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Appendix A

DESCRIPTION OF FARM MORTGAGE LENDING COST SCHEDULES FOR 1945-47

In order fully to understand the meaning of the findings of a study of this type it is essential to have clearly in mind the definitions of the categories of income and cost which it employs. It is hoped that this Appendix will satisfy that need. The several items of information called for on the schedules on which cooperating companies reported their mortgage lending costs are defined in all the detail deemed necessary, and these explanations are followed by facsimilies of the schedules used in 1945 and 1946 and the instructions circulated to companies in connection with the 1946 schedule. The 1947 schedule has not been reproduced since it is identical with that for 1946. While the Appendix provides more detail than is necessary for the general reader, it is hoped that it will be useful to investigators who may attempt further studies of mortgage lending costs and, furthermore, that it will supply useful procedural suggestions for those who may wish in the future to pursue similar studies in other credit areas.

Definition of Schedule Items

Survey schedules were divided into two sections. Part I called for certain general data, such as loan balances outstanding, volume of loans made, gross income, etc. and Part II called for the reporting company's estimates of the primary elements of its operating costs.

Specifically, Part I of the 1946 and 1947 schedules requested the *number and amount of mortgage loan and real estate sales contract balances outstanding at the beginning and end of the year* (Item 1) and *the amount of mortgage loans made during the year* (Item 2). The latter item was to be classified into new loans (including additional amounts advanced on outstanding balances) and all other loans (i.e., loans renewed, extended, or otherwise rewritten). Data on balances outstanding, when averaged, gave a figure of loan investment to which both income and costs were related to produce operating ratios. Loan investment was also used as a measure of portfolio size in the analyses of the cost-investment relationship. New loans were separated from all other loans because the costs of making the former were thought to be greater than for the latter and because a measure of new loan volume was essential in the computation of acquisition cost ratios and loan turnover periods.

In the 1945 schedule, companies were asked to report separately on their outstanding balances of mortgage loans and real estate sales contracts and on the income earned from each, but not on the amount of real estate sales contract balances created during the year.[1] However, this information proved to be of very limited value as well as difficult to give; accordingly, these breakdowns were not asked for in the 1946 and 1947 schedules.

Certain problems involved in the payment of servicing fees to correspondents should be noted in connection with Item 3 of Part I, *gross income from mortgage loans and real estate sales contracts*.[2] Some companies allow correspondents to retain part of the interest income as compensation for making collections on mortgages, for occasionally inspecting the property, and for otherwise servicing the mortgage; others receive the full income and make a separate payment of servicing fees to the correspondent. All companies were asked to report interest income *gross* of such servicing fees and to report elsewhere in the schedule the amounts retained by outside agents as servicing fees. However, in some instances this proved to be difficult. Where income could not be reported on a gross basis, companies were asked to indicate by footnote that they were reporting income net of servicing fees retained by outside agents. While all reports were usable in the analysis of net income after total costs,

1 The volume of real estate sales contracts originated during the year may be estimated by adding the amount of real estate sold in that period and held under sales contract at the beginning of the year to the difference between the book value of real estate under sales contract at the beginning and at the end of the year. This method fails to include the amount of real estate sales contracts entered into after the beginning of the year and deeded out before the year's end, but we are assured by experienced loan officers that this amount is not large.

2 Income was reported on a cash, or current, basis, that is, so as to include all interest and other income received during the year on loans and sales contracts.

reports from only those companies reporting income on a *gross* basis could be used in the analysis of gross income ratios.

To measure the importance of the several main types of income, companies were requested on the 1945 schedule to divide total gross income into (a) interest income on loans, (b) interest income on real estate sales contracts, (c) prepayment premium income,[3] and (d) other income. Not all companies could report in such detail but those that did showed insignificant or no amounts under (c) and (d). Therefore, separate information on these items was not requested in the 1946 and 1947 schedules, and since these schedules abandoned the distinction between loans and real estate sales contracts, the end result was that no breakdown of gross income was requested.[4]

Finally, among the general items in Part I of the schedule are the *amount of farm mortgage loans acquired during the year through correspondents or other outside agents* (Item 4) and *the amount of loan balances outstanding at the end of the year which were serviced for the company by some outside agent* (Item 5). These figures were requested in order to calculate ratios of the amount of originating fees paid to correspondents and other outside agents to the amount of loans originated by these agents and ratios of servicing fees paid to the amount of loans serviced.

