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SUBSCRIPTION PRICE OF REVIEW

The FEDERAL HOME LOAN BANK REVIEW is the Board's medium of communication with member institutions of the Federal Home Loan Bank System and is the only official organ or periodical publication of the Board. The REVIEW will be sent to all member institutions without charge. To others the annual subscription price, which covers the cost of paper and printing, is \$1. Single copies will be sold at 10 cents. Outside of the United States, Canada, Mexico, and the insular possessions, subscription price is \$1.40; single copies, 15 cents.

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Finding a Market for Home Loans

DURING the month of December 438 new and converted Federal savings and loan associations put out \$3,183,069 in new loans for refinancing, reconditioning, new construction, and purchase of homes (see p. 174). The total loans outstanding of these institutions at the end of December amounted to \$66,461,631. It is evident that the volume of new investments during this single month represented nearly 5 percent of all the mortgage loans on their books at the end of the month. That is good business for any building and loan association.

These associations operate in all sections of the country, so that varying conditions cannot be used as an explanation of their successful lending activities. Taking the country as a whole, location seems to have no decisive influence on home financing. Lending institutions in many localities report an inability to place money to advantage in first-mortgage loans. Yet the Federal Home Loan Bank Board has reports from a number of old-established State-chartered building and loan associations as well as from Federals in these same localities which are finding active markets for loans. It seems worthwhile, therefore, to seek to uncover the reasons for the success of the active associations.

ADVERTISING PROVES FRUITFUL

SPECIFIC examples seem to prove that the active search for eligible borrowers is sure to discover such borrowers. A State-chartered association in Illinois with assets of approximately \$6,000,000 had on hand on December 19 last \$500,000 in cash and very few applications for loans. On that date

the association sent the following letter to all its subscribers:

Dear Subscriber:

It occurred to us that you, as a subscriber, would be interested to know that your association has funds available for sound first-mortgage loans.

No doubt there are among your acquaintances folks who are in need of the service that our association is so thoroughly equipped to give. We know that if you recommend these friends to us they will be the kind of people whom we will want to serve.

The monthly amortized loan is the best method for home financing because it is far easier to retire a mortgage on a home in monthly installments, than to have the full amount thereof fall due at one time, as in the case of a straight-term mortgage. The small monthly payment required under our plan will, in a comparatively short time, free a home from debt, and do it at low cost.

Will you please be kind enough to pass this information on to your friends and others who are interested in building, or in refunding their mortgage?

Yours very truly,

----- Savings Building & Loan Association.

By -----
Secretary.

As a direct result of this letter, the association's board of directors passed on loans totaling \$250,000 at a single meeting on January 10. It is of interest to note that the association in question makes loans up to 65 percent of its own appraisal of home properties. The loans run for 12 years at 6 percent interest. This association has refinanced about 25 percent of the loans formerly on its books.

Another State-chartered association, in Louisiana, obtained similar results from similar attempts to find eligible borrowers.

The following is quoted from a letter to the Federal Home Loan Bank of Little Rock:

We began to take stock of our institution and found ourselves in a state of slow liquidation. We had a withdrawal list dating back to the fall of 1929, which meant that the flow of funds into our institution from investors had stopped; hence there were no funds available with which to make loans. There we were—an apparently solvent institution—frozen tighter than the North Pole

Our association became a member of the Federal Home Loan Bank of Little Rock in June 1933, and was extended a line of credit sufficient to enable us to resume making loans; our management adopted a *vigorous policy* in seeking new business; we *advertised* in our local newspapers; we *circularized* our members; and we *paid personal visits* to the offices of a number of building and loan associations In short, we availed ourselves of every opportunity to acquaint our citizens with the fact that we had funds to loan, and pretty soon we began to receive a steady flow of applications

The net result is that since we joined the Federal Home Loan Bank System, we have made almost one half million dollars of small loans on the basis of about 60 percent of their present value, to people who have jobs and are paying their dues and taxes promptly.

For the past few months we have received an average of 10 applications per week; our loan committee meets weekly and we complete the loans promptly, thereby creating satisfied clients who recommend our association to their friends.

FEDERALIZATION AND INSURANCE OF SHARES

So FAR as the Federal associations are concerned, the Federal charter and Federal insurance of shares have unquestionably contributed largely to their success both in getting new investors and in making new loans. A Federal association in California made on December 22 the following report of its experience to the Federal Home Loan Bank of Los Angeles:

At the time of conversion we had notices of withdrawal on file equalling 11 percent of our share accounts, were making no loans, getting no subscriptions to shares, and had \$69,775.58 in real estate on our hands,

As of this date our assets have increased \$122,900, we have made 42 loans totaling \$89,350, have no requests to repurchase on file, have the

confidence of our investors, and all loans on our books are active and being liquidated monthly. Our real-estate account is \$16,804.72, representing the cost to the association of 2 court properties, 2 vacant lots taken in as down payments on property sold, and 1 good residence.

We would indeed be ungrateful if we did not acknowledge our indebtedness to the Federal agencies who have made it possible for us to better our condition. We have taken advantage of the opportunities they have afforded us and have no regrets for having done so. We believe that when you see our income statement for the past 6 months you will be pleased with it. We will undoubtedly pay a 4 percent dividend and have at least \$1,500 to go into reserves.

The insurance of shares by the Federal Savings and Loan Insurance Corporation is given the credit for new business by a Federal association converted from a State charter in Oklahoma. A letter dated January 21 from the president to the Federal Savings and Loan Division contains the following statement:

Please permit me to say at this moment that when Congress passed the act of June 27, 1934, insuring the shares in these mutual and local thrift institutions, in my opinion, it did more to recreate confidence in these home-financing institutions than anything that has ever been done since the evolution of building and loans in this country. We have received many new investments and have approved applications for new loans in the approximate amount of \$100,000 accumulated since early in January.

THE PSYCHOLOGICAL FACTOR

THESE letters from both State-chartered and Federal associations suggest that advertising, federalization, insurance, can all be successful as means to the end of more business. They suggest, however, that the driving power is a state of mind—the conviction that there is home financing to be done, that there is a desirable market for home loans, and that the only way to expand that market is to make loans. This is a positive attitude as distinguished from the negative attitude of uncertainty.

It has been widely remarked by building and loan leaders throughout the country that federalization invariably transforms the attitude of an association from fear

and inactivity to hope and activity. Such a psychological transformation reflects itself practically in an association's appraisals. Fear inevitably undervalues. The return of hope restores perspective. As one ceases to think about the disasters that may come tomorrow, his mind is freed to measure the usefulness that a home will have through the years and to appraise on the basis of that use. For associations making long-term amortized loans such a basis for appraisals is the only practical one. It is certain that the Federal savings and loan associations and others that are making a substantial volume of loans today do not consider merely the possible distress-sale value of the collateral for a mortgage loan. No constructive activity of any kind is ever undertaken without some faith in the future, and without constructive activity there can be no secure future.

It is undoubtedly true, also, that many home-financing institutions are so concerned about the large volume of real estate they have on hand that they hesitate to make loans for new construction. It is a temptation for institutions in such a posi-

tion to seek to persuade eligible borrowers to take over one of their properties rather than to build a new home. What frequently results in such cases is the loss of a prospective borrower, and that means the loss to the community of employment, which in turn would help to make it possible for others to buy properties now held by institutions.

An analysis of the purposes for which new loans were made by Federal associations during December reveals that refinancing heads the list. All past experience of emergence from periods of depression leaves no doubt that the refinancing of sound home mortgages held by closed or restricted institutions offers at such times an immense volume of business to active home-financing institutions. Thousands of home owners who could not possibly meet the terms of their present mortgages are perfectly able and willing to meet the payments demanded by a long-term amortized loan. A study of the possibilities of refinancing may prove the entering wedge to a revival of active lending for many institutions.

The Rules and Regulations for Federal Savings and Loan Associations

This is the first of a series of articles analyzing the evolution of building and loan practices

THE intensive effort of the last few years to improve the Nation's urban home-financing structure has tended more and more to focus attention on the local, mutual, thrift institution. This is the inevitable result of public and Federal recognition of the superiority of the long-term amortized loan over the short-term straight loan for the financing of homes.

The handling of such loans in the small amounts necessary for most home financing is a highly specialized business and as such demands a specialized agency. In the first place, the business is local, so the institution and the major portion of its resources must be local. The personal-risk factor is large, so knowledge of the borrower on the part of the institution is essential. The business has profound social significance and affects the entire community, wherefor it seems that as much of the community as possible should participate, benefits should be mutual, and undue profit through exploitation should be impossible. One type of institution above all others satisfies these requirements. That is the local, mutual, nonprofitmaking, thrift institution, which devotes itself almost entirely to making long-term amortized loans on homes.

The soundness of the basic principles behind these thrift, home-financing institutions was sufficient to give them a commanding place in the home-financing field even before they had the benefit of Federal and public recognition. Beginning with a single unit and the slenderest of resources

slightly more than a century ago, the building and loan movement can now show one association for every 12,000 persons. At the height of their activity in 1929, they carried nearly \$8,000,000,000 or one-third of the urban home-mortgage debt of the Nation. With the impetus of Federal recognition and of Federal encouragement through the Federal Home Loan Bank System, the creation of Federal savings and loan associations, and the Federal insurance of shares in such associations, a very favorable basis has been laid for their development in the coming years.

The pace of this development will be determined largely by the improvement of operating technic and the elimination of practices which the experience of the last 5 years, particularly, has shown to be undesirable. If we review the evolution of thrift, home-financing institutions, we shall find that it has been marked by many changes in structure and operation.

THE TERMINATING PLAN

FOUR major plans have been evolved. The early associations were neighborhood clubs, in which nearly all members joined at the same time and paid equal sums per share at regular intervals until dues and profits amounted to the nominal value of the shares subscribed. The purpose of the association was then considered to be accomplished, and liquidation followed. A member joining late paid a lump sum to bring his contribution into line with the rest; a member delinquent in his dues was

fined, that he might not profit at the expense of the others. Priority in securing a loan was determined by auctioning off the association's funds to the highest bidder, who thus paid a premium, as well as interest, for the use of them.

This simple "terminating" plan was found to contain serious disadvantages. The sum required upon late entrance quickly grew so large that prospective members could not afford to pay it, with the result that enrollment ceased. In the early days of the association, applications for loans were so numerous and premiums so high that a member might continue for years without procuring the desired advance; while toward the end of its life, applications ceased because the actual cost involved in taking out new shares had become prohibitive. Most unfortunate of all, an association terminated upon the maturity of its single series of shares, and the goodwill and experience acquired by years of effort were thrown away.

THE SERIAL PLAN

THE "serial" plan was developed to avoid these disadvantages. Instead of issuing one group of shares every 12 years, new series were begun at frequent intervals—annually, semiannually, or oftener—and the association was, in effect, perpetual. New members were able to join at any time with little hardship, funds were constantly received, and the demand for loans was kept up. It was still necessary, however, to pay arrears when joining between issues, and also to keep in step with other subscribers to the same series in the payment of dues. Furthermore, the serial plan made it necessary to find large sums at recurring intervals for paying off maturing shares.

THE PERMANENT PLAN

THE imperfections of this method of operation were eliminated by the so-called "permanent" plan, which consists essentially in issuing series at irregular intervals, as required. Every member's ac-

count constitutes a separate series, and its maturity date is not dependent upon the shares of other members, but only upon the payments of the individual subscriber and the profits earned by his money. There are no arrears to be collected upon entering, and, if desired, fines and other penalties may be dropped, as they have been in the Dayton modification of the permanent plan. The flow of new members is comparatively regular, and, since no great number of shares matures at any one time, maturities can be met out of income.

THE PERMANENT-STOCK PLAN

A FURTHER development has been the guarantee- or permanent-stock plan, by which a certain class of shares is made nonwithdrawable, and its earnings used to guarantee to other shares a definite rate of dividend or a definite maturity date. This plan is particularly favoured in parts of the country where real-estate values have been speculative, since it tends to overcome the reluctance to invest in building association shares.

When it was decided to establish Federal savings and loan associations, each of these plans was examined, to discover which best fitted a building association under modern conditions. The terminating plan was discarded as useless; the serial, as wasteful of effort and unnecessarily inflexible; the permanent-capital plan as not required by all parts of the country, and also because it was thought that thrift and economical home-financing were best accomplished through cooperative institutions, and their full development impeded by the principle underlying the guarantee-stock plan. The permanent plan remained, and was accordingly adopted.

CONSIDERATIONS THAT LED TO THE ESTABLISHMENT OF FEDERAL S

IN ADDITION to the general plan of operation, there were many particular matters, such as fees, fines, commissions, special

charges, repurchase privileges, and others connected with lending policy and accounting practice which had to be settled. The variety of these at present in use throughout the country is very great. It arises partly from the fact that different practices have seemed more convenient under different plans, partly because founders did not always understand the real nature of their plan and sometimes began improperly, after which it was easier to continue the variations than to make a fresh start. The complexity of statutory requirements (or the lack of them) has been another cause; but the chief one is that there has heretofore been no general agreement as to what constitutes good practice. Many existing practices, when examined closely, are seen to be undesirable, either as reducing the degree of security of an association or because they work a hardship on members. Sometimes through ignorance, occasionally with definite intent to defraud, abuses have grown up. Among other things, fines have been mercilessly enforced, withdrawal values kept needlessly low, and heavy charges made for nominal services.

It has been possible for such abuses to flourish only because few people really understand the nature of a building and loan

association, and those who care to inquire are baffled by the chaos which they find. The means have now been provided for putting an end to this confusion. It has long been evident to students of the movement that a Nation-wide uniformity is desirable, and that in most parts of the country closer regulation is an absolute necessity. A hundred years of history made it clear that the only way to obtain uniformity and adequate control is through Federal legislation. That is why the latest step, and the only national step, in the development of building associations has been the establishment of Federals.

Federal savings and loan associations are founded upon principles which represent the best building and loan practice, tested by experience of more than a century. Their charters, together with the 20 recommendations of section 18 of the Rules and Regulations of the Federal Savings and Loan Insurance Corporation, are the result of a thorough sifting of the whole body of contemporary practices.

In its March issue the REVIEW will begin a series of short articles examining these principles of operation and giving concrete examples of the dangers which lie in ignoring them.

Residential Construction Activity in the United States

AFTER a decline in December, which was partly seasonal in nature, the value of residential construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a substantial upturn in the first 3 weeks of January. The record of the 3 weeks is the best of any year since 1932 (chart 1).

Compared with the same period of January 1934 the value of residential contracts awarded in 1935 showed an increase of \$5,-

480,000 or 48.8 percent (table 1). Moreover, the tendency in the third week of the year was upward, both as compared with the previous 2 weeks and the same week in 1934.

In spite of the rise in residential building, however, table 1 reveals a falling off of 48.2 percent in the value of total construction contracts awarded as compared with the same period in 1934. This is due in the main to the falling off in the volume of publicly financed projects.

TABLE 1.—Value of construction contracts awarded in 37 Eastern States for comparative periods in January 1935 and 1934, and December 1934. Unit: thousand dollars

[Source: F. W. Dodge Corporation]

Type of construction	Total for period January 1-22			Daily average			
	1935	1934	Percent- age change	January 16-22, 1935 (6 days)	January 1-15, 1935 (12 days)	December 1-31, 1934 (25 days)	January 16-22, 1934 (6 days)
Residential.....	16, 707	11, 227	+48. 8	1, 007	888	582	483
Nonresidential ¹	59, 176	135, 239	-56. 2	2, 392	3, 735	3, 127	6, 943
Total.....	75, 883	146, 466	-48. 2	3, 399	4, 623	3, 709	7, 426

¹ Includes contracts for commercial buildings, public works, and utilities.

CONSTRUCTION DURING 1934 IN RELATION TO RENTALS AND CONSTRUCTION COSTS

THE total value of residential construction in 1934 is shown by chart 1 to have been almost exactly equal to that in 1933. The value of all construction in 1934, however, was 23.1 percent higher than in 1933. Thus we find in chart 2 the value of residential construction representing a smaller percentage of the value of total construction in 1934 than in 1933.

The year 1934 saw a slow but unbroken rise in housing rentals (chart 3). The

rental index of the Bureau of Labor Statistics rose from 62.7 in January to 66.8 in December.

The index of construction costs developed by the Engineering News Record was 95.5 in December as compared with 97 in November. Wholesale prices of building materials registered little change during 1934, the index dropping from 85.5 on January 6, 1934, to 84.9 on December 29. The high point for the year was 87.8.

