

**FINAL REPORT OF THE
UNITED STATES HOUSING CORPORATION**

LETTER

FROM THE

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

TRANSMITTING

**THE FINAL REPORT OF THE LIQUIDATION
OF THE UNITED STATES HOUSING COR-
PORATION DURING THE PERIOD MARCH 1,
1942, TO JUNE 30, 1945, WHILE UNDER THE
JURISDICTION OF THE FEDERAL HOME
LOAN BANK ADMINISTRATION PURSUANT
TO EXECUTIVE ORDER NO. 9070,
APPROVED FEBRUARY 24, 1942**



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LETTER OF TRANSMITTAL

NATIONAL HOUSING AGENCY,
FEDERAL HOME LOAN BANK ADMINISTRATION,
Washington 25, D. C., January 15, 1947.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to submit herewith the final report of the liquidation of the United States Housing Corporation during the period March 1, 1942, to June 30, 1945, while under the jurisdiction of the Federal Home Loan Bank Administration pursuant to Executive Order No. 9070, approved February 24, 1942. This order provided that the powers, duties, and functions which had been transferred to the Federal Works Administrator by Executive Order No. 8186, effective July 1, 1939 (including the liquidation of the United States Housing Corporation), be consolidated into the National Housing Agency to be administered in the Federal Home Loan Bank Administration by the Federal Home Loan Bank Commissioner.

The liquidation of all assets of the United States Housing Corporation has now been completed, and all moneys therefrom have been covered into the United States Treasury. Dissolution of the Corporation itself has been delayed by one small lawsuit which, it is hoped, may be disposed of soon.

Respectfully,

JOHN H. FAHEY, *Commissioner.*

CONTENTS

	Page
I. Introduction.....	1
II. History, organization, and functions.....	3
Authority and preliminary organization.....	3
Creation and development.....	3
Capital stock.....	4
Supplemental appropriations.....	5
Functions and activities.....	5
Construction projects.....	6
Loans to transportation and public-utility companies.....	6
Discounts allowed on real-estate sales.....	7
Provision for losses on contracts receivable.....	7
Miscellaneous losses.....	7
Transfers to governmental agencies.....	7
III. Operations under the Federal Home Loan Bank Administration.....	8
Legal problems.....	9
Liquidation of properties.....	13
Results of liquidation.....	14
Income and expense during liquidation period.....	14
Cost of liquidation.....	15
Audits.....	17
IV. Cumulative operations and liquidation.....	17
Cumulative income and expense.....	17
Income.....	18
Expenses.....	18
V. Dissolution.....	19
VI. Exhibits and schedules.....	19
Exhibit A Statement of financial condition.....	19
Exhibit B Statement of income and expense from July 9, 1918, to June 30, 1945.....	20
Exhibit C Statement of realization, liquidation, and operations under the Federal Home Loan Bank Administration from March 1, 1942, to June 30, 1945.....	21
Schedule A-1 Analysis of supplemental appropriations.....	23
Schedule A-2 Analysis of contracts receivable.....	24
Schedule A-3 Analysis of accrued interest on contracts receiv- able.....	25
Schedule B-1 Analysis of losses on construction projects.....	26
Schedule B-2 Statement of losses on loans to transportation companies and public utilities.....	28
Schedule B-3 Statement of other losses.....	28
Schedule B-4 Statement of transfers of property and equipment to governmental agencies.....	29
Schedule B-5 Analysis of capitalization and liquidation of properties by projects from March 1, 1942, to June 30, 1945.....	30

**FINAL REPORT TO THE CONGRESS OF THE UNITED STATES
RELATING TO THE LIQUIDATION OF THE UNITED STATES HOUSING
CORPORATION DURING THE PERIOD MARCH 1, 1942, TO JUNE 30, 1945,
WHILE UNDER JURISDICTION OF THE FEDERAL HOME LOAN BANK
ADMINISTRATION**

Pursuant to Executive Order No. 9070, approved February 24, 1942

JOHN H. FAHEY, Federal Home Loan Bank Commissioner

JANUARY 15, 1947.

INTRODUCTION

This report covers the operations and liquidation of the United States Housing Corporation by the Federal Home Loan Bank Administration during the period March 1, 1942, to June 30, 1945. It also reviews the cumulative results of operations from the date of inception, July 9, 1918, when the Corporation was created to provide housing for war workers during World War I. All assets of the Corporation have now been liquidated, the cash covered into the United States Treasury, and the Corporation can be dissolved following the disposition of one unimportant pending damage suit.

Section 6 of the act of May 16, 1918 (40 Stat. 550), provided for a report to be made to Congress at the beginning of each session, covering all of the transactions with relation to the subject matter of the act and prescribed the various details to be contained in said report. This section also provided for a final report to Congress to be submitted "immediately after the declaration of peace." In the amendatory act of July 19, 1919 (41 Stat. 163), provision was made for the rendition of a special report to Congress on December 31, 1919, and on June 30, 1920, covering all sales made and the amounts received therefrom, together with a statement of receipts and expenditures from other activities authorized by law. In the act of March 21, 1922 (42 Stat. 468), provision was made for a report to Congress, from time to time, of all settlements or adjustments made under the authority of the act of May 16, 1918, as amended.

Reports were prepared and printed under the following dates: December 3, 1918, covering operations from the beginning of the Corporation to and including October 31, 1918; May 19, 1919, volume 1, covering the period from November 1, 1918, to and including February 28, 1919; June 21, 1919, volume 2, houses, site planning, utilities—covers the work of the architectural, town planning, and engineering divisions; January 3, 1920, volume 1, organization, policies, transactions—a final report of the operations and transactions submitted by the Secretary of Labor. In addition to the foregoing, the annual reports submitted by the Secretary of Labor, commencing with the fiscal year 1919, included comments and statements concerning the activities of the Corporation. These reports contain a

great deal of information pertaining to the organization, policies, and working methods of the Corporation, together with exhibits and schedules relative to the various properties and their disposition. The tenth, eleventh, and twelfth annual reports of the Federal Home Loan Bank Administration for fiscal years 1942, 1943, and 1944, respectively, included a statement on the affairs of the Corporation.

The present report covers the liquidation of the United States Housing Corporation by the Federal Home Loan Bank Administration from March 1, 1942, to June 30, 1945, during which period there was paid into the United States Treasury \$1,536,598.46, which, together with a balance of \$385,936.35 on deposit at June 30, 1945, and subsequently covered into miscellaneous receipts, makes a total of \$1,922,534.81 paid into the United States Treasury. Of this total, \$701,091.60 represented cash receipts in excess of the net book value of assets of \$621,430.08, turned over for liquidation and \$600,013.13 cash on hand at March 1, 1942. Payments were made to the United States Treasury as follows:

Fiscal year—		
1942	\$3,106.83
1943	208,348.41
1944	150,766.41
1945	1,174,376.81
		<hr/>
		1,536,598.46
Balances covered into U. S. Treasury		385,936.35
		<hr/>
Total		1,922,534.81

This cash increased the cumulative amount covered into the United States Treasury by the United States Housing Corporation from \$40,329,733.74 to \$42,252,278.55 and reduced the final deficit to \$33,911,053.91, or 44.5 percent of the original capital investment of \$76,163,331.56. It may be noted that \$5,229,722.89 of this deficit represents transfers of properties to other governmental agencies prior to March 1, 1942, for which the Corporation was not reimbursed. If the Corporation had been reimbursed for these transfers, the deficit would have been reduced to \$28,681,330.12, or 37.7 percent of the original capital investment.

When the assets of the United States Housing Corporation were turned over to the Federal Home Loan Bank Administration on March 1, 1942, the property had an adjusted book value of \$621,430.08. At that time very little of the property was marketable, as the Corporation, in most instances, did not have possession, and tax claims existed which were in excess of its value. A number of the houses were not even habitable. The Administration reconditioned the properties where necessary and disposed of the real estate for \$1,123,307.51 after litigation was concluded or other disposition made of the legal problems. In addition, \$384,123.65 was collected in rents and other receipts, making the gross cash receipts \$1,507,431.16.

The total expense incurred by the Administration during liquidation was \$120,261.29, and represented 8 percent of the gross cash receipts during this period, and 9.1 percent of the net cash receipts of \$1,322,521.68. However, the net administrative expenses which were included in the cost of liquidation were only \$52,237.04, and represented only 3.5 percent of the gross cash receipts, and 3.9 percent of the net cash receipts.

Liquidation expenses

Administrative.....	\$52, 237. 04
Property.....	27, 851. 22
Commissions.....	26, 763. 80
Miscellaneous.....	13, 409. 23
Total.....	120, 261. 29

HISTORY, ORGANIZATION, AND FUNCTIONS

Authority and preliminary organization

The Bureau of Industrial Housing and Transportation, forerunner of the United States Housing Corporation, was established on February 12, 1918, under the Secretary of Labor. From funds made available by Congress for national security and defense, there was allotted to the Secretary of Labor \$60,000 to organize an administrative force and to undertake preliminary work in connection with war housing, which amount was not included in United States Housing Corporation operations. During the months which elapsed between the establishment of this Bureau and the formation of the United States Housing Corporation, investigations were made of the housing needs of communities and of war industries requiring assistance; standard housing plans and instructions for architects and engineers were drawn. Additional funds were loaned by the Navy Department to the Housing Bureau to make investigations and draw plans for the more urgent Navy projects.

An act of Congress approved on May 16, 1918 (40 Stat. 550), entitled, "An act to authorize the President to provide housing for war needs" authorized the sum of \$60,000,000 for carrying out the provisions of the act and empowered the President to purchase, lease, requisition, and construct housing, buildings, local transportation, and utilities and to do other things necessary to provide housing and transportation for workers and their families in industries connected with national defense, and for employees of the United States whose duties required them to reside in the District of Columbia. These funds were appropriated by an act of Congress, approved June 4, 1918 (40 Stat. 595), which amended the former act to provide, among other things, for the creation of a corporation or corporations for the purpose of carrying out provisions of the act.

A further amendment by the act of July 8, 1918 (40 Stat. 821), increased the authorized amount to provide housing for war needs to \$100,000,000 and appropriated the additional \$40,000,000 to be expended under the act.

By Executive Order No. 2889, dated June 18, 1918, the President directed that all power vested in him by the acts of May 16, 1918, and June 4, 1918, be exercised by the Secretary of Labor.