In Part II of the schedule, which includes all cost items, companies were asked to report the amount of their *branch office farm loan costs* (Item 1). They were instructed to include under branch office costs all those expenses properly attributable to the conduct of farm mortgage lending activities, such as salaries, rent, light, telephone, travel, and miscellaneous office expenditures. In the 1945 schedule this total of branch office costs was broken down into its three compo-

3 Some, but by no means all, loan agreements provide that if the mortgagor prepays the loan within a specified period he must pay a specified premium. The purpose is to protect the lender from refinancing, or unexpectedly early repayment out of income, which would make the income from the loan insufficient to cover the initial costs of putting it on the books.

4 All income from owned real estate, such as lease, crop, and mineral income, was reported separately in the 1945 schedule and excluded from the 1946 and 1947 schedules. Some of the problems in studies of this kind are illustrated by crop income which is received *after* the farm is sold and mineral income which continues to be received long after the property has disappeared as an asset of the reporting company. However, the figures suggest that the present analysis was affected little, if any, by circumstances of this sort.

nents: the costs of loan acquisition, loan servicing, and real estate management. In 1946 and 1947 the first two were combined and the third was dropped from the schedule.

To get a loan portfolio yield figure, branch office costs attributable to the acquisition and handling of loans and real estate sales contracts, along with certain other lending costs, must be separated from branch office costs incurred in the management of owned real estate. A separate listing of loan acquisition and loan servicing costs is essential to a functional analysis of costs, but the distinction was exceedingly difficult to make. Some companies reported the breakdown fairly accurately but there were not enough such reports to warrant continuation of this breakdown on the 1946 and 1947 schedules. The fact that owned farm real estate had practically disappeared from insurance company holdings in 1945-47 meant that the problem of separating real estate management costs from costs of loan acquisition and servicing was at a minimum.[5]

Item 2 in Part II is *the amount paid out during the year to correspondents or other outside agents at the time of acquiring farm mortgages.* This refers to all lump-sum payments made to outside agents when loans are made, including originating fees to correspondents, fees or commissions to loan brokers, and premiums for the purchase of mortgages. Unfortunately, these payments are not made purely for loan acquisition. In some instances they are intended also to compensate the outside agent for servicing loan balances. Some companies make a relatively large payment to the correspondent when the loan is made and a smaller continuing payment for servicing of the loan balance; other companies do the opposite. As a practical matter, therefore, it is impossible to get a breakdown of costs for a group of companies that follows purely functional lines. This was not fully understood when the 1945 schedule was prepared, but the relevant points were rectified on the 1946 and 1947 forms.

Item 3, *servicing fees and other compensation paid to correspond-*

5 If costs of real estate management are merged with loan administration costs at the branches, they must be combined at the home office level and income from real estate must be merged with income from loans. This, however, is an unsatisfactory procedure. Real estate income and expenses for 1945 were studied separately, and it was shown that merging the operating income and expense for loans and real estate would distort the analysis to the point where it would fail to reveal operating results on either loans or real estate.

ents and other outside agents on a continuing basis,[6] refers to all payments actually dispersed to outside agents subsequent to the loan's origination. As stated above, such payments are mainly for a loan servicing function, but they are sufficiently mixed with deferred acquisition fees to preclude their use as an accurate measure of compensation for the servicing function alone.

Finally, companies were requested to report the *expenses of operating their home office farm mortgage loan department and their general home office administrative expenses* (Item 4). On the 1945 schedule the home office loan department costs were divided into (a) direct departmental expenditures attributable to loan acquisition, (b) direct departmental costs of loan servicing, (c) departmental expenses incurred in managing owned real estate, and (d) expenses incurred by other departments of the company in providing legal, audit, and other services.[7] Some company overhead costs, such as light, heat, etc., were taken into account in calculating home office mortgage loan department costs (Item 4a). But in defining *general home office administrative expenses,* there were the alternatives of attempting to allocate all overhead costs which might be attributed in some part to the mortgage loan department or of ignoring all overhead costs except those which could be directly attributed to farm mortgage lending activities, such as the expenses of the company's finance, investment, or loan committee. It was impractical to adopt the first alternative and consequently our final figures are a slight underestimate of total costs.

The objective of the 1945 schedule was a breakdown of costs that would divide total costs into three functional classes: costs of loan acquisition, costs of loan servicing, and costs of real estate management. Actually, it was impossible to break costs down in this way and the plan was abandoned in the 1946 and 1947 schedules in favor of classifying costs into (a) branch office expenses, (b) home office expenses, (c) originating fees, and (d) servicing fees paid to outside agents.

6 An additional item, *commissions paid to brokers and others for the sale of farm real estate,* was included in the 1945 schedule but dropped in 1946 and 1947 when the survey was restricted to "loan administration" costs.