CHART 1.—VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 37 EASTERN STATES—YEARS 1932, 1933, 1934, AND 1935

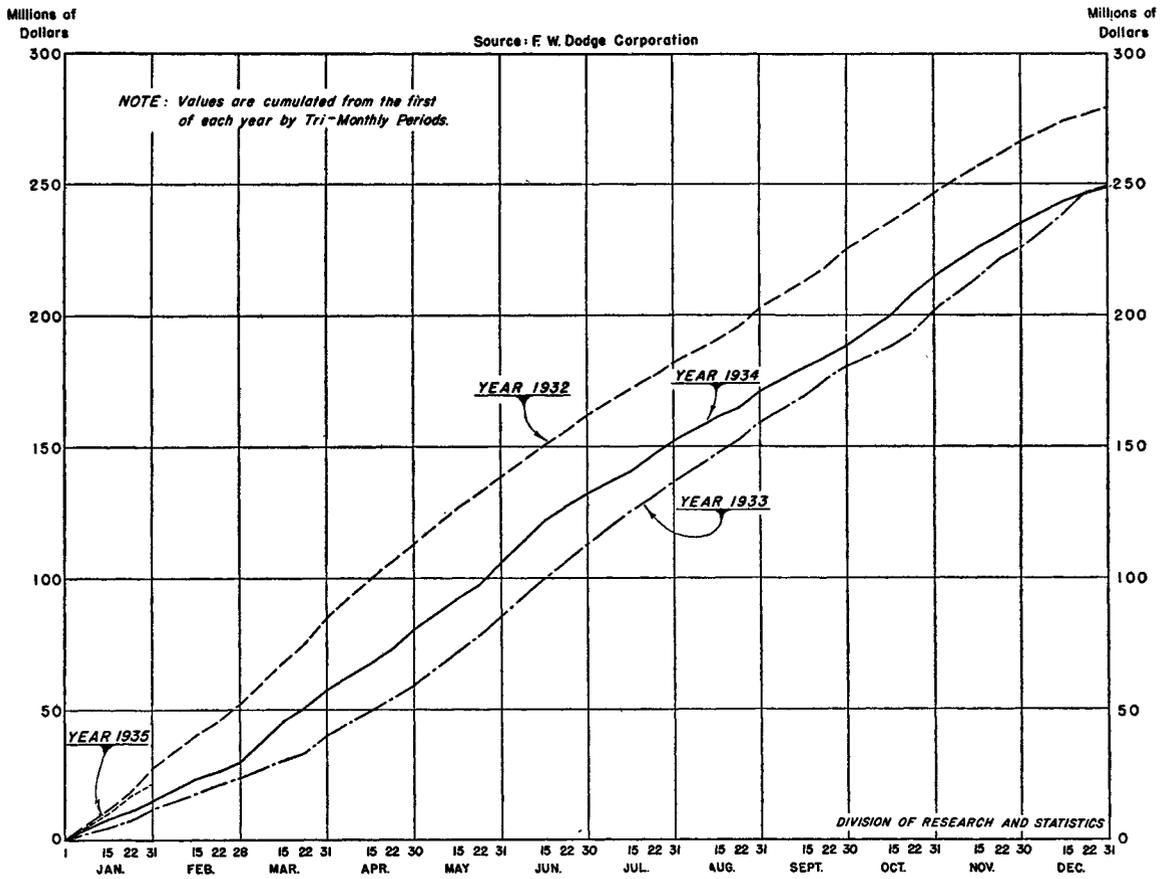


CHART 2.—VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 37 EASTERN STATES, 1925-1934. (DATA ALSO EXPRESSED AS A PERCENT OF TOTAL CONTRACTS AWARDED)

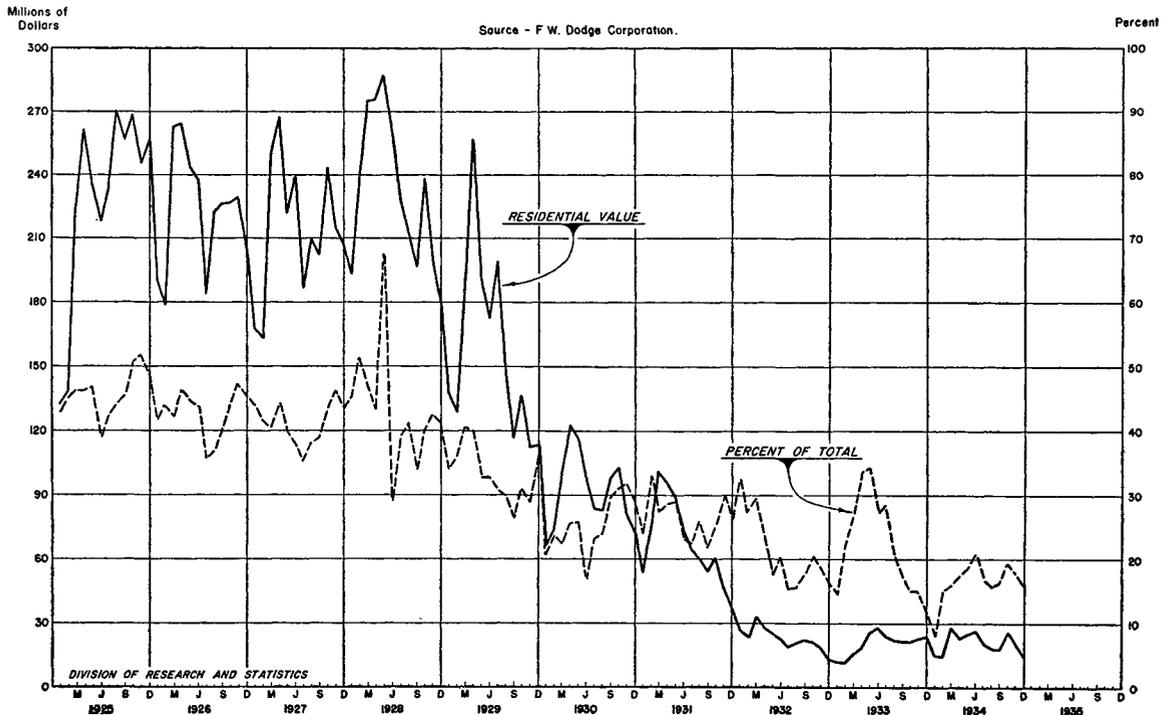


CHART 3.—INDEXES OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED, CONSTRUCTION COSTS, AND HOUSING RENTALS

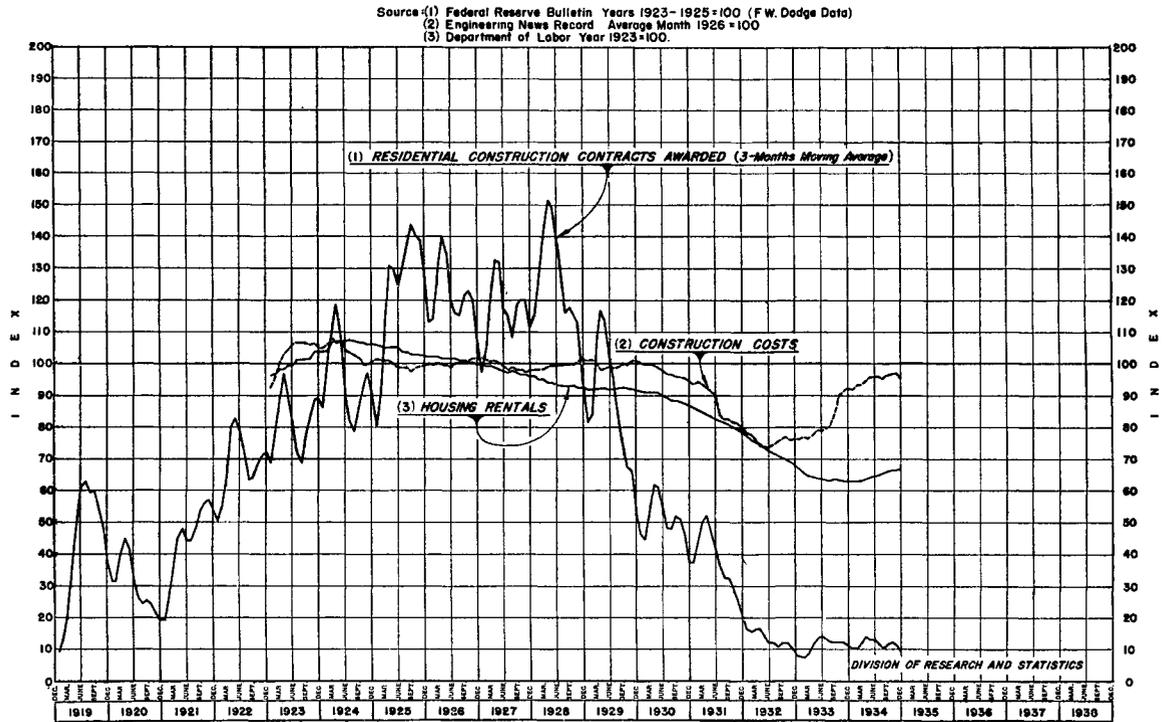


CHART 4.—INDEXES OF WHOLESALE PRICES

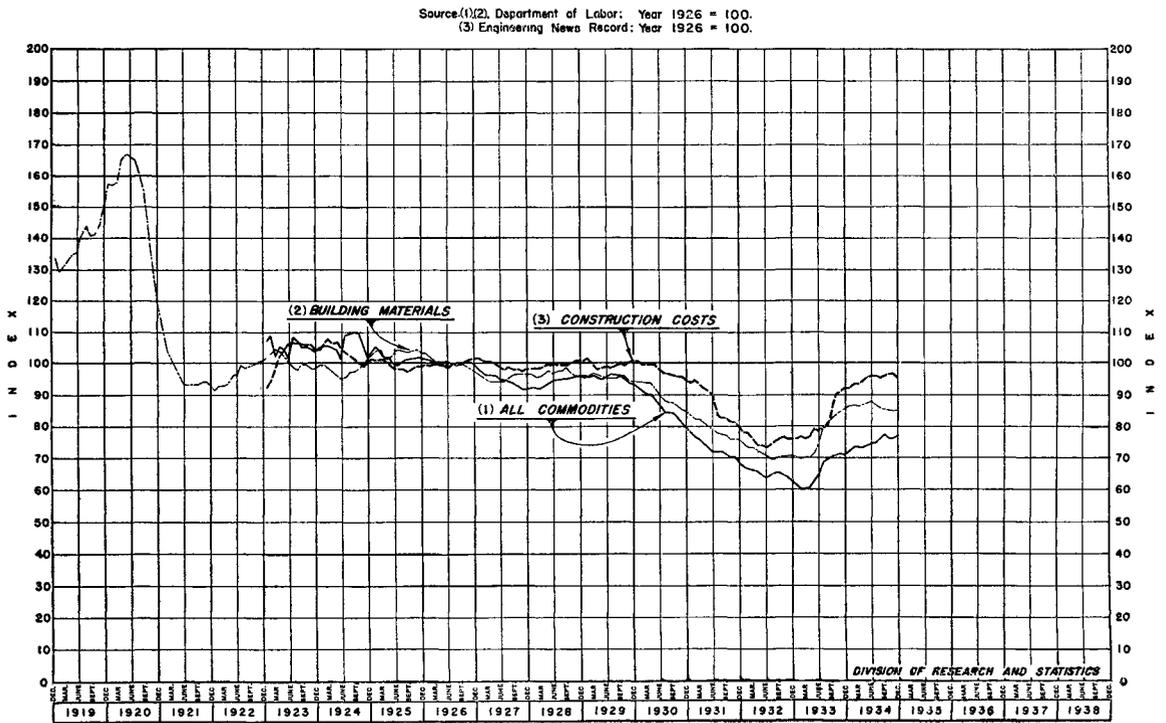


CHART 5.—INDEXES OF TOTAL CONSTRUCTION CONTRACTS AWARDED AND INDUSTRIAL PRODUCTION

Source: Federal Reserve Bulletin— Years 1923—1925 = 100

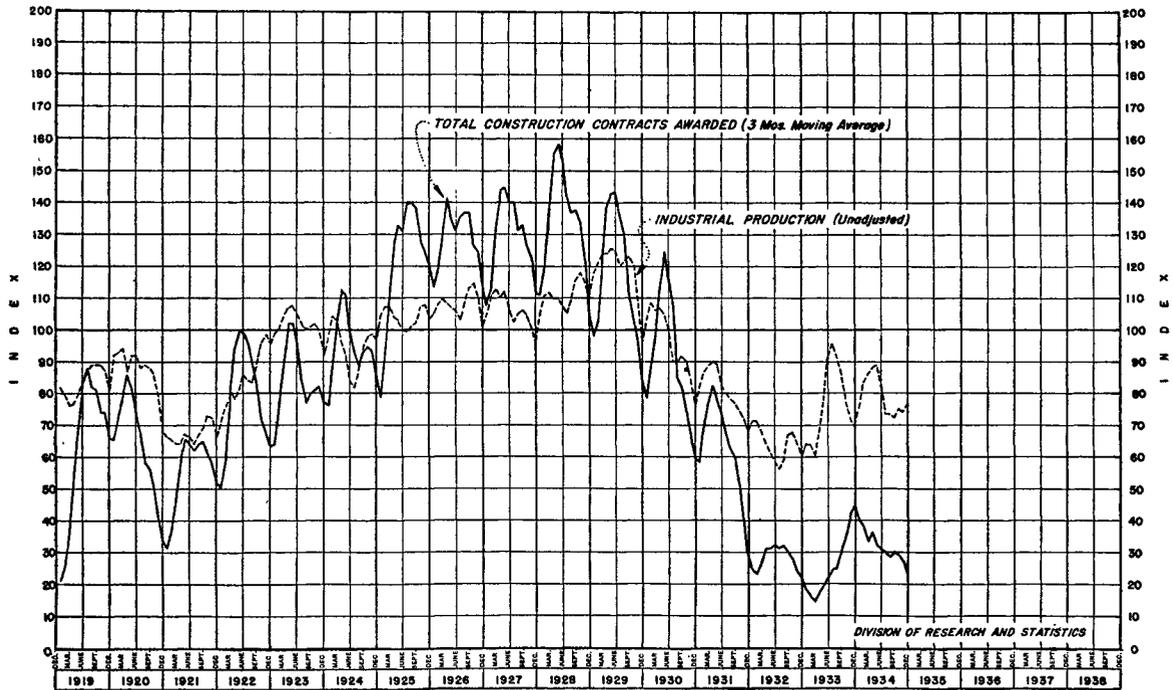


TABLE 2.—Number of buildings and value of residential construction contracts awarded in 10 Federal Home Loan Bank Districts

Bank District	Number of buildings					Value (thousands of dollars)				
	December 1934	November 1934	Percent change ¹	December 1933	Percent change ²	December 1934	November 1934	Percent change ¹	December 1933	Percent change ²
Total of 37 Eastern States ³	3, 643	5, 367	-32. 1	3, 469	+5. 0	14, 550. 5	19, 924. 7	-27. 0	23, 899. 6	-39. 1
1.....	355	406	-12. 6	286	+24. 1	2, 192. 4	2, 100. 0	+4. 4	1, 709. 6	+28. 2
2.....	779	1, 640	-52. 5	482	+61. 6	4, 074. 0	6, 179. 8	-34. 1	12, 045. 8	-66. 2
3.....	171	306	-44. 1	199	-14. 1	952. 8	1, 712. 5	-44. 4	758. 7	+25. 6
4.....	610	750	-18. 7	340	+79. 4	2, 937. 4	3, 166. 8	-7. 2	2, 748. 0	+6. 9
5.....	883	657	+34. 4	180	+390. 6	1, 006. 6	1, 349. 7	-25. 4	791. 4	+27. 2
6.....	151	252	-40. 1	1, 297	-88. 4	663. 1	720. 4	-8. 0	537. 2	+23. 4
7.....	131	211	-37. 9	74	+77. 0	655. 8	1, 093. 9	-40. 0	400. 6	+63. 7
8.....	147	317	-53. 6	115	+27. 8	619. 2	1, 516. 9	-59. 2	894. 2	-30. 8
9 ³	329	700	-53. 0	433	-24. 0	1, 130. 8	1, 574. 7	-28. 2	2, 670. 5	-57. 7
10 ³	87	128	-32. 0	63	+38. 1	318. 4	510. 0	-37. 6	1, 343. 6	-76. 3

¹ Percent change of December from November 1934.

² Percent change of December 1934 from December 1933.

³ Report is for 37 Eastern States, which excludes New Mexico in Federal Home Loan Bank District No. 9, Colorado in No. 10, and all States in Districts Nos. 11 and 12. For States included in districts see map on p. 3 of cover of this REVIEW.

Source: F. W. Dodge Corporation.

RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED
IN 10 FEDERAL HOME LOAN BANK DISTRICTS

TABLE 2 shows the number of buildings and value of residential construction contracts awarded in each of the 10 Federal Home Loan Bank Districts east of the Rocky Mountains during the month of December 1934. Comparisons are made with November 1934 and December 1933. It is to be noted that the trend of change both in number and value as between December 1934 and December 1933 varies greatly in different districts. The increase of 390 percent in the number of buildings for which contracts were awarded in District No. 5 in December 1934 as compared with

December 1933 is explained by the great increase in number of reconditioning permits in 1934.

RESIDENTIAL BUILDING PERMITS ISSUED IN ALL
FEDERAL HOME LOAN BANK DISTRICTS BY STATES

HOME-FINANCING institutions can see the trend of residential-construction activity in their Bank Districts and States by reference to table 3. This shows the estimated value of residential building permits issued in December 1934 as compared with November 1934 and December 1933. The table is based on reports from identical cities, containing 42.8 percent of the population of the United States. It must be borne in mind that the data do not signify State totals.

