

3. With respect to obligations of private, nonprofit organizations—
 - (a) What types of facilities or buildings are generally financed?
 - (b) How are the loans evidenced—in the form of (1) bonds, (2) mortgage notes, (3) other (identify)?
 - (c) To what extent are purchases of such loans influenced by (1) availability of bond ratings, (2) intended use of proceeds, (3) geographical location of borrower, (4) public relations considerations.

B. PORTFOLIO CONSIDERATIONS

1. Provide annual statistics for the years 1946–65 showing the proportions of the yearend holdings of loans and investments represented by (a) obligations issued by States and local governments (municipal securities) and (b) obligations issued by private, nonprofit organizations.

(a) Explain the variations, if any.

2. With respect to municipal security holdings,

(a) Are there any guidelines established regarding the proportion of such holdings to the holdings of other loans and investments?

(b) To what extent are municipal securities competitive with mortgage loans in portfolio determinations?

3. Inasmuch as the interest income on municipal security holdings is tax exempt, whereas the interest income on other security holdings is not tax exempt, at what interest rate levels, as compared to the interest rates on taxable loans and investments, are municipal securities attractive as prospective investments?

(a) What is needed to make municipal securities more attractive as investments?

(b) Considering the negligible amount of defaults among municipal borrowers, aside from clearly speculative loans, would a Federal Government guarantee of municipal securities make them more attractive as investments? Why?

(c) If a Federal Government guarantee of municipal securities were available in exchange for making the interest income on such securities subject to the Federal income tax, would such guaranteed securities be attractive as investments? At what level of interest rates—yields obtainable on Federal agency obligations, yields obtainable on AAA rated corporate bonds, or other level (for comparable maturities)? Why?

C. PROSPECTIVE LOANS AND INVESTMENT

1. A large part of the capital requirements of the Great Society over the next decade is expected to be financed by security flotations by State and local public bodies and by private, nonprofit organizations.

(a) On the basis of past experience and emerging trends, what amounts (in hundreds of millions of dollars) are likely to be invested during each of the next 10 years, 1966–75, by the institutions under review in (1) municipal securities and (2) obligations issued by private, nonprofit organizations?

(b) What is the basis for these projections?

(c) Under what circumstances can these investments be expanded?