7 In some cases the extra-departmental expenses were fairly substantial; in others they were negligible. Distribution depended on company organization. Some firms had nearly self-sufficient mortgage loan departments and others had departments largely dependent on the general service divisions of the company.

As the survey results show, total costs can be measured with reasonable accuracy and movements in the various elements of total costs for particular companies can be compared from one year to another. However, the organization and practices of individual companies are so different that intercompany comparisons of particular items of cost are precluded. One exception is in the analysis of home office expenses, where the findings suggest that intercompany comparisons are valid. This is fortunate indeed, since the home office expense ratio is the single figure essential to the calculation of an expected yield which must be determined by cost accounting methods.

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SCHEDULE FOR COST DATA ON FARM MORTGAGE FINANCING BY LIFE INSURANCE COMPANIES, 1945

PART I — GENERAL DATA

(Report amounts in dollars only; omit cents.)

	Farm Mortgage Loans — Number	Farm Mortgage Loans — Amount
1. Mortgage loan balances outstanding		
December 31, 1944		$
December 31, 1945		
2. Book value of real estate sales contracts outstanding		
December 31, 1944		
December 31, 1945		
3. Mortgage loans made during 1945 — total		
a. New loans made, including increases in outstanding balances		
b. All other loans made, i. e., refinancing, renewals, and extensions		
4. Real estate owned		
December 31, 1944		
December 31, 1945		
5. Real estate acquired during 1945		
6. Real estate sold during 1945 — total		
a. Under sales contract on December 31, 1944 . . .		
b. Not under sales contract on December 31, 1944 . .		
7. Gross income from mortgage loans and real estate sales contracts during 1945 — total	x x x	
a. Interest income on loans*	x x x	
b. Prepayment penalties	x x x	
c. Interest on real estate sales contracts	x x x	
d. Other income	x x x	
8. Net profit or loss on sale of real estate during 1945 . . .	x x x	
9. Net income on real estate owned during 1945	x x x	
10. Net change by adjustment during 1945:		
a. Increase or decrease in book value of farm real estate, including acquisition costs and advances charged off and changes by adjustment in book value	x x x	
b. Increase or decrease in book value of farm mortgage loans, excluding write-downs of book value made in connection with the amortization of premiums paid on the acquisition of loans . . .	x x x	

* Interest income on mortgage loans is reported net . . . / gross . . . of participation in interest by correspondents or others. (Check one.)

FARM COST SCHEDULE, 1945 (continued)

PART II — COST DATA, COVERING THE YEAR 1945
(Report amounts in dollars only; omit cents.)

	Farm Mortgage Loans
1. Expenses of operating branch offices — total	$
a. Farm loan acquisition and servicing costs — total . .	
(1) Loan acquisition costs	
(2) Servicing costs	
b. Branch office farm real estate administrative costs . .	
2. Commissions and premiums paid to correspondents and others at time of acquisition of farm mortgages — total . . .	
3. Commissions paid to brokers and others in connection with the sale of farm real estate — total	
4. Participations in interest and other fees paid to correspondents and others on a continuing basis — total . . .	
5. Expenses of operating home office farm mortgage loan department and general administrative expenses — total . . .	
a. Home office farm mortgage department costs — total .	
(1) Loan acquisition and servicing costs — total . .	
(i) Loan acquisition costs	
(ii) Loan servicing costs	
(2) Farm real estate management costs	
(3) Expenses of legal, audit, and other services supplied by another division of company	
b. General home office administrative expenses	

PART III — GENERAL QUESTIONS
(Report amounts in dollars only; omit cents.)

1. Total admitted assets of company, as of December 31, 1945 .	$
2. a. *All* real estate sales contracts outstanding at end of 1945:	
Book value	
Amount actually due company	
b. Real estate sales contracts outstanding *on which interest income was not yet being earned* at end of 1945:	
Book value	
Amount actually due company	
3. State, or estimate as nearly as possible:	
a. Amount of farm mortgages closed during 1945 which were acquired through:	
(1) Correspondents or other outside agents	
(2) Branch office operations	
(3) Home office operations	
b. Amount of farm mortgage loan balances outstanding at end of 1945 which were serviced during the year through:	
(1) Correspondents or other outside agents	
(2) Branch office operations	
(3) Home office operations	

(Continued on next page)

Farm Cost Schedule 1945 (concluded)

PART III — GENERAL QUESTIONS

4. Number of branches: (a) originating farm loans in 1945 . . . ________
   (b) servicing farm mortgage loans in 1945 ________

5. Number of correspondents or other outside agents:
   (a) from whom farm mortgage loans were acquired in 1945 . ________
   (b) who serviced farm mortgage loans in 1945 . . . . . ________