TABLE 3.—Estimated value of residential building permits issued in December 1934

[Based on reports in identical cities having 42.8 percent of the United States' population. Source: Bureau of Labor Statistics]

District and State	Percent of population represented	Population in area	Value of residential building permits issued				
			December 1934	November 1934	Percent change ¹	December 1933	Percent change ²
UNITED STATES	42.8	52,499,804	\$6,924,182	\$9,522,458	-27.3	\$7,076,139	-2.1
District No. 1	64.1	5,235,137	885,660	870,025	+1.8	778,650	+13.7
Connecticut	64.9	1,043,554	212,950	142,600	+49.3	221,850	-4.0
Maine	14.2	113,090	5,200	21,000	-75.2	.....	(³)
Massachusetts	78.2	3,324,210	522,010	542,825	-3.8	486,250	+7.4
New Hampshire	29.2	135,874	14,300	13,000	+10.0	25,000	-42.8
Rhode Island	82.8	568,915	131,200	131,600	- .3	45,550	+188.0
Vermont	13.8	49,494	.....	19,000	-100.0	.....	.....
District No. 2	72.2	12,011,199	2,001,547	2,969,380	-32.6	4,080,550	-50.9
New Jersey	60.5	2,445,498	339,547	323,050	+5.1	161,100	+110.8
New York	76.0	9,565,701	1,662,000	2,646,330	-37.2	3,919,450	-57.6
District No. 3	40.3	4,677,927	191,550	491,239	-61.0	106,455	+79.9
Delaware	44.7	106,597	49,000	50,250	-2.5	42,955	+14.1
Pennsylvania	44.3	4,271,284	132,400	389,675	-66.0	62,500	+111.8
West Virginia	17.4	300,046	10,150	51,314	-80.2	1,000	+915.0
District No. 4	25.4	4,181,228	978,405	1,234,988	-20.8	498,524	+96.3
Alabama	19.1	504,540	19,325	7,650	+152.6	10,900	+77.3
District of Columbia	100.0	486,869	525,300	643,850	-18.4	238,800	+120.0
Florida	33.0	485,019	179,345	198,957	-9.9	40,650	+341.2
Georgia	17.6	511,208	17,600	38,335	-54.1	11,550	+52.4
Maryland	55.9	911,444	82,200	89,400	-8.1	34,000	+141.8
North Carolina	15.7	496,236	56,025	87,100	-35.7	67,424	-16.9
South Carolina	13.5	235,002	62,860	71,325	-11.9	52,550	+19.6
Virginia	22.7	550,910	35,750	98,371	-63.7	42,650	-16.2

¹ Percent change December 1934 from November 1934.

² Percent change December 1934 from December 1933.

³ Increase from 0.

TABLE 3.—Estimated value of residential building permits issued in December 1934—Continued

District and State	Percent of population represented	Population in area	Value of residential building permits issued				
			December 1934	November 1934	Percent change	December 1933	Percent change
District No. 5.....	38.2	4,536,777	275,345	422,413	-34.8	182,567	+50.8
Kentucky.....	16.8	440,060	21,500	54,138	-60.3	13,500	+59.3
Ohio.....	55.4	3,683,165	244,925	340,750	-28.1	148,067	+65.4
Tennessee.....	15.8	413,552	8,920	27,525	-67.6	21,000	-57.5
District No. 6.....	50.3	4,065,391	341,700	376,550	-9.3	56,700	+502.6
Indiana.....	39.0	1,264,090	30,900	42,500	-27.3	17,600	+75.6
Michigan.....	57.9	2,801,301	310,800	334,050	-7.0	39,100	+694.9
District No. 7.....	56.5	5,972,403	225,600	439,240	-48.6	97,050	+132.5
Illinois.....	62.7	4,786,202	127,600	267,740	-52.3	78,650	+62.2
Wisconsin.....	40.4	1,186,201	98,000	171,500	-42.9	18,400	+432.6
District No. 8.....	29.0	2,913,708	256,215	458,498	-44.1	130,250	+96.7
Iowa.....	25.6	633,134	42,450	129,613	-67.2	47,200	-10.1
Minnesota.....	25.7	659,930	43,250	59,800	-27.7	34,700	+24.6
Missouri.....	41.1	1,492,650	157,500	236,150	-33.3	47,850	+229.2
North Dakota.....	8.3	56,821	1,700	1,000	+70.0	500	+240.0
South Dakota.....	10.3	71,173	11,315	31,985	-64.6	0	(³)
District No. 9.....	19.5	2,378,296	437,035	504,924	-13.4	213,132	+105.1
Arkansas.....	6.4	118,338	0	1,500	-100.0	0	0.0
Louisiana.....	27.3	573,077	23,950	35,050	-31.7	8,585	+179.0
Mississippi.....	7.0	141,176	8,150	12,800	-36.3	2,850	+186.0
New Mexico.....	6.3	26,570	4,000	1,250	+220.0	0	(³)
Texas.....	26.1	1,519,135	400,935	454,324	-11.8	201,697	+98.8
District No. 10.....	23.8	1,591,126	180,700	482,660	-62.6	95,750	+88.7
Colorado.....	39.2	406,109	48,900	92,000	-46.8	31,000	+57.7
Kansas.....	23.6	444,020	19,900	21,150	-5.9	5,750	+246.1
Nebraska.....	23.7	327,133	24,500	31,350	-21.9	8,500	+188.2
Oklahoma.....	17.3	413,864	87,400	338,160	-74.2	50,500	+73.1
District No. 11.....	33.0	1,395,079	82,225	110,222	-25.4	63,023	+30.5
Idaho.....	4.8	21,544	6,000	5,600	+7.1	800	+650.0
Montana.....	11.1	59,859	7,775	19,950	-61.0	5,000	+55.5
Oregon.....	40.3	384,431	27,450	11,250	+144.0	24,510	+12.0
Utah.....	38.5	195,305	3,200	27,313	-88.3	25,843	-87.6
Washington.....	46.9	733,940	37,800	46,109	-18.0	6,870	+450.2
Wyoming.....	0.0	0	.....	.....	.....	.....	.....
District No. 12.....	57.1	3,541,533	1,068,200	1,162,319	-8.1	773,488	+38.1
Arizona.....	18.5	80,624	1,000	7,905	-87.3	0	(³)
California.....	60.6	3,442,380	1,067,200	1,146,814	-6.9	773,488	+38.0
Nevada.....	20.3	18,529	0	7,600	-100.0	0	0.0

³ Increase from 0.

A Technic For Handling Reconditioning Loans

LOANS for home reconditioning have always constituted a substantial portion of building and loan business, averaging perhaps as much as 20 percent. During the relatively inactive months of November and December, 12 percent of the loans made by Federal savings and loan associations reporting was for reconditioning. It is manifest that building and loan associations have a practical interest in the security behind so large a percentage of the business on their books. They, no less than the home owner, are concerned to make sure that the money expended adds at least an equivalent value in durability, comfort, and desirability to the home. Efficient reconditioning protects the institution's investment and insures a satisfied borrower.

The Reconditioning Division of the Home Owners' Loan Corporation has recently evolved a technic for making reconditioning loans which is worthy of the attention of all home-financing institutions. The problem that faced the Division was similar to that which confronts private lenders. It had to see that reconditioning was wisely planned; that it was done efficiently and at the least expense; and not only that the interests of the Corporation and of the home owner were protected, but also that the competitive building interests in the community were treated fairly. Furthermore, the Reconditioning Division's plan to accomplish these ends had to be adaptable to every community in the country.

It has taken several months of practical experimentation to evolve a satisfactory technic, but this has at last been done. This is believed to be suited to the needs of

building and loan associations as well as to those of the Home Owners' Loan Corporation. Briefly, the technic involves two principles: (1) supervision of reconditioning by qualified builders or architects representing the lender and borrower; (2) use of master specifications (establishing a standard of materials and workmanship for all customary home-reconditioning jobs) which can be used, in conjunction with the standard reconditioning agreement, to make possible fair competitive bidding.

USE OF THE MASTER SPECIFICATIONS

THE fundamental contribution of the Reconditioning Division is the set of master specifications. Evolved gradually, with the advice of architects, contractors, manufacturers of materials, building trades associations, the United States Bureau of Standards, and the American Society for Testing Materials, the specifications constitute a handbook of approved materials and practices adaptable to all conditions and localities. They are so simple and concise that they are contained in a 32-page pamphlet.

To understand the importance of these master specifications, it is necessary to remember that contracts for home reconditioning are small, averaging in the neighborhood of \$200, and that, therefore, competent contractors usually cannot afford to submit competitive bids based on detailed specifications. The master specifications used with the standard reconditioning agreement eliminate the need for detailed analysis on the part of the contractor. All he needs to do is to bid on the work itemized by the technical representative of the lending agency. A reference to the paragraph in the master specifications, which

sets forth the standards to be met on that particular reconditioning job, commits the contractor to satisfy those standards if he gets the contract.

To illustrate the use of this technic a sample bid on the standard reconditioning agreement (form R-4A) is reproduced at the end of this article. It will be observed that lines 72-74 cover the specifications for painting exterior woodwork. They read:

Paint all exterior woodwork two coats. (Including garage and fence.)

MS 1307 (Note: Owner's selection—Triplex

(A) paint) ----- \$95

The paragraph of the master specifications referred to—No. 1307—gives the following details, to which the contractor commits himself:

1307. *Exterior wood surfaces* (including wood and steel windows).—All exterior wood surfaces shall be prepared in accordance with the requirements set forth in paragraph 1302 (of the master specifications) and all paint and varnish materials shall be applied to such surfaces in strict accordance with the written directions of the manufacturer.

a. *Windows, wood*.—The rabbeted edge of all sash shall be coated with linseed or sash oil before glazing. All new windows shall be painted in colors as directed on form R-4A. All old wood windows shall be thoroughly cleaned of all loose putty, and wire-brushed before the application of the first coat of paint. Apply linseed oil to the jambs and parting strips of all double-hung window frames. The contractor shall leave all windows after painting in such condition that they will operate smoothly without binding.

b. *Windows, steel*.—After thoroughly cleaning the surface of metal sash, they shall be prime coated with red lead or metal primer and followed with two coats of first-quality exterior paint.

This quotation illustrates both the extent to which the home owner's interests are protected and to which the contractors' task in bidding is simplified. With this system it is possible to get competitive bids from a number of reliable contractors even on a small job. Thus the lending institution is freed from an often undesirable commitment to a single contractor. The technic is equally satisfactory whether the contract be for \$100 or for \$2,000.

It will also be noted that all the paper work necessary in connection with a reconditioning job can be done on this single form, R-4A. On it appear the contractor's bid, the owner's acceptance, the contract provisions, the itemized specifications, and the owner's approval of the completed work. Its use would seem to offer many advantages to home-financing institutions.

The principle of supervision of reconditioning work by qualified architects or contractors representing the lender and the home owner may seem more difficult of adoption by building and loan associations. It is certain, however, that every community of any size contains competent architects or builders who would be glad to do such work on a fee basis, particularly with this simplified procedure for drawing up specifications developed by the Reconditioning Division. Of course, for many of the periodic routine jobs of reconditioning, such as repainting, no supervision is necessary. For such jobs the standard reconditioning agreement used with the master specifications usually will give the lender and home owner adequate protection. For any task involving remodeling, however, professional advice and supervision are essential.

The experience of the Home Owners' Loan Corporation with supervised reconditioning loans proves that borrowers are eager to obtain the advice of impartial experts in deciding what reconditioning their homes need. The slight cost of supervision is usually saved in the initial expenditure and always pays for itself in the long run. As to the cost of such advisory and inspection service, the experience of the Reconditioning Division is also encouraging. By January, the Division had brought its total cost down to 5.26 percent of all reconditioning contracts let. These costs include not only the expenses of the field offices and personnel who do the actual supervisory work, but also the costs of the Washington and regional headquarters offices.

HOME OWNERS' LOAN CORPORATION

Reconditioning Division

File No. *J. 17821*

HOLC Appln. No. *A 731*

HOLC Loan No. *A 1592*

RECONDITIONING AGREEMENT

Contractor's Bid

To	<i>Jno. Smith</i> Owner's Name	<i>1342 Adams St.</i> Street Address	<i>Gadsden, Ala.</i> City and State
----	-----------------------------------	---	--

The undersigned Contractor hereby offers to furnish the material and perform all the labor for the necessary maintenance or repairing, and the rehabilitating, modernizing, rebuilding, or enlargement of your home property, as per the ITEMIZED SPECIFICATION OF THE WORK hereinafter mentioned, and such other plans and specifications as may be attached hereto as Exhibit A, and hereby made a part hereof, for the sum of *Three Hundred Eighteen and 95/100* (\$318.95) dollars.

The undersigned understands that you have applied to the Home Owners' Loan Corporation for financing to pay the obligation to be incurred under this agreement, and the undersigned represents that, in order to induce said Corporation to approve the financing and to approve this agreement, he has become duly bound to the said Corporation as per the Contractor-Corporation Agreement, a copy of which is on file in the office of the Corporation.

The undersigned expressly agrees that the Contract Provisions hereinafter found, constitute an integral part of this offer, such Contract Provisions being part of the terms, conditions, and provisions hereof to the same extent as if immediately set forth here and following.

IN WITNESS WHEREOF the undersigned Contractor sets forth his or its hand and seal this *1* day of *March*, 1935.

J. P. Sanquist
(Signature of Contractor)

Owner's Acceptance

I/we approve and accept the above offer this *10* day of *March*, 1935

(S) *Jno. Smith*
(Signature of Owner)

(S) *Flora Smith*
(Signature of Owner's Wife)

CONTRACT PROVISIONS

ARTICLE 1. The word "Corporation" wherever found herein means the Home Owners' Loan Corporation.

ARTICLE 2. Work is to commence within 10 days after notice in writing by the Corporation of its approval, and of the Owner's written acceptance of this Reconditioning Agreement, such work to be completed within 45 days after date of such notice. It is understood that no work is to commence until such notice has been given.

ARTICLE 3. No payment shall be due under this contract until the work called for has been completed and this contract fully performed in a substantial and workman-like manner, and until the same has met the approval of the Corporation, and until there has been deposited with the Corporation satisfactory releases of liens and claims for liens of contractors, subcontractors, laborers, both skilled and unskilled, material men, and all other persons in any way rendering, supplying, delivering, or furnishing any labor or materials whatsoever to the Contractor on account of this contract, or for the premises in question.

ARTICLE 4. The Contractor, in the event of partial performance of this agreement on his part, hereby expressly waives, without prejudice to any other remedy the Owner may have, all right to compensation hereunder to such amount as may be required to enable the Owner to finish the work hereby contracted for in a manner meeting the approval of the Corporation.

ARTICLE 5. All work shall be done in strict accordance with all local building regulations and ordinances.

ARTICLE 6. The Contractor agrees to obtain the full release of all liens and claims for liens whatsoever, in connection with the subject matter of this agreement, such releases to be in form approved by the Corporation before any payment is to be made hereunder.

ARTICLE 7. The Contractor agrees that all materials used, and those furnishing same, shall be from those conforming to, and all labor employed shall be in conformity with, all provisions of the applicable approved codes of fair competition for the trade or industry or subdivision thereof concerned, or, if there be no approved code of fair competition for the trade or industry or subdivision thereof concerned, then such other governing regulation of the N. R. A.; provided, however, that where supplies are not mined, produced, or manufactured in the United States, the special or general code of fair practice will apply to that portion of the contract executed within the United States.

ARTICLE 8. The Contractor agrees to obtain and pay for permits, surveys, and licenses required under this contract.

ARTICLE 9. All time limits stated in this contract are of the essence of the contract.

ARTICLE 10. The construction of this contract shall be governed by the law of the State in which the property is located.

ARTICLE 11. The Contractor agrees that (a) wherever any drawings and specifications which are a part of this agreement have been prepared by a Fee Architect, the interpretation of the Fee Architect as to their intent shall be final, excepting, however, that the work shall at all times be subject to the approval of the Corporation; and (b) wherever such drawings and specifications have not been prepared by a Fee Architect, but have been prepared by the Reconditioning Division of the Corporation, the interpretation of the Reconditioning Division Supervisor as to their intent shall be final, provided, however, that this Article 11 shall not deprive the Contractor of his right to arbitration as hereafter set forth in Article 27.

ARTICLE 12. Unless otherwise provided in accordance with this Reconditioning Agreement, the Contractor shall provide and pay for all materials, labor, water, tools, equipment, light, power, transportation, and other facilities necessary for the execution and completion of the work, and agrees to clean up the premises upon completion of the work.

ARTICLE 13. The Contractor agrees to protect the Owner's and adjacent property from injury and save the Home Owner harmless on account of any loss or damage arising in connection with this contract, shall be responsible to the Owner for any damage to buildings on the property or their contents resulting from the performance of this contract and agrees to protect trees, shrubbery, and lawns from damage.

ARTICLE 14. The Contractor agrees to permit the Owner and his representatives access, at all times, to the work for the purpose of inspection or reexamination and to provide proper facilities for such inspection and reexamination.