Creation and development

In order to facilitate the acquisition of land, the purchase of material, and the construction of houses, the United States Housing Corporation was incorporated under the laws of the State of New York on July 9, 1918. The creation of this Corporation was approved by the President in Executive Order No. 2985-A, dated October 29, 1918. The management of the Corporation was vested in a board of seven directors, which was later increased to nine by

an amendment to the charter dated July 17, 1919. The elected officers consisted of the president, vice president, secretary, and treasurer. Under the general manager of the Corporation were 13 major divisions: Fiscal, Operating, Industrial Relations, Legal, Homes Registration and Information, Survey and Statistics, Architectural, Engineering, Town Planning, Construction, Requirements, Real Estate and Commandeering, and Transportation. Through the Requirements Division, relations were maintained with the War Industries Board to secure priorities for project construction.

On September 24, 1918, the United States Housing Corporation of Pennsylvania was organized as a subsidiary of the United States Housing Corporation of New York for the purpose of holding title to properties acquired within the State of Pennsylvania in accordance with the provisions of the laws of that State. The creation of this Corporation was approved by the President in Executive Order No. 3408, dated February 16, 1921. The Pennsylvania Corporation was organized primarily for legal purposes and maintained no books of account, the value of its assets being carried among those of the New York Corporation.

Under Executive Order No. 7641, dated June 22, 1937, effective July 1, 1937, the powers and duties which had been delegated to the Secretary of Labor by Executive Order No. 2889 were transferred to the Secretary of the Treasury, to be exercised and performed by him through the Director of Procurement.

Under Executive Order No. 8186, dated June 29, 1939, effective July 1, 1939, the powers and duties which had been vested in the Secretary of the Treasury as aforesaid were transferred to the Federal Works Administrator, to be exercised and performed by him through the Commissioner of Public Buildings.

On February 24, 1942, by Executive Order No. 9070, the powers, duties, and functions which had been transferred to the Federal Works Administrator by Executive Order No. 8186 were consolidated into the National Housing Agency to be administered in the Federal Home Loan Bank Administration by the Federal Home Loan Bank Commissioner.

Capital stock

The capital of the United States Housing Corporation was provided through appropriations. The certificate of incorporation authorized a capital of 1,000 shares without par value. The Board of Directors of the Corporation called for stock subscription advances of \$70,000,000 during the period from July 11, 1918, to April 23, 1919. Stock certificates for 700 shares without par value, but representing a stated or book value of \$100,000 per share, were issued. The original capital stock was later reduced to \$66,500,000, or 665 shares, by the return of cash amounting to \$3,500,000 (35 shares at \$100,000 per share) to the United States Treasury. This reduction in capitalization was based on provisions in the Third Deficiency Appropriation Act, fiscal year 1919, approved July 11, 1919 (41 Stat. 35).

Capital stock authorized.....	\$100,000,000
Capital stock unissued.....	30,000,000
Capital stock issued.....	70,000,000
Cancellation of 35 shares through return of cash to U. S. Treasury.....	3,500,000
Capital stock outstanding.....	66,500,000

Supplemental appropriations

For the fiscal year 1920 through the fiscal year 1932, funds to meet the operating expenses of the Corporation were provided in the Independent Offices Appropriation Acts. For the fiscal years 1933 through 1937, however, these funds were provided in the appropriations for miscellaneous expenses of the Secretary of Labor. Because of the several transfers of jurisdiction of the Corporation, funds to meet operating expenses for the fiscal years 1938 and 1939 were provided from the appropriation for the general administrative expenses of the Procurement Division of the Treasury, and for the fiscal years 1940 through 1942 operating expenses were provided in the appropriations for the administrative expenses of the Public Buildings Administration. The total supplemental appropriations made available to the Corporation amounted to \$11,740,024.05, for which no additional shares of stock were issued. Since \$2,076,692.49 was returned to the surplus fund of the United States Treasury, the net cumulative expenditures from these funds amounted to \$9,663,331.56 (schedule A-1).

At the time of the transfer of the powers, duties, and functions of the Corporation to the Federal Home Loan Bank Administration, no transfer of administrative funds was made by the Federal Works Administrator to cover expenses for the remainder of the fiscal year 1942. Provision for this period, and for the fiscal year 1943, was made in the Second Deficiency Appropriation Act, 1942 (56 Stat. 593), approved July 2, 1942. In this act, Congress approved the sum of \$173,000, of which \$75,000 was expressly stipulated for the purpose of reconditioning the properties, and the remainder was to be used for expenses in winding up the affairs of the Corporation. By the Second Deficiency Appropriation Act, 1944 (58 Stat. 597), approved June 28, 1944, an additional sum of \$98,000 was authorized, making a total of \$271,000 available to the Federal Home Loan Bank Administration, to be derived from the special account, United States Housing Corporation, on deposit with the Treasurer of the United States.

Functions and activities

The United States Housing Corporation of New York was formed during World War I primarily for the purpose of housing war workers called from all parts of the country to congested areas where the production of war materials was being carried on. It was determined that the Corporation itself should construct and operate the various projects rather than to make Government loans, through local institutions, to operative builders or directly to local housing corporations.

In addition to its construction activities, the Corporation also made efforts to satisfy local housing needs through such measures as (1) vacancy canvass and homes registration service; (2) discouragement of rent profiteering; (3) commandeering of vacant properties; (4) facilitation of transportation; (5) encouragement of private construction; and (6) publicity campaigns. In certain instances loans were made incident to the development of transportation facilities.

Between July 8, 1918, when the first contract was awarded, and November 11, 1918, 60 general contracts were awarded on as many different projects, and 23 more were ready to be let.

Following the signing of the armistice, it was decided that the Corporation should complete such projects as were in an advanced

stage, and that others should be abandoned and the materials salvaged. In accordance with this program, the Corporation completed approximately 6,000 residential properties situated in 26 States, as well as several large hotels located in the District of Columbia and Seattle, Wash.

During the ensuing years, the Corporation operated certain projects, rented properties, and made an effort to dispose of its assets through sale. Offers were made to sell the various residential properties to occupants and, in connection with such sales as were consummated, sales contracts or purchase money mortgages were accepted.

Construction projects

The total amount spent on all projects, whether completed, partially completed, or abandoned, was more than \$53,000,000. The largest losses from the projects were in fiscal years 1919 to 1921, and the \$29,000,000 net loss is summarized below and detailed in schedule B-1:

Projects	Number	Amount
Completed	24	\$21,663,028.06
Partially completed	5	3,121,968.83
Abandoned	94	1,796,820.51
Government hotels	1	2,698,536.08
Total	124	29,280,453.48

Initially, the accounts of construction projects served their designated purpose of recording the total construction costs. However, after the completion or partial completion of the various projects, the sales values of properties were offset against the original construction costs, leaving a balance which was not truly representative of the gain or loss on sales. As a result, an over-all balance was allowed to remain on the books of the Corporation, as represented by the account designated as "Net loss on construction projects" which included two main elements that were impracticable of analysis: Loss on completed projects due to excess costs of labor and material induced by wartime conditions, and profit or loss on sale of properties.

Loans to transportation and public-utility companies

As part of the powers vested in it, the Corporation undertook to ease the transportation problem in communities requiring assistance by—

- (a) Rearrangement of schedules;
- (b) Installation of special train service for war workers; and
- (c) Financing necessary extensions and additions.

In addition, the Corporation was charged with the responsibility of providing for the extension of utility services in those communities in which projects were constructed.

In connection with these responsibilities, loans were made to 28 transportation and utility companies in the total amount of \$7,464,980.64, of which \$5,450,514.85 was repaid and \$2,014,465.79 was charged off as "Excess war cost." These charge-offs were effected by negotiations with the various companies under the terms of contracts, by which it was agreed that, after the war had ended, a mutually

agreeable adjustment would be made to protect the private companies from loss due to excess war costs (schedule B-2). The major portion of these losses, or about \$1,800,000, occurred during fiscal years 1923 to 1926.

Discounts allowed on real-estate sales

Discounts in the amount of \$1,069,557.65 were allowed on real-estate sales. These discounts were the outgrowth of a plan adopted by the Board of Directors and carried out generally in the years 1925-35 to promote early liquidation of sales contracts and mortgages. They were offered, usually in the amount of 10 percent, in consideration of payment in full of the balances owed (schedule A-2).

Provision for losses on contracts receivable

A provision for losses on contracts and interest receivable was set up by the General Accounting Office in the amount of \$623,592.33, equivalent to 50 percent of the balances totaling \$1,247,184.67 due on contracts and interest receivable as of February 28, 1942 (schedule B-5).

Miscellaneous losses

The disposal of materials purchased for projects abandoned at the time of the armistice and of surplus materials on projects curtailed at that time resulted in the sale of material valued at \$3,025,832.57 for \$2,105,902.68, producing a net loss of \$919,929.89.

Cancellation of contracts in the period following the signing of the armistice cost the Corporation \$828,685.85; this represented the cost of settlements and releases.

Examination of the transactions involving the sale of surplus furniture, fixtures, and equipment showed that items representing a net cost to the Corporation of \$812,987.02 had been disposed of for \$560,519.08, thus incurring a loss of \$252,467.94.

At the time of the signing of the armistice, delivery had been made on 510 "ready cut" or "portable" houses at a cost to the Corporation of \$842,003.25. Disposal of these units netted the Corporation the sum of \$636,549.59, resulting in a loss of \$205,453.66.

In the disposal of automobiles and trucks there was a loss amounting to \$89,466.71. Most of this loss was attributed to depreciation, for which no provision had been made.

Other losses were incurred in the liquidation of the Corporation amounting to \$396,435.03. These losses are identified in schedule B-3.

Summarized, the miscellaneous losses of the Corporation prior to March 1, 1942, were--

Sale of salvaged material.....	\$919, 929. 89
Cancellation of contracts.....	828, 685. 85
Sale of furniture and fixtures.....	252, 467. 94
Disposal of "ready-cut" houses.....	205, 453. 66
Disposal of motor vehicles.....	89, 466. 71
Other losses.....	396, 435. 03
Total	2, 692, 439. 08

Transfers to governmental agencies

Property, equipment, supplies, and material with a total book value of \$5,229,722.89 were transferred to other governmental agencies

without reimbursement to the Corporation, prior to March 1, 1942. In the case of certain projects at Indian Head, Md.; Charleston, W. Va.; and Bremerton, Wash., the transfer of jurisdiction of the buildings and land to the Secretary of the Navy was effected by Executive Order No. 3296, dated June 29, 1920. The transfer of most of the other items was the result of arrangements made between the Secretary of Labor, under whose jurisdiction the Corporation was operating at the time, and the heads of the various departments to whom transfers were made. It is to be noted that if the Corporation had been reimbursed for these items, the deficit would have been decreased accordingly (schedule B-4).

OPERATIONS UNDER THE FEDERAL HOME LOAN BANK ADMINISTRATION

On February 24, 1942, by Executive Order No. 9070, the powers, duties, and functions relating to the United States Housing Corporation, and vested in the Federal Works Administrator, were transferred to the National Housing Agency, to be administered in the Federal Home Loan Bank Administration.