6. How many years do you estimate that farm loans made during 1945 will remain among the company's assets, on present and probable future conditions? . . . . ________ years

7. If you follow the practice of amortizing premiums and commissions paid for the acquisition of loans over a period of years, what expected period are you now using on farm loans? . . . . ________ years

8. Have you arrived at a figure representing the risk factor? If so, indicate the percent of the principal per annum which you think fairly represents the risk inherent in farm mortgage loans . . . ________%

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SCHEDULE FOR COST DATA ON FARM MORTGAGE LENDING BY LIFE INSURANCE COMPANIES, 1946

PART I — GENERAL DATA
(Report amounts in dollars only, omit cents)

	Farm Mortgage Loans: Number	Farm Mortgage Loans: Amount (in dollars)
1. Mortgage loan and real estate sales contract balances outstanding		$
December 31, 1945		
December 31, 1946		
2. Mortgage loans made during 1946 — total	x x x	
a. New loans made, including increases in outstanding balances	x x x	
b. All other loans made, i.e., refinancing, renewals, and extensions	x x x	
3. Gross income from mortgage loans and real estate sales contracts during 1946 — total*	x x x	
4. Farm mortgage loans closed during 1946 which were acquired through correspondents or other outside agents .	x x x	
5. Farm mortgage loan balances outstanding at end of 1946 which were serviced through correspondents or other outside agents	x x x	

6. Total admitted assets as of December 31, 1946 . . . . $..................

* Interest income on loans is reported net . . . . / gross . . . of servicing fees paid to correspondents or others. (Check one.)

PART II — COST DATA, COVERING THE YEAR 1946
(Report amounts in dollars only, omit cents)

	Farm Mortgage Loan Costs (in dollars)
1. Branch office farm loan acquisition and servicing costs . . .	$
2. Originating fees and premiums paid to correspondents and others at time of acquisition of farm mortgages	
3. Service fees and other compensation paid to correspondents and others on a continuing basis	
4. Expenses of operating home office farm mortgage loan department and general administrative expenses — total . .	
a. Home office farm mortgage department costs — total .	
(1) Loan acquisition and servicing costs	
(2) Expenses of legal, audit, and other services supplied by another division of company	
b. General home office administrative expenses	

NOTES AND DEFINITIONS TO BE FOLLOWED IN REPORTING FARM MORTGAGE LENDING COSTS OF LIFE INSURANCE COMPANIES, AND CHECK LIST OF MORTGAGE LENDING COSTS – 1946

PART I – GENERAL DATA

Item 1

This combined figure can be taken from the Annual Statement. The amount of outstanding loan balances included in Item 1 is the book value, at year end, of owned mortgages reported as "farm mortgages" in item 23 of Schedule B – Part 1 – Section 2 of the Annual Statement; the number of farm mortgages owned can be taken from Schedule B – Part 1 – Section 2 of the Annual Statement. The number and amount of farm real estate sales contract balances outstanding are the number of items and the book value of farm properties held under sales contract as these are reported in items c,7 and d,7 of Schedule A – Part 1 of the Annual Statement.

Item 2a

The amount of new farm mortgage loans made during the year, and increases in outstanding balances under these loans, can be determined by adding items 2 to 7, inclusive, of Schedule B – Part 1 – Section 1 of the Annual Statement, for "farm mortgages." These are (i) loans in cash, or granted on disposal of real estate, (ii) amount of mortgages purchased, (iii) additional cash loaned on refunded mortgages, (iv) interest covered by increase in, or refunding of, mortgages, (v) taxes covered by increase in, or refunding of, mortgages, (vi) other items covered by increase in, or refunding of, mortgages.

Where refunding or extension of a mortgage involved the advance of additional cash, the amount of additional cash advanced should, as indicated in the preceding paragraph, be included in Item 2a. However, the amount of such a transaction which consists merely of the refunding of an existing balance should be included under Item 2b, below.

Item 2b

Include under this heading (i) all refundings, renewals, and extensions involving no advance of additional cash, and (ii) that portion of refunded loans involving an advance of additional cash which consists merely of the refunding of existing loan balances.

Item 3

Income should be reported on a *current* basis, including only actual collections and excluding accruals. Income received in the form of prepayment premiums should be included, along with interest income; mineral income and crop income should be excluded since this arises from the owned real estate account rather than the loan account. Wherever possible income should be given before deduction of any servicing fees or other compensation paid to correspondents and others on a continuing basis. Amounts actually retained by, or paid to, correspondents during the year under a loan servicing agreement should be interpreted as a cost and included among the cost data in Part II of this schedule. *It should be indicated in the footnote to Item 3 whether income reported is gross or net of servicing fees paid to correspondents or others.*

Interest income on real estate sales contracts should be reported *net* of any amounts expended for taxes, repairs, and other expenses, if there are such. Income, *other than interest income,* on sales contracts should be excluded as should down payments and other payments on principal under sales contracts.