ARTICLE 15. If the Contractor be delayed by strikes, walkouts, fire, or other unavoidable causes beyond the Contractor's control, then the date of completion shall be extended for a reasonable period.

ARTICLE 16. The Contractor agrees to remove properly from the premises, without expense to the Owner, all materials condemned by the Corporation or the architect as failing to conform to the contract.

ARTICLE 17. The Contractor agrees to remedy any defect in the workmanship or materials used; in the event of the Contractor's failure to do so, the Owner is hereby authorized, provided he shall have the written approval of the Corporation, to take the approved steps to remedy such defects, and to pay for the same from the funds contemplated to be received from the Corporation, without prejudice to any other remedy the Owner and the Corporation may have.

ARTICLE 18. Provided he has the written approval of the Corporation, the Owner may terminate this contract in the event the Contractor should be adjudged a bankrupt, or if the Contractor should make a general assignment for the benefit of creditors, or if a receivership should be appointed on account of insolvency, or if the Contractor should fail or neglect

to perform hereunder; upon the happening of any of the foregoing events, if the cost to complete shall exceed the amount of this contract, the Contractor hereby agrees to pay the Owner the amount of such excess. The Contractor agrees that the unit price hereinafter indicated for the respective items hereinafter listed of the work to be performed and of the material used for each of such items shall be conclusive of the highest price to be due the Contractor for each of such particular unit items.

ARTICLE 19. The Contractor agrees that no use or occupancy, whether entire or partial, of the premises by the Owner shall be deemed to be an acceptance of any work performed hereunder, it being understood that unless otherwise provided the Owner may occupy the premises during the period of this agreement.

ARTICLE 20. The Contractor shall maintain such insurance as will protect the Contractor and the Owner from claims arising under workmen's compensation acts, or other public liability acts, or claims arising by damages for personal injury, including death, which may arise under this agreement; and the Contractor shall file proper evidence of such insurance with, and as may meet the approval of, the Corporation.

ARTICLE 21. The Owner shall maintain such additional fire insurance upon the property and all materials intended for use thereon, in such amount and form as meet the approval of the Corporation, the Owner shall file proper evidence thereof with the Corporation, and agrees that any proceeds received on account of any loss sustained shall be for the mutual benefit and protection of all parties concerned as their interests may equitably appear.

ARTICLE 22. If, prior to the acceptance hereof by the Home Owner the Contractor is requested by such Home Owner or the Corporation to do so, the Contractor agrees to furnish, in a form meeting the approval of the Home Owner and the Corporation, a completion or other bond providing for the payment of all wages and materials in connection with this agreement.

ARTICLE 23. In the event the Contractor causes damage to any other person or property on account of disagreement or otherwise hereunder, the Contractor agrees to settle therefor, and to save the Owner harmless on account of such damage alleged to have been so sustained; and the Contractor further agrees to notify the Owner of all such claims, to defend him, and to pay all costs of any legal or equitable proceedings commenced against the Owner on account thereof.

ARTICLE 24. The Contractor agrees that, before the commencement of work, he will submit in writing to the Corporation and the Home Owner, the names and addresses of all subcontractors and material men, and the amount which may be due them in connection with any work to be performed by them hereunder; and that he will keep the Corporation and the Owner informed of any changes in the status of said subcontractors and material men.

ARTICLE 25. The Contractor agrees to give such required statutory or other notice of completion, as meets the approval of the Corporation, and, whenever necessary, hereby authorizes the Corporation to hold a portion of the money after completion for the period of time and for the purposes required by, and in compliance with, such statutes or other governing law.

ARTICLE 26. The Contractor specifically agrees not to perform any extras, unless the same shall first have been approved in writing by the Owner and by the Corporation.

ARTICLE 27. All questions in dispute in connection with the Contract shall be referred to arbitration at the request of either the Owner or the Contractor. The arbitrators may assess the costs of arbitration between the Owner and the Contractor.

No one shall be nominated or act as an arbitrator who is in any way financially interested in this contract or in the business affairs of either the Owner, the Contractor, or the Fee Architect (if a Fee Architect has been employed). No employee of the Corporation shall act as an arbitrator.

The parties may agree upon one arbitrator; otherwise, there shall be three, one named in writing by each party to this contract, and the third chosen by these two arbitrators, if the two arbitrators cannot agree, then, the presiding officer of the local or nearest Bar Association within the same State shall appoint such third arbitrator. Should either party fail to name an arbitrator within 10 days, the presiding officer of the local or nearest Bar Association shall appoint such arbitrator.

If there be one arbitrator, his decision shall be binding, provided the same meets the approval of the Corporation; if three, the decision of any two shall be binding, provided the same meets the approval of the Corporation. The award of the arbitrators shall be in writing, and it shall not be open to objection on account of the form of the proceedings or the award.

Wherever a statutory method of arbitration exists, it is agreed that such method shall be followed in lieu of the above provisions of this Article 27, and in such case the parties agree to proceed with arbitration in conformity with such statute.

ARTICLE 28. Both parties hereto mutually agree, in the event any of the articles or provisions of this contract are invalid, that such invalidity shall be limited in effect to the particular article or provision so deemed to be invalid, and shall not otherwise affect the validity of the remaining portions of this contract.

ITEMIZED SPECIFICATION OF THE WORK

NOTE.—If clear and complete specifications of work cannot be included here, attach additional sheets containing proper specifications. All references are to MS 3-1-35.

	Unit	Unit price	Extension
1 Wrecking and clearing:			
2 <i>None</i>			
3			
4			
5			
6 Excavating and grading:			
7 <i>None</i>			
8			
9			
10			
11 Foundation (MS 301):			
12 <i>Repair and replace foundation under front porch. Mix 1:3:5.</i>	1 cu. yd.	\$12. 00	\$12. 00
13 <i>2'-6" x 32'-0" x 8"</i>			
14 <i>Labor in place</i>			
15			
16 Basement floor:			
17 <i>None</i>			
18			
19			
20			
21 Cement walks (MS 410):			
22 <i>Install new front walk, 1 area 4'-0" x 25'-0" x 4". Mix 1:2:4.</i>	100	. 15	15. 00
23			
24			
25			
26 Walls:			
27 <i>None</i>			
28			
29			
30			
31 Chimney:			
32 <i>None</i>			
33			
34			
35			
36 Interior tile and marble:			
37 <i>None</i>			
38			
39			
40			
41 Lathing and plastering:			
42 <i>Patch plaster in living room (MS 1108).</i>	25 sq. yds	. 75	18. 75
43			
44			
45			
46 Stucco:			
47 <i>None</i>			
48			
49			
50			
51 Other masonry:			
52 <i>Repair retaining wall at street (MS 408-412a).</i>	30 sq. ft.	. 75	22. 50
53 <i>2'-0" x 15'-0" x 13"</i>			
54			
55			
56 Lumber and rough carpentry:			
57 <i>None</i>			
58			
59			
60			
61 Millwork and finished carpentry:			

	Unit	Unit Price	Extension
62 New doors on kitchen cab. 15' x 28' x 7/8' 4 lts.....	6	\$1.50	\$9.00
63			
64			
65			
66 Painting (interior) (MS 1302):			
67 Paint all interior trim 2 coats (MS 1315 b).....	6 rms.	10.00	
68	1 hall	5.00	65.00
69			
70 Resurface living-room floor (MS 932 a-1316).....	320 sq. ft.	.05	16.00
71 Painting (Exterior):			
72 Paint all exterior woodwork two coats. (Including garage and fence) (MS 1307).....			
73 Paint sheet metal 2 coats (MS 1306 a).....	38 sqs.	2.50	95.00
74	3½ sqs.	3.00	10.00
75 Roofing:			
76 Repair wood shingle roof, replacing approximately 150 split shingles.....			15.00
77			
78			
79			
80			
81 Sheet metal and miscellaneous steel:			
82			
83			
84			
85			
86 Plumbing and gas fitting (MS 1638):			
87			
88 Install new Ajax faucets (C 43) in bathroom and kitchen.....	6	2.00	12.00
89			
90			
91 Heating:			
92 None.....			
93			
94			
95			
96 Insulation:			
97 None.....			
98			
99			
100			
101 Electric wiring and fixtures:			
102			
103 Install base receptacles in 2 bedrooms and living room (knob and tube), (MS 1701 to 1703).....	8	2.50	20.00
104			
105			
106 Glass and glazing (MS 1401-1403):			
107 Install new glass 10" x 14".....	14	.30	4.20
108 Install new glass 30" x 30".....	2	2.25	4.50
109			
110			
111 Hardware (rough and finished):			
112 None.....			
113			
114			
115			
116 Miscellaneous:			
117 None.....			
118			
119			
120			
121			
122			
123			
124			
125 Public liability insurance: Premium.....			
126 Name of insurer: None.....			
127 Address of insurer.....			
128 Workmen's compensation insurance: Premium.....			

	Unit	Unit Price	Extension
129 Name of insurer: <i>None</i>			
130 Address of insurer			
131 Bond: Premium			
132 Name of surety			
133 Address of surety			
134 Permits: (such as building, water, street opening, sidewalks, etc.)			
135			
136			
137			
138 Total contract price			\$318.95

OWNER'S APPROVAL OF WORK

This is to acknowledge performance of the within agreement to my satisfaction and approval.

(S) *Jno. Smith*
(Signature of homeowner)

(S) *Flora Smith*
(Signature of homeowner's wife)

Date *5/1/35*

State Legislation Affecting Operations of the Federal Home Loan Bank System

WHEN the Federal Home Loan Bank Act went into effect in July 1932 the laws of most States prevented complete use of the system by those institutions it was designed to benefit, namely, building and loan associations, savings banks, and insurance companies. This was quite natural. The responsibility imposed on each State to protect the savings of the public invested within its jurisdiction left it no choice but to define rather specifically and restrict carefully the activities of thrift institutions. When the Federal Government began for the first time to set up agencies to aid home financing and home-financing institutions the Federal agencies were inevitably handicapped by these same State laws. In other words, the legal restrictions that had been designed to prevent thrift institutions from unwise investment and borrowing stood in the way, also, of their proper use of the facilities provided by the Federal Government.

Each of the four agencies under the Federal Home Loan Bank Board—the Bank System, the Home Owners' Loan Corporation, the Federal Savings and Loan Division, and the Federal Savings and Loan Insurance Corporation—has found some modifications of State laws necessary to its fullest usefulness. When the Home Owners' Loan Corporation began operations, it was handicapped by uncertainty on the part of financing institutions in many States as to whether they could legally hold the Corporation's bonds. The Federal Government was able to remove these doubts at one stroke, however, by guaranteeing the bonds as to both principal and interest,

thus making them legal investments for all institutions.

The status of State laws as they affect the operations of the Federal Savings and Loan Division and of the Federal Savings and Loan Insurance Corporation will be discussed in the March issue of the REVIEW. We are here concerned with the history of State legislation affecting the Federal Home Loan Bank System.

LAWS HINDERING MEMBERSHIP AND BORROWING

PRIOR to the creation of the Federal Home Loan Banks, a few State legislatures had anticipated the event and decreed that building and loan associations should have power to contract for membership in any organization which Congress might establish for their aid and assistance. However, the laws of most States made it impossible or difficult for eligible institutions either to join the system or to borrow from it. Thus, the States quite generally and wisely prohibited building and loan associations from investing in corporate stocks. Since, however, one requisite for membership in the System is a stock subscription in a regional Federal Home Loan Bank equal to 1 percent of the total home mortgage loans held by an association, such laws effectively prevented permanent membership. It is true that the Federal act made provision to permit associations to become temporary members for a year or until the next meeting of the State legislature. But even where no specific obstacle to membership existed, the absence of a definite authorization inspired some

reluctance on the part of associations toward taking such a step.

Furthermore, the usefulness of membership was often seriously impaired by the restrictions imposed by various States upon the power to borrow money. It was frequently provided that associations could not obtain a loan for a period longer than 1 year. Other limitations were imposed upon the percent of total assets that could be borrowed. In many States, laws prohibiting the associations from pledging as collateral the notes and mortgages held by them raised an impassable barrier to obtaining long-term loans from the Federal Home Loan Banks.

In the face of these obstacles to full use of the facilities of the Federal Home Loan Bank System by eligible institutions, State legislatures have displayed a fine spirit of cooperation in removing impediments and enacting enabling legislation. In all, 40 States and the District of Columbia, in which amendments or new laws were necessary, have enacted them, and as a result building and loan associations in most States are now definitely authorized to subscribe for stock and so acquire membership in the System. The same privileges have not everywhere been extended to savings banks and insurance companies, but in view of the scarcity or absence of such institutions in many States this lack of permissive legislation works little, if any, hardship.

In addition to clearing the path to membership, the States have removed many restrictions to borrowing, with the result that building and loan associations in most States may now borrow from a Federal Home Loan Bank and pledge collateral.

AMENDMENTS STILL NECESSARY TO FACILITATE USE OF SYSTEM

IN SPITE of the manifest desire of the State legislatures to enable eligible institutions to benefit by the Federal facilities offered, the means taken have in some instances hampered the fullest use of the Bank

System. Conditions that work a hardship on associations have occasionally been imposed. In one State, for example, associations must have the approval of the banking supervisor to become members of the System; in another, the approval of both the banking commissioner and the building and loan board. Some States have limited the percentage of an association's capital and surplus that may be invested in the stock of a Federal Home Loan Bank. Various provisions exist to limit the freedom of an association in borrowing from the Bank System. For example, some States require the commissioner's approval before any loans may be obtained; others require his consent if it is desired to borrow a sum greater than 10 percent of the total assets or if the loan extends beyond a specified time. In one instance the loans are limited to a certain percentage of the dues actually paid in to the association.

Still a third type of condition imposed by various States restricts the purposes for which associations may borrow from the Bank System. There is considerable variety in these restrictions and occasionally the laws of one State prohibit that which is required in another. Thus, in some States, borrowed money may be used only to pay withdrawals, whereas in others it is expressly stipulated that borrowed funds shall not be used to pay withdrawals. Several State acts decree that borrowed money must be applied solely to pay off depositors. Elsewhere, it is specified that such funds may be used for loans to recondition, refinance, build, or purchase homes. A most embarrassing restriction is that which requires the mortgagor's consent to be obtained before his note or mortgage may be assigned as security.

The imposition of these restrictions is quite understandable. In the first place, they reflect, on the part of the State legislatures, a strong sense of responsibility for the proper operation of thrift institutions, which subconsciously renders the legislatures cautious in removing old restrictions,

however justifiable the object. Federal aid in the field of home financing is a new departure and it takes time to develop the most satisfactory mechanism for making the most of that aid. In the second place, as restrictions to be effective must be detailed, so the elimination of these restrictions tends to be detailed.

METHODS OF REMOVING HINDRANCES

NEVERTHELESS, it is quite obvious that many of the restrictions which still exist are likely to constitute a particular hardship on borrowing associations. This is especially true of the broad supervisory powers delegated to some banking commissioners. In one of the States in which associations desiring to borrow from the Federal Home Loan Banks must get the approval of the commissioner, the law requires that if the loan desired is to run for longer than a year or is in an amount exceeding 10 percent of its assets, the association must file certified copies of the formal action of the directors in authorizing such a loan, together with the latest balance sheet, and any other information which the State Auditor may require. The delay which will attend such a proceeding is evident.

If banking commissioners fear that borrowing without their approval may result in an unsound situation, the device embodied in the Washington State amendment may be adopted. This State has provided that when an association borrows, it shall forthwith furnish the supervisor with copies of all written instruments evidencing the indebtedness. The supervisor thus has information sufficient to enable him to detect and stop an unsound borrowing policy before it results in serious consequences; at the same time, the delay incident to obtaining prior approval is avoided. The Washington law further provides that, in connection with borrowing from a Federal Home Loan Bank, an association may comply with any requirement of law or of rules and regulations.

Where State authorities desire to secure a continued control of borrowing, New Hampshire's solution may be found satisfactory. In that State an association may borrow, for specified purposes, a sum "not exceeding such percent of its capital paid in as dues as may be approved by the commissioner." Associations operating under such a provision would, from time to time, obtain approval for borrowings up to a certain percent (which might well be the figure provided in the Federal Home Loan Bank Act). Borrowing could then proceed below such a limit without delay or restriction.

In some instances where membership in a Federal Home Loan Bank has been authorized no mention was made of borrowing. Other acts which gave authorization to borrow did not remove the restrictions previously existing. In these instances there is need for additional amendments in order that restrictions upon borrowing shall not be more stringent than those provided in the Federal Home Loan Bank Act and in the regulations issued by the Board. California has a good example of the type of provision required. The law in that State had provided that, except with the approval of the commissioner, no association might borrow money for more than 1 year, nor beyond 5 percent of its total assets, nor give security in excess of 200 percent. This law was amended to read:

None of the restrictions and limitations of this act shall apply to such borrowings (i. e., from a Federal Home Loan Bank, or other Federal agency) or to the securing thereof.

In this connection Montana has a short provision which is quite satisfactory. It enables associations to:

Borrow money from the Federal Home Loan Bank upon such terms as may now or hereafter be required by the Federal Home Loan Bank, and to execute the promissory note of the corporation therefor, and to pledge or hypothecate any of the assets of the corporation to secure the repayment of said loan, with interest, in accordance with the Federal Home Loan Bank Act, and

the rules and regulations adopted or to be adopted thereunder.