Upon this transfer to the Federal Home Loan Bank Administration, the Comptroller General was requested to make an audit and report on assets and liabilities of the Corporation. This audit was made by representatives of the General Accounting Office, and pursuant thereto a report as of February 28, 1942, was submitted. The assets, liabilities, capital, and deficit were reported therein for set-up, subject to any adjustments subsequently found necessary.

After the records were turned over to the Federal Home Loan Bank Administration, a careful survey of the properties in which the Corporation had an interest was made and it was found that these properties were located in various areas, as follows (exhibit B-5):

	<i>Total properties</i>
Alliance, Ohio: 1 house, 33 lots.....	34
Bremerton, Wash.: 1 house.....	1
Erie, Pa.: 5 houses, 3 parcels of land.....	8
Hammond, Ind.: 5 houses.....	5
Lowell, Mass.: 2 lots.....	2
New Brunswick, N. J.: 32 houses.....	32
Niles, Ohio: 1 lot.....	1
Philadelphia, Pa.: 414 houses, 2 lots.....	416
Watertown, N. Y.: 20 lots.....	20
Total properties.....	519

Of the above items, those identified as being located in Watertown, N. Y.; Lowell, Mass.; and the three parcels of land in Erie, Pa., were reported as of February 28, 1942, as representing owned real estate. As of the same date, the interest of the Corporation in the five houses in Erie, Pa., was reported as consisting of five mortgages; and nine houses in the Philadelphia, Pa., project were reported as owned real estate, earlier sales contracts having been effectively canceled. The remaining items were carried as sales contracts receivable on which accruals of interest had been accumulating for a considerable period of time.

An examination was made of the records covering projects involving ownership of real estate, including "completed" projects and part of the "uncompleted" (vacant land) projects, from the inception of

the Corporation. All projects have been accounted for and disposition has been made of all property.

On the transfer to the Federal Home Loan Bank Administration of authority relating to the United States Housing Corporation, immediate steps were taken to determine its status with respect to assets and liabilities and to protect its assets. Many of the houses in the Philadelphia area, which were deteriorating as the result of long and continued vacancies, were reconditioned and converted into income-producing assets; however, the status of litigation was such that it was advisable with respect to certain properties to make only emergency repairs and remove hazards. Eight properties in New Brunswick, N. J., were placed on an income-producing basis through the Corporation's assertion of its ownership rights.

Only a few of the properties carried by the Corporation as contracts receivable were immediately available for liquidation when turned over to the Federal Home Loan Bank Administration, because of pending litigation or other legal problems. Those properties that were available were disposed of promptly. The liquidation of the remaining properties was effected expeditiously after they became available for disposal through sale, compromise settlement, and, in one case (Alliance, Ohio), by charge-off.

Legal problems

One of the major tasks confronting the Federal Home Loan Bank Administration in 1942, when it undertook to wind up the affairs of the Corporation, was the disposition of the litigation and other legal complications which existed with respect to the Corporation's property interests. The bulk of the properties were located in Philadelphia, Pa., and New Brunswick, N. J., and had been the subject of legal controversy between the Corporation, local taxing authorities, and contract vendees of the various properties for approximately 20 years. Liquidation of the Corporation's assets could not be accomplished, by sale or otherwise, until the legal matters had been disposed of. Through the efforts of the Federal Home Loan Bank Administration and of the Department of Justice, which handled the litigation, these legal matters, representing controversies which had existed for many years, were brought to a conclusion within less than 3 years from the date when the Corporation was placed in the hands of the Administration.

The following is a statement of the principal legal problems which existed at the time the Corporation was placed under the Federal Home Loan Bank Administration and of the handling of such problems by the Administration.

Philadelphia properties--Recovery of possession. --There were pending 384 separate court actions to regain possession of approximately 400 properties in Philadelphia all but 24 of which were occupied and to close out the interests of persons who had contracted in or around the year 1920 to purchase the properties from the Corporation and had defaulted on their contracts. Such contracts were authorized under amendments to the act of Congress of May 16, 1918 (40 Stat. 550). Typically these contracts provided that when 10 percent of the purchase price was paid, the Corporation would deed the property to the purchaser free and clear of all encumbrances and at the same time take back a mortgage to secure the remaining 90 percent, and

that the purchaser was to pay taxes accruing after the date of the contract. These contracts carried a 6 percent interest rate and payments of about \$30 per month which, if payments had been maintained, would have paid out in 16 years. Although at least 10 percent had been paid on every one of the 400 properties, deeds were not given for the reason that the city of Philadelphia claimed to hold tax liens against the properties for taxes accruing prior to the sales contracts and assessed in the name of the United States Housing Corporation.

The Corporation took the position that such tax liens were not valid, on the ground that the Corporation's interest in the property was not subject to local taxation. This position was ultimately supported by the Supreme Court in 1928 in the case of *City of New Brunswick v. United States and United States Housing Corporation* (276 U. S. 547, 72 L. Ed. 693), which arose out of a similar situation in New Brunswick, N. J. This case held that when sufficient payments had been made to entitle the purchaser to a deed, local taxes could be assessed against the purchaser upon the entire value of the property and made a lien enforceable against the interest of the purchaser but not against the interest of the Corporation. However, after the tax controversy had begun, the purchasers became substantially in default on their principal and interest payments and refused to pay the taxes even after the clear decision of the Supreme Court holding them subject thereto. A great many of these properties were occupied practically rent free for years, and some for as long as 20 years. This situation continued until August 1941, at which time notice was given the purchasers that, owing to their default, the agreements of sale were canceled and surrender of possession was requested within 30 days. Possession not having been surrendered, the 384 court actions were brought to secure possession, to quiet title in the Corporation, and to recover reasonable payment for use and occupancy of the premises from August 22, 1941, the date that notice had been given of cancellation of the sales contracts.

The case of *United States v. Joseph J. Kehoe*, Civil Action No. 1889 in the District Court of the United States for the Eastern District of Pennsylvania, was the first case scheduled for trial and was regarded as a test case which would substantially determine the issues in most of the cases. The case was never tried but was concluded by a stipulation filed on April 23, 1942, between the United States and the defendant under the terms of which the United States secured all that it could reasonably expect from a trial and at the same time avoided the prospect of an appeal.

Under the terms of this stipulation, judgment was entered quieting title to the property in the United States Housing Corporation and awarding judgment in favor of the plaintiff for \$200 for use and occupancy of the property from August 22, 1941 (the date that notice of cancellation of the contract was given), to the date of judgment. The stipulation provided for payment by the defendant of the sum of \$25 per month for use and occupancy from August 22, 1941, until the date of judgment and \$25 per month thereafter pending sale of the property. In addition, it gave the defendant the right to purchase the property, at its market value as determined by the Corporation, within 60 days after notice to him by the Corporation of the market value. The United States agreed in the stipulation that it would make such effort as it deemed reasonable to obtain cancellation of all

taxes and tax liens against the property. The majority of the 384 cases were settled by similar stipulations and judgments in favor of the United States, and the other cases were determined in favor of the Corporation by entry of final judgment by default or otherwise.

Philadelphia properties—tax claims.—From 1919 to 1942 the city of Philadelphia and the school district of Philadelphia had been placing tax liens of record against the Philadelphia properties in which the Corporation had an interest. These record liens totaled over \$1,000,000 while the properties were valued on the books at only approximately \$600,000. Since record title to the properties was in the Corporation and the former interests of the contract vendees had been wiped out as above set forth, the Corporation took the position that the tax liens were invalid and unenforceable. However, the existence of these record tax liens seriously impaired the marketability of the properties. In addition, the United States had stipulated, with respect to most of the properties against which the liens were recorded, to make such effort as is deemed reasonable to obtain cancellation of the taxes and the tax liens.

Court action, handled by the Department of Justice, was filed in June 1942 in the United States District Court for the Eastern District of Pennsylvania against the city of Philadelphia, the school district of Philadelphia, and the receiver of taxes of the city of Philadelphia to cancel the tax liens. After trial, judgment in favor of the United States was entered, from which appeals were taken to the United States Circuit Court of Appeals for the Third Circuit. That court, on January 7, 1944, affirmed the judgment of the lower court. In order to make the properties available for sale as early as possible, a stipulation was entered on March 7, 1944, whereby the defendants waived the right to petition the United States Supreme Court for certiorari and the United States agreed to sell the properties as soon as practicable. The city of Philadelphia had its liens canceled of record, but before the school district tax liens could actually be marked on the records as invalid, it was also necessary to secure a consent decree in the court of common pleas No. 2, Philadelphia, directing the prothonotary to mark the school tax liens invalid. This decree was secured on July 31, 1944.

Philadelphia properties—special assessment claims.—There were some 49 municipal special-assessment claims outstanding for paving in alleyways in and about the Philadelphia properties, and liens were on file against the properties by a paving contractor for nonpayment of the assessments. Legal steps had been taken by the contractor toward sequestration of the income from the properties to satisfy the liens.

The validity of the claims was carefully investigated and it was determined that the claims were valid and that the contractor would in all probability be successful in any litigation to enforce the liens by sequestering the income from the properties or otherwise. An agreement was negotiated for settlement of the claims and the Corporation's Board of Directors authorized the settlement of the claims on the basis of the negotiated agreement, which settlement was consummated on February 17, 1943.

New Brunswick properties.—The Corporation had an interest in 32 properties in a project in New Brunswick, N. J., which could not

be liquidated, by sale or otherwise, until disposition of a legal controversy that had existed for over 20 years. The properties had been sold under real-estate sales contracts, which were similar to the Philadelphia contracts above described. Deeds were not given to the purchasers of the properties by the Corporation because of controversy over taxes with the city of New Brunswick, which was a parallel of the controversy with the city of Philadelphia. On account of this controversy, the purchasers defaulted in principal and interest payments and refused to pay the taxes. Congress had authorized a procedure for settling the legal controversy with respect to these New Brunswick properties by the act of June 25, 1938 (52 Stat. 1193), under which the Corporation could liquidate its interest as follows:

(1) The Corporation was authorized and directed to accept from any contract holder a release of such holder's interest.

(2) Upon the execution of such a release, the Corporation was to sell the property to the former contract holder for an amount equal to (a) 15 percent of the original contract price; (b) any sum due the Corporation at the time of the forfeiture of the contract; and (c) the amount of any valid liens, other than tax liens, against the property. Such sales were to be for cash or upon terms as set forth in the act, and the Reconstruction Finance Corporation was authorized to purchase mortgages given in connection with such sales.

(3) The net proceeds from any such sale were authorized to be paid to the city for municipal and school service rendered prior to date of sale.

(4) The Corporation was directed to bring appropriate legal proceedings against contract holders failing or refusing to execute such releases.