Item 4

Report the amount of all farm mortgages closed during 1946 which were acquired through correspondents or other outside agents.

Item 5

Report the amount of all farm mortgage loan balances outstanding as of the end of 1946 which were serviced through correspondents or other outside agents.

Item 6

Give total admitted assets as reported in Part 1 of the Annual Statement.

PART II — COST DATA

Item 1

This item refers to those expenses of operating branch offices that are properly attributable to the conduct of farm mortgage lending activities. Branch office costs should include only those amounts *actually disbursed* during the year, such as salaries of branch office personnel, rent, light, telephone, travel, and miscellaneous office expenditures, whether paid from the home office or in the field. (See appended check list of mortgage lending costs.) Any expenses incurred in supervising farm loan branch office operations from the home office should be considered a home office expense. *Exclude all expenses incurred by branch offices in connection with the operation and management of owned real estate.*

Item 2

Originating fees paid to correspondents and others at the time of acquisition of loans, including premiums paid in connection with the purchase of mortgage loans, should be reported on a *current* basis. Include under this heading all disbursements actually made during the current year, whether from branch offices or home office, regardless of the fact that it might be the company's policy to amortize these over a period of years. Likewise, the report should exclude all charges against income during the current year arising out of the amortization of commissions or premiums actually disbursed in earlier years. As in Item 1, above, include only those expenses for which disbursements have actually been made, excluding amounts for which commitments have been made but which have not yet been disbursed.

Item 3

Fees for servicing loan balances and other compensation paid to correspondents and others on a continuing basis should be reported here, as distinct from lump-sum payments paid at the time a loan is acquired, which are reported in Item 2 above. In connection with the compilation of data on servicing fees see the note referring to Item 3 of Part I, above.

Item 4a

All operating expenses incurred *directly* by the farm mortgage loan department in acquiring and servicing mortgage loan balances should be included under heading

(1). These costs would include charges for salaries, space, light, heat, maintenance, travel, office supplies, etc. (See appended check list of mortgage lending costs.) If officers or other personnel of the farm mortgage loan department spend part of their time on activities *outside* of this department (e.g., on city mortgages or on the bond account) their salaries should be prorated according to an estimate of how their time is divided. All expenses incurred by the farm loan department in connection with the operation and management of owned real estate should be *excluded* here.

If legal, auditing, and other services are supplied to the farm mortgage loan department by *other* departments of the company, the expenses of operating such departments should be prorated and included under subhead (2).

Item 4b

General home office administrative expenses should include *only* fees paid in connection with the Investment, Finance, or Mortgage Loan Committee and other expenses of this Committee. Where the Committee involved has responsibility for investments other than farm mortgage loans, its expenses should be prorated according to the proportion of farm mortgages and farm real estate owned to the total investment for which the Committee was responsibible at the end of 1946.

Check List of Mortgage Lending Costs

In preparing data for the schedule of mortgage lending costs it may be helpful for companies to refer to the following check list of types of operating costs, which is meant to illustrate the various kinds of costs that might be included in the expenses of operating branch offices and the home office farm loan department. The list is given only for reference and to obviate the possibility of significant items of cost being overlooked in the compilation of cost reports; *it is not expected that costs will be broken down according to these categories.*

Check list of costs

1. Salaries
2. Rent, heat, and light
3. Telephone and telegraph
4. Postage and express
5. Supplies, including printing
6. Rental and servicing of office equipment
7. Repairs: furniture and fixtures
8. Depreciation: furniture, equipment, and fixtures
9. Advertising
10. Credit reports
11. Revenue stamps
12. Checking taxes
13. Recording and/or filing fees
14. Title examinations
15. Employee bonds and insurance
16. Dues and subscriptions
17. Travel
18. Car expense
19. Entertaining, suppers, etc.
20. Donations and charity
21. Lunch room, infirmary, and other employee welfare expenses
22. Other expenses, not elsewhere classified

Appendix B

TABLES OF INCOME AND COST RATIOS, 1945-47

Appendix B presents income and cost ratios for 27 companies in 1945, 31 companies in 1946 and 23 companies in 1947, classified according to size of portfolio. The companies in these tables are identified so that changes from 1945 to 1947 in ratios for a given company may be compared. That is, Company A in Table B1 is the same as Company A in Tables B3 and B5.