DESIRABILITY OF GENERAL AUTHORIZATIONS

IN CONSIDERING ways and means to iron out the legislative hindrances that prevent eligible institutions from getting the fullest possible benefit from the Federal Home Loan Banks, it is necessary to realize the special character of the System. It is not in business for profit. Its primary concern is to strengthen the Nation's thrift, home-financing institutions and through them to aid the home owner. Therefore, it has the greatest interest in eliminating among home-financing institutions the unsound practices which the restrictive provisions in State laws were designed to prevent.

When the Federal Home Loan Bank System and its purposes are understood in this light, it becomes doubtful whether the practice of dealing with particular points of law as they arise is best fitted to perfect the relations between State-chartered institutions and the Federal Home Loan Banks. In view of the infrequency with which many State legislatures meet, and the variety of solutions which have been offered for problems which are essentially the same in all the States, it seems probable that, in the place of a number of specialized enabling provisions, some general authorization is desirable. Such an authorization would empower associations to do all things which may be required by the Federal Home Loan Bank Act and any amendments which may be made to it, and to assume all duties, obligations, and responsibilities arising from it. The broadest authorization of this kind which so far has been given occurs in the Tennessee act:

Associations may do and perform such acts and things as may be necessary at any time to take advantage of any and all memberships, loans, subscriptions, contracts, grants, rights or privileges whatsoever, which may, at any time, be available or inure to building and loan associations, by virtue of any act or resolution of the Congress of the United States of America, and to that end associations are empowered and

fully and completely and unconditionally authorized on consent and authority of their boards of directors, to subscribe to, acquire and own, on any terms and conditions, any stock or debentures or bonds or other types of securities or property of any such bank, agency, corporation, or Government unit, and generally to incur any and all obligations whatsoever to the same extent and with the same validity and effect as any natural person might do.

A model law which has been carefully prepared to avoid ambiguity and also to insure that general restrictions on the activities of thrift, home-financing institutions otherwise desirable are continued in force has been adopted by several States. The law is given herewith:

BE IT ENACTED, etc. (Insert proper enacting clause to comply with the requirements of the State in question.)

SECTION 1. Any building and loan association, savings and loan association or other mutual savings or home-financing corporation, organized under the laws of this State, shall have the power to subscribe to and hold the capital stock of and become a member of any Federal Home Loan Bank now or hereafter organized and existing under and by virtue of the Federal Home Loan Bank Act as amended.

SEC. 2. Any such corporation which is or which may become a member of a Federal Home Loan Bank is, by this act, vested with all of the powers conferred upon members of the Federal Home Loan Banks by the terms of the Federal Home Loan Bank Act as amended, as fully and completely as if such powers were specifically enumerated and described herein; and all such powers shall be exercised subject to all the restrictions and limits imposed by the said Federal Home Loan Bank Act as amended and by the regulations of the Federal Home Loan Bank Board created by said act.

SEC. 3. If any provision of this act, or the application thereof to any person, corporation, or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons, corporations, or circumstances, shall not be affected thereby.

SEC. 4. All laws or parts of laws in conflict with the provisions of this act are hereby repealed.

SEC. 5. An emergency existing therefor, which emergency is hereby declared to exist, this act shall take effect upon its passage and approval.

(Some State requirements are satisfied by the mere statement that "this act shall take effect immediately upon its passage.")

Experience of a Federal Savings and Loan Association in New England

EARLY in 1934 the officers of a long-established, State-chartered building and loan association in New England set up a companion Federal savings and loan association, quite distinct from the existing institution. The step was intended as an experiment to determine what reception the New England public would give to a Federally chartered, thrift, home-financing institution.

The Federal association was chartered on February 13, 1934, and opened for business on March 13. The monthly record of growth of the association during 1934 is given in table 1. Assets increased from \$8,230 on March 31 to \$167,612 on December 31. Of this total \$71,800 was paid in by private shareholders, \$75,000 by the United States Treasury, and \$19,928 was borrowed

from the Federal Home Loan Bank of Boston. It is to be noted that this Federal association had obtained \$60,000 entirely from private investors before it called for a dollar from the Treasury.

Mortgage loans more than kept pace with investments. The outstanding balance on loans increased from \$5,074 on March 31 to \$159,949 on December 31. This heavy demand for loans was responsible, of course, for the call for a \$25,000 subscription from the Treasury in October. It will be noted that the association had begun using its line of credit with the Boston Federal Home Loan Bank as early as June, and by October had borrowed from the Bank approximately 20 percent of its assets in order to meet the legitimate demand for long-term home loans in its community.

TABLE 1.—Monthly record of growth of a Federal savings and loan association in New England

1934	Assets	Private share subscriptions	Borrowed money	Treasury subscriptions	Mortgage loans outstanding
Mar. 31.....	\$8, 230	\$8, 205			\$5, 074
Apr. 30.....	13, 929	13, 828			12, 445
May 31.....	17, 315	17, 147			15, 883
June 30.....	36, 435	35, 809	\$200		35, 433
July 31.....	51, 137	46, 628	4, 200		44, 683
Aug. 31.....	54, 903	50, 239	4, 000		53, 663
Sept. 30.....	81, 078	60, 553	19, 400		78, 925
Oct. 31.....	118, 372	68, 358	23, 408	\$25, 000	99, 437
Nov. 30.....	148, 062	70, 872		75, 000	126, 515
Dec. 31.....	167, 612	71, 800	19, 928	75, 000	159, 949

The purposes for which the funds have been loaned are of interest. In all, 83 loans had been made up to December 31, divided as follows:

For construction.....	\$31,084.35	—16 loans
For reconditioning.....	10,400.00	} —38 loans
For refinancing.....	75,750.00	
For home purchase.....	32,350.00	—16 loans
For other purposes.....	14,550.00	—13 loans
Total.....	164,134.35	—83 loans

The financial statement of the Federal association in question is given in table 2.

TABLE 2.—Financial Statement of
Federal Savings and Loan Association Dec. 31,
1934

ASSETS	
Mortgage loans outstanding..... ¹	\$159,949.80
Share loans.....	50.00
Stock in Federal Home Loan Bank of Boston.....	2,000.00
Organization expense.....	138.45
Cash on hand and in banks.....	5,473.86
Total.....	167,612.11
LIABILITIES	
Unpledged shares:	
Installment thrift... \$1,959.94	
Optional savings... 13,619.82	
Prepaid..... 820.27	
Full-paid income... 55,400.00	
	71,800.03
Pledged shares—share loans.....	250.56
Shares subscribed by Secretary of the Treasury—full-paid income..	75,000.00
Undivided profits.....	263.75
Reserves:	
Bonus..... 13.70	
Federal insurance.. 50.00	
Contingencies..... 109.72	
Uncollected interest.. 31.35	
	204.77
Advance—Federal Home Loan Bank of Boston.....	19,928.00
Accounts payable.....	165.00
Total.....	167,612.11

¹This total is smaller than total of mortgage loans made due to partial amortization of principal.

It is perhaps of special interest to other Federal savings and loan associations to see the distribution of share subscriptions as between the 4 types which Federals are permitted to issue. By far the largest proportion—\$55,400—of private subscriptions is in full-paid income shares. Optional saving shares are second with \$13,619, instalment thrift shares, third with \$1,959, and prepaid shares, fourth with \$820.

The shares of the association were not insured by the Federal Savings and Loan Insurance Corporation until November 6, 1933. It is thus evident that Federalization itself was sufficient to inspire public confidence and investment in the new institution. Further proof of the favor with which the public looks upon Federally chartered institutions is given by the response to a questionnaire sent out by the State-chartered institution whose officers organized the Federal association. This State institution had \$20,000 of shares maturing in October. Shortly before October 1 it wrote to each of its maturing shareholders asking three questions:

1. Do you desire cash when your shares mature?
2. Do you want your money reinvested in paid-up certificates of the State-chartered association at 4½ percent?
3. Do you want your money invested in the Federal Savings and Loan Association?

Replies were received from maturing shareholders representing \$13,600 of the aforesaid \$20,000. These replies requested that—

1. \$4,300 be paid in cash.
2. \$2,000 be reinvested in paid-up certificates of the State association.
3. \$7,300 be invested in the Federal Savings and Loan Association?

The Federal association in question paid dividends at the rate of 4 percent per annum on June 30, 1934, and December 31, 1934. The association operates on the direct-reduction plan with an interest rate of 5 percent plus a premium of 1 percent.

Growth and Lending Operations of the Federal Home Loan Bank System

DURING December, the outstanding balance of loans made by Federal Home Loan Banks to member institutions dropped slightly for the first time in 4 months. The volume of new loans made, totaling \$2,904,000 for the month, held up well as compared with previous months but repayments, totaling \$3,360,000 were nearly double the repayments in the preceding month.

Insofar as this rise in repayments reflects an increase in the liquidity of member institutions and a reduction of withdrawal lists, it is cause for gratification. Undoubtedly, it does reflect such an increase in liquidity, and a large part of the credit belongs to the Home Owners' Loan Corporation. The Corporation has taken over from building and loan associations alone well in excess of 100,000 distressed mortgages and given them in exchange readily marketable bonds. As a consequence, many institutions are off notice for the first time in 4 or 5 years.

Insofar, however, as this rise in repayment of loans obtained from the Federal Home Loan Banks reveals a continued stagnation of home-financing activity, it is to be regretted. For the sake of becoming debt free, some associations are using the proceeds of Home Owners' Loan Corporation bonds to repay loans from the Bank System, in preference to making new loans to home owners. After the experience of the last few years it is inevitable that building and loan executives, like all business-

men, should put a heavy emphasis on liquidity. That this emphasis should for a time induce them to refuse the normal risks of business is understandable. Yet there can be no business without risks.

So far as borrowing from the Federal Home Loan Banks is concerned, it must be remembered that these Banks were established for the very purpose of insuring to building and loan associations a considerable degree of liquidity under all conditions. To accomplish that purpose, the Bank System provides member institutions long-term credit that cannot be called. Repayments are amortized conveniently to protect borrowing associations against large lump-sum payments. Besides constituting a permanent reserve to be called on in an emergency, Federal Home Loan Bank credit, therefore, offers member associations a proportion of their resources which is at all times free from unforeseen withdrawal. Money borrowed from the Federal Home Loan Banks helps to guarantee liquidity rather than to subject it to risk.

These are the considerations, incidentally, which recommend to building and loan associations the use of long-term Federal Home Loan Bank credit rather than short-term commercial bank credit, which may be, and periodically is, withdrawn without warning. Long-term funds may be borrowed from the Federal Home Loan Banks at rates varying from 4 to 4½ percent. In nearly all sections of the country, building and loan associations can find

markets for such funds at rates not less than 6 percent. The opportunity for earnings offered by these relative rates abundantly justifies taking the normal risks of the home-financing business.

NEW MEMBERS ADMITTED

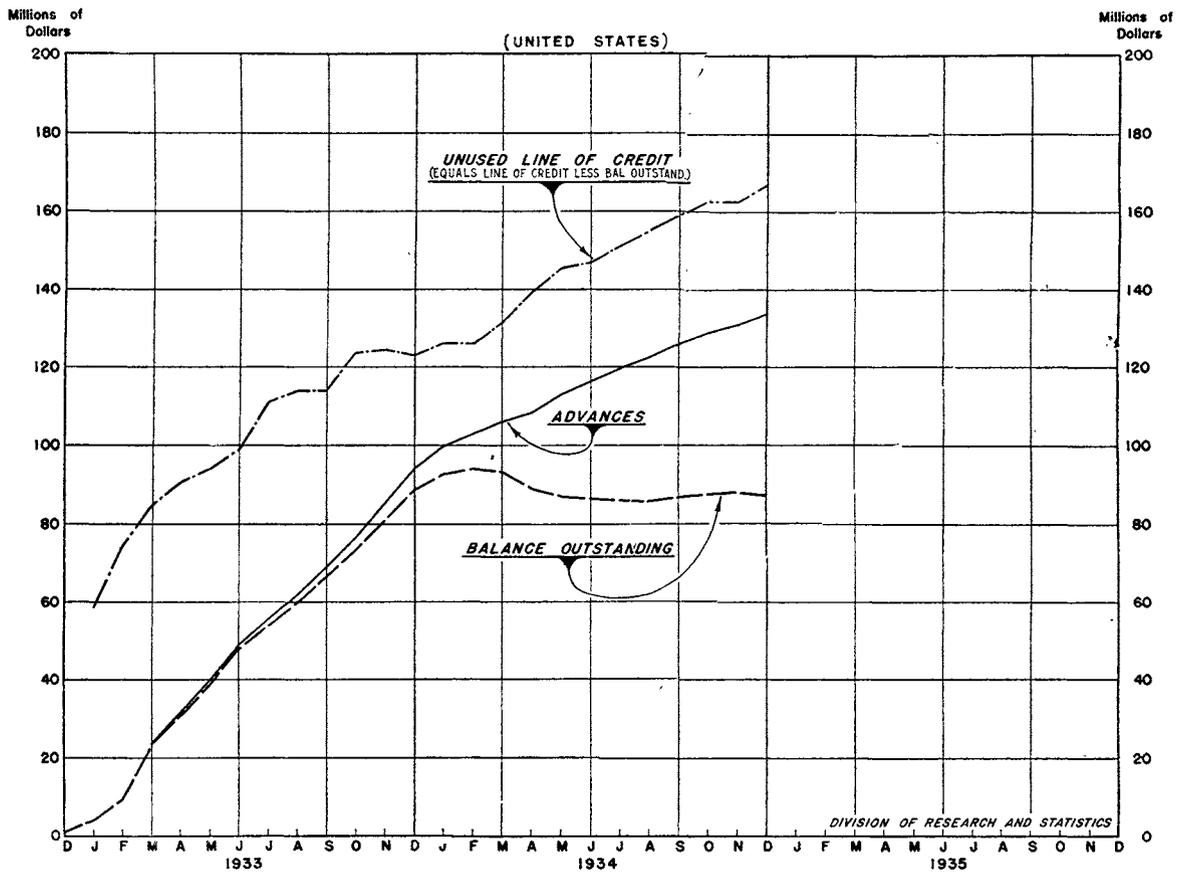
WITH 96 institutions admitted to membership during the month, the Federal Home Loan Bank System continued its steady expansion. Assets of member institutions rose \$54,000,000 to a total of \$3,305,000,000.

There were no changes in the interest rates charged by Federal Home Loan

Banks on advances to member institutions during January.

In its January issue, the REVIEW published a table showing dividends paid or declared by the Federal Home Loan Banks as of December 31, 1934. The dividend declared and paid by the Chicago Bank to its members was given as \$18,183.26. In addition to this sum, the Chicago Bank paid a dividend of \$16,000 to members which had been carried as a reserve for dividends to members from June 30, 1934. All totals affected should therefore be increased by \$16,000.

CHART 6.—CUMULATIVE OPERATING SUMMARY OF THE FEDERAL HOME LOAN BANK SYSTEM



Growth, trend of loaning operations, line of credit, and unused credit of the Federal Home Loan Bank System

Month	Members		Line of credit ¹ (cumulative) (000 omitted)	Loans advanced (cumulative) (000 omitted)	Loans advanced (monthly) (000 omitted)	Repayments (monthly) (000 omitted)	Balance outstanding at end of month (000 omitted)	Unused line of credit ² (000 omitted)
	Number	Assets (000 omitted)						
1932								
December	118	\$216, 613	\$23, 630	\$837	\$837	.....	\$837	\$22, 793
1933								
June	1, 337	1, 846, 775	146, 849	48, 817	8, 825	\$179	47, 579	99, 270
December	2, 086	2, 607, 307	211, 224	93, 865	8, 632	889	88, 442	122, 782
1934								
January	2, 177	2, 798, 927	218, 175	99, 602	5, 736	1, 681	92, 497	125, 678
February	2, 236	2, 861, 295	219, 823	102, 958	3, 357	1, 844	94, 040	125, 783
March	2, 333	2, 905, 024	224, 475	105, 957	2, 999	3, 914	93, 125	131, 351
April	2, 431	2, 959, 325	227, 931	108, 314	2, 356	6, 559	88, 922	139, 009
May	2, 501	3, 014, 123	231, 860	112, 817	4, 503	6, 583	86, 842	145, 018
June	2, 579	3, 027, 999	232, 926	116, 467	3, 650	4, 243	86, 248	146, 678
July	2, 696	3, 067, 870	236, 436	119, 587	3, 121	3, 626	85, 722	150, 692
August	2, 795	3, 124, 368	240, 325	122, 159	2, 571	2, 796	85, 519	154, 806
September	2, 850	3, 157, 174	242, 980	125, 355	3, 196	2, 068	86, 647	156, 333
October	2, 925	3, 243, 702	249, 540	128, 733	3, 378	2, 569	87, 446	162, 094
November	2, 976	3, 251, 131	250, 094	130, 841	2, 108	1, 840	87, 714	162, 380
December	3, 072	3, 305, 088	254, 085	133, 745	2, 904	3, 360	87, 258	166, 827

¹ Represents 12 times the paid-in subscription to the capital stock of the bank.

