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# Federal Home Loan Bank Review

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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. Subscriptions should be sent to and copies ordered from Superintendent of Documents, Government Printing Office, Washington, D. C.

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# Interest Rates

This is the sixth of a series of articles on practices prescribed for  
Federal savings and loan associations

**D**URING the 1920's competition for money was keen and its cost was high. Today there is an unprecedented surplus of funds seeking safe investment and consequently its cost is low. Financing institutions of all types are adjusting their dividends and their interest rates to this new situation with varying degrees of readiness. There are several good reasons why it is more difficult for savings and loan associations than for other lending agencies to make the adjustment.

In the first place, these mutual, thrift, home-financing institutions have for a hundred years confined themselves almost exclusively to long-term, relatively nonliquid loans. Consequently, they are forced to think of what money will cost 5 and 10 years from now as well as of what it costs today. In the second place, building and loan associations more than any other type of home-financing agency followed the pioneer into new communities where the risk was high. In many areas they have been the only institutional source of funds available to the home-owner borrower, and the demand on them for loans frequently exceeded their resources. Under these conditions it was inevitable that their loan charges should be high and that they should pay substantial dividends to investors. Perhaps it is mainly because attractive dividends have tended to become traditional with building and loan associations that they now view with concern the apparent necessity for lowering their interest rates on home loans to meet the competition of other

institutions. They quite naturally ask themselves, "Will present low returns to investors tend to make building and loan shares less attractive?"

This question deserves a careful reply. Savings are attracted by three attributes—safety, liquidity, and return. The comparative appeal of these attributes is no longer open to question. There is ample evidence that safety of their principal is the primary objective of the people who save. One striking piece of evidence is furnished by the mutual savings banks of the Northeast. During the speculative post-war decade these institutions paid a maximum of 4½ percent on deposits and were getting more money than they could use at that rate. In fact, many of them had to set limits upon the size of individual deposits they would accept. Their combined deposits rose from \$5,172,000,000 in 1920 to \$8,800,000,000 in 1929. More recent evidence is furnished by a national survey of investors made in 1934 by the American Savings, Building and Loan Institute. Ninety percent of the people interviewed preferred safety of their investments with a lower return.

## SHARE INSURANCE PROVIDES SAFETY

IN THE past, building and loan associations have relied almost exclusively on the single attraction of high returns. They now have an opportunity to shift their appeal to the more attractive attribute of safety, based upon the insurance of share accounts by the Federal Savings and Loan Insurance Corporation. The effectiveness

of this appeal and the fact that the public prefers share insurance with a lower dividend rate to a higher dividend rate without insurance have been proved by several associations. Thus, one of the largest savings and loan associations in Ohio, following the receipt of its insurance certificate, reduced the rate it paid investors to 3½ percent, although the average rate paid by building and loan associations in its city is 4½ percent and several associations are paying 5 percent. In spite of its lower rate the association reports that the safety provided by share insurance has resulted in an almost daily increase in the number of investors and amount of investments.

The experience of this Ohio association reveals the paramount importance which the man in the street now ascribes to safety of his principal. Once he realizes that a powerful Federal agency is cooperating to protect his savings in building and loan associations, he develops a new confidence in these institutions. There can be no doubt that Federal insurance of shares offers building and loan associations the one sure means of wiping out at one stroke the suspicion and unfriendliness which the trying experiences of the last 5 years have inspired in investors the country over.

As for liquidity, mutual savings and loan associations deal exclusively in long-time investments and cannot and should not offer liquidity comparable to that of deposits in mutual savings banks. Nevertheless, the reserve requirements which insured savings and loan associations must meet coupled with their access to the national reserve in the Federal Home Loan Bank System insure a liquidity to investments in these associations hitherto unknown to building and loan associations.

#### FACTORS THAT INFLUENCE INTEREST RATES

WITH safety increased by Federal insurance (which the public can readily be made to understand and in which it has faith) and

with a greater degree of liquidity, the general question as to whether lower dividend rates will rob building and loan associations of investors may, it seems, be answered in the negative. We come now to the question of what interest rates charged by mutual savings and loan associations should be. These associations are merchandising mechanisms for channeling savings into the financing of homes. They buy a commodity, service it, and resell it. Consequently, the factors that must determine the interest rates they charge narrow down to two: First, the price at which they can attract an adequate supply of savings; second, cost of efficient operation.

As to the dividend mutual savings and loan associations must pay to attract funds in a competitive market, it is pertinent to point out that mutual savings banks are now paying from 2 to 3 percent return on savings. With their equivalent safety but lesser liquidity, it seems reasonable to believe that federally insured savings and loan associations should attract ample funds at 3 to 4 percent in most sections of the country. It is to be remembered that in addition to safety, mutual savings and loan associations, and Federals particularly, offer great convenience of investment to savers both large and small, regular and occasional. Also, the terms on which they may make loans to shareholders are such as to compensate considerably for what liquidity investments in them may lack.

It should also be pointed out that building and loan associations are no longer wholly dependent upon local sources of funds. In the first place, all associations that are members of the Federal Home Loan Bank System may borrow up to a high percentage of their assets from this national credit reservoir. From this source they may obtain 10-year loans (which are in reality long-term investments in their institutions) at rates ranging from 3 percent to 4 percent. In the second place, State-chartered associations that are either in-

sured or members of a Federal Home Loan Bank, as well as Federal savings and loan associations, have access to \$300,000,000 of Federal funds for investment in their full-paid income shares. These nation-wide credit pools give assurance to eligible associations that they can obtain a considerable proportion of the funds they need at low rates.

#### COST OF OPERATION

WE COME now to the second of the two items that determine what interest rate insured associations must charge, namely, the cost of efficient operation. The experience of building and loan associations throughout the country indicates that a spread of 2 percent between the cost of money and the interest rate charged is adequate for the efficient operation of an institution servicing long-term amortized home loans. On larger loans, well secured and of low risk, the spread will be less than 2 percent. On small loans representing a higher percentage of value and consequently a higher risk, it may be higher than 2 percent. In any event, wherever more than 2 percent is collected, the higher overhead charge should be justified.

If a savings and loan association can get money at 3 to 4 percent and operate at

2 percent, it would seem that its interest rate, at least on its best loans, should be no more than 5 to 6 percent. Moreover, this interest rate should be the effective rate and include the total cost of the loan to the borrower, exclusive of the initial loan-closing fees for such services as appraisal, title search, and supervisory assistance on home construction.

The factor that makes inevitable an adjustment of interest rates charged by building and loan associations is competition from other institutions. There was a time when the charge made by building and loan associations for loans was little subject to the influence of competition. At that time these institutions had a monopoly of the long-term amortized loan. Borrowers elected to pay more for their money because it was easier for them to pay the small monthly instalments over a long period of time. That time is past. Life insurance companies operating on a national scale are not only advertising 20-year amortized loans as low as 4½ percent but actually making them. Even some commercial banks are offering amortized loans at 5 percent. Savings and loan associations have no choice but to meet this competition on its own terms or to accept only the poorer risks.

# Louisiana Seeks Share Insurance for all State-Chartered Associations

LOUISIANA is the first State to adopt insurance of share accounts as the basis of its official program for the rehabilitation of its building and loan associations. The State banking department, represented by W. E. Wood, assistant supervisor, building and loan division, is seeking to have all eligible institutions insured immediately and the remainder reorganized or merged in order that they may qualify for insurance.

At the invitation of the State officials, the Federal Savings and Loan Insurance Corporation is cooperating actively to speed the program. It has assigned a special corps of examiners to the State in order that all applicants may be examined as nearly simultaneously as possible. The advantage of this plan is that it puts all associations in one competitive area on an equal basis and prevents one association from profiting at the expense of a competitor through prior announcement of insurance.