Approximately 88 cases were settled by the Corporation under this statute prior to the time the Corporation was placed in the hands of the Federal Home Loan Bank Administration, but 32 cases remained to be disposed of.

The interest of the Corporation in 24 of the remaining 32 properties was liquidated by the Federal Home Loan Bank Administration in accordance with the procedure provided by the act of June 25, 1938. With respect to eight of the properties, the contract holders did not desire to comply with the act of June 25, 1938, and it was necessary to foreclose on these properties. After foreclosure, the properties were available for liquidation and were sold. The claims of the city of New Brunswick for taxes against the eight properties were compromised.

Other properties.—Controversies over taxes and defaults by purchasers under sales contracts existed with respect to a small number of properties located in various parts of the country in which the Corporation had an interest. The Corporation's interest in these properties could not be liquidated without legal action to settle the controversies or clear the titles. In a number of cases foreclosure action was taken in order to vest title in the Corporation, after which the properties were available for sale. In other cases compromise agreements were reached on the basis of which the Corporation was able to liquidate its interest in the properties.

Collection of judgments.—In connection with the suits to acquire title to properties in Philadelphia, money judgments were obtained

for use and occupancy against 216 contract vendees or tenants of contract vendees. The period of use and occupancy extended generally from August 22, 1941 (the date of cancellation of contracts in Philadelphia), to May 15, 1942. The total amount of judgments obtained was \$47,449.15.

The following is the result of efforts to collect the amounts due on the money judgments against the contract vendees or their tenants:

	Number	Amount collected	Amount written off
Judgments—			
Fully liquidated.....	107	\$36,244.18	
Settled by compromise.....	2	267.50	\$172.50
Cleared after partial collection.....	3	171.67	193.33
Reported to United States attorney.....	46	5,229.22	4,870.78
Total.....	216	12,212.54	5,236.61

Investigations made by the Federal Home Loan Bank Administration and the Department of Justice disclosed that the amount written off on the 46 cases referred to the United States attorney was uncollectible, and the cases have been closed in the files of the Department of Justice and the Corporation.

Claim against insolvent bank.—The report of audit of the United States Housing Corporation made by the General Accounting Office when the Corporation was placed in the hands of the Federal Home Loan Bank Administration indicated that there was a preferred claim for a deposit balance of \$3,652.29 on the receiver of the insolvent Commercial National Bank, Philadelphia, Pa. The balance of \$3,652.29 represented the remainder of a deposit of \$7,304.54 after payment of liquidating dividends amounting to \$3,652.25.

Careful investigation of the matter disclosed that the account in which the funds were deposited was a general deposit account only, that no trust relationship existed between the bank and the Corporation, and that no security had been required by the Corporation with respect to the deposit. Federal Home Loan Bank Administration counsel rendered an opinion that under the circumstances the Corporation did not have a preferred claim upon the assets of the Commercial National Bank. In reply to a request to the Comptroller of the Currency for advice as to the status of the deposit, the Chief Counsel for the Bureau of the Comptroller of the Currency, in an opinion of October 5, 1942, rules that even the United States is only a general creditor of an insolvent national bank if it has not taken the security provided by law and if it cannot affirmatively prove the essentials of a trust relationship. It was concluded thereafter by the Corporation's Board of Directors that the Corporation had no adequate basis to assert a claim for preference on account of the deposit balance in the insolvent bank, and the claim was referred to the General Accounting Office on April 10, 1943, as a debt which the Corporation had ceased active efforts to collect.

Liquidation of properties

Since litigation had to be completed before title to most of the properties was vested in the Corporation, the great majority of properties in Philadelphia, Pa., were not available for sale until September

14 FINAL REPORT OF UNITED STATES HOUSING CORPORATION

8, 1944. At that time there were 411 properties to be disposed of, of which 166 were offered for sale to the public, and the balance of 245 were offered to stipulation holders who had 60 days in which to purchase the property. Only 90 of the 245 stipulation holders purchased under the stipulation agreement, and the balance of 155 were offered for sale to the public as of November 9, 1944. The acceptance of offers and the closing of sales proceeded rapidly, and by January 16, 1945, the closing of all these sales had been completed. The sale in May 1945 of a small parcel of land in Niles, Ohio, completed the liquidation of the properties turned over to the Federal Home Loan Bank Administration.

Results of liquidation

The book value of assets turned over to the Federal Home Loan Bank Administration totaled \$1,243,850.47. Since \$600,013.13 of this represented cash on deposit with the United States Treasury and \$20,031.83 liabilities, the net book value of property assets to be liquidated was \$623,805.51 as of February 28, 1942. Subsequent miscellaneous adjustments applicable to periods prior to March 1, 1942, reduced this figure to \$621,430.08. The liquidation of these assets resulted in net cash receipts of \$1,322,521.68 or \$701,091.60 more than the adjusted book value (exhibit C).

Assets for liquidation—	
As of Feb. 28, 1942.....	\$1, 243, 850. 47
Less—	
Cash.....	600, 013. 13
Liabilities.....	20, 031. 83
	<hr/> 620, 044. 96
Property assets.....	623, 805. 51
Less adjustments.....	2, 375. 43
	<hr/> 621, 430. 08
Liquidation receipts:	
Gross cash.....	1, 507, 431. 16
Less disbursements.....	184, 909. 48
	<hr/> 1, 322, 521. 68
Net cash.....	<hr/> 701, 091. 60

Income and expense during liquidation period

During the period of liquidation, from March 1, 1942, to June 30, 1945, income was derived from two main sources—rental and sale of properties. These items are briefly described:

Gross operating income, primarily rents and stipulation payments, of \$391,384 was reduced by administrative expenses of \$52,237.04 and property expenses of \$27,477.94 to a net of \$311,669.02.

Receipts from sale of properties amounted to \$1,123,307.51. This was \$428,065.85 in excess of the final book value which had been increased from \$621,430.08 to \$695,241.66, primarily as the result of capital disbursements for reconditioning. Sales brokers' commissions, selling expenses, and other losses of \$38,643.27 reduced the gross profit from property sales to \$389,422.58, which, when added to the net operating income of \$311,669.02, increased the total net income during the liquidation period to \$701,091.60 (exhibit B).

Income—rents.....	\$391,384.00
Operating and property expenses.....	79,714.98
Net operating income.....	311,669.02
Property sales.....	1,123,307.51
Book value.....	695,241.66
Gross profit.....	428,065.85
Less selling expenses and other losses.....	38,643.27
Net property income.....	389,422.58
Total net income.....	701,091.60

Schedule B-5 is an analysis of capitalization and liquidation of properties, by projects, and covers 519 properties in 9 different areas, the great majority, 416, being in the Philadelphia area.

As the result of the liquidation operation under the Federal Home Loan Bank Administration, total cash in the amount of \$1,922,534.81 was covered into the United States Treasury. Of this amount, \$600,013.13 was cash on hand at the beginning of the liquidation period and \$1,322,521.68 represented net cash receipts during the period subsequent to March 1, 1942. Of the net receipts, \$621,430.08 represented the net book value of assets taken over for liquidation and \$701,091.60 the net income as the result of the complete liquidation of all assets.

Cash balance Mar. 1, 1942.....	\$600,013.13
Net book value of assets.....	621,430.08
Net income from liquidation.....	701,091.60
Net cash receipts.....	1,322,521.68
Total.....	1,922,534.81

These cash payments to the United States Treasury increased the Corporation's cumulative capital refunds to \$42,252,278.55 and reduced the final deficit to \$33,911,053.01, or 44.5 percent of the total original capital of \$76,163,331.56 (exhibit A).

Capital refunds and deficit

Capital stock.....	\$66,500,000.00
Appropriated funds.....	9,663,331.56
Total capital.....	76,163,331.56
Refunds prior to Mar. 1, 1942.....	40,329,743.74
Subsequent to Mar. 1, 1942.....	1,922,534.81
Total refunds.....	42,252,278.55
Final deficit.....	33,911,053.01

Cost of liquidation

When the United States Housing Corporation was transferred to the National Housing Agency, to be liquidated by the Federal Home Loan Bank Administration, no budgetary funds were made available for that purpose. Consequently, on July 2, 1942, in the Second Deficiency Appropriation Act, \$173,000 was provided for the expenses of the fiscal years 1942 and 1943. It was expressly stipulated, however, that not more than \$75,000 of this sum was to be used for the purpose of alteration, repair, and improvement of the properties.

At that time it was not known whether pending litigation and legal complications would permit liquidation within the period for which the appropriation was made. It became necessary on February 3, 1943, to request an extension of the availability of the unexpended balance of the \$173,000 to June 30, 1944. This was granted under the Independent Offices Appropriation Act, 1944. During the year, however, subsequent developments, which were unforeseen at the time of this extension, made necessary not only a further extension of the availability of the unexpended balance in the liquidation fund but a request for an additional sum of \$98,000, which sums were made available until June 30, 1945, by the Second Deficiency Appropriation Act, 1944. Thus a total of \$271,000 was transferred from the \$566,909.42 in the special account, United States Housing Corporation, on deposit with the Treasurer of the United States and set up as a liquidation fund. Since only \$180,973.07 of these funds was disbursed, there remained an unobligated balance of \$90,026.93. Included in these expenditures was \$54,562.82 for gross operating expenses; \$26,692.80, commissions and selling expenses; \$25,401.69, maintenance, improvement assessments, insurance, and water rent; \$74,133.24, reconditioning of properties; and \$182.52, payment of claims.

A summary of the liquidation fund and its relation to the other cash accounts of the United States Housing Corporation in the United States Treasury follows:

Cash statement—Mar. 1, 1942, to June 30, 1945

U. S. Treasury account symbol	Balance at Mar 1, 1942	Receipts	Disburse- ments	Balance at June 30, 1945
93-732 U. S. H. C.	\$566,909.42		\$271,000.00	\$295,909.42
891-804 special deposits	43,103.71	\$1,507,431.16	3,936.41	1,536,598.46
93-734 liquidation fund—				
From 93-732		271,000.00		
Capital charges			74,133.24	
Operating expenses			54,562.82	
Selling expense			26,692.80	
Property expense			25,401.69	
Paying claim			182.52	
		271,000.00	180,973.07	90,026.93
Grand total	600,013.13	1,778,431.16	455,909.48	1,922,534.81

The above disbursements of \$180,973.07 from the liquidation fund do not include \$3,936.41 of refunds and adjustments from other accounts, which brought the total of all disbursements by the Corporation during the liquidation period to \$184,909.48 (exhibit C).