² Derived by deducting the balance outstanding from the line of credit.

NOTE.—All figures, except loans advanced (monthly) and repayments, are as of end of month.

Interest rates, Federal Home Loan Banks; rates on advances to member institutions

Federal Home Loan Bank	Rate in effect on Feb. 1	Type of loan
	<i>Percent</i>	
1. Boston	4	All loans.
2. Newark	4	Do.
3. Pittsburgh	4¼	All loans written for 1 year or less. All loans for more than 1 year are to be written at 5 percent, but on authorization from borrowing members, the Bank will credit the interest charged their accounts with the difference between 5 and 4¼ percent per annum.
4. Winston-Salem	4	All loans secured by H. O. L. C. bonds.
	4	All loans for 12 months or less.
	4½	All loans (not secured by H. O. L. C. bonds) for 1 to 10 years.
5. Cincinnati	4¼	All loans.
6. Indianapolis	4	All secured loans.
	5	All unsecured loans.
7. Chicago	4	1-year amortized loans.
	4½	1-year straight loans.
	4½	10-year amortized loans, but if during any 1 quarter, the Bank makes 1-year loans at a rate less than the 10-year contract, the lesser rate to apply to all 10-year loans.
8. Des Moines	5	All unsecured loans.
	4	All loans secured by H. O. L. C. bonds.
	4	That portion of any loan in excess of \$250,000.
	4½	All other loans.
9. Little Rock	4	All loans.
10. Topeka	4	Do.
11. Portland	4	All loans secured by H. O. L. C. bonds (limit 1 year).
	4½	All other loans.
12. Los Angeles	4½	All loans.

FEDERAL HOME

Combined statement of

	Combined	Boston	Newark	Pittsburgh	Winston-Salem
ASSETS					
Cash on hand in banks and U. S. Treasury..	\$7, 860, 212. 67	\$1, 016, 406. 16	\$577, 104. 32	\$145, 282. 75	\$572, 448. 44
Loans outstanding:					
Members.....	86, 651, 236. 38	2, 597, 790. 50	14, 301, 968. 73	11, 339, 651. 71	6, 258, 385. 09
Affiliated banks.....	600, 000. 00	600, 000. 00	0	0	0
Other.....	7, 076. 15	0	0	0	0
Total loans.....	87, 258, 312. 53	3, 197, 790. 50	14, 301, 968. 73	11, 339, 651. 71	6, 258, 385. 09
Accrued interest receivable.....	496, 005. 25	37, 229. 16	67, 248. 70	73, 535. 25	44, 880. 40
Investments, U. S. Government.....	14, 376, 418. 92	2, 875, 916. 69	109, 293. 75	137, 900. 00	1, 010, 468. 75
Other assets.....	56, 690. 27	6, 759. 67	6, 695. 01	3, 867. 87	8, 003. 51
Total assets.....	110, 047, 639. 64	7, 134, 102. 18	15, 062, 310. 51	11, 700, 237. 58	7, 894, 186. 19
LIABILITIES AND CAPITAL					
Liabilities:					
Current.....	4, 663, 066. 04	165, 698. 34	352, 293. 59	1, 406, 000. 08	235, 241. 45
Fixed.....	0	0	0	0	0
Total liabilities.....	4, 663, 066. 04	165, 698. 34	352, 293. 59	1, 406, 000. 08	235, 241. 45
Capital:					
Capital stock, fully-paid, issued and outstanding:					
Members.....	20, 480, 100. 00	1, 816, 400. 00	2, 676, 900. 00	1, 504, 600. 00	1, 823, 400. 00
U. S. Government.....	81, 645, 700. 00	5, 000, 000. 00	11, 500, 000. 00	8, 500, 000. 00	5, 700, 000. 00
Total.....	102, 125, 800. 00	6, 816, 400. 00	14, 176, 900. 00	10, 004, 600. 00	7, 523, 400. 00
Subscription to capital stock:					
Members and applicants.....	3, 095, 700. 00	170, 900. 00	772, 700. 00	257, 500. 00	119, 000. 00
Less balance due.....	1, 644, 212. 88	66, 925. 00	419, 400. 13	141, 600. 00	57, 375. 00
Total.....	1, 451, 487. 12	103, 975. 00	353, 299. 87	115, 900. 00	61, 625. 00
U. S. Government.....	43, 095, 300. 00	7, 467, 500. 00	7, 463, 200. 00	2, 646, 300. 00	3, 508, 200. 00
Less balance due.....	43, 095, 300. 00	7, 467, 500. 00	7, 463, 200. 00	2, 646, 300. 00	3, 508, 200. 00
Surplus:					
Reserves:					
As required under section no. 16 of act.....	882, 745. 23	42, 745. 44	105, 902. 91	92, 399. 09	61, 762. 91
U. S. Government 2-percent dividend.....	280, 992. 83				
Other.....					
Surplus unallocated.....	643, 548. 42	5, 283. 40	73, 914. 14	81, 338. 41	12, 156. 83
Total surplus.....	1, 807, 286. 48	48, 028. 84	179, 817. 05	173, 737. 50	73, 919. 74
Total capital.....	105, 384, 573. 60	6, 968, 403. 84	14, 710, 016. 92	10, 294, 237. 50	7, 658, 944. 74
Total liabilities and capital.....	110, 047, 639. 64	7, 134, 102. 18	15, 062, 310. 51	11, 700, 237. 58	7, 894, 186. 19

LOAN BANK SYSTEM

condition as at Dec. 31, 1934

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
\$550,576.98	\$1,137,011.16	\$1,135,442.29	\$561,608.96	\$246,221.70	\$298,653.03	\$636,965.04	\$982,491.84
16,959,030.98	5,742,457.01	11,824,234.14	3,888,699.65	4,208,241.87	4,244,813.50	2,280,847.19	3,005,116.01
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	7,076.15
16,959,030.98	5,742,457.01	11,824,234.14	3,888,699.65	4,208,241.87	4,244,813.50	2,280,847.19	3,012,192.16
88,750.88	4,675.64	38,829.37	24,151.79	37,062.23	32,246.70	30,868.13	16,527.00
895,504.43	1,247,589.94	456,686.65	1,349,131.84	3,277,000.00	1,262,664.50	1,021,871.74	732,390.63
945.62	5,482.57	7,054.70	3,179.57	2,494.42	4,411.09	1,841.19	5,955.05
18,494,808.89	8,137,216.32	13,462,247.15	5,826,771.81	7,771,020.22	5,842,788.82	3,972,393.29	4,749,556.68
527,833.95	30,431.92	1,245,835.19	312,300.33	269,195.44	12,957.77	35,028.87	70,249.11
0	0	0	0	0	0	0	0
527,833.95	30,431.92	1,245,835.19	312,300.33	269,195.44	12,957.77	35,028.87	70,249.11
4,448,100.00	1,936,600.00	1,896,700.00	842,300.00	1,217,600.00	908,000.00	477,400.00	932,100.00
12,775,700.00	6,000,000.00	10,000,000.00	4,500,000.00	6,100,000.00	4,700,000.00	3,310,000.00	3,560,000.00
17,223,800.00	7,936,600.00	11,896,700.00	5,342,300.00	7,317,600.00	5,608,000.00	3,787,400.00	4,492,100.00
710,600.00	100,000.00	205,900.00	221,600.00	218,100.00	125,400.00	51,900.00	142,100.00
374,927.75	52,750.00	136,515.00	111,700.00	138,120.00	58,325.00	26,700.00	59,875.00
335,672.25	47,250.00	69,385.00	109,900.00	79,980.00	67,075.00	25,200.00	82,225.00
.....	577,400.00	4,173,900.00	2,894,900.00	2,672,400.00	2,633,600.00	2,650,000.00	6,407,900.00
.....	577,400.00	4,173,900.00	2,894,900.00	2,672,400.00	2,633,600.00	2,650,000.00	6,407,900.00
189,598.81	75,743.41	120,917.40	43,781.64	67,243.19	30,951.21	24,952.88	26,746.34
.....	.....	.....	.....	.....	122,942.46	86,954.97	71,095.40
217,903.88	47,190.99	129,409.56	18,489.84	37,001.59	862.38	12,856.17	7,140.83
407,502.69	122,934.40	250,326.96	62,271.48	104,244.78	154,756.05	124,764.42	104,982.57
17,966,974.94	8,106,784.40	12,216,411.96	5,514,471.48	7,501,824.78	5,829,831.05	3,937,364.42	4,679,307.57
18,494,808.89	8,137,216.32	13,462,247.15	5,826,771.81	7,771,020.22	5,842,788.82	3,972,393.29	4,749,556.68

Federal Savings and Loan Associations

THE activities of Federal savings and loan associations constitute one of the few bright spots on the home-financing horizon. In new loans made, new investors acquired, and withdrawals reduced, the 438 new and converted Federals for which comparable figures were reported show both satisfactory totals and substantial improvements in December over November (table 1).

During December the volume of loans made by 325 new Federals was 32 percent greater and by 113 converted Federals 35 percent greater than during November.

As usual, loans for refinancing led, with 55 percent of the \$3,183,069 loaned for all purposes by the reporting institutions. Loans for new construction represented 20 percent of all loans made, and was followed closely by loans for purchase of homes already built, representing 15 percent. Loans for reconditioning fell to 10 percent of the total loans made, constituting a sharp percentage drop from November. This is probably due largely to the seasonal reduction in reconditioning jobs, such as house painting.

TABLE 1.—Federal Savings and Loan Associations—Combined summary of operations during December

Item	325 new associations			113 converted associations		
	December	November	Change November to December	December	November	Change November to December
Number of subscriptions:			<i>Percent</i>			<i>Percent</i>
Private share accounts.....	28, 050	26, 236	+ 5. 2	91, 147	92, 055	- 1. 0
Shares subscribed.....	287, 820	275, 911	+ 4. 3	1, 114, 264	1, 113, 495	+ . 1
Shares per account (average).....	10. 2	10. 5	- 2. 8	12. 2	12. 1	+ . 8
Share liabilities:						
Paid on private subscriptions.....	\$6, 405, 229	\$5, 531, 880	+ 15. 7	\$64, 615, 635	\$65, 749, 963	- 1. 7
Treasury subscriptions.....	6, 446, 800	4, 921, 300	+ 30. 9	4, 257, 600	2, 789, 600	+ 52. 0
Total.....	12, 852, 029	10, 453, 180	+ 23. 0	68, 873, 235	68, 539, 563	+ . 5
Average paid on private subscriptions.....	228	210	+ 8. 6	709	714	- . 7
Withdrawals (during month).....	94, 119	79, 348	+ 18. 5	830, 661	1, 412, 827	- 42. 0
Mortgage loans made during month:						
a. Reconditioning.....	164, 592	189, 408	- 13. 1	139, 955	149, 354	- 6. 2
b. New construction.....	460, 787	387, 694	+ 18. 0	164, 976	135, 765	+ 21. 5
c. Refinancing.....	929, 420	638, 149	+ 44. 7	827, 478	577, 521	+ 43. 1
d. Purchases of homes.....	266, 550	164, 400	+ 62. 1	229, 311	143, 996	+ 59. 2
Total for month.....	1, 821, 349	1, 379, 651	+ 32. 0	1, 361, 720	1, 006, 636	+ 35. 3
Loans outstanding at end of month..... ¹	10, 737, 449	8, 842, 581	+ 21. 4	55, 724, 182	55, 605, 780	+ . 2
Borrowed money from:						
Federal Home Loan Banks.....	674, 474	460, 259	+ 46. 5	5, 903, 409	5, 904, 293	.....
Other sources.....	58, 950	67, 000	- 12. 0	1, 478, 616	1, 663, 520	- 11. 1
Total.....	733, 424	527, 259	+ 39. 1	7, 382, 025	7, 567, 813	- 2. 3

¹ This total includes loans made for other purposes than those listed.

The number of share investors in the new associations increased 5.2 percent during December, and the number of shares subscribed for, 4.3 percent. The decrease of 1 percent in the number of shareholders reported by converted associations results, as was explained in the December Review, from the transference of many converted institutions to the direct-reduction loan plan from the share sinking-fund plan.

The striking drop of 42 percent in December as compared with November in the amount of withdrawals from converted associations is gratifying proof of the return of investor confidence to thrift, home-financing institutions which acquire the protection of Federal charters and of Federal insurance of shares. The drop is the more remarkable in view of the fact that withdrawals normally increase in December.

Treasury subscriptions to shares of new associations jumped 31 percent and to shares of converted associations 52 percent during December. This reflects, of course, the demand for funds for home financing which is also evidenced in the volume of new loans made and in the increase of 46 percent in the total funds borrowed by new associations from the Federal Home Loan Banks.

INCREASE IN NUMBER OF FEDERALS

WITH this issue the REVIEW begins the publication of a monthly table showing the distribution of Federals by Federal Home Loan Bank districts and by States for progressive dates. The table will thus show the rate of increase in these Federal associations (table 2).

It will be noted that the number of associations jumped from 59 at the end of 1933 to 370 in the middle of 1934 and to 639 at the end of 1934. The distribution of Federals by districts and States reveals that the largest number of associations are found in the Southern and Western regions. This was to be expected since a major purpose of the legislation authorizing the establishment of Federals was to provide home-financing facilities in communities inadequately served by existing thrift institutions.

The table shows that one or more Federals are now operating in all but eight States and the District of Columbia. The total assets of Federals as of December 31 were \$143,406,000. This may be compared with the total assets of member institutions of the Federal Home Loan Bank System, which were on December 31, 1934, \$3,305,088,000. Since most of the Federals are members of the System their assets are included in this total figure.

TABLE 2.—Number and assets of Federal Savings and Loan Associations by Federal Home Loan Bank Districts and by States

	Number					Assets		
	Dec. 31 1933	June 30 1934	Dec. 31, 1934			Dec. 31, 1934		
			Total	New	Con- verted	Total	New	Converted
District No. 1:								
Connecticut.....			5	4	1	\$180,387	\$32,356	\$148,031
Maine.....								
Massachusetts.....								
New Hampshire.....		1	1	1		167,612	167,612	
Rhode Island.....								
Vermont.....								
Totals.....		1	6	5	1	347,999	199,968	148,031
District No. 2:								
New Jersey.....								
New York.....		10	23	4	19	19,814,783	353,252	19,461,531
Puerto Rico.....								
Virgin Islands.....								
Total.....		10	23	4	19	19,814,783	353,252	19,461,531
District No. 3:								
Delaware.....								
Pennsylvania.....		10	15	14	1	724,732	403,448	321,284
West Virginia.....		7	11	7	4	5,563,889	165,351	5,398,538
Total.....		17	26	21	5	6,288,621	568,799	5,719,822
District No. 4:								
Alabama.....	2	7	13	13		296,529	296,529	
District of Columbia.....								
Florida.....	8	27	43	41	2	1,741,435	1,460,755	280,680
Georgia.....	3	7	19	15	4	1,025,825	293,764	732,061
Maryland.....			1		1	566,664		566,664
North Carolina.....		2	4	3	1	451,785	362,019	89,766
South Carolina.....	3	9	15	12	3	777,754	385,545	392,209
Virginia.....	2	4	7	6	1	468,256	63,301	404,955
Total.....	18	56	102	90	12	5,328,248	2,861,913	2,466,335
District No. 5:								
Kentucky.....	1	10	18	13	5	16,754,389	158,756	16,595,633
Tennessee.....		20	25	23	2	2,113,550	424,360	1,689,190
Ohio.....		8	18	13	5	14,166,100	1,756,393	12,409,707
Total.....	1	38	61	49	12	33,034,039	2,339,509	30,694,530
District No. 6:								
Indiana.....	3	18	22	22		1,283,839	1,283,839	
Michigan.....	2	6	9	9		347,492	347,492	
Total.....	5	24	31	31		1,631,331	1,631,331	
District No. 7:								
Illinois.....	2	21	49	15	34	10,316,893	878,607	9,438,286
Wisconsin.....		13	21	19	2	1,300,497	414,813	885,684
Total.....	2	34	70	34	36	11,617,390	1,293,420	10,323,970
District No. 8:								
Iowa.....	2	16	23	18	5	1,014,274	335,738	678,536
Minnesota.....	3	13	18	14	4	2,155,437	52,821	2,102,616
Missouri.....	2	17	25	15	10	5,551,783	444,953	5,106,830
North Dakota.....		3	3	3		88,834	88,834	
South Dakota.....		1	3	2	1	729,008	27,304	701,704
Total.....	7	50	72	52	20	9,539,336	949,650	8,589,686

TABLE 2.—Number and assets of Federal Savings and Loan Associations by Federal Home Loan Bank Districts, etc.—Con.