As a result of the distress of the last 5 years, practically all Louisiana associations, like those throughout the country, have been on notice or otherwise in difficulties. In a recent speech before the Louisiana Homestead and Building and Loan League, Mr. Wood analyzed the situation in the following words:

The industry, as a whole, has been seriously affected during the period of the depression, and today is faced with grave problems and must properly meet a serious challenge if it is to survive.

For a long time prospect of the industry regaining full public confidence, a position it once enjoyed, did not appear very bright. There has not up to now appeared a proper basis for rehabilitation. Shareholders for years have been unable to receive from many associations anything like reasonable returns on their investments. The nonpayment of withdrawals has been the order of the day for years. Share ownerships have been traded and trafficked in at amounts much below par. The confidence once enjoyed is slowly but surely ebbing away—not a very pretty picture to contemplate.

Several years ago, it was our belief that if the institutions were made solvent—were in position to pay reasonable dividends and withdrawals within a reasonable time—the integrity of the institutions and the industry could be preserved. Acting upon this belief, we called together some of the leaders of the building and loan industry and endeavored to persuade them to take the lead in a movement for consolidations, mergers, and reorganizations. Unfortunately we were unable to interest these leaders in such a program.

Then, with the passage of Act 140 of 1932, providing for “permanent reserve shares,” we thought perhaps on the basis of greater stability through the issuance of this class of shares the industry might again take its proper place in the financial set-up of our State; but values went lower; in fact, “value” became an abstruse word. The problems of the industry became more difficult from time to time, and our problems were greatly magnified.

I am happy to say that now with the Federal Savings and Loan Insurance Corporation, insuring and guaranteeing the accounts of shareholders up to \$5,000, there appears on the horizon a new day for building and loan. It will, of course, require reorganizations and mergers to produce a situation sufficiently satisfactory to the Insurance Corporation, to induce them to guarantee and insure the accounts of our building and loan associations. But once the pro-

gram which we have initiated is complete I am certain the general public will again have faith and confidence in these institutions, and the institutions will be in position to serve their communities in an acceptable manner.

The insurance afforded by the Federal Savings and Loan Insurance Corporation is real insurance, provided by an institution wholly owned and controlled by the Federal Government, with a capitalization of \$100,000,000. The premium charge of one-eighth of 1 percent, which will soon be effective in lieu of the presently provided premium of one-fourth of 1 percent,<sup>1</sup> is not overly burdensome; and while I believe this charge is still too high it is only fair that a further reduction should be made only in the light of experience. Some of us object to too much "rule and regulation," but as long as the application of all rules and regulations is uniform and they tend to safer operations, we may well accept them in the interest of permanency of our industry. . . .

So far as Louisiana associations are concerned, there are no two ways about it. Building and loan must be placed on a higher standard of efficiency. Many of the institutions must have material improvement in their solvency and in their earning power and must have reasonable liquidity. This is a new day. It is the day of the shareholder.

In order to bring about a proper rehabilitation of the building and loan industry of this State, some institutions face reorganization, consolidation or merger, and some face liquidation; and while to fail is most disappointing to anyone with a fair amount of self-pride, to fail honestly should be some consolation at least to those who find themselves in such a position.

As a result of the work of the Insurance Corporation's examiners, a considerable number of the associations eligible for insurance without any reorganization have already received and others will soon receive their certificates. The reorganization of other associations involving segregation of assets, consolidation, and similar operations, is going forward rapidly. It is anticipated that this work of reorganization will be concluded by early fall and the active associations in Louisiana will be practically 100 percent insured.

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<sup>1</sup>This reduction was effected by Congressional action, approved May 28.

Shortly after the first State associations had received their insurance certificates, Mr. Wood obtained reports on what effect insurance of share accounts had had on the business of insured associations. Through the courtesy of Mr. Wood the REVIEW is able to publish the following excerpts from the replies he received from various associations in a single competitive area.

We obtained our insurance of shares on March 7 and advertised the fact jointly with three other local associations on the following day. During the remainder of the month we opened 8 optional savings installment accounts, 19 such accounts long inactive were revived by having payments made thereon, and we sold \$4,700 worth of paid-up stock.

We expect to have all the money offered us early in July that we can possibly use and more.

Members of our board of directors are mighty well pleased with the favorable reaction to insurance of shares on the part of our stockholders and the public. Broadly speaking, everyone concerned feels that we are definitely headed upward.

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We have your letter of April 25, and in reply we are pleased to state that the insurance of our shares has given added confidence to our shareholders. They feel perfectly safe with their investment, and we continue to have no withdrawal list. This may seem an unusual situation to you, but it is true nevertheless.

This same feeling of confidence is also reflected in the minds of the public, with the result that the stock of this association is looked upon as one of the safest investments you can make.

In conclusion, I would like on the behalf of the directors of this association, to again express our thanks to you for your assistance and cooperation given us in the insuring of our shares.

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As far as withdrawals are concerned, you will recall that shortly after January 1, we had applications for withdrawals filed of approximately \$100,000. For a considerable length of time previous to that, we had been paying our withdrawals in full at the end of 60 days, and continued to do so at that time. Most of these withdrawals became 60 days old and ready for payment the 1st of March, just about the time our insurance

went into effect; and of the applications filed we have had cancelations of approximately \$60,000, and anticipate that we will have at least \$10,000 additional cancelations, as we have notified applicants, who have applied for this amount, to call at our office to receive payment of the withdrawal of their stock some time ago, and so far they have not done so. We now have only 8 applications on hand for withdrawals totaling \$7,200, which of our own knowledge we know are for legitimate use.

In the approximate month and one-half since the insurance went into effect, the sale of our shares have amounted to approximately \$15,000, despite the fact we do not care about selling any shares and have not given any particular publicity toward accomplishing this end.

Whether or not the insurance of shares has affected loans, we are unable to say, but during

the last 60 days we have received more applications for good loans than we had previously received during the past 12 months.

We are well satisfied with our investment in this protection, and think that all associations in the State should be anxious to secure for their shareholders this additional security.

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Our experience thus far with the insurance of our shares has been highly satisfactory. Our withdrawal list has been completely wiped out and we have not had a single request for withdrawal of funds, except in extreme cases of emergency, since our insurance became effective.

Our officers and directors, stockholders, and the public generally, are of the opinion that we could not have done a finer thing than to insure our shares.

# Incomes of Representative Home-Owner and Tenant Families in 61 Cities in 1933

THE incomes people receive determine how much they can spend for housing. Consequently, income statistics are of vital importance to home-financing institutions, builders, and all others interested in the production and financing of homes. In the early months of 1934, the Financial Survey of Urban Housing under the Bureau of Foreign and Domestic Commerce, gathered data on the incomes of sample groups of home-owner and tenant families in 61 cities. These data have now been analyzed and the Division of Research and Statistics of the Federal Home Loan Bank Board has summarized the results for publication in the REVIEW.

The 61 cities from which information on incomes was obtained by the Survey range in size from 10,000 population to more than 1,000,000. Every State, except Delaware, is represented by at least 1 city. The

total number of families reporting on incomes for 1933 was 290,028. As this number represents slightly less than 1 percent of the 30,000,000 families in the United States in 1930 and represents no farm families, it is obvious that care should be taken in interpreting the income data as typical of the national situation. The figures have, however, considerable validity for the cities in which they were collected and they are suggestive of trends.