When the gross capital disbursements for reconditioning of properties of \$74,133.24 are deducted from total disbursements of \$184,909.48, and effect is given to miscellaneous adjustments, the total cost of liquidation is reduced to \$120,261.29. This cost represents 8 percent of the gross cash receipts during the liquidation period of \$1,507,431.16 and 9.1 percent of the net cash receipts of \$1,322,521.68. The net administrative expenses, however, were only \$52,237.04 of these costs and represented 3.5 percent of the gross cash receipts and 3.9 percent of the net receipts (exhibit C).

The United States Housing Corporation did not employ any salaried personnel directly during the liquidation period, but such

services as were required were performed by employees of the Home Owners' Loan Corporation on a reimbursable basis. No charges were made, however, for management or supervisory personnel.

Audits

The auditor of the Home Owners' Loan Corporation, acting as special auditor for the Federal Home Loan Bank Administration, made a detailed audit of the operations of the Corporation from March 1, 1942, through June 30, 1945, including examination and certification prior to disbursement of all vouchers paid from the accounts of the Corporation. In addition, an audit was made of all transactions prior to March 1, 1942, to the extent deemed appropriate after giving consideration to internal audits maintained and the audits made by the General Accounting Office and others.

CUMULATIVE OPERATIONS AND LIQUIDATION

Cumulative income and expense

The cumulative income of the United States Housing Corporation from the beginning of its operations totaled \$17,755,203.67. Operating expenses of \$11,145,848.04 reduced the net operating income to \$6,609,355.63. Losses from liquidation and sale of properties amounted to \$35,290,685.75 and in addition there were transfers to other governmental agencies of properties valued at \$5,229,722.89, for which the Corporation was not reimbursed. The final deficit of \$33,911,053.01 represented 44.5 percent of the cumulative investment of \$76,163,331.56. If reimbursement had been received for these transfers to other governmental agencies, the final deficit would have been reduced to \$28,681,330.12, or 37.7 percent, of the cumulative investment (exhibit B).

Summary--Cumulative income and expense

	July 9, 1918, to Feb. 28, 1942	Mar. 1, 1942, to June 30, 1945	Cumulative to June 30, 1945
Operation:			
Income.....	\$17,363,819.67	\$391,384.00	\$17,755,203.67
Expenses:			
Administrative.....	3,250,053.73	52,237.04	3,302,290.77
General.....	7,816,079.33	27,477.94	7,843,557.27
Total.....	11,066,133.06	79,714.98	11,145,848.04
Net income.....	6,297,686.61	311,609.02	6,609,355.63
Liquidation:			
Profit or loss.....	35,680,108.33	389,422.58	35,290,685.75
Net profit or loss.....	29,382,421.72 ¹	\$701,091.60	28,681,330.12
Transfers to other Government departments.....	5,229,722.89		5,229,722.89
Surplus or deficit.....	\$34,612,144.61	\$701,091.60	\$33,911,053.01

¹ Profit

² Net profit.

³ Surplus

The above summary statement shows that in the final liquidation of the assets by the Federal Home Loan Bank Administration, the adjusted deficit of \$34,612,144.61 at March 1, 1942, was reduced by \$701,091.60 to \$33,911,053.01 at June 30, 1945. That is, of the net cash receipts of \$1,322,521.68 during this liquidation period,

\$701,091.60, or 53 percent, represented a surplus which effected a corresponding reduction in the deficit at the end of the period.

Income.—The cumulative income of \$17,755,203.67 was derived primarily from four sources—revenue from Government hotels, \$7,037,501.42; interest on mortgages and sales contracts, \$6,295,050.75; rental of properties and transportation units, \$2,201,042.65; interest on loans, \$1,659,410.55.

Expenses.—The cumulative expenses of \$11,145,848.04 fall into two classifications—administrative costs, \$3,302,290.77, and general expenses, \$7,843,557.27. The administrative costs, in turn, are grouped into seven classes of which the largest, \$2,504,388.53, represents personal services. Only \$52,237.04 of the administrative cost were incurred subsequent to March 1, 1942, and more than half were disbursed prior to July 1, 1919, as shown by the following analysis:

(1) From July 9, 1918, to June 30, 1919 (under the Secretary of Labor), during which period \$1,834,517.37 was spent out of the proceeds from the sale of capital stock.

(2) From July 1, 1919, to June 30, 1937 (also under the Secretary of Labor), during which time \$1,350,536.36 was spent out of the funds appropriated yearly by Congress.

(3) From July 1, 1937, to February 28, 1942, during which period the Corporation was under the jurisdiction of the Treasury Department (July 1, 1937, to June 30, 1939) and the Federal Works Administration (July 1, 1939, to February 24, 1942), during which time the expenses of the Corporation were paid from the appropriations of the agencies named. Since the exact cost of operating the Corporation from July 1, 1937, to February 28, 1942, was not available from the records of the agencies in question, an estimate was made by the General Accounting Office at the time of their audit as of February 28, 1942, to cover the entire period. This estimate amounting to \$65,000 was based on statements submitted by the then President of the Corporation.

(4) From March 1, 1942, to June 30, 1945, during which time \$52,237.04 was expended under appropriations by Congress, the moneys being made available from the special account of the United States Housing Corporation (symbol 93-732).

Summary—Cumulative administrative expenses

July 9, 1918, to June 30, 1919.....	\$1, 834, 517. 37
July 1, 1919, to June 30, 1937.....	1, 350, 536. 36
July 1, 1937, to Feb. 28, 1942.....	65, 000. 00
Mar. 1, 1942, to June 30, 1945.....	52, 237. 04
Total.....	3, 302, 290. 77

Of the total general expenses aggregating \$7,843,557.27, the largest single item was \$6,745,728.25 disbursed in the operation of Government hotels. This amount, however, does not take into consideration depreciation, interest on the Government's investment, and the loss of \$2,698,536.08 representing the net construction cost of these hotels. The property expenses totaling \$682,860.32 represent mainly selling expenses consisting of commissions and advertising.

DISSOLUTION

The act of May 16, 1918 (40 Stat. 550), as amended by the act of July 19, 1919 (41 Stat. 163), and the act of March 21, 1922 (42 Stat. 468), provides that the United States Housing Corporation shall "wind up its affairs and dissolve" as soon as it has disposed of its property and performed the duties and obligations set forth in the statute. With the exception of one minor lawsuit, the affairs of both the New York corporation and the Pennsylvania corporation have been completely liquidated and wound up. Therefore, the Federal Home Loan Bank Administration will undertake to effect dissolution of the corporations under applicable State laws, subject to disposition of the pending lawsuit. Funds heretofore made available to the Federal Home Loan Bank Administration by the Second Deficiency Appropriation Act, 1942 (56 Stat. 593), approved July 2, 1942, and the Second Deficiency Appropriation Act, 1944 (58 Stat. 597), to wind up the Corporations' affairs and effect dissolution were not legally available beyond June 30, 1945. An estimate will be submitted for an appropriation by Congress of an amount to cover the cost of dissolution.

The pending lawsuit is an action in tort seeking damages in the amount of \$2,500 for injuries claimed to have been sustained on property allegedly owned by the United States Housing Corporation of Pennsylvania. It was filed against that corporation subsequent to the complete liquidation of all assets and the covering of the remaining funds into the United States Treasury. Although the Corporation does not acknowledge any liability with respect to the subject matter of this suit, the United States Housing Corporation of Pennsylvania cannot be finally dissolved until after the disposition of this action.

EXHIBIT A.—Statement of financial condition as of June 30, 1945¹

Assets.....	None
Liabilities, capital, and deficit:	
Liabilities.....	None
Capital:	
Capital stock outstanding.....	\$100,000,000.00
Capital stock unissued.....	30,000,000.00
Capital stock issued.....	70,000,000.00
Stock repurchased and canceled.....	3,500,000.00
Outstanding capital stock.....	66,500,000.00
Supplemental appropriations (schedule A-1).....	9,663,331.56
Total.....	76,163,331.56
Less:	
Collections deposited to the credit of miscellaneous receipts, U. S. Treasury, through June 30, 1945.....	\$11,866,342.20
Cash balances as of June 30, 1945, covered into miscellaneous receipts, U. S. Treasury.....	385,936.35
	42,252,278.55
Net capital.....	33,911,053.01
Deficit (exhibit B).....	33,911,053.01
Total.....	None

¹ After giving effect to the transfer of cash balances to the U. S. Treasury.

20 FINAL REPORT OF UNITED STATES HOUSING CORPORATION

EXHIBIT B.—Statement of income and expense for the period from July 9, 1913, to June 30, 1945

	July 9, 1918, to Feb. 28, 1942	Mar. 1, 1942, to June 30, 1945	July 9, 1918, to June 30, 1945
Income			
Interest on mortgages and sales contracts	\$6,283,306 04	\$1,744 71	\$6,285,050 75
Interest on loans	1,659,410 55		1,659,410 55
Other interest	138,787 92		138,783 92
Revenue from rental of properties and transportation units	1,811,521 92	389,521 63	2,201,042 65
Revenue from Government hotels	7,037,501 42		7,037,501 42
Liquidated damages—canceled real-estate contracts	330,394 17		330,394 17
Other income	92,902 55	117 66	93,020 21
Total income	17,363,819 67	391,384 00	17,755,203 67
Operating expenses			
Administrative expenses			
Personal services	2,456,396 25	47,992 28	2,504,388 53
Travel	169,812 30	1,860 60	171,672 90
Supplies and stationery	96,589 80	399 38	96,989 38
Printing	47,651 07		47,651 07
Communications	58,891 09	681 20	59,572 29
Rent	34,919 96	972 75	35,892 71
Miscellaneous	365,790 26	336 63	366,126 89
Total administrative expenses	3,250,053 73	52,237 04	3,302,290 77
General expenses			
Operation of hotels	6,715,728 25		6,745,728 25
Property expense	655,382 38	27,477 94	682,860 32
Miscellaneous	414,968 70		411,968 70
Total general expenses	7,816,079 33	27,477 94	7,843,557 27
Total operating expenses	11,066,133 06	79,714 98	11,145,848 04
Net operating income, prior to charges and credits to profit and loss for sales and losses on construction projects, loans, etc.	6,297,686 61	311,669 02	6,609,355 63
Profit on liquidation from Mar. 1, 1942, to June 30, 1945			
Property sales		1,123,307 51	1,123,307 51
Capitalized value		695,241 66	695,241 66
Gross profit		428,065 85	428,065 85
Less: Commission and selling expense		26,763 80	26,763 80
Total		401,302 05	401,302 05
Amounts charged to profit and loss on account of—			
Net loss on construction projects	29,230,053 18		29,230,053 18
Loss on loans to transportation companies, public utilities, etc.	2,014,465 79		2,014,465 79
Discount allowed on real-estate sales	1,069,557 65		1,069,557 65
Provision for losses on contracts and interest receivable	623,592 33	1381 75	623,210 58
Loss on—			
Sale of salvaged material	919,929 89		919,929 89
Cancellation of contracts	828,685 85		828,685 85
Sale of furniture and fixtures	252,467 94	1,025 75	251,442 19
Disposal of ready-cut houses	205,453 66		205,453 66
Disposal of motor vehicles	89,466 71		89,466 71
Other losses	396,435 03	13,296 97	409,722 00
Total losses on projects, etc.	35,680,108 33	11,879 47	35,691,987 80
Net profit on liquidation from Mar. 1, 1942, to June 30, 1945		389,422 58	
Net loss before giving effect to transfers to other governmental departments	29,382,421 72	1701,091 60	28,681,330 12
Book value of properties, etc., transferred to other governmental departments	5,229,722 89		5,229,722 89
Deficit	34,612,144 61	1701,091 60	33,911,053 01

¹ Credit

² Total net income for the period.