	Number					Assets		
	Dec. 31 1933	June 30 1934	Dec. 31, 1934			Dec. 31, 1934		
			Total	New	Con- verted	Total	New	Converted
District No. 9:								
Arkansas.....	8	20	27	25	2	\$1,998,619	\$986,023	\$1,012,596
Louisiana.....	6	8	11	9	2	9,622,978	127,150	9,495,828
Mississippi.....	2	14	15	15	.....	704,056	704,056	.....
New Mexico.....	.....	1	9	9	.....	148,522	148,522	.....
Texas.....	5	27	58	53	5	3,505,251	689,480	2,815,771
Total.....	21	70	120	111	9	15,979,426	2,655,231	13,324,195
District No. 10:								
Colorado.....	1	12	17	13	4	2,134,282	248,312	1,885,970
Kansas.....	.....	7	15	12	3	733,508	259,506	474,002
Nebraska.....	1	6	7	6	1	230,131	145,000	85,131
Oklahoma.....	.....	6	19	3	16	24,741,517	57,109	24,684,408
Total.....	2	31	58	34	24	27,839,438	709,927	27,129,511
District No. 11:								
Alaska.....	.....	.....	.....	.....	.....	.....	.....	.....
Idaho.....	.....	.....	2	.....	2	477,785	.....	477,785
Montana.....	.....	.....	.....	.....	.....	.....	.....	.....
Oregon.....	3	12	20	18	2	1,786,474	758,587	1,027,887
Utah.....	.....	.....	1	1	.....	12,400	12,400	.....
Washington.....	.....	16	22	9	13	7,884,723	626,885	7,257,838
Wyoming.....	.....	.....	1	.....	1	269,874	.....	269,874
Total.....	3	28	46	28	18	10,431,256	1,397,872	9,033,384
District No. 12:								
Arizona.....	.....	.....	1	1	.....	5,265	5,265	.....
California.....	.....	10	22	20	2	1,529,259	911,613	617,646
Hawaii.....	.....	1	1	1	.....	19,632	19,632	.....
Nevada.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	.....	11	24	22	2	1,554,156	936,510	617,646
Total for system.....	59	370	639	481	158	143,406,023	15,897,382	127,508,641

Federal Savings and Loan Insurance Corporation

The volume of savings in thrift, home-financing institutions protected by Federal insurance is mounting steadily. By January 22, 527 associations, holding the savings of more than 200,000 people, had been insured, as against 427 on December 20. During the intervening month 113 applications for insurance were received and 100 certificates of insurance granted. The number of State-chartered associations applying for insurance has also begun to increase. One hundred applications were on file from such institutions on January 22, compared with 34 on December 20. Additional applications have been filed with the regional Federal Home Loan Banks, but not yet forwarded to Washington. It takes more time for State-chartered institutions to complete the necessary forms than for Federal associations, and the fact that application for insurance has frequently been accompanied by reorganization has doubtlessly operated to delay applications which otherwise would have been completed.

Associations in all parts of the country are finding in insurance a speedy means of recapturing public confidence and of stimulating the return of savings to their care. Letters testifying to the benefits which are being obtained from the insurance plan, a number of which were quoted in the January REVIEW, continue to be received. The following recent reports from

associations in the three Pacific Coast States speak for themselves:

In our opinion, the insurance certificate is practically the only thing which will enable us to do business in any considerable volume. . . . We have had nothing but favorable expressions from the general public. The first 5 days of this month we took in \$13,000 new money with a considerable sum in sight for investment in the very near future. Without insurance our growth would have been very, very slow and it would have taken years to have built up the confidence of the investing public. This confidence, however, was established immediately through the receipt of the insurance. In our estimation this is the greatest thing that ever happened in this line of business.

As a result of this advertising and publicity (of Federal insurance) we have taken into the Federal savings and loan association nearly \$20,000 since January 1.

The first 11 days of January brought into our association a larger sum in savings of shareholders than was received in the entire first 6 months of 1934.

You will be interested to know that we are actively opening new accounts as a result of our advertising. Inquiries are numerous . . . most astounding to me are the two accounts we have opened in the past week for people who have received their first liquidating dividends from a failed savings and loan association which will probably pay out about 40 cents on the dollar. My explanation of this is simply the Federal flavor in our setup.

Federal Savings and Loan Insurance Corporation, summary of operations to Jan. 22

	Applications received			Institutions insured		
	Number	Share and Creditor liabilities	Total assets	Number	Share and Creditor liabilities	Total assets
New Federal savings and loan associations. . .	407	\$7, 228, 159	\$7, 660, 786	} 520	\$129,162,457	\$140, 976, 102
Converted Federal savings and loan associations.	161	141, 694, 987	156, 081, 126			
State-chartered associations.	100	150, 946, 132	169, 041, 177			
Total.	668	299, 869, 278	332, 783, 089	527	143, 989, 478	157, 375, 522

Home Owners' Loan Corporation

Home Owners' Loan Corporation applications received and loans closed, by months¹

Month	Applications received (number)	Loans closed	
		Number	Amount
1933			
From date of opening through September 30.....	403, 114	593	\$1, 688, 787
October.....	129, 504	3, 424	10, 164, 678
November.....	99, 232	10, 946	31, 445, 827
December.....	90, 946	22, 286	62, 621, 051
1934			
January.....	123, 189	30, 339	86, 143, 838
February.....	136, 132	32, 940	93, 499, 995
March.....	168, 273	52, 260	150, 213, 639
April.....	145, 772	56, 172	171, 490, 768
May.....	119, 791	64, 172	208, 293, 766
June.....	97, 679	71, 768	223, 440, 191
July.....	66, 157	78, 046	235, 467, 606
August.....	72, 022	69, 738	202, 442, 864
September.....	39, 317	59, 240	179, 299, 857
October.....	² 51, 864	65, 813	201, 211, 532
November.....	14, 171	54, 468	170, 544, 562
December.....	³ -16, 439	54, 036	169, 018, 847
Grand total to Dec. 31, 1934.....	1, 740, 724	726, 241	2, 196, 987, 808

¹ These figures are subject to adjustment.

² The October figure of 51,864 includes 16,189 applications received from the division of wholesale operations in Detroit. This was a 10-month total which should have been distributed over the year.

³ Receipt of applications stopped Nov. 13, 1934. The negative December figures are the result of various adjustments and audits of the number of applications received during the preceding months.

Reconditioning Division—summary of operations June 1, 1934, to January 3, 1935

	Number	Amount
1. Applications for reconditioning loans.....	467, 733	¹ \$93, 000, 000
2. Cases submitted to loan committee.....	327, 383	67, 248, 323
3. Total contracts executed.....	189, 285	33, 457, 975
4. Total jobs completed.....	133, 277	20, 788, 108
5. Jobs paid for.....	128, 793	19, 831, 464

¹ Estimated.

Resolutions of the Board

I.—CONCERNING SEGREGATION OF ASSETS AND CREDITOR CLAIMS OF MEMBER INSTITUTIONS DESIRING TO CONVERT INTO FEDERAL SAVINGS AND LOAN ASSOCIATIONS

The November issue of the REVIEW carried a resolution adopted by the Board on October 22, 1934, regarding segregation of assets by members of the Federal Home Loan Banks desiring to convert into Federal Savings and Loan Associations.

To take care of the claims of investors holding creditor or other preferred claims, where such exist, the Board on January 9, 1935, adopted the following supplemental resolution:

Whereas the Board heretofore authorized the segregation of assets of members of Federal Home Loan Banks desiring to convert into Federal savings and loan associations, providing for acceptable assets to be retained by the Federal savings and loan associations and unacceptable assets to be conveyed to a liquidating corporation, and

Whereas in some such cases the member of the Federal Home Loan Bank is a type of institution having investors holding creditor or other preferred claims and underlying permanent or guaranteed capital, therefore

Be it resolved by the Federal Home Loan Bank Board that in cases of the segregation of the assets of institutions having creditor or other preferred security holders and permanent or guaranteed capital, all investors having a preferred position shall first be provided for by the issuance to them of shares in the Federal savings and loan association and debentures or preferred shares in the liquidating corporation up to the full amount of their investment or up to amounts specifically accepted by them, and permanent stockholders or guaranteed capital stockholders may have issued to them common stock in the liquidating corporation so that they will receive any assets of the liquidating corporation after the preferred claimants are retired.

II. RULES GOVERNING SECURITIES ISSUED BY INSTITUTIONS PRIOR TO BECOMING INSURED, AND CONCERNING APPROVAL OF SECURITIES BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

On January 7, 1935, the Board adopted the following resolutions concerning securities which may be issued by such insured institutions as, prior to insurance, issued definite contract securities; and concerning, also, the requirements that securities issued by insured institutions must meet in order to be approved by the Insurance Corporation:

Be it resolved by the Board of Trustees of the Federal Savings and Loan Insurance Corporation as follows:

(1) Insured institutions, which prior to becoming insured issued definite contract securities and which are not now in a position to issue definite contract securities should, in the opinion of the Board of Trustees, issue certificates of deposit, make deposit contracts, issue investment certificates or issue shares, as the case may be, containing a simple promise to pay periodically interest or dividends, as the case may be, representing the net earnings of the insured institution after charging against the gross income all expenses, losses, reserves, and other charges properly payable ahead of the claim of the holder of such security and such security should not refer to a specific rate.

(2) Insured institutions, which prior to becoming insured, issued definite contract securities and which are not now in a position to issue definite contract securities, will be authorized to issue certificates of deposit, make deposit contracts, issue investment certificates, or issue shares providing for the payment to the holder of interest or dividends, as the case may be, from earnings, not exceeding a specified limit.

(3) Insured institutions, which prior to becoming insured issued definite contract securities and which are not now in a position to issue definite

contract securities, will not be authorized, however, to issue any limited dividend securities or securities providing for a definite rate "if earned" unless the issuer is reasonably able to pay the rate stated in any such certificate and unless the wording of the contract is clear, unambiguous, and understandable to a person of average intelligence exercising ordinary care. The limited rate of dividends or interest specified in any such securities must have the written approval of the Corporation in each instance before issuance of such securities by an insured institution.

(4) Securities which will be approved by this Corporation must comply with the laws of the State in which the applicant is organized as contained in the statutes, rulings of regulatory public authorities, opinions of the attorney general, or other legal State officer and decisions of the courts of competent jurisdiction of such States, and the constitution and bylaws which have been adopted by the association in conformity with State law. No approval by the Corporation of any security form shall be construed as approving the legality of any such securities.

Directory of Member, Federal, and Insured Institutions

Added During January

In its annual report for the year ending December 31, 1934, the Federal Home Loan Bank Board will publish a directory of all member institutions, Federal savings and loan associations, and associations insured by the Federal Savings and Loan Insurance Corporation as of that date.

To keep that directory up to date currently, the Review will publish, beginning with this issue, monthly lists of the names and addresses of institutions admitted to membership in the Federal Home Loan Bank System, of institutions receiving Federal charters, and of institutions insured by the Federal Savings and Loan Insurance Corporation.

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JANUARY 1, 1935 AND FEBRUARY 1, 1935

(Listed by Federal Home Loan Bank Districts, States, and cities)

DISTRICT NO. 1

CONNECTICUT:

Greenwich:

First Federal Savings & Loan Association of Greenwich, 4 Connecticut Avenue.

Madison:

First Federal Savings & Loan Association of Madison, Goldhammer Building, Boston Post Road.

New Haven:

First Federal Savings & Loan Association of New Haven, 24 Center Street.

NEW HAMPSHIRE:

Portsmouth:

Piscataqua Savings Bank.

DISTRICT NO. 2

NEW YORK:

Farmingdale:

Bethpage Federal Savings & Loan Association of Farmingdale, % Independent Silk Dyeing Co., Inc.

New York:

Manhattan Savings & Loan Association, 2394 Second Avenue.

New York Cooperative Building & Loan Association, 274 Lenox Avenue.

Owego:

Owego Savings & Loan Association, 44 Lake Street.

Rochester:

Equity Cooperative Savings & Loan Association, 92 Portland Avenue.

DISTRICT NO. 3

PENNSYLVANIA:

Johnstown:

Johnstown Federal Savings & Loan Association, 1204 First National Bank Building.

Pen Argyl:

Pen Argyl Building & Loan Association.

Philadelphia:

Commonwealth Building Association, northwest corner Twentieth and Passyunk Avenue.

Home Building Society, Insurance Building, 4510 Frankford Avenue.

Merrick-Annual Building & Loan Association, 1802 South Broad Street.

Orinoka Building & Loan Association, 2510 E. Allegheny Avenue.

South West Building Association, Sixth National Bank Building, Twentieth Street and Passyunk Avenue.

Pittsburgh:

Colonial Building & Loan Association of Pittsburgh, Pa., corner Ninth and Liberty.

WEST VIRGINIA:

Wheeling:

First Federal Savings & Loan Association of Wheeling, 25 Eleventh Street.

DISTRICT NO. 4

ALABAMA:

Florence:

First Federal Savings & Loan Association of Florence.

FLORIDA:

Deland:

Deland Federal Savings & Loan Association, Fountain Building, second floor.

Fort Pierce:

First Federal Savings & Loan Association of Fort Pierce, 111 Orange Avenue.

Punta Gorda:

Punta Gorda Federal Savings & Loan Association.

Tavares:

Lake County Federal Savings & Loan Association of Tavares, P. O. Box 276.

GEORGIA:

- Augusta:**
First Federal Savings & Loan Association of Augusta, 705 Broad Street.
- Bainbridge:**
First Federal Savings & Loan Association of Bainbridge, First National Bank Building.
- Baxley:**
Baxley Federal Savings & Loan Association.
- Cuthbert:**
Randolph County Federal Savings & Loan Association of Cuthbert.
- Thomasville:**
Thomas County Federal Savings & Loan Association.
- Waycross:**
Waycross Building & Loan Association, 208 Parker Street.

SOUTH CAROLINA:

- Spartanburg:**
First Federal Savings & Loan Association of Spartanburg, 138 Advent Street.

VIRGINIA:

- Salem:**
Salem Federal Savings & Loan Association.
- South Boston:**
First Federal Savings & Loan Association of South Boston.

DISTRICT NO. 5**KENTUCKY:**

- Winchester:**
Winchester Federal Savings & Loan Association, 10 Lexington Avenue.

OHIO:

- Canton:**
The Stark County Savings & Loan Co., 213 Tuscarawas Street.
- Cleveland:**
Forest City Federal Savings & Loan Association of Cleveland, 1223 Schofield Building.

TENNESSEE:

- Nashville:**
First Federal Savings & Loan Association of Nashville, 208 Union Street.

DISTRICT NO. 6**INDIANA:**

- Loogootee:**
Loogootee Federal Savings & Loan Association.
- Michigan City:**
Peoples Building & Loan Association.

MICHIGAN:

- Muskegon:**
Muskegon Building & Loan Association.
- Pontiac:**
Pontiac Federal Savings & Loan Association, 702 Pontiac Bank Building.
- Royal Oak:**
Peoples Federal Savings & Loan Association of Royal Oak, 422 South Main Street.

DISTRICT NO. 7**ILLINOIS:**

- Chicago:**
St. Floryan's Building & Loan Association, 13127 Baltimore Avenue.
- Rockford:**
First Federal Savings & Loan Association of Rockford, 1719 Camp Avenue.
- Springfield:**
First Federal Savings & Loan Association of Springfield, 1924 South Pasfield Street.
- Streator:**
Streator Mutual Building & Loan Association.

WISCONSIN:

- Baraboo:**
Baraboo Federal Savings & Loan Association, 423 Oak Street.
- Black River Falls:**
Jackson County Federal Savings & Loan Association.
- Milwaukee:**
Milwaukee Mutual Loan & Building Association, 135 East Wells Street.

DISTRICT NO. 8**IOWA:**

- Des Moines:**
United Federal Savings & Loan Association of Des Moines, 220 Marks Building.

MINNESOTA:

- Duluth:**
St. Louis County Building & Loan Association, 317 Provident Building.

MISSOURI:

- Carthage:**
Home Savings & Loan Association, 133 East Third Street.

DISTRICT NO. 9**LOUISIANA:**

- New Orleans:**
Dixie Homestead Association, 404 American Bank Building.

TEXAS:

- Amarillo:**
Great Plains Building & Loan Association.
- Jasper:**
Jasper Federal Savings & Loan Association.
- Midland:**
Midland Federal Savings & Loan Association.
- New Braunfels:**
First Federal Savings & Loan Association of New Braunfels.

DISTRICT NO. 10**KANSAS:**

- Kansas City:**
Central Avenue Savings & Loan Association, 1004 Central Avenue.

NEBRASKA:

- Omaha:**
First Federal Savings & Loan Association of Omaha, Union State Bank Building.

DISTRICT NO. 11**MONTANA:**

- Billings:**
Billings Building & Loan Association, 214½ North Broadway.

OREGON:

- Corvallis:**
First Federal Savings & Loan Association of Corvallis.
- Klamath Falls:**
First Federal Savings & Loan Association of Klamath Falls, 901 Main Street.

DISTRICT NO. 12**CALIFORNIA:**

- North Hollywood:**
North Hollywood Federal Savings & Loan Association, 5213 Lankershim Boulevard.
- Pasadena:**
First Federal Savings & Loan Association of Pasadena, 170 North El Moline Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JANUARY 1, 1935, AND FEBRUARY 1, 1935

FLORIDA:

Palatka:
Palatka Building & Loan Association, 115 North Second Street.

NEW JERSEY:

Perth Amboy:
Perth Amboy Building & Loan Association, 282 Hobart Street.