## INCOME CLASSES

TABLE 1 and chart 1 show the distribution of incomes of owner-occupant and tenant families by income groups. The largest class in both categories had incomes ranging from \$1,000 to \$1,499. Thus, 18.4 percent of all tenants' incomes were in this group and 17.6 percent of all owner occupants' incomes.

TABLE 1.—Number and percentage distribution of reporting owner-occupant and tenant families in 61 cities, by income groups during 1933

[Source: Financial survey of urban housing, 1934]

Income groups	Owner occupants		Tenants		Total	
	Number	Percent	Number	Percent	Number	Percent
No cash or other income . . . . .	6, 983	5. 5	7, 656	4. 7	14, 639	5. 0
\$1 to \$249 . . . . .	11, 384	9. 0	20, 380	12. 5	31, 764	11. 0
\$250 to \$499 . . . . .	13, 379	10. 5	22, 098	13. 6	35, 477	12. 2
\$500 to \$749 . . . . .	15, 478	12. 2	23, 613	14. 5	39, 091	13. 5
\$750 to \$999 . . . . .	11, 810	9. 3	17, 826	10. 9	29, 636	10. 2
\$1,000 to \$1,499 . . . . .	22, 485	17. 6	29, 988	18. 4	52, 473	18. 1
\$1,500 to \$1,999 . . . . .	17, 883	14. 1	20, 200	12. 4	38, 083	13. 2
\$2,000 to \$2,999 . . . . .	15, 656	12. 3	14, 086	8. 6	29, 742	10. 2
\$3,000 to \$4,499 . . . . .	7, 342	5. 8	5, 141	3. 2	12, 483	4. 3
\$4,500 to \$7,499 . . . . .	3, 218	2. 6	1, 601	1. 0	4, 819	1. 7
\$7,500 and over . . . . .	1, 458	1. 1	363	. 2	1, 821	. 6
Total number reporting . . . . .	127, 076	100. 0	162, 952	100. 0	290, 028	100. 0

Five percent of all families studied reported no income at all, the figures being 5.5 percent of all owner occupants and 4.7 percent of all tenants. At the other end of the scale only 1.1 percent of owner occupants and 0.2 percent of the tenants reported incomes above \$7,500.

The right half of chart 1, which shows the incomes in the various categories on a cumulative basis, reveals that 64.1 percent of all owner occupants and 74.6 percent of all tenants had incomes of less than \$1,500.

#### AVERAGE INCOMES

THE average incomes of tenants and of owner occupants in each of the 61 cities studied are shown in table 2 and chart 2. In the table the cities are grouped by Federal Home Loan Bank Districts and States while in the chart they are grouped according to magnitude of owner-occupant incomes. In every city, the incomes of owner occupants exceeded those of tenants. The difference was smallest in Boise, Idaho, where the average tenant income was 94.3 percent of the average owner-occupant income, while the greatest difference is found in Charleston, S. C., where the average tenant income was only 38.1 percent. The median is 74.3 percent, found in Portland, Oreg.

The 7 cities where the ratio is lowest are all in Southern States. On the other hand, most of the cities where the ratio of average tenant income to average owner-occupant income is 80 percent or more, are in industrial or mining cities of the Midwest and Northwest.

The highest average owner-occupant income of \$2,073 was in Waterbury, Conn., and the lowest, \$911, was in Decatur, Ill. The highest average tenant income of \$1,482 was in Reno, Nev., and the lowest, \$626, was in Jacksonville, Fla.

All cities, as revealed in table 2, showed a decline in both categories of incomes from 1929 to 1933. They all, also, showed declines from 1932 to 1933. The smallest decline for tenants' incomes between 1929 and 1933 was 14.7 percent, in Richmond, Va., while the largest decline took place in Birmingham, Ala., and amounted to 44.5 percent. In owner occupants' incomes the smallest decline was 16.6 percent in Trenton, N. J., while the largest decline of 52.7 percent took place in Racine, Wis. In all 61 cities except 4—Paducah, Ky., Jacksonville, Fla., Wheeling, W. Va., and Binghamton, N. Y.—the decline in owner occupants' incomes was greater than the decline in tenants' incomes.

CHART 1.—PERCENTAGE DISTRIBUTION OF OWNER-OCCUPANT AND TENANT FAMILIES BY INCOME GROUPS DURING 1933  
[Source: Financial Survey of Urban Housing in 61 Cities, 1934]

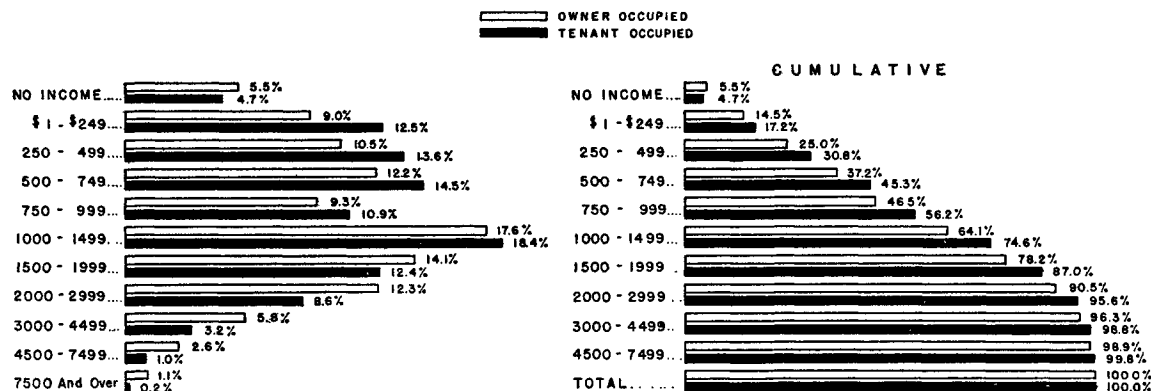


CHART 2.—AVERAGE INCOME OF OWNER-OCCUPANT AND TENANT FAMILIES IN 1933 (CITIES ARE ARRANGED IN ORDER OF AMOUNT OF OWNER-OCCUPANT INCOME)

SOURCE: FINANCIAL SURVEY OF URBAN HOUSING IN 61 CITIES-1934

L E G E N D  
 OWNER OCCUPIED .....   
 TENANT OCCUPIED .....