Ratios are given for each of the individual companies included in the weighted average income and cost ratios shown in Table 3; companies not included in Table 3 are identified by footnote.

Companies are classified according to their average portfolio size for the first year in which they reported. With two exceptions, companies remained in the same size class in all the years in which they reported; two branch office companies with average portfolios between $5 and $20 million in 1945 and 1946 reported portfolios slightly over $20 million in 1947. These two companies have been left in the smaller portfolio-size class.

TABLE B1 – Gross Income, Costs, and Net Income in Percent of Farm Mortgage Loan and Real Estate Sales Contract Investment, 1945
(Companies not operating branches)

Company	In Percent of Farm Mortgage Loan Investment [a]						Net Income in Percent of Mortgage Loan Investment and Real Estate Owned [e]	
		Costs						
	Gross Income	Total Cost	Originating Fees [b]	Servicing Fees [b]	Home Office Expenses [c]	Net Income [d]	Before Nonoperating Adjustments	After Nonoperating Adjustments
			Portfolios Under $5 Million					
A	4.94%	.53% [f]	.00%	.03%	.50% [f]	4.41%	6.72%	13.73%
B	5.35	1.43	.98	.06	.39	3.92	g	g
C	5.62	.92	.00	.01	.91	4.70	4.80	10.90
D	4.38	.80	.00	.67	.13	3.58	2.74	2.12
E	5.34	1.17	.13	.02	1.02	4.17	h	h
F	4.09	1.76	.00	.00	1.76	2.33	h	h
G	4.51	.72	.00	.00	.72	3.79	h	h
H [i]	5.50	1.29	.00	.00	1.29	4.21	3.60	4.51
I [i]	4.46	.54	.00	.32	.22	3.92	5.46	9.23
J [i]	5.32	.40 [f]	.00	.00	.40 [f]	4.92	4.85	5.11
K [i]	5.08	.36 [f]	.00	.00	.36 [f]	4.72	3.36	23.02
L [i]	5.10	1.69 [f]	.00	.00	1.69 [f]	3.41	4.23	4.07
M [i]	4.36	.31 [f]	.04	.02	.25 [f]	4.05	4.37	2.76
			Portfolios of $20 Million and Over					
W [i]	4.40%	.81%	.15%	.02%	.64%	3.59%	g	g

[a] Investment includes real estate sales contracts.
[b] Represents fees and commissions paid to correspondents and to other outside agents.
[c] Excludes real estate management costs, except as indicated.
[d] Excludes income on owned real estate.
[e] Includes net income on mortgage loans, real estate sales contracts, and owned real estate.
[f] Includes real estate management costs.
[g] Not available.
[h] No real estate owned.
[i] Not included in the weighted averages shown in Table 3.

TABLE B2 – GROSS INCOME, COSTS, AND NET INCOME IN PERCENT OF FARM MORTGAGE LOAN AND REAL ESTATE SALES CONTRACT INVESTMENT, 1945
(Companies operating branches)

Company	In Percent of Farm Mortgage Loan Investment [a]							Net Income in Percent of Mortgage Loan Investment and Real Estate Owned [e]	
	Gross Income	Costs					*Net Income* [d]		
		Total Cost	Originating Fees [b]	Servicing Fees [b]	Branch Office Expenses [c]	Home Office Expenses [c]		Before Non-operating Adjustments	After Non-operating Adjustments
				Portfolios Under $5 Million					
X	4.69%	3.31%	.07%	.02%	.62%	2.60%	1.38%	1.35%	2.09%
				Portfolios of $5 to $20 Million					
Z	4.74%	1.14%	.14%	.07%	.69%	.24%	3.60%	4.91%	5.82%
AA	4.34	.74	.06	.20	.30	.18	3.60	3.56	5.94
AB	4.65	1.14	.19	.19	.46	.30	3.51	f	f
AC	4.06	.86	.24	.05	.35	.22	3.20	4.37	5.52
AD [g]	5.04	.89	.29	.42	.09	.09	4.15	4.15	4.17
				Portfolios of $20 Million and Over					
AF	4.99%	1.39%	.13%	.09%	.99%	.18%	3.60%	3.83%	5.21%
AG	4.76	.71	.05	.10	.40	.16	4.05	4.06	4.46
AH	4.77	.94	.13	.02	.54	.25	3.83	3.90	5.53
AI	4.64	.74	.05	.05	.51	.13	3.90	4.55	5.84
AJ	4.23	1.06 [h]	.16	.02	.53	.35 [h]	3.17	3.95	5.79
AK	4.43	.42	.12	.03	.10	.17	4.01	4.05	4.12
AL [g]	4.53	.89 [h]	.08	.00	.42 [h]	.39	3.64	4.20	5.00

[a] Investment includes real estate sales contracts.
[b] Represents fees and commissions paid to correspondents and to other outside agents.
[c] Excludes real estate management costs, except as indicated.
[d] Excludes income on owned real estate.
[e] Includes net income on mortgage loans, real estate sales contracts, and owned real estate.
[f] Not available.
[g] Not included in the weighted averages shown in Table 3.
[h] Includes real estate management costs.