EXHIBIT C.—Condensed statement of realization, liquidation, and operations under Federal Home Loan Bank Administration from Mar. 1, 1942, to June 30, 1945

Assets taken over	Balance as of Feb. 28, 1942	Acquired during liquidation	Total	Disposition of assets	Total
Cash.....	\$200,013 13	\$1,507,431 16	\$2,107,444 29	(See liquidator's cash account) ..	\$2,107,444 29
Contracts receivable (General Accounting Office report).....	\$223,592 34				
Real estate (General Accounting Office report).....	20,185 00				
Book value of properties.....	643,757 34	74,133 24	717,920 78	Sold (as real estate).....	\$1,123,307 51
Reconditioning of properties.....				Profit.....	428,063 85
				Collected on accounts.....	695,241 66
				Other receipts.....	9,690 17
				Losses charged to operations.....	2,522 45
				Losses charged to deficit.....	9,524 42
				Adjustment.....	2,375 13
				Interest accruals (deduct).....	276 57
				Loss.....	1,710 12
Accounts receivable.....	50 00		50 00		717,920 58
Total.....	1,213,850 47	1,581,561 40	2,825,414 87		50 00
Liabilities assumed:				Liabilities liquidated.....	2,825,414 87
Undistributed collections.....	9,126 53		9,126 53	Applied to rental income.....	8,805 67
				Applied to interest income.....	34 39
				Refunded.....	10 00
				Adjustment.....	276 57
Unsupplied funds held in escrow.....	10,905 00		10,905 00	Applied to rental income.....	10,830 00
				Refunded.....	75 00
Total.....	20,031 83		20,031 83		10,905 00
					30,071 83

22 FINAL REPORT OF UNITED STATES HOUSING CORPORATION

EXHIBIT C.—Condensed statement of realization, liquidation, and operations under Federal Home Loan Administration from Mar. 1, 1942, to June 30, 1945

OPERATIONS OF LIQUIDATOR

Income:	
Profit on sale of properties.....	\$428,065.85
Rental income.....	389,521.63
Interest income.....	1,744.71
Sale of furniture and fixtures.....	1,025.75
Dividend—Commercial National Bank.....	504.01
Receipts applicable to properties.....	373.28
Miscellaneous income.....	117.66
Total.....	821,352.89
Expenses:	
Administrative expense.....	52,237.04
Property expense.....	27,851.22
Commissions and selling expense.....	26,763.80
Losses charged to operations.....	9,524.42
Settlement—closed bank.....	2,652.29
Paying claim loss.....	182.52
Accounts receivable loss.....	50.00
Total.....	120,261.29
Net income.....	701,091.60

LIQUIDATOR'S CASH ACCOUNT

Receipts:	
Balance taken over Feb. 28, 1942.....	¹ \$600,013.13
Sales.....	1,123,307.51
Rents.....	369,890.33
Contracts receivable.....	9,690.17
Other collections.....	2,522.48
Furniture and fixtures.....	1,025.75
Dividend—Commercial National Bank.....	504.01
Receipts applicable to properties.....	373.28
Miscellaneous income.....	117.66
Cash acquired during liquidation.....	1,507,431.16
Total.....	2,107,444.29
Disbursements:	
Administrative expenses.....	52,237.04
Reconditioning of properties.....	74,133.24
Property expense.....	27,851.22
Selling expense.....	26,763.80
Settlement—closed bank.....	3,652.29
Paying claim.....	182.52
Refunds—miscellaneous.....	85.00
Refund—rent adjustment.....	4.87
U. S. Treasury:	
Cash deposited.....	² \$1,536,598.46
Balance June 30, 1945:	
General fund.....	³ 295,909.42
Liquidation fund.....	⁴ 90,026.93
Total.....	385,936.35
Total covered into miscellaneous receipts.....	1,922,534.81
Total.....	2,107,444.29

¹ Composed of:	
On deposit U. S. Treasury, Mar. 1, 1942.....	\$566,909.42
On special deposit, U. S. Treasury.....	15,425.64
On hand, Treasurer of U. S. Housing Corporation.....	267.70
On deposit, Corn Exchange National Bank.....	2,852.99
On deposit, Commercial National Bank.....	3,652.29
In escrow, Philadelphia F. S. & L. A.....	10,905.00
Total.....	600,013.13

² Certificates of deposit (various from Mar. 1, 1942, to June 30, 1945).

³ Certificate of deposit No. 1414, Sept. 6, 1945.

⁴ Certificate of deposit No. 863, Aug. 24, 1945.

NOTE.—Comparable items on the statement of income and expense are recorded on the books of the Corporation on a gross basis.

SCHEDULE A-1.—Analysis of supplemental appropriations for the period from July 9, 1918, to June 30, 1945

	Supplemental appropriations July 9, 1918, to Feb. 28, 1942			Adjustments Mar. 1, 1942, to June 30, 1945			Adjusted supplemental appropriations July 9, 1918, to June 30, 1945		
	Total approp- riations	Returned to surplus funds	Net expendi- tures	Total approp- riations	Returned to surplus funds	Net expendi- tures	Total approp- riations	Returned to surplus funds	Net expendi- tures
Fiscal year ended—									
1918-19.....		\$124,513.48	¹ \$124,513.48	\$1,000,000.00	\$188.88	\$999,811.12	\$1,000,000.00	\$124,702.36	\$875,297.64
1920.....	\$2,343,970.00	630,025.98	1,713,944.02	750.59	754.06	² 3.47	2,344,720.59	630,780.04	1,713,940.55
1921.....	1,170,500.00	² 93,973.86	1,264,473.86		120,313.97	¹ 120,513.97	1,170,500.00	26,340.11	1,144,159.89
1922.....	1,110,000.00	101,371.81	1,008,628.19		4,215.62	¹ 4,215.62	1,110,000.00	105,587.43	1,004,412.57
1923.....	1,103,078.00	91,225.06	1,011,852.91		15.00	¹ 15.00	1,103,078.00	91,210.06	1,011,867.94
1924.....	991,765.00	210,288.66	781,476.34				991,765.00	210,288.66	781,476.34
1925.....	882,415.00	212,074.93	670,340.07		350.00	¹ 350.00	882,415.00	212,424.93	669,990.07
1926.....	743,915.00	194,512.78	549,402.22				743,915.00	194,512.78	549,402.22
1927.....	673,398.00	195,357.35	478,040.65		102.67	¹ 102.67	673,398.00	195,460.02	477,937.98
1928.....	409,736.00	2,450.03	407,285.97				409,736.00	2,450.03	407,285.97
1929.....	475,750.00	138,992.98	336,757.02				475,750.00	138,992.98	336,757.02
1930.....	397,950.00	130,249.97	267,700.03				397,950.00	130,249.97	267,700.03
1931.....	48,950.00	11,314.41	37,635.59				48,950.00	11,314.41	37,635.59
1932.....	15,000.00	59.14	14,940.86				15,000.00	59.14	14,940.86
1933.....	14,000.00	12.38	13,987.62		1,019.52	¹ 1,019.52	14,000.00	1,031.90	12,968.10
1934.....	8,500.00	1.09	8,498.91		220.00	¹ 220.00	8,500.00	221.09	8,278.91
1935.....	9,381.00	580.95	8,800.05		1.00	¹ 1.00	9,381.00	579.95	8,801.05
1936.....	9,300.00	147.51	9,152.49				9,300.00	147.51	9,152.49
1937.....	9,000.00	205.12	8,794.88				9,000.00	205.12	8,794.88
1938-42.....	65,000.00		65,000.00				65,000.00		65,000.00
Judgments.....									
United States courts.....				128,628.57	104.00	128,524.57	128,628.57	104.00	128,524.57
Court of Claims.....				99,373.42		99,373.42	99,373.42		99,373.42
Audited claims.....				14,227.50		14,227.50	14,227.50		14,227.50
Certified claims.....	56.34		56.34	12,379.63		12,379.63	12,435.97		12,435.97
Total.....	10,484,664.34	1,949,409.77	8,535,254.57	1,255,359.71	127,282.72	1,128,076.99	11,740,021.05	2,076,692.49	9,663,328.56

¹ Debit.

² Credit.

SCHEDULE A-2.—Analysis of contracts receivable for the period from July 9, 1918, to June 30, 1947, showing balances as of Feb. 28, 1942