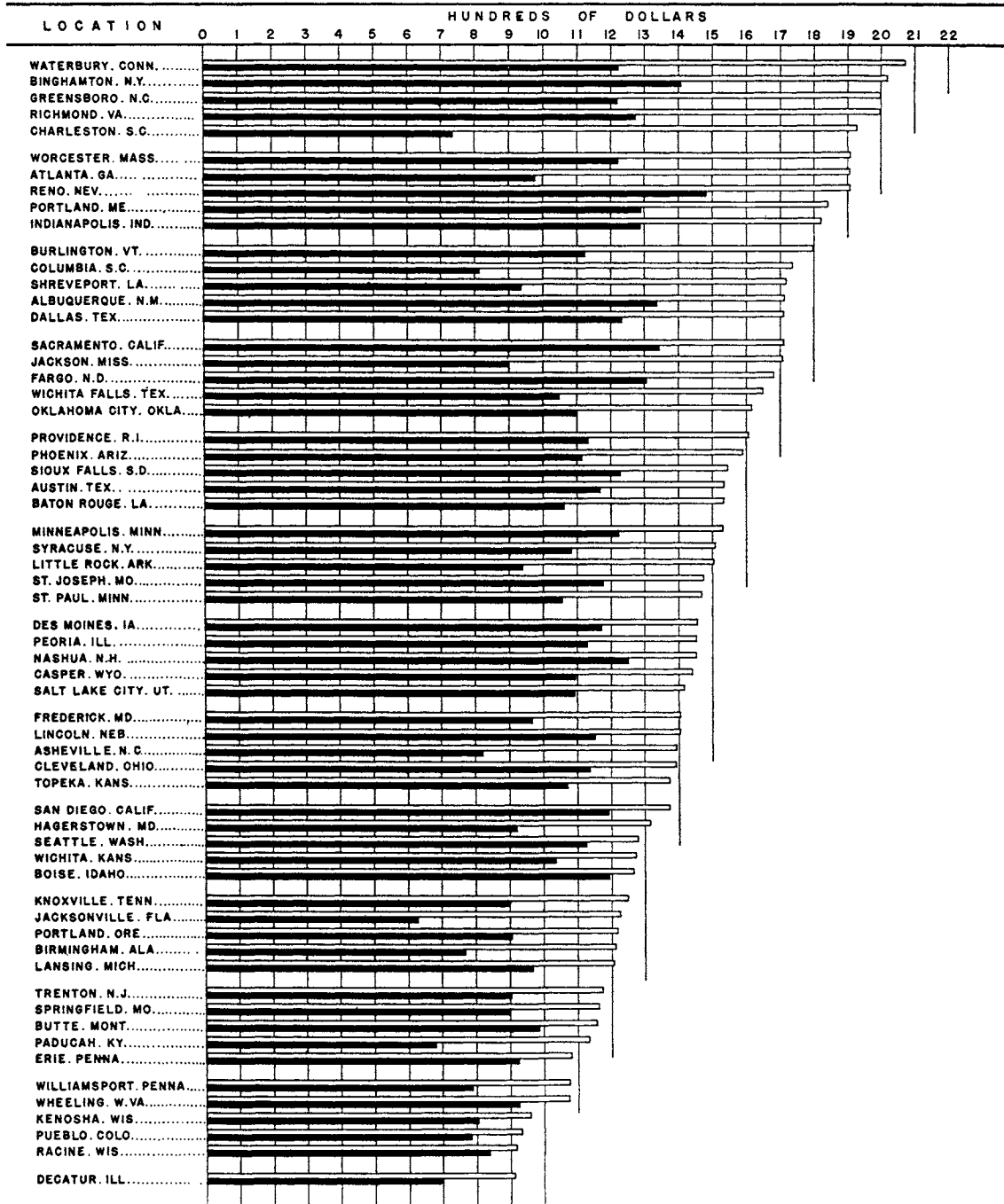


TABLE 2.—Average incomes of reporting tenants and owner occupants in 61 cities for 1929, 1932, and 1933 with percent decline from 1929 to 1933, by Federal Home Loan Bank Districts and by States

[Source: Financial survey of urban housing]

Federal Home Loan Bank Districts and States	Tenants				Owner occupants			
	Average income			Percent decline 1929-33	Average income			Percent decline 1929-33
	1929	1932	1933		1929	1932	1933	
<b>DISTRICT 1:</b>								
Connecticut—Waterbury.....	1,742	1,286	1,223	29.8	3,086	2,233	2,073	32.8
Maine—Portland.....	1,744	1,415	1,290	26.0	2,773	2,188	1,842	33.6
Massachusetts—Worcester.....	1,686	1,306	1,221	27.6	2,784	2,089	1,907	31.5
New Hampshire—Nashua.....	( <sup>1</sup> )	( <sup>1</sup> )	1,251	.....	( <sup>1</sup> )	( <sup>1</sup> )	1,453	.....
Rhode Island—Providence.....	1,630	1,239	1,133	30.5	2,339	1,733	1,606	31.3
Vermont—Burlington.....	( <sup>1</sup> )	( <sup>1</sup> )	1,125	.....	( <sup>1</sup> )	( <sup>1</sup> )	1,799	.....
<b>DISTRICT 2:</b>								
New Jersey—Trenton.....	1,317	1,010	902	31.5	1,917	1,377	1,174	38.8
New York—Binghamton.....	1,694	1,439	1,408	16.9	2,421	2,051	2,019	16.6
Syracuse.....	1,665	1,231	1,082	35.0	2,450	1,714	1,507	38.5
<b>DISTRICT 3:</b>								
Pennsylvania—Erie.....	1,549	1,050	924	40.3	1,943	1,281	1,080	44.4
Williamsport.....	( <sup>1</sup> )	( <sup>1</sup> )	787	.....	( <sup>1</sup> )	( <sup>1</sup> )	1,076	.....
West Virginia—Wheeling.....	1,379	982	925	32.9	1,594	1,121	1,073	32.7
<b>DISTRICT 4:</b>								
Alabama—Birmingham.....	1,385	880	769	44.5	2,267	1,390	1,211	46.6
Florida—Jacksonville.....	873	680	626	28.3	1,593	1,291	1,224	23.2
Georgia—Atlanta.....	1,377	1,124	979	28.9	2,701	2,088	1,906	29.4
Maryland—Frederick.....	( <sup>1</sup> )	( <sup>1</sup> )	968	.....	( <sup>1</sup> )	( <sup>1</sup> )	1,404	.....
Hagerstown.....	1,312	1,029	920	30.0	2,064	1,435	1,315	36.3
North Carolina—Asheville.....	1,155	900	821	28.9	2,126	1,544	1,393	34.5
Greensboro.....	1,462	1,226	1,217	16.8	2,915	2,208	2,000	31.4
South Carolina—Charleston.....	880	745	734	16.6	2,454	2,060	1,927	21.4
Columbia.....	1,015	879	812	20.0	2,315	1,829	1,737	25.0
Virginia—Richmond.....	1,508	1,352	1,285	14.8	2,715	2,154	1,999	26.4
<b>DISTRICT 5:</b>								
Kentucky—Paducah.....	1,019	731	680	33.3	1,667	1,231	1,134	32.0
Ohio—Cleveland.....	1,757	1,240	1,138	35.2	2,463	1,669	1,391	43.5
Tennessee—Knoxville.....	( <sup>1</sup> )	( <sup>1</sup> )	900	.....	( <sup>1</sup> )	( <sup>1</sup> )	1,248	.....
<b>DISTRICT 6:</b>								
Indiana—Indianapolis.....	1,896	1,422	1,289	32.0	2,899	2,078	1,821	37.2
Michigan—Lansing.....	1,632	1,016	966	40.8	2,146	1,337	1,204	43.9
<b>DISTRICT 7:</b>								
Illinois—Decatur.....	( <sup>1</sup> )	( <sup>1</sup> )	694	.....	( <sup>1</sup> )	( <sup>1</sup> )	911	.....
Peoria.....	1,691	1,220	1,131	33.1	2,203	1,614	1,454	34.0
Wisconsin—Kenosha.....	1,378	831	803	41.7	1,855	1,067	959	47.8
Racine.....	1,589	913	837	47.3	1,939	1,052	918	52.7
<b>DISTRICT 8:</b>								
Iowa—Des Moines.....	1,660	1,307	1,174	29.3	2,138	1,653	1,455	31.9
Minnesota—Minneapolis.....	1,730	1,349	1,220	29.5	2,304	1,742	1,530	33.6
St. Paul.....	1,454	1,139	1,056	27.4	2,060	1,633	1,469	28.7
Missouri—St. Joseph.....	1,555	1,261	1,176	24.4	2,196	1,727	1,473	32.9
Springfield.....	1,365	1,003	899	34.1	1,753	1,288	1,162	33.7
North Dakota—Fargo.....	1,679	1,420	1,304	22.3	2,399	1,932	1,682	29.9
South Dakota—Sioux Falls.....	1,635	1,309	1,229	24.8	2,283	1,748	1,545	32.3

<sup>1</sup> Income tabulated for 1933 only.