TABLE B3 — GROSS INCOME, COSTS, AND NET INCOME IN PERCENT OF FARM MORTGAGE LOAN AND REAL ESTATE SALES CONTRACT INVESTMENT, AND OTHER RELATED RATIOS, 1946
(Companies not operating branches)

Company	In Percent of Farm Mortgage Loan Investment[a]						Originating Fees Paid in Percent of Loans Acquired from Correspondents	Servicing Fees Paid in Percent of Loans Serviced by Correspondents
	Gross Income	Costs				Net Income[d]		
		Total Cost	Originating Fees[b]	Servicing Fees[b]	Home Office Expenses[c]			
			Portfolios Under $5 Million					
A	4.99%	.30%	.00%	.01%	.29%	4.69%	.00%	.59%
B	4.73	1.59	.84	.13	.62	3.14	1.84	e
C	5.79	1.83	.00	.00	1.83	3.96	.00	.00
D	5.92	.78	.00	.65	.13	5.14	.00	1.05
E	4.68	.43	.00	.00	.43	4.25	.00	.00
F	4.02	1.52	.00	.00	1.52	2.50	.00	.00
G	5.09	1.47	.40	.00	1.07	3.62	1.00	.00
H f	5.00	.96	.00	.48	.48	4.04	.00	e
I f	4.56	.65	.00	.38	.27	3.91	.00	.61
N f	4.38	.53	.00	.00	.53	3.85	.00	.00
O f	4.01	.25	.00	.00	.25	3.76	.00	.00
P f	4.72	1.19	.76	.29	.14	3.53	1.48	.60
Q f	4.08	1.11	.35	.00	.76	2.97	1.05	.00
R f	4.66	.44	.17	.00	.27	4.22	1.84	.00
S f	4.44	.65	.25	.00	.40	3.79	1.53	.00
			Portfolios of $5 to $20 Million					
U f	4.14%	.98%	.17%	.12%	.69%	3.16%	.55%	.16%
			Portfolios of $20 Million and Over					
W f	4.36%	1.11%	.20%	.02%	.89%	3.25%	1.50%	.27%

a Investment includes real estate sales contracts.
b Represents fees and commissions paid to correspondents and to other outside agents.
c Excludes real estate management costs.
d Excludes income on owned real estate.
e Not available.
f Not included in the weighted averages shown in Table 3.

TABLE B4 — GROSS INCOME, COSTS, AND NET INCOME IN PERCENT OF FARM MORTGAGE LOAN AND REAL ESTATE SALES CONTRACT INVESTMENT, AND OTHER RELATED RATIOS, 1946
(Companies operating branches)

Company	In Percent of Farm Mortgage Loan Investment[a]							Originating Fees Paid in Percent of Loans Acquired from Correspondents	Servicing Fees Paid in Percent of Loans Serviced by Correspondents
	Gross Income	Costs					Net Income[d]		
		Total Cost	Originating Fees[b]	Servicing Fees[b]	Branch Office Expenses[c]	Home Office Expenses[c]			
				Portfolios Under $5 Million					
X	4.73%	2.63%	.17%	.10%	.49%	1.87%	2.10%	e	.42%
Y[f]	5.22	.80	.02	.20	.32	.26	4.42	e	.56
				Portfolios of $5 to $20 Million					
Z	4.50%	1.40%	.23%	.07%	.77%	.33%	3.10%	1.48%	.55%
AA	4.42	1.00	.14	.23	.38	.25	3.42	1.30	.49
AB	4.03	1.17	.22	.17	.50	.28	2.86	.52	.17
AC	4.01	.95	.25	.05	.37	.28	3.06	e	.17
AE[f]	5.03	.87	.25	.02	.30	.30	4.16	1.34	e
				Portfolios of $20 Million and Over					
AF	5.09%	1.77%	.14%	.10%	1.37%	.17%	3.32%	.55%	.52%
AG	4.56	1.12	.13	.06	.67	.26	3.44	1.51	e
AH	4.52	1.19	.23	.02	.73	.21	3.33	e	.71
AI	4.31	1.17	.22	.05	.73	.18	3.14	1.16	.47
AJ	4.18	1.15	.24	.02	.64	.26	3.03	1.58	.21
AK	4.44	.63	.17	.03	.19	.24	3.81	1.40	.22
AL[f]	4.55	1.04[g]	.10	.00	.50[g]	.44	3.51	e	.00

[a] Investment includes real estate sales contracts.
[b] Represents fees and commissions paid to correspondents and to other outside agents.
[c] Excludes real estate management costs, except as indicated.
[d] Excludes income on owned real estate.
[e] Not available.
[f] Not included in the weighted averages shown in Table 3.
[g] Includes real estate management costs.