Project	Sales	Credits—July 9, 1918, to Feb. 28, 1942			Credits—Mar. 1, 1942, to June 30, 1945			
		Payments	Discounts on sales	Losses—Act June 25, 1948—Com-promise others	Balance as of Feb. 28, 1942	Payments	Losses—Settle-ment—com-promise others	Balance transferred to real-estate
Aberdeen, Md.	\$256,242.50	\$240,549.67	\$15,692.83		\$6,692.17	\$1,615.36	\$1,704.22	
Alliance, Ohio.	378,919.00	372,279.83						\$6,639.17
Bath, Maine.	198,836.69	188,836.69						
Bethlehem, Pa.	402,105.00	198,060.07	204,101.93					
Brighton, Wash.	895,441.79	699,449.51	195,929.07		1,663.21		831.60	831.61
Bridgeport, Conn.	2,413,710.87	2,371,072.96	69,636.91					
Budo, Pa.	34,500.00	34,500.00						
Cladeck, Va.	1,809,925.72	1,472,629.23	337,306.49					
Davenport, Iowa.	731,251.60	718,713.96	15,537.64					
East Moline, Ill.	433,065.00	445,065.00						
Elizabeth, N. J.	73,100.00	73,100.00						
Erie, Pa.	1,449,034.92	1,445,631.36	\$3,403.56		\$845.33		682.09	1,580.12
Glennwood, Pa.	106,739.00	106,739.00						
Hammond, Ind.	637,275.00	543,220.50	94,054.50	80,530.14	13,704.36		1,901.40	88,401.56
Huron, N. Y.	2,314.00	2,314.00						
Kittery Point, Maine	39,047.75	37,215.70	1,832.05					
Lowell, Mass.	33,657.83	33,657.83						
Muskegon, Mich.	38,280.00	38,280.00						
Moline, Ill.	18,000.00	18,000.00						
Milton, Pa.	15,538.12	15,538.42						
New Brunswick, N. J.	740,253.95	730,053.85						
New Castle, Del.	39,063.34	39,063.34		8,064.17	15,223.37		3,728.19	7,767.01
New London, Conn.	332,661.00	332,661.00						
Newport, R. I.	158,100.00	158,100.00						
Newport News, Va.	61,711.00	61,711.00						
Niagara Falls, N. Y.	404,185.00	401,185.00						
Niles, Ohio.	276,400.00	200,296.40	76,103.60					
Philadelphia, Pa.	2,863,403.41	2,147,252.62	57,319.08	31.47	658,738.21	119.24		658,339.00
Pompton Lakes, N. J.	25,118.00	25,118.00						
Quincy, Mass.	1,637,924.30	1,632,506.27	5,418.03					
Rock Island, Ill.	1,592,460.00	1,592,460.00		200.00				
Seven Pines, Va.	48,000.00	48,000.00						
Sharon, Pa.	38,201.00	38,201.00						
Sixton Island, N. Y.	20,375.00	20,375.00		242.09				
Tuxedo, Va.	206,609.97	206,609.97						
Valley, Cal.	303,521.35	31,150.57	267.32					
Warren, Ohio.	27,210.00	178,106.46						
Washington, D. C.	189,289.00	189,289.00						
Waterbury, Conn.	242,330.68	242,196.72	133.96					
Watertown, N. Y.	340,226.42	340,226.42						
Watervliet, N. Y.	31,935.00	31,935.00						
Total	19,124,040.81	17,290,501.78	1,060,557.65	95,389.80	699,148.36	2,932.62	8,847.48	676,007.37

SCHEDULE A-3.—Analysis of accrued interest on contracts receivable for the period from July 9, 1918 to June 30, 1945, showing balances as of Feb. 28, 1942

Project	Accruals	Credits—July 9, 1918, to Feb. 28, 1942				Credits—Mar. 1, 1942, to June 30, 1945			
		Payments	Losses—Settlements—Compromise offers, act June 25, 1938	Balance, Feb. 28, 1942	Accrued interest—adjustments	Payments	Losses—Settlements—Compromise offers	Losses—charged to trustee	Balance transferred to real estate
Aberdeen, Md.	\$54,318.22	454,318.22							
Alliance, Ohio.	117,459.93	117,459.93	\$40.97	\$3,636.51	1,524.35	834.64	\$2,217.17	\$2,818.25	
Bath, Maine.	40,775.76	40,775.76							
Bethlehem, Pa.	8,449.15	8,449.15							
Bremerton, Wash.	284,898.25	284,793.55	3.75	1,100.95	1,110.04	1,500.00	1,539.48	5.07	
Bridgeport, Conn.	611,701.31	611,501.31							
Butler, Pa.	948.02	948.02							
Cheslock, Va.	457,575.29	457,555.29							
Davenport, Iowa.	181,524.16	181,522.65	1.81						
East Moline, Ill.	96,563.61	96,563.61							
Elizabeth, N. J.	1,781.02	1,781.02							
Elie, Pa.	408,968.78	405,673.91	52.25	2,312.62	240.61	2,101.98	1,171.31	1,171.31	
Glenwood, Va.	12,864.21	12,864.21							
Hammond, Ind.	321,170.78	300,313.43	10,702.96	13,134.39		2,230.00	1,585.65	1,564.35	\$9,105.69
Kittery Point, Maine.	8,235.69	8,235.69							
Lowell, Mass.	2,151.01	2,151.01							
Moline, Ill.	89,113.77	89,113.77							
Muskegon, Mich.	1,800.43	1,800.43							
New Brunswick, N. J.	280,600.41	261,563.38	3,915.80	13,075.26	1,033.22		2,423.71	2,423.68	9,264.99
New Castle, Del.	79.75	79.75							
New London, Conn.	151,750.96	151,750.96							
Newport, R. I.	18,919.18	18,919.18							
Niagara Falls, N. Y.	85,996.67	85,996.67							
Niles, Ohio.	18,669.51	18,669.51							
Philadelphia, Pa.	1,812,768.97	1,290,935.76	88.85	512,743.36	615.73	347.50			311,780.13
Pompton Lakes, N. J.	6,819.21	6,819.21							
Quincy, Mass.	933,118.37	907,719.51	2,628.53						
Rock Island, Ill.	18,684.15	18,684.15							
Seven Pines, Va.	7,329.33	7,329.33							
Staten Island, N. Y.	2,802.10	2,802.10							
Trinity, Va.	83,765.88	83,765.88							
Valley, Calif.	191,302.43	191,302.43							
Warren, Ohio.	2,556.15	2,556.15							
Washington, D. C.	15,571.85	15,571.85							
Waco, Tex.	62,555.77	62,555.77							
Watertown, N. Y.	103,929.22	103,929.22	4.69						
Water Street, N. Y.	4,193.51	4,193.51							
Total	6,257,294.90	5,722,716.10	16,512.61	518,076.09	1,850.44	7,094.12	2,574.44	8,828.06	500,449.91

1 Net debit.

26 FINAL REPORT OF UNITED STATES HOUSING CORPORATION

SCHEDULE B-1.—Analysis of losses on construction projects as of June 30, 1945

[No change since Feb. 25, 1942]

	Construction costs—net	Sales	Loss
Completed projects:			
Aberdeen, Md.	\$700,334 27	\$256,242 50	\$444,091.77
Alliance, Ohio	779,397.91	378,419 00	400,978.91
Bath, Maine	761,507 35	138,836.69	622,670.66
Bremerton, Wash.	1,722,589 16	894,941 70	827,647 37
Bridgeport, Conn.	5,693,396 22	2,443,350.87	3,250,045 35
Craddock, Va.	5,647,407 87	1,807,599 12	3,839,808 75
Davenport, Iowa	1,334,631 26	729,401 00	605,230.26
Erie, Pa.	2,742,103 45	1,448,034 92	1,294,068 53
Hammond, Ind.	1,008,498 96	637,275.00	371,223 96
Kittery Point, Maine	172,114 78	39,047 75	133,067.03
New Brunswick, N. J.	1,363,793 91	700,255 85	663,538 06
New London, Conn.	1,167,438 40	532,664 00	634,774 40
Newport, R. I.	299,164 48	157,200 00	141,964 48
Niagara Falls, N. Y.	1,137,329 96	404,185 00	733,144 96
Niles, Ohio	467,164 75	276,400 00	190,764 75
Philadelphia, Pa.	3,969,990 61	2,863,465 41	1,106,525 20
Quincy, Mass.	3,638,672 07	1,626,464 90	2,012,207 17
Rock Island, Ill.			
Moline, Ill.	2,675,324 05	1,243,595 00	1,431,729 05
East Moline, Ill.			
Truxton, Va.	1,142,419 11	206,609 97	935,809.14
Vallejo, Calif.	1,542,825 28	509,524 35	1,033,300.93
Waterbury, Conn.	590,105 43	242,879 62	347,225 81
Watertown, N. Y.	1,043,392 94	339,541 42	703,851 52
Total	39,508,902.22	17,935,574 16	21,663,628.06
Partially completed projects			
Bethlehem, Pa.	2,575,909 33	402,105 00	2,173,804 33
Pompton Lakes, N. J.	56,457 18	25,115 00	31,339 18
Warren, Ohio	70,710 32	27,240 00	43,470 32
Washington Navy Yard, Washington, D. C.	1,062,344 00	189,259 00	873,085 00
Total	3,765,420.83	643,720 00	3,121,698 83
Canceled projects:			
Butler, Pa.	84,345 00	34,500 00	49,845 00
City Row, Va.	74,230 89	61,741 00	12,509 89
Elizabeth, N. J.	113,697 48	73,160 00	40,537 48
Glenwood, Va.	330,577 89	106,750 00	223,827 89
Hon., N. Y.	12,956 85	761 50	12,195 35
Lowell, Mass.	73,187 28	33,712 83	39,474 45
Milton, Pa.	25,151 50	15,538 42	9,616 08
Muskegon, Mich.	32,517 51	18,000 00	14,517 51
New Castle, Del.	105,215 09	39,033 34	66,181 75
Sharon, Pa.	91,378 37	38,201 00	53,177 37
Staten Island, N. Y.	57,830 14	20,575 00	37,255 14
Watervliet, N. Y.	39,574 49	31,635 00	8,239 49
Total	1,040,986 39	473,608 09	567,378 30
Project—no recovery			
Derby, Conn.	1,697 71		1,697.71
Earnston, N. J.	70,572 88		70,572 88
Glenwood labor camp	48,585 54		48,585.54
Hilton, Va.	14,602 04		14,602 04
Kemlworth, N. J.	9,393 08		9,393 08
Norfolk Navy Yard Barracks labor camp	336,536 95		336,536 95
Norfolk, Va.	348,334 08		348,334.08
South Bend, Ind.	8,674 84		8,674 84
Total	838,397 12		838,397 12
Abandoned projects			
Aldine, N. J.	19 45		19.45
Alexandria, Va.	2 00		2.00
Allentown, Pa.	61 56		61.56
Alton, Ill.	20,929 11		20,929 11
Asbury Park, N. J.	63 92		63 92
Ashtabula, Ohio	20 59		20 59
Baltimore, Md.	51 61		51 61
Bayonne, N. J.	13 53		13 53
Birmingham, Ala.	27 49		27 49

SCHEDULE B-1.—Analysis of losses on construction projects as of June 30,
1945—Continued

[No change since Feb. 28, 1942]