TABLE 2.—Average incomes of reporting tenants and owner occupants in 61 cities for 1929, 1932, and 1933 with percent decline from 1929 to 1933, by Federal Home Loan Bank Districts and by States—Continued

Federal Home Loan Bank Districts and States	Tenants				Owner occupants			
	Average income			Percent decline 1929-33	Average income			Percent decline 1929-33
	1929	1932	1933		1929	1932	1933	
<b>DISTRICT 9:</b>								
Arkansas—Little Rock.....	1, 445	1, 063	940	34. 9	2, 591	1, 763	1, 502	42. 0
Louisiana—Baton Rouge.....	1, 371	1, 118	1, 061	22. 6	2, 153	1, 707	1, 532	28. 8
Shreveport.....	( <sup>1</sup> )	( <sup>1</sup> )	936	.....	( <sup>1</sup> )	( <sup>1</sup> )	1, 718	.....
Mississippi—Jackson.....	1, 250	965	899	28. 1	2, 703	1, 891	1, 707	36. 8
New Mexico—Albuquerque.....	( <sup>1</sup> )	( <sup>1</sup> )	1, 336	.....	( <sup>1</sup> )	( <sup>1</sup> )	1, 713	.....
Texas—Austin.....	1, 450	1, 282	1, 168	19. 4	2, 070	1, 710	1, 534	25. 9
Dallas.....	1, 751	1, 350	1, 233	29. 6	2, 564	1, 883	1, 712	33. 2
Wichita Falls.....	1, 612	1, 114	1, 048	35. 0	2, 706	1, 832	1, 650	39. 0
<b>DISTRICT 10:</b>								
Colorado—Pueblo.....	1, 290	843	783	39. 3	1, 570	1, 043	933	40. 6
Kansas—Topeka.....	1, 492	1, 172	1, 070	28. 3	1, 981	1, 512	1, 373	30. 7
Wichita.....	1, 652	1, 149	1, 035	37. 3	2, 112	1, 471	1, 271	39. 8
Nebraska—Lincoln.....	1, 581	1, 251	1, 153	27. 1	2, 294	1, 630	1, 404	38. 8
Oklahoma—Oklahoma City.....	1, 627	1, 172	1, 096	32. 6	2, 580	1, 791	1, 617	37. 3
<b>DISTRICT 11:</b>								
Idaho—Boise.....	1, 493	1, 259	1, 194	20. 0	1, 812	1, 395	1, 266	30. 1
Montana—Butte.....	1, 732	1, 038	986	43. 1	2, 257	1, 261	1, 155	48. 8
Oregon—Portland.....	1, 423	1, 017	905	36. 4	1, 994	1, 381	1, 218	38. 9
Utah—Salt Lake City.....	1, 603	1, 193	1, 094	31. 8	2, 270	1, 600	1, 417	37. 6
Washington—Seattle.....	1, 693	1, 206	1, 125	33. 5	2, 122	1, 453	1, 278	39. 8
Wyoming—Casper.....	1, 569	1, 213	1, 099	30. 0	2, 064	1, 602	1, 441	30. 2
<b>DISTRICT 12:</b>								
Arizona—Phoenix.....	1, 681	1, 204	1, 114	33. 7	2, 880	1, 919	1, 590	44. 8
California—Sacramento.....	1, 805	1, 456	1, 344	25. 5	2, 465	1, 914	1, 712	30. 5
San Diego.....	1, 670	1, 336	1, 192	28. 6	2, 047	1, 583	1, 371	33. 0
Nevada—Reno.....	( <sup>1</sup> )	( <sup>1</sup> )	1, 482	.....	( <sup>1</sup> )	( <sup>1</sup> )	1, 906	.....

<sup>1</sup> Income tabulated for 1933 only.

# Improvement of Housing Standards to Reduce Investment Risk

**I**F EVERY home-financing institution in the United States were to ask itself on how many homes in its community it would be willing to make loans for a 30-year period or even for 20 years, the answers would probably be something of a shock. Undoubtedly, many institutions in many communities would feel compelled to say, "Not one." It may be questioned whether any lending agency would unhesitatingly make a single 30-year loan. Such a situation constitutes a severe indictment of our housing standards. In northern and western Europe, it is customary to make loans on homes for 30, 40, and even 50 years. Why need it be unsafe to make even 20-year loans in the United States?

This question is of more than academic importance to those thrift, home-financing institutions that are thinking increasingly in terms of 15- and 20-year amortized loans. The whole program of these institutions will be endangered and the risks they take made insupportable unless residential property values in the United States acquire a stability which will double the life expectancy of American homes. Such a transformation will mean for home-financing institutions not only safer business but more business. In proportion as the term of an amortized loan is lengthened, the monthly repayment is lowered and larger numbers of families can afford home ownership. Furthermore, an increase in the stability of property values means an additional safeguard to the home-owner borrower, and, as the bor-

rower is the financing institution's source of income, his protection and satisfaction are major concerns of the institution. To the extent that the lending agency protects the borrower, it has a sales talk which will be of ever greater value as competition between lending institutions increases.

Considerations of a purely economic and practical nature, therefore, make it advisable that lending institutions take positive action to increase the stability of the value of property on which they lend money. The question is, how? Before the means can be intelligently chosen, the housing standards which insure stability must be defined. Once that is done and the detailed objectives clearly envisioned, the means will suggest themselves.

To be of any immediate use to financing institutions housing standards must be practical and attainable. It would be relatively easy, in the light of existing technical knowledge, to define the standards for ideal housing in a new community to be built on virgin soil. But America is a land of built-up cities, and defects of long standing will be slow to remove. The existing practical difficulties must be recognized and a means sought to overcome them little by little. Thus, the major volume of home financing by thrift institutions will continue to be, as it has always been, refinancing. They must accept as security existing houses in existing communities and so their principal problem will be to secure for such houses and communities a stability which they had not heretofore

had. For the sake of their existing investments and for reasons of civic efficiency and economy, they must accept their share of responsibility for the rehabilitation of existing in-town blighted areas.

#### THE BASIC IMPORTANCE OF THE NEIGHBORHOOD

URBAN housing standards must begin with the neighborhood. The urban home is not an isolated thing in itself; it is a cell in an organic whole. Physically, a single dwelling is as dependent upon its neighbors as is a single coral on the entire reef. A well-built well-kept home on a slovenly street is doomed and one jerry-built neglected house can lower the property values of an entire street. The single house is dependent for health on the network of sewers and water mains and on the use to which the surrounding land is put. It is dependent for access, on streets and transportation; for necessities of life, on stores

and community services; for support, on industry which provides employment; for protection, on police and fire service; for amenities and esthetic satisfactions, on schools, parks, and playgrounds. It is vital to understand the controlling influence on housing of the neighborhood. Unless a good neighborhood is assured, the best of design and construction and of lot planning will be powerless to increase value or protect the investment. The first consideration in the lender's mind must, therefore, be the neighborhood in which the home is located. Accordingly, the next article in this series will define specifically the neighborhood standards—affecting the physical features of the land, its use and the legal restrictions thereon, the services and amenities provided, the contact with places of work, transportation, street plan, and so on—which lending institutions should insist upon.

# Revisions of the Rules and Regulations for Insurance of Savings and Loan Accounts

THE recent amendments to the National Housing Act and to the Home Owners' Loan Act of 1933 made necessary some revisions in the Rules and Regulations of the Federal Savings and Loan Insurance Corporation. Advantage has been taken of the opportunity to incorporate such new rules and amendments to rules as have been made since the Rules and Regulations were first issued in October 1934. In addition, experience in administration has revealed the desirability of clarification in certain sections.