TABLE B5 — GROSS INCOME, COSTS, AND NET INCOME IN PERCENT OF FARM MORTGAGE LOAN AND REAL ESTATE SALES CONTRACT INVESTMENT, AND OTHER RELATED RATIOS, 1947
(Companies not operating branches)

Company	In Percent of Farm Mortgage Loan Investment[a]						Originating Fees Paid in Percent of Loans Acquired from Correspondents	Servicing Fees Paid in Percent of Loans Serviced by Correspondents
		Costs						
	Gross Income	Total Cost	Originating Fees[b]	Servicing Fees[b]	Home Office Expenses[c]	*Net Income*[d]		
			Portfolios Under $5 Million					
A	4.88%	.21%	.00%	.01%	.20%	4.67%	.00%	.61%
B	4.63	1.06	.51	.17	.38	3.57	1.54	.28
C	5.81	.53	.00	.00	.53	5.28	.00	.00
D	5.97	.79	.00	.64	.15	5.18	.00	1.07
E	4.54	.56	.00	.00	.56	3.98	.00	.00
F	4.14	1.84	.00	.00	1.84	2.30	.00	.00
G	4.61	1.72	.53	e	1.19	2.89	1.00	.21
J[f]	4.48	.20	.04	.00	.16	4.28	1.50	.00
T[f]	5.05	1.04	.02	e	1.02	4.01	.88	.22
			Portfolios of $5 to $20 Million					
V[f]	3.58%	.62%	.17%	.00%	.45%	2.96%	g	.00%
			Portfolios of $20 Million and Over					
W[f]	4.37%	1.39%	.32%	.02%	1.05%	2.98%	g	.37%

[a] Investment includes real estate sales contracts.
[b] Represents fees and commissions paid to correspondents and to other outside agents.
[c] Excludes real estate management costs.
[d] Excludes income on owned real estate.
[e] Less than .005 percent.
[f] Not included in the weighted averages shown in Table 3.
[g] Not available.

TABLE B6 — GROSS INCOME, COSTS, AND NET INCOME IN PERCENT OF FARM MORTGAGE LOAN AND REAL ESTATE SALES CONTRACT INVESTMENT, AND OTHER RELATED RATIOS, 1947
(Companies operating branches)

	In Percent of Farm Mortgage Loan Investment [a]								
		Costs							
Company	*Gross Income*	Total Cost	Originating Fees [b]	Servicing Fees [b]	Branch Office Expenses [c]	Home Office Expenses [c]	*Net Income* [d]	*Originating Fees Paid in Percent of Loans Acquired from Correspondents*	*Servicing Fees Paid in Percent of Loans Serviced by Correspondents*
				Portfolios Under $5 Million					
X	4.68%	1.78%	.16%	.10%	.50%	1.02%	2.90%	e	.49%
				Portfolios of $5 to $20 Million					
Z	4.33%	1.40%	.33%	.06%	.83%	.18%	2.93%	1.12%	.54%
AA	4.47	1.02	.09	.26	.40	.27	3.45	1.07	.55
AB	3.93	.97	.16	.16	.47	.18	2.96	.37	.19
AC	3.85	1.05	.21	.05	.44	.35	2.80	e	.17
				Portfolios of $20 Million and Over					
AF	4.88%	1.49%	.16%	.10%	1.08%	.15%	3.39%	e	53%
AG	4.29	1.40	.31	.05	.74	.30	2.89	e	e
AH	4.24	1.65	.38	.02	1.01	.24	2.59	e	e
AI	4.24	1.51	.42	.05	.88	.16	2.73	1.38	.38
AJ	4.14	1.62	.32	.02	.85	.43	2.52	1.36	.26
AK	4.35	.67	.24	.03	.22	.18	3.68	1.11	.21
AM [f]	3.99	2.33	.47	.01	1.40	.45	1.66	e	e

[a] Investment includes real estate sales contracts.
[b] Represents fees and commissions paid to correspondents and to other outside agents.
[c] Excludes real estate management costs.
[d] Excludes income on owned real estate.
[e] Not available.
[f] Not included in the weighted averages shown in Table 3.