

location is an influence to some extent but, as indicated by the following quotations, the influences are those bearing more directly on offerings and indirectly on purchases:

Bond purchases are influenced by geographical location to the extent that (i) bond yields vary from State to State; (ii) small municipalities (population less than 10,000) should be suburban to a larger metropolitan center to be most attractive; (iii) areas that are depressed economically and vulnerable to loss of population should have a relatively low debt burden or other offsetting factors.

Bond proceeds are influenced by the geographical location of the issuer to the extent that it is desirable to have broad diversification. In addition, the number of emissions from certain geographical areas is low as compared with the number of emissions in other areas; and this tends to determine in part the geographical distribution of bonds purchased.

In the interest of diversification of investments by area a wide geographical distribution of investments is desirable, but it is difficult if not impossible to attain to the extent desired because investments tend to become concentrated in geographical areas where new issue volume of higher yielding acceptable quality bonds is the greatest—generally in the higher economic and population growth areas of the country.

Geographical location is bound to influence purchases. Laws governing the issuance of and various provisions of municipal bonds vary with each State. Additionally, the economies differ from area to area, some being dynamic, others going downhill.

Geographic location is of importance as an investment consideration only as it relates to growth in population and growth in a diversified economic climate.

2. OBLIGATIONS OF PRIVATE NONPROFIT ORGANIZATIONS

a. Types of facilities financed

The replies of 11 of the 18 sample companies are of particular pertinence to this and the following two questions; the remaining 7 companies had made only small or no investments in the obligations of private, nonprofit organizations. These 11 companies accounted for 44 percent of assets of all U.S. life insurance companies. Almost all of the 11 listed hospitals, churches, schools, colleges, nursing, retirement, or rest homes. In addition, faculty housing, college dormitories, parking facilities, office buildings, YM and YWCA's, community buildings, and seminaries were specified by some companies. One company reported a mortgage loan to a civic, nonprofit organization to set up manufacturing plants as a means of stimulating the influx of industries. Several of the companies specified that loans are usually for the purpose of constructing, expanding, or improving facilities.

b. Evidence of loans

Mortgage notes have been the usual instrument for many of the companies, and for a few this has been the only instrument used. One company, however, indicated that the "loans are generally evidenced in the form of bonds." Some companies also indicated first mortgage bonds, direct obligations with a negative pledge clause, promissory notes, or unsecured notes, but any of these forms are listed along with mortgage notes. One company provided a proportionate distribution of acquisitions between "mortgage notes" and "bonds" for each of the