The purpose of the Rules and Regulations is to insure the maximum of protection to shareholders and insured institutions at the lowest possible cost while making it possible for all solvent savings and loan associations to obtain the advantages of insurance with a minimum of difficulty. This purpose has guided the Board in making its revisions.

To consider briefly and in order the major changes, the following new subsection was added to section 1, *Definitions*, to eliminate confusion which had prevailed concerning joint accounts.

(c) An insured account held jointly is insured in the same manner as an insured account held by a partnership, up to but not exceeding \$5,000 jointly to the holders thereof. Each of such joint holders may in addition hold a separate insured account, which separate account is insured up to but not exceeding \$5,000. For the benefit of joint holders of insured accounts, settlement of insurance will be made in accordance with the laws under which the insured institution operates.

Two major additions were made to section 2, *Applications for Insurance*. The

first guarantees that applications for insurance will be treated confidentially. The second provides that an association obviously ineligible for insurance may apply for examination and appraisal in order that the Corporation may recommend the changes and adjustments necessary to enable the association to qualify.

Section 10, *Lending Area*, was liberalized to give insured institutions greater leeway in their lending operations. As under the old rules, an insured institution may continue to make loans on real estate situated within the territory in which the institution was operating on June 27, 1934, though such real estate is located more than 50 miles from its principal office. A new paragraph provides that if an insured institution wishes to make a loan on real estate beyond 50 miles of the principal office, and in territory other than that in which it operated on June 27, 1934, it may do so provided it files with the Board certain facts which would justify such a lending policy. Minor modifications were made in the way of requirements pertaining to loans on real estate situated more than 50 miles from the principal office.

## REVISIONS AFFECTING RESERVES

SEVERAL important changes have been made affecting the reserve account to be set up by insured institutions, section 11. The annual rate at which reserves are to be accumulated has been reduced from one-half of 1 percent to three-tenths of 1 percent of the aggregate of insured accounts. A new provision has been included permitting the declaration of dividends, as authorized by the amendment to the Act, in any year

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when losses are charged to the Federal insurance reserve account, if the declaration of such dividends is approved by the Corporation. Thus, a new subsection has been added encouraging insured institutions to provide contingent reserve and undivided profit accounts for the absorption of losses. Establishment of such contingent reserves would tend to protect the Federal insurance reserve account and would enable institutions to pay dividends regularly. A sound dividend policy would seem to dictate such provision.

To comply with the Act as amended, the rate of premium has been reduced from one-fourth to one-eighth of 1 percent of the aggregate of all insurable accounts plus all creditor obligations, section 12. The limit on possible additional assessments has also been reduced from one-fourth to one-eighth of 1 percent.

The indefiniteness of the former provisions regarding the making of reports, section 14, has been remedied. Under the new rules, every insured institution is required to make an annual report to the Corporation as of the end of its fiscal year and a semiannual report as of 6 months later each year, upon forms prescribed by the Board.

Section 15, concerning the bonding of officers, directors, and employees, has been substantially rewritten. The new rules establish a minimum security bond of not less than \$2,500 or 2 percent of the assets of the association up to \$1,250,000, whichever shall be greater. They also embody a recent Board resolution requiring the bonding of collection agents employed outside the association's home or branch office.

Two new sections have been added, section 16, dealing with merger, consolidation, or purchase of assets, and section 17, dealing with brokerage business and sale of loans. In order to permit consolidation or expansion of institutions by merger or purchase of assets, while preventing an excessive development in that direction,

the trustees have prescribed the following procedure. An insured institution is permitted at any time to increase its insurable accounts and/or its creditor obligations in an amount not in excess of 10 percent of its assets or \$50,000, whichever is less. To acquire more than that amount, the approval of the Corporation is necessary.

The chief purpose of the new section on brokerage business and sale of loans is to prevent insured institutions from engaging in a brokerage business. They are, however, permitted to purchase loans of a type which they could make originally.

In order to protect the rights of institutions and to forestall bureaucratic decisions, the Rules now incorporate a new section, 19, guaranteeing an applicant a right of hearing if the applicant thinks the requirements made of it are excessive or its rejection is unfair.

The recent amendments to the Act authorized the Home Owners' Loan Corporation to subscribe for full-paid income shares of insured or member institutions as well as Federal savings and loan associations. A new section, 20, in the Rules indicates that application forms for such subscriptions may be obtained by insured institutions from their Federal Home Loan Banks.

In section 21, dealing with the termination of insurance, a new subsection is added to cover situations where the corporate existence of an insured institution is terminated either by lapse of charter, dissolution, consolidation, or merger into an institution which is not insured by the Corporation. This provision is in anticipation of what seems to be an inevitable movement toward consolidation of many building and loan associations.

Finally, section 18 of the old Rules, dealing with lending practices and financial policies, is transferred to the appendix of the new Rules. This is logical since the section contains recommendations rather than requirements pertaining to lending practices and financial policies.

# Revisions of the Rules and Regulations for Federal Savings and Loan Associations

**D**EVELOPMENT of the Federal savings and loan program has required from time to time modifications in the policies and practices of the Board. These modifications have now been incorporated in the Rules and Regulations for Federal Savings and Loan Associations. They involve principally the addition of new sections.

The first major addition is a new section 6, providing for the creation of new Federals by the process of transfer of assets from State-chartered institutions. Details of the procedure to be followed are given.

Section 11, dealing with the bonding of employees, has been expanded to require that associations which employ collection agents outside of their home office or branch office shall provide for the bonding of such agents in an amount equal to at least twice the average monthly collections of such agents.

To induce converted associations to maintain a reserve for uncollected interest, a new section 20, on accrued interest receivable, requires that on all direct-reduction loans interest shall be added to the account monthly and a "reserve for uncollected interest" shall be maintained equivalent to all interest earned but in default more than 30 days.

A new section 25, provides that a field examination and/or appraisal may take the place of a detailed financial statement. This applies only to applicants whose financial condition is such that they cannot qualify for conversion without segregation

of their assets or a readjustment of their capital.

Many new Federal associations have been slow in applying and qualifying for insurance. To prevent this delay, a new subsection has been added to section 28, *Formal Application for Conversion*, requiring that the application for insurance shall accompany the application for conversion.

Occasionally in the past, controversies have arisen in connection with the segregation of assets of converting institutions. The Board has accordingly inserted a new section 37, giving any person interested in the conversion of an association a right to a hearing before the Review Committee of the Board at Washington.

A new section 38 conforms to the recent Congressional amendment of the Act authorizing the Home Owners' Loan Corporation to subscribe for shares in Federal associations when the funds available to the Secretary of the Treasury for this purpose are exhausted.

The provisions in the old Rules and Regulations governing dissolution have been clarified and simplified and assembled into a new section 44. Three plans for dissolution are suggested as follows:

- (1) For the Federal Savings and Loan Insurance Corporation to be appointed as receiver for the purpose of liquidation, as is provided by law and regulation;
- (2) For all assets of the association to be transferred to another thrift and home-financing institution under Federal or State charter for a

sufficient amount of cash to pay all obligations of the association and to retire all outstanding shares up to the amount credited thereto; or

(3) For the transfer of all assets to another thrift and home-financing institution under Federal or State charter in consideration of the payment of all outstanding obligations of the association and the issuance of shares or other evidences of interest to the shareholders of the Federal savings and loan association up to the amount of their credit as shareholders on a pro-rata basis.

