections by RFC Not Allocated	136,015.17	
Proceeds of Debentures & Certificates of Claim	7,534.97	269,634.71
Income Less Expense*		629,347.12
Capital Stock		25,000,000.00
Total		$59,409,029.38

MEMORANDUM

Undisbursed Authorizations & Conditional Agreements to make Loans and Purchase Mortgages	$29,490,215.85
Undisbursed Authorizations for Advances for Care & Preservation of Collateral, Foreclosure Expense, etc.	7,864.12
Total	$29,498,079.97

* Before adjustment of expenses with RFC.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Statement of Condition as of the Close of Business February 1, 1939

ASSETS

Cash on Deposit with the RFC	$8,369,839.83
FHA Insured Mortgages	89,875,327.70
Accrued Interest Receivable	79,952.93
Advances for Care and Preservation of Security	635.35
Advances for Foreclosure Expenses	10.00
Property Acquisition Expense	50.95
Service Charges Prepaid	455.34
Reimbursable Expenses	47.95
Due from Servicing Institutions	4.16
Cash Disbursements—Unallocated Pending Advices	2,033.51
Furniture and Fixtures	11,105.92
Total	$98,339,463.64

LIABILITIES AND CAPITAL

Notes Payable:	
Series A—2%—due 5/16/43	$29,748,000.00
Series B—1⅝%—due 1/3/44	55,492,000.00
Accrued Interest Payable	76,176.70
Deposits for the Payment of Taxes, Insurance, Etc.	1,101,577.75
Due RFC for Disbursements not yet Allocated by RFC	84.92
Suspended Credits:	
Commitment Fees	120,632.00
Loan	13,585.20
Miscellaneous	17,196.13
Reimbursable Expenses	5.00
Service Charges Accrued	6,472.09
Interest Receivable Prepaid	3,667.25
Cash Receipts—Unallocated Pending Advices	134,779.63
Income Less Expenses	625,286.97
Capital Surplus—Paid in	1,000,000.00
Capital Stock	10,000,000.00
Total	$98,339,463.64

MEMORANDUM

Contracts and Loan Authorizations—Proceeds not yet Disbursed	$16,463,315.20
Advances Authorized—Not yet Disbursed	181.79
Total	$16,463,496.99

ELECTRIC HOME AND FARM AUTHORITY

Statement of Condition as of the Close of Business February 1, 1939

ASSETS

Cash		$167,601.86
United States Savings Bonds		2,098.25
Installment Contracts Receivable:		
Appliances	$7,869,393.34	
Wiring	5,230.35	7,874,623.69
Accounts Receivable		4,549.32
Notes Receivable		250.13
Dealer Repossession Accounts		14,165.82
Repossessed Appliances		20,198.26
Fixed Assets:		
Office Furniture and Fixtures	$9,978.06	
Less Depreciation	2,069.85	7,908.21
Discount on Notes Outstanding		16,571.87
Total		$8,107,967.41

LIABILITIES AND CAPITAL

Notes Outstanding Held by Banks (1%)		$6,222,000.00
Accounts Payable:		
Accrued Expense	$5,193.65	
Accrued Billing Fees	9,766.46	
Accrued Booking Fees	2,727.00	17,687.11
Liability to Dealers for Reserve Withheld		325,564.93
Reserve for Losses		113,911.92
Unearned Income—Less Estimated Acquisition Cost of Business		517,815.78
Net Worth:		
Capital Stock	$850,000.00	
Surplus	60,987.67	910,987.67
Total		$8,107,967.41

DISASTER LOAN CORPORATION

Statement of Condition as of the Close of Business February 1, 1939

ASSETS

Cash—General Account		$1,000.00
Cash on Deposit with Reconstruction Finance Corporation		3,124,358.81
Loan Disbursements (Less Repayments)		7,853,533.95
Checks Held by Agents—Loans in Process of Closing		1,000.00
Notes Receivable		50.00
Advances for Care & Preservation of Collateral (Less Repayments)		1,125.99
Reimbursable Expense		26,924.66
Collateral Purchased:		
Cost	$19,569.00	
Expense	1,069.54	20,638.54
Judgments (Less Repayments)		1,813.30
Accrued Interest Receivable		27,516.16
Miscellaneous Disbursements		1,880.09
Total		$11,059,841.50

LIABILITIES AND CAPITAL

Accounts Payable—Reconstruction Finance Corporation			$87.26
Cash Receipts Not Allocated Pending Advices			39,357.76
Suspended Credits			2,324.43
Deferred Credits—			
Collections on Collateral Purchased:			
On Principal	$2,811.70		
On Interest	164.93		2,976.63
Capital Stock		$12,000,000.00	
Income Less Expense		(984,904.58)	11,015,095.42
Total			$11,059,841.50

MEMORANDUM

Undisbursed Authorizations for Loans	$2,000,141.40
Undisbursed Authorizations for Advances for Care and Preservation of Collateral	20,139.12
Total	$2,020,280.52