PENNSYLVANIA:

Philadelphia:
Annual Series Building & Loan Association, 1802 South Broad Street.
Merrick Building & Loan Association, No. 3, 1802 South Broad Street.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JANUARY 1, 1935 AND FEBRUARY 1, 1935

(Listed by Federal Home Loan Bank Districts, States, and cities)

DISTRICT NO. 2

NEW YORK:

Flushing:
Flushing Federal Savings & Loan Association, 136 Roosevelt Avenue (converted from Flushing Co-operative Savings & Loan Association).

DISTRICT NO. 3

WEST VIRGINIA:

Bluefield:
First Federal Savings & Loan Association of Bluefield, 301 Coal & Coke Building (converted from Bluefield Building & Loan Association).

DISTRICT NO. 4

FLORIDA:

Vero Beach:
First Federal Savings & Loan Association of Indian River County.

GEORGIA:

Cordele:
First Federal Savings & Loan Association of Crisp County (converted from Crisp County Building & Loan Association).

Douglas:
Douglas Federal Savings & Loan Association.

MARYLAND:

Baltimore:
Druid Hill Federal Savings & Loan Association of Baltimore City, 1422 Pennsylvania Avenue (converted from Druid Hill Permanent Building & Loan Association).

First Federal Savings & Loan Association of Brooklyn, 110 Patapsco Avenue (converted from Annapolis Boulevard Building & Loan Association, Inc.).

Towson:
First Federal Savings & Loan Association of Towson, 415 York Road (converted from Towson Heights Building Association).

NORTH CAROLINA:

Fayetteville:
Home Federal Savings & Loan Association of Fayetteville, 308 Cumberland National Bank Building (converted from Home Building & Loan Association).

SOUTH CAROLINA:

Liberty:
Liberty Federal Savings & Loan Association.

Rock Hill:
First Federal Savings & Loan Association of Rock Hill, 135 East Main Street (converted from Our Building & Loan Association).

Mechanics Federal Savings & Loan Association (converted from the Mechanics Building & Loan Association).

Spartanburg:
Piedmont Federal Savings & Loan Association of Spartanburg.

VIRGINIA:

Roanoke:
First Federal Savings & Loan Association of Roanoke, 108 Kirk Avenue SW. (converted from Roanoke Mutual Building & Loan Association, Inc.).

DISTRICT NO. 5

KENTUCKY:

Covington:
Citizens Federal Savings & Loan Association of Covington, Fifth and Madison Avenue (converted from Citizens Building Association).

OHIO:

Ashtabula:
First Federal Savings & Loan Association of Ashtabula.

Cleveland:
Citizens Federal Savings & Loan Association of Cleveland, Euclid at Fourth Street (converted from Citizens Savings Association).

Hamilton:
Peoples Federal Savings & Loan Association of Hamilton, 320 High Street (converted from Peoples Building & Loan Association).

Roseville:
Roseville Federal Savings & Loan Association (converted from the Home Building Co.).

TENNESSEE:

Dyersburg:
Dyer County Federal Savings & Loan Association of Dyersburg.

Erwin:
First Federal Savings & Loan Association of Erwin (converted from Erwin Building & Loan Association).

Greenville:
Greenville Federal Savings & Loan Association.

DISTRICT NO. 7

ILLINOIS:

Chicago:
Bohemia Federal Savings & Loan Association of Chicago, 2025 South Crawford Avenue (converted from Bohemia Building & Loan Association).

WISCONSIN:

De Pere:
De Pere Federal Savings & Loan Association.

DISTRICT NO. 8

MINNESOTA:

Minneapolis:
Northwestern Federal Savings & Loan Association of Minneapolis, 124 South Ninth Street (converted from Northwestern Building & Loan Association).

MISSOURI:

Kansas City:
Safety Federal Savings & Loan Association of Kansas City, 900 Grand Avenue (converted from Safety Savings & Loan Association).

DISTRICT NO. 9

- LOUISIANA:
 Baton Rouge:
 Union Federal Savings & Loan Association, Eagles Building, North Boulevard (converted from Union Homestead Association).
- MISSISSIPPI:
 Batesville:
 Panola County Federal Savings & Loan Association.
- TEXAS:
 Alice:
 Alice Federal Savings & Loan Association.
 Commerce:
 Commerce Federal Savings & Loan Association.
 Dallas:
 First Federal Savings & Loan Association of Dallas, Liberty Bank Building (converted from Local Building & Loan Association).
 Guardian Federal Savings & Loan Association of Dallas, 1301 Main Street (converted from Guardian Savings & Loan Association).
 El Paso:
 Mutual Federal Savings & Loan Association of El Paso, 216 Mills Street (converted from Mutual Building & Loan Association).
 Greenville:
 First Federal Savings & Loan Association of Greenville, 2917 Lee Street (converted from Greenville Building & Loan Association).
 Orange:
 Orange Federal Savings & Loan Association.
 Temple:
 First Federal Savings & Loan Association of Temple.
 Victoria:
 Victoria Federal Savings & Loan Association.
 Wichita Falls:
 First Federal Savings & Loan Association of Wichita Falls.
 Yoakum:
 Yoakum Federal Savings & Loan Association.

DISTRICT NO. 10

- COLORADO:
 Del Norte:
 Del Norte Federal Savings & Loan Association (converted from Del Norte Building & Loan Association).
 Fort Morgan:
 Morgan County Federal Savings & Loan Association.
- KANSAS:
 Hutchinson:
 Valley Federal Savings & Loan Association of Hutchinson, 14 W. First Street (converted from Valley Building & Loan Association).
- NEBRASKA:
 Falls City:
 Falls City Federal Savings & Loan Association (converted from Home Building & Loan Association).
 Gering:
 Platte Valley Federal Savings & Loan Association.
 Wayne:
 Wayne Federal Savings & Loan Association.
- OKLAHOMA:
 Ada:
 Home Federal Savings & Loan Association of Ada (converted from Home Building & Loan Association of Ada).
 Guymon:
 Security Federal Savings & Loan Association of Guymon (converted from Security Building & Loan Association).

OKLAHOMA—Continued.

- Muskogee:
 First Federal Savings & Loan Association of Muskogee.
 Oklahoma City:
 Local Federal Savings & Loan Association of Oklahoma City, Association Building, First at Robinson (converted from Local Building & Loan Association).

DISTRICT NO. 11

- WASHINGTON:
 Seattle:
 Metropolitan Federal Savings & Loan Association of Seattle, 610 Seventeenth Avenue, North Building.

DISTRICT NO. 12

- CALIFORNIA:
 Oakland:
 First Federal Savings & Loan Association of Oakland, 1712 Broadway.
 San Diego:
 Central Federal Savings & Loan Association of San Diego, 841 Bank of America Building.

CANCELLATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS JANUARY 1, 1935, TO FEBRUARY 1, 1935

- FLORIDA:
 Orlando:
 Orlando Federal Savings & Loan Association.
- TEXAS:
 Livingston:
 Polk County Federal Savings & Loan Association.

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN JANUARY 1, 1935, AND FEBRUARY 1, 1935

(Listed by Federal Home Loan Bank Districts, States, and cities)

DISTRICT NO. 1

- CONNECTICUT:
 Danielson:
 Danielson Federal Savings & Loan Association.
 Greenwich:
 First Federal Savings & Loan Association of Greenwich, 4 Connecticut Avenue.
 Madison:
 First Federal Savings & Loan Association of Madison, Goldhammer Building, Boston Post Road.
 New Haven:
 First Federal Savings & Loan Association of New Haven, 24 Center Street.

DISTRICT NO. 2

- NEW YORK:
 Babylon:
 Suffolk County Federal Savings & Loan Association, 136 Merrick Road.
 Bayside:
 Bayside Federal Savings & Loan Association, 42-38 Bell Boulevard.
 Farmingdale:
 Bethpage Federal Savings & Loan Association of Farmingdale, % Independent Silk Dyeing Co., Inc.

DISTRICT NO. 3

- PENNSYLVANIA:**
Johnstown:
 Johnstown Federal Savings & Loan Association,
 1204 First National Bank Building.
Sharpsburg:
 Keystone Federal Savings & Loan Association of
 Sharpsburg, 905 Main Street.
- WEST VIRGINIA:**
Chester:
 Hancock County Federal Savings & Loan Association
 of Chester.
Wheeling:
 First Federal Savings & Loan Association of Wheel-
 ing, 25 Eleventh Street.
 Union Federal Savings & Loan Association of
 Wheeling, % United Building & Loan Association,
 Pythian Building.

DISTRICT NO. 4

- ALABAMA:**
Florence:
 First Federal Savings & Loan Association of Flor-
 ence.
Montgomery:
 First Federal Savings & Loan Association of Mont-
 gomery, 312 Montgomery Street.
Sheffield:
 Sheffield Federal Savings & Loan Association.
- FLORIDA:**
Belle Glade:
 Everglades Federal Savings & Loan Association of
 Belle Glade, P. O. Box No. 3.
Bradenton:
 First Federal Savings & Loan Association of Man-
 atee County.
Deland:
 Deland Federal Savings & Loan Association, Foun-
 tain Building, second floor.
Fort Pierce:
 First Federal Savings & Loan Association of Fort
 Pierce, 111 Orange Avenue.
Kissimmee:
 First Federal Savings & Loan Association of Os-
 ceola County.
Miami:
 Miami Federal Savings & Loan Association, 163
 East Flagler Street.
Punta Gorda:
 Punta Gorda Federal Savings & Loan Association.
Tallahassee:
 Tallahassee Federal Savings & Loan Association,
 116 East Jefferson Street.
Tavares:
 Lake County Federal Savings & Loan Association
 of Tavares, P. O. Box 276.
- GEORGIA:**
Augusta:
 First Federal Savings & Loan Association of Au-
 gusta, 705 Broad Street.
Bainbridge:
 First Federal Savings & Loan Association of Bain-
 bridge, First National Bank Building.
Baxley:
 Baxley Federal Savings & Loan Association.
Cuthbert:
 Randolph County Federal Savings & Loan Associa-
 tion of Cuthbert.
Manchester:
 Meriwether Federal Savings & Loan Association.
Rossville:
 Rossville Federal Savings & Loan Association.
Thomasville:
 Thomas County Federal Savings & Loan Associa-
 tion.

- MARYLAND:**
Towson:
 First Federal Savings & Loan Association of Tow-
 son, 415 York Road.
- SOUTH CAROLINA:**
Lancaster:
 First Federal Savings & Loan Association of Lan-
 caster.
Rock Hill:
 First Federal Savings & Loan Association of Rock
 Hill, 135 East Main Street.
- VIRGINIA:**
Hopewell:
 First Federal Savings & Loan Association of Hope-
 well, 1606 City Point Road.
Manassas:
 Federal Savings & Loan Association of Prince Wil-
 liam County.
Salem:
 Salem Federal Savings & Loan Association.

DISTRICT NO. 5

- KENTUCKY:**
Central City:
 Central City Federal Savings & Loan Association,
 110 Broad Street.
Covington:
 Citizens Federal Savings & Loan Association of
 Covington, Fifth Street and Madison Avenue.
Fort Mitchell:
 Second Federal Savings & Loan Association of
 Covington, 316 Summit Lane.
Louisville:
 Portland Federal Savings & Loan Association of
 Louisville, Market at Sixth Street.
Providence:
 Providence Federal Savings & Loan Association.
Winchester:
 Winchester Federal Savings & Loan Association, 10
 Lexington Avenue.
- OHIO:**
Cleveland:
 Citizens Federal Savings & Loan Association of
 Cleveland, Euclid at Fourth Street.
 Forest City Federal Savings & Loan Association of
 Cleveland, 1223 Schofield Building.
Hamilton:
 Dollar Federal Savings & Loan Association of Ham-
 ilton, Third and High Streets.
 Home Federal Savings & Loan Association of Ham-
 ilton, Third and Court Streets.
 Peoples Federal Savings & Loan Association of
 Hamilton, 320 High Street.
 West Side Federal Savings & Loan Association of
 Hamilton, 201 Main Street.
Kent:
 First Federal Savings & Loan Association of Kent.
Roseville:
 Roseville Federal Savings & Loan Association.
- TENNESSEE:**
Union City:
 First Federal Savings & Loan Association of Union
 City.

DISTRICT NO. 6

- INDIANA:**
Hartford City:
 Rural Loan & Savings Association, 213 West Wash-
 ington Street.
Loogootee:
 Loogootee Federal Savings & Loan Association.
- MICHIGAN:**
Royal Oak:
 Peoples Federal Savings & Loan Association of
 Royal Oak, 422 South Main Street.

DISTRICT NO. 7

ILLINOIS:

- Arlington Heights:
 - Northwest Federal Savings & Loan Association of Arlington Heights, Ill.
- Chicago:
 - Liberty Federal Savings & Loan Association of Chicago, 1628 North Halsted Street.
 - Piast Federal Savings & Loan Association of Chicago, 1710 West Twenty-first Street.
- Elgin:
 - First Federal Savings & Loan Association of Elgin, 14 East Chicago Street.
- Harvard:
 - Harvard Federal Savings & Loan Association.
- Rockford:
 - First Federal Savings & Loan Association of Rockford, 1719 Camp Avenue.

WISCONSIN:

- Baraboo:
 - Baraboo Federal Savings & Loan Association, 423 Oak Street.

DISTRICT NO. 8

IOWA:

- Clear Lake:
 - Clear Lake Federal Savings & Loan Association.
- Des Moines:
 - United Federal Savings & Loan Association of Des Moines, 220 Marks Building.
- Le Mars:
 - Le Mars Federal Savings & Loan Association.

MINNESOTA:

- Minneapolis:
 - First Federal Savings & Loan Association of Minneapolis, 517 Marquette Avenue.
 - Northwestern Federal Savings & Loan Association of Minneapolis, 124 South Ninth Street.
- Moorhead:
 - Moorhead Federal Savings & Loan Association.

MISSOURI:

- Brookfield:
 - Brookfield Federal Savings & Loan Association, 106 North Main Street.
- Kansas City:
 - Safety Federal Savings & Loan Association of Kansas City, 900 Grand Avenue.
 - Standard Federal Savings & Loan Association of Kansas City, 923 Walnut Street.
- Wellston:
 - St. Louis County Federal Savings & Loan Association of Wellston, 1508 Kienlen Avenue.

DISTRICT NO. 9

ARKANSAS:

- Morrilton:
 - Morrilton Federal Savings & Loan Association of Morrilton, Ark.
- Pine Bluff:
 - Southern Federal Savings & Loan Association of Pine Bluff, Simmons National Bank Building.

LOUISIANA:

- Baton Rouge:
 - Union Federal Savings & Loan Association, Eagles Building, North Boulevard.
- Jennings:
 - Jennings Federal Savings & Loan Association.

MISSISSIPPI:

- Columbus:
 - First Federal Savings & Loan Association of Columbus, P. O. Box 315.

TEXAS:

- Beeville:
 - First Federal Savings & Loan Association of Beeville.
- Electra:
 - Electra Federal Savings & Loan Association, 108 North Waggoner Street.
- Jasper:
 - Jasper Federal Savings & Loan Association.
- Kerrville:
 - Hill Country Federal Savings & Loan Association.
- Paris:
 - First Federal Savings & Loan Association of Paris.
- Uvalde:
 - Uvalde Federal Savings & Loan Association.

DISTRICT NO. 10

COLORADO:

- Craig:
 - First Federal Savings & Loan Association of Craig.

KANSAS:

- Hutchinson:
 - First Federal Savings & Loan Association of Hutchinson, 27 East First Street.
- Wichita:
 - Mid Kansas Federal Savings & Loan Association of Wichita, 120 South Market Street.

NEBRASKA:

- Omaha:
 - First Federal Savings & Loan Association of Omaha, Union State Bank Building.

OKLAHOMA:

- Oklahoma City:
 - Oklahoma City Federal Savings & Loan Association, 125 North Harvey Street.
- Sapulpa:
 - Sapulpa Federal Savings & Loan Association, 111 East Dewey Avenue.
- Shawnee:
 - First Federal Savings & Loan Association of Shawnee.

DISTRICT NO. 11

IDAHO:

- Boise:
 - Provident Savings & Loan Association, 1005 Main Street.

OREGON:

- Oregon City:
 - First Federal Savings & Loan Association of Oregon City.

UTAH:

- Ogden:
 - Federal Building & Loan Association, 2376 Washington Avenue.

WASHINGTON:

- Chehalis:
 - Lewis County Savings & Loan Association.
- Ellensburg:
 - Ellensburg Federal Savings & Loan Association.
- Olympia:
 - Thurston County Savings & Loan Association.

DISTRICT NO. 12

CALIFORNIA:

- Pasadena:
 - First Federal Savings & Loan Association of Pasadena, 170 North El Moline Street.
- San Diego:
 - First Federal Savings & Loan Association of San Diego, 1202 Fourth Street.
 - Home Federal Savings & Loan Association of San Diego, 1018 Ninth Street.
- Vallejo:
 - First Federal Savings & Loan Association of Vallejo, 713 Marin Street.

FEDERAL HOME LOAN BANK DISTRICTS