Finally, two new sections have been added: One prohibits associations from engaging in the mortgage brokerage business, and the other prohibits associations from establishing branch offices without the approval of the Board. The purpose of this second prohibition is to prevent associations from over-expanding in territory where no substantial need for home-financing exists.

# Single Simplified Form Adopted for Membership, Conversion, and Insurance Applications

THE information and financial statement requested of institutions applying for membership in the Federal Home Loan Bank System, for conversion, or for share insurance, have been considerably simplified as the result of the Board's adoption of a single revised form. The new form, known as Form 1, replaces Form 7 and Form 700.

In preparing the new form, the Board enlisted the aid of all Federal Home Loan Bank directors and of 150 building and loan executives selected by the United States League. A tentative draft was submitted to these authorities in order to elicit specific criticisms and recommendations. An immense body of constructive suggestions was received and carefully analyzed by the Forms Committee. As a result practically all features considered objectionable or impractical were eliminated and some desirable new features added. Form 1, therefore, represents the composite judgment of men of varied practical experience.

While calling for adequate information, the revised form reduces considerably the volume of data to be supplied by applicants and consequently the amount of work required for its execution. To give but one example, the new form calls for a financial statement as of date of application and for the preceding 2 years only, instead of for 3 years as required in Form 7.

Also, the new form is more flexible to fit variations in accounting practices. It represents a distinct step toward standardization of accounting practices and so should promote stability of the industry. In this connection, it is hoped that the method developed of reporting assets and liabilities will be adopted by the United States Building and Loan League and recommended for use in reports of associations to State supervisory authorities.

It is believed that the new form will compensate the management of building and loan associations for the effort of executing it. The schedules will frequently reveal conditions and facts affecting the operations of the association not previously recognized or appreciated.

Finally, the consolidation into a single form of information requested from applicants whether for membership, conversion to Federal charter, or insurance should eliminate excessive costs. A primary purpose of the revised form is, of course, to reduce the need for and save the cost of examination, although any association has the right to request an examination as a substitute for execution of Form 1. It is believed that the data contained in Form 1 will suffice to enable the Board to decide whether a supplementary examination of any association is necessary.

# Residential Construction Activity in the United States

**I**N THE first half of June, the average daily value of residential construction contracts awarded, based on the F. W. Dodge Corporation figures for 37 Eastern States, was larger than in any month since October 1931. What is perhaps even more encouraging is the fact that May and June have sharply reversed the average trend of the last 10 years by exhibiting a constant expansion of residential building activity. This is illustrated vividly in chart 3. The middle curve shows that the high point in the awarding of residential construction contracts for the 10 years, 1925-34, was reached in April, while May, June, and July showed seasonal downward movements. This year, however, as the bottom line in the chart shows, the average daily value of contracts awarded jumped from \$1,626,-

000 in April to \$1,727,000 in May and \$1,983,000 in June (based on figures for the first 15 days).

The great increase in the total volume of contracts let from June 1-15, 1935, over the corresponding period of the previous 3 years is pictured in chart 1. Total building for January 1 to June 15 of this year amounted to \$184,000,000, which is 51 percent greater than for the same period in 1934 and 23 percent greater than in 1932 (chart 2). It must be pointed out, however, that the \$184,000,000 worth of contracts awarded is only 18.4 percent of the \$1,000,167,000 of residential construction contracts awarded in the similar period of 1929.

The improvement in residential building has been sufficient to offset to some extent

VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1932-1935

(Based on F.W.Dodge Reports for 37 Eastern States)

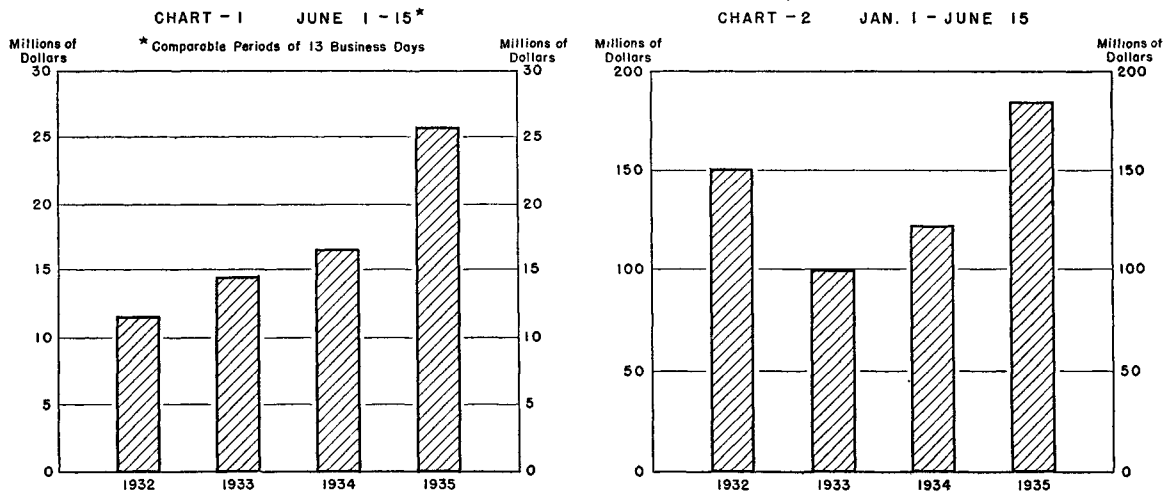
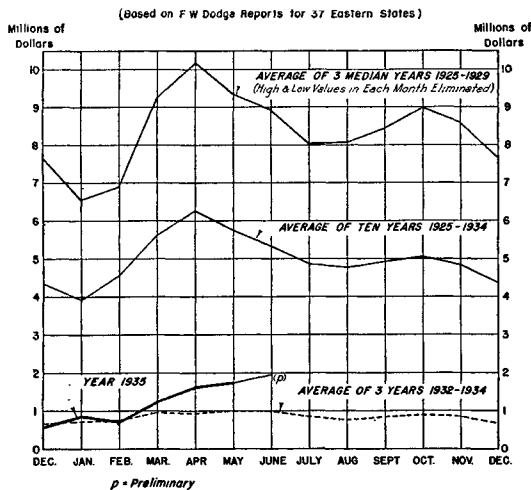


CHART 3.—AVERAGE DAILY VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1935 COMPARED WITH SELECTED PERIODS



the decline in nonresidential construction with the result that total building of all kinds in the June 1-15 period this year was 6 percent greater than in the similar period last year (table 1). This was true in spite of the fact that nonresidential building was 11.5 percent less this year. Throughout 1935, the monthly expansion

in residential construction has tended increasingly to counteract the lesser volume of nonresidential construction as compared with last year. Thus, total construction up to January 22, 1935 was 48.2 percent below the first 22 days of 1934. This difference has been reduced each month until by June 15, total building was only 22.1 percent below the total building for the same period in 1934.