	Construction costs—net	Sales	Loss
Abandoned projects—Continued			
Bloomfield, N. J.	\$51 90		\$51 90
Boston, Mass.	997 21		997 21
Brunfield, Va.	19,460 58		19,460 58
Buffalo, N. Y.	454 96		454 98
Cambridge, Mass.	204 51		204 51
Camden, N. J.	198 81		198 81
Charleston, S. C.	8,430 35		8,430 35
Chester, Pa.	1,236 66		1,236 66
Cleveland, Ohio	14,589 87		14,589 87
Cuyahoga, Ohio	27,529 06		27,529 06
Detroit, Mich.	68 20		68 20
East Chicago, Ind.	17 53		17 53
Easton, Pa.	101 71		101 71
East Orange, N. J.	9 05		9 05
Edinburg, Pa.	23,487 76		23,487 76
Everett, Ala.	5,762 63		5,762 63
Frankfort, Pa.	24 71		24 71
Fort V. Ind.	49 52		49 52
Hampton Roads, Va.	7,379 28		7,379 28
Harrisburg, Pa.	85 76		85 76
Hickman, N. Y.	84 91		84 91
Indianapolis, Ind.	2,282 61		2,282 61
Irsey City, N. J.	135 30		135 30
Lake Denmark, N. J.	67 79		67 79
Lakeland, Ohio	13,181 76		13,181 76
Lyle, Tenn.	7,722 92		7,722 92
Madison, Wis.	91 86		91 86
Middletown, Pa.	3 32		3 32
Nashville, Tenn.	127 80		127 80
Neville Island, Pa.	41,852 79		41,852 79
Newark, N. J.	258 53		258 53
New Haven, Conn.	43 77		43 77
New Orleans, La.	9,853 26		9,853 26
Newport News, Va.	640 28		640 28
Pennman, N. J.	210 01		210 01
Pensacola, Fla.	13,161 15		13,161 15
Perth Amboy, N. J.	19,420 87		19,420 87
Philadelphia (Hog Island), Pa.	308 80		308 80
Phillipsburg, N. J.	188 80		188 80
Portsmouth, Pa.	556 05		556 05
Portland, Maine	42 46		42 46
Port Penn, Del.	65,116 67		65,116 67
Portsmouth, N. H.	20,111 79		20,111 79
Portsmouth, Ohio	6,054 12		6,054 12
Providence, R. I.	9 80		9 80
Racine, Wis.	17 52		17 52
Richmond, Va.	1,021 05		1,021 05
Ridley Park, Pa.	15,066 29		15,066 29
Rochester, N. Y.	40 75		40 75
San Francisco, Calif.	427 91		427 91
Sheffield, Ala.	6,446 55		6,446 55
Stamford, Conn.	1,843 61		1,843 61
Tacony, Pa.	7,518 95		7,518 95
Toledo, Ohio	115 22		115 22
Trenton, N. J.	33 43		33 43
Troy, N. Y.	41 00		41 00
Tusculum, Ala.	4,109 73		4,109 73
Utica, N. Y.	205 25		205 25
Wilmington, Del.	453 53		453 53
Worcester, Mass.	2 30		2 30
Washington, D. C.	7,246 23		7,246 23
Washington, D. C. (hospital)	7,325 01		7,325 01
Washington Steel & Ordnance Co.	5,287 18		5,287 18
Watertown, Mass.	811 77		811 77
Youngstown, Ohio	380 96		380 96
Total	391,045 09		391,045 09
Government hotels, Washington, D. C.	2,698,536 08		2,698,536 08
Grand total	49,333,287 73	\$19,053,234 25	20,280,053 48

28 FINAL REPORT OF UNITED STATES HOUSING CORPORATION

SCHEDULE B-2.—Statement of losses on loans to transportation companies, public utilities, etc., as of June 30, 1945

[No change since Feb. 28, 1912]

	Total amount advanced	Repayments	Balance charged off as excess war cost
Alliance Gas & Power Co.	\$4,496 66	\$4,496 66	
Buffalo & Depew Railway Co.	53,029 33	750 00	\$52,279 33
Calumet & So. Chicago Ry. Co.	165,071 51	165,071 51	
Chicago City Ry. Co.	180,744 89	180,744 89	
City of New London, Connecticut	46,700 00	46,700 00	
The Connecticut Co.	1,131,064 38	639,186 27	491,878 11
Gary Street Railway Co.	156,240 45	136,715 40	19,525 05
Gary & Valparaiso Ry. Co.	29,269 23	29,269 23	
Hammond, Whiting & E. Chicago Ry. Co.	247,583 24	155,573 37	132,009 87
Hampton Roads district	33,398 14	5,000 00	28,398 14
Jersey Central Traction Co.	46,100 90	42,857 39	3,243 51
Lewish Valley Transit Co.	541,964 31	360,754 25	181,210 06
Lewishure, Milton & Watertown Ry. Co.	25,509 03	628 10	24,881 93
Monmouth Lighting Co.	31,014 10	31,014 10	
Newport News & Hampton Ry. Gas & Electric Co.	25,471 63	4,269 78	21,201 85
Norfolk County ferries	1,381,128 18	1,217,816 32	163,311 86
Philadelphia Rapid Transit Co.	1,980,510 14	1,310,000 00	670,510 14
Public Service Electric Co.	11,213 64	11,213 63	
Public Service Gas Co.	21,386 17	21,386 17	
Richmond-Fairfield Ry. Co.	118,507 03	65,222 22	53,284 81
Springfield Consolidated Water Co.	427,002 78	427,002 78	
Suburban Realty Corp.	13,330 00	13,330 00	
United Light & Ry. Co.	72,152 61	63,894 21	8,258 40
United Railway & Electric Co.	149,864 63	97,720 62	52,144 01
Virginia Railway & Power Co.	302,870 88	222,541 19	80,329 69
Y. W. C. A., Dayton, Ohio	25,000 00	25,000 00	
Y. W. C. A., Washington, D. C.	40,000 00	40,000 00	
Washington Railway & Electric Co.	131,055 89	102,356 76	28,699 13
Total	7,464,980 64	5,450,511 85	2,014,468 79

Arrived at as follows:

Original advance	\$102,692 89
Less charge to Rock Island Arsenal	30,240 28
Total	\$72,452 61

SCHEDULE B-2.—Statement of other losses for the period from July 9, 1918, to June 30, 1945

	July 9, 1918, to Feb. 28, 1942	Mar. 1, 1942, to June 30, 1945	As of June 30, 1945
Transportation of war workers	\$112,683 31		\$112,683 31
Furniture and fixtures—charged off	51,312 46		51,312 46
Accounts receivable	2,195 58		2,195 58
Notes receivable	892 50		892 50
Losses on compromise offers	103,285 01	\$1,088 85	102,196 19
Loss on write-offs, act of June 25, 1948	9,951 45	6,151 88	16,103 33
Loss on contracts receivable, Alliance, Ohio		4,813 14	4,813 14
Loss on interest canceled at settlement	211 67		211 67
Loss on sale of foreclosed properties	6,320 66		6,320 66
Loss on reappraisal of real estate owned	85,383 36		85,383 36
Provision for bad debts—rents receivable	20,667 00		20,667 00
Settlement of account—closed Commercial National Bank, Philadelphia, Pa.		3,148 28	3,148 28
Miscellaneous	532 00	232 52	764 52
Total	396,435 03	13,296 97	409,732 00

¹ Profit.

FINAL REPORT OF UNITED STATES HOUSING CORPORATION 29

SCHEDULE B-4.—*Transfers of property and equipment to governmental agencies— not reimbursed—as of June 30, 1945*

[No change since Feb. 28, 1942]

	<i>Book value of transfers</i>
War Department—Ordnance Bureau, Seven Pines, Va.....	\$1,394,818.69
Navy Department—Indian Head, Md.....	1,006,289.41
War Department—Ordnance Bureau, Tullytown, Pa.....	656,170.76
Navy Department:	
Charleston, W. Va.....	592,424.77
Bremerton Hotels, Washington.....	551,218.27
General Supply Committee.....	339,303.16
War Department—Ordnance Bureau, Woodbury, N. J.....	248,328.33
Navy Department—portable houses.....	222,749.00
Superintendent of Capitol Buildings and Grounds.....	75,000.00
District of Columbia—Board of Public Welfare.....	39,600.33
War Department:	
Watertown Arsenal, N. Y.....	30,197.47
Rock Island Arsenal, Ill.....	30,240.28
Labor Department—furniture.....	21,710.54
Treasury Department—cafeteria equipment.....	9,810.66
War Department—Fort Washington, Md.....	3,980.55
War Trade Board Hospital.....	1,797.10
War Department:	
Cafeteria equipment.....	1,452.92
Housing and Health Division.....	1,375.00
Navy Department—Marine Corps.....	1,120.75
Treasury Department—U. S. Coast Guard.....	613.50
Labor Department—cafeteria.....	596.93
District of Columbia—Women's Bureau.....	399.67
U. S. Bureau of Efficiency.....	225.00
Total.....	5,229,722.89

SCHEDULE B-5.—Analysis capitalization and liquidation of properties by projects during the period from Mar. 1, 1942, to June 30, 1945

	Total	Alliance	Bronxton	Erie	Hammond	Lowell	New Brunswick	Niles ¹	Philadelphia	Water-town
Number of parcels of property (including real estate owned)	519	34	1	8	5	2	42	1	416	20
Original amount of contracts receivable unliquidated as of Feb. 28, 1942 (memo only)	\$1,885,565.59	\$12,000.00	\$2,330.59	\$12,650.00	\$24,525.00		\$65,700.00		\$1,767,500.00	
Balance as of Feb. 28, 1942:										
Contracts receivable	660,148.58	6,639.17	1,663.21	3,100.25	13,704.36		15,224.47		658,758.24	
Interest on contracts receivable	518,028.09	5,636.31	1,100.95	2,342.62	13,134.39		13,078.26		512,743.36	
Total	1,217,154.97	12,275.08	2,764.16	5,492.85	26,838.75		28,302.73		1,171,501.60	
Payments										
Losses										
Settlements, compromises										
Charged to reserve										
Accrued interest adjustments										
Total	40,727.19	12,275.08	2,764.16	5,492.85	7,331.50		11,270.31		1,382.47	
Reserve for bad debts (per General Accounting Office)										
Less										
Losses charged to reserve										
Adjustment of reserve										
Total	1,206,157.18				19,307.25		17,031.10		1,170,119.13	
Balance transferred to real estate	603,021.61				9,653.63		7,998.91		585,369.04	
Real estate owned as of Feb. 28, 1942	603,455.87				9,653.62		9,032.16		584,740.09	
Less										
Capital charges—reconditioning	623,630.87			1,500.00	9,653.62		9,032.16		602,565.09	350
Fire loss proceeds										
Sales adjustments (rents)										
Total	71,610.79				1,408.68				73,019.47	
Capitalized value of properties	605,241.66			1,500.00	8,244.94		9,032.16		675,614.56	350
Sale price of properties	1,123,307.51			1,200.00	10,000.00		6,332.51	50	1,105,200.00	400
Gross profit on sale of properties	498,065.85			300	1,755.06		2,679.65	50	429,555.44	50
Commission and selling expense	26,763.80			150.00	500.00		36.30		25,947.50	130
Net profit on sale of properties	401,302.05			150.00	1,255.06		2,715.95	50	403,607.94	180

¹The parcel of land at Niles, Ohio, was not included in the assets turned over to the Federal Home Loan Bank Administration as of Feb. 28, 1942. It was uncovered in the audit in 1945. Sale was effected subject to tax lien of approximately \$400. No entries were made to adjust the book of the Corporation to reflect cost. Thus, the sale price of \$400 is also the gross profit as reflected by the book.