It is interesting to note that the gradual trend upward in residential construction since January has paralleled a gradual decline in industrial production as measured by the index of the Federal Reserve Board. The favorable factors of steadily rising housing rentals and no increase in the cost of building give hope for continued improvement in residential construction (chart 4). After rising sharply in the last half of 1933, the cost of building has remained practically stable through 1934 and the first 5 months of 1935 at about 89 percent of the 1923-25 level. Housing rentals, on the other hand, after declining steadily from 1924 to the end of 1933,

TABLE 1.—Value of construction contracts awarded in 37 Eastern States and percentage changes for comparative periods

[Source: F. W. Dodge Corporation]

Type	Total for the period						Average daily <sup>1</sup>					
	June 1-15			Jan. 1-June 15			(000 omitted)			Percent change		
	(000 omitted)		Percent change	(000 omitted)		Percent change	June 1935 <sup>2</sup>	May 1935	June 1934	June 1935 from May 1935	June from May, 3-year average <sup>3</sup>	June 1935 from June 1934
	1935	1934		1935	1934							
Residential . . . . .	25, 779	16, 509	+56. 2	184, 119	121, 692	+51. 3	1, 983	1, 727	1, 022	+14. 8	-0. 5	+94. 0
Nonresidential <sup>4</sup> . . .	40, 759	46, 081	-11. 5	430, 920	668, 305	-35. 5	3, 135	3, 147	3, 865	-0. 4	+3. 6	-18. 9
Total . . . . .	66, 538	62, 590	+6. 3	615, 039	789, 997	-22. 1	5, 118	4, 874	4, 887	+5. 0	+0. 5	+4. 7

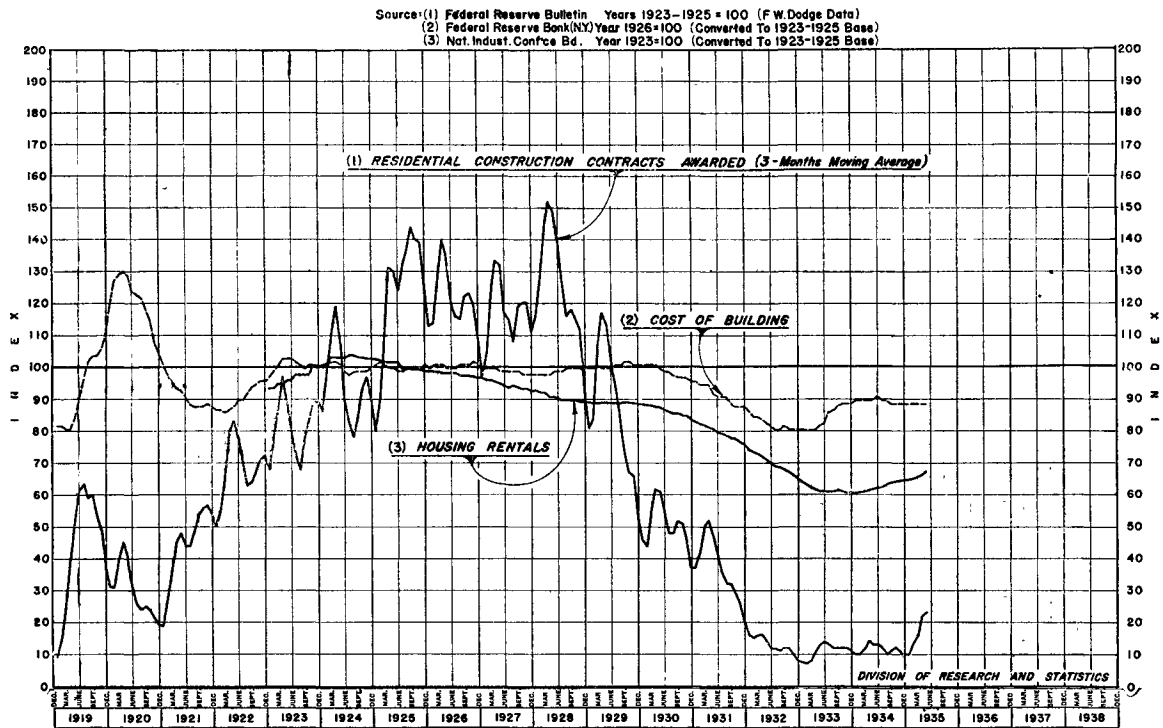
<sup>1</sup> Based on the following number of business days: June 1935—13; May 1935—26; June 1934—26.

<sup>2</sup> Based on preliminary reports for the first 15 days (13 business days).

<sup>3</sup> Represents the average of the percent change in June from May for the 3 years 1932-34.

<sup>4</sup> Includes contracts for commercial buildings, public works, and utilities.

CHART 4.—INDEXES OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED, COST OF BUILDING, AND HOUSING RENTALS



turned up in 1934 and in May were at nearly 68 percent of the 1923-25 base as established by the National Industrial Conference Board. This rise has been continuous into 1935 and in the recent months has shown a tendency to increase more rapidly.

NUMBER OF FAMILIES FOR WHICH NEW DWELLING UNITS WERE PROVIDED IN MAY

MAY residential construction as represented by estimated new building permits issued in all cities of 10,000 population or over provided 7,465 family units, which was an increase of 106 percent over the 3,618 dwelling units provided in May 1934 (table 2). Of this total, the 1-family dwelling structure provided 5,074 units, while apartments or multiple home units provided 1,934. The joint home and business type of structure was the only form of dwelling unit to show a decline from

May of last year. Contrary to the rate of building in earlier months, however, the multifamily units did not show as large an increase over last year as was registered by structures of the 1- and 2-family type.

However, multifamily structures are still an important factor in the revival of residential construction. For the first 5 months of this year, multiple home units provided 31.4 percent of all family dwelling units built. This proportion is slightly higher than in the same period of 1934 when multifamily dwellings provided 25.4 percent of all home units. The multiple type of structure is continuing to have its most important effect on construction in the larger urban centers. Thus, during the first 5 months of 1935 multifamily units provided 6.3 percent of all home units built in cities having a population of 10,000 to 25,000; 5.3 percent in cities ranging from 25,000 to 50,000; 9.7 percent in cities of

TABLE 2.—Number and estimated cost of new housekeeping dwelling units for which permits were issued in all cities of 10,000 population or over in the United States in May 1935<sup>1</sup>

[Source: Federal Home Loan Bank Board. Compiled from reports to U. S. Department of Labor]

Type of structure	Number of family units provided			Total cost of units (000 omitted)			Average cost of family unit		
	May 1935	May 1934	Percent change	May 1935	May 1934	Percent change	May 1935	May 1934	Percent change
All housekeeping dwellings...	7, 465	3, 618	+106. 3	.....	.....	.....	.....	.....	.....
Total 1- and 2-family dwellings.....	5, 531	2, 425	+128. 1	\$21, 737. 3	\$8, 947. 6	+142. 9	\$3, 930	\$3, 690	+6. 5
1-family dwellings.....	5, 074	2, 215	+129. 1	20, 520. 3	8, 298. 8	+147. 3	4, 044	3, 747	+7. 9
2-family dwellings.....	432	182	+137. 4	1, 122. 2	537. 8	+108. 7	2, 598	2, 955	-12. 1
Joint home and business <sup>2</sup> .....	25	28	-10. 7	94. 8	111. 0	-14. 6	3, 792	3, 964	-4. 3
Multifamily dwellings.....	1, 934	1, 193	+62. 1	.....	.....	.....	.....	.....	.....

<sup>1</sup> Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.

<sup>2</sup> Includes 1- and 2-family dwellings with business property attached.

50,000 to 100,000; and 45.4 percent in cities having more than 100,000 population. This activity may be taken as an indication that funds are again definitely seeking investment in the real-estate field, since properties of this nature are regarded strictly as income producing units.

The average cost of constructing a 1-family dwelling unit increased almost 8 percent, from \$3,747 in May 1934 to \$4,044 in May of this year. In contrast to the increase in 1-family unit construction costs, the average cost for 2-family units declined 12 percent this month from the same month a year ago. The average cost of joint home and business structures in this month also evidenced a decline from last year to the extent of 4.3 percent.

#### NEW RESIDENTIAL CONSTRUCTION BY STATES IN THE FEDERAL HOME LOAN BANK DISTRICTS

DURING May the total estimated cost of new residential dwellings for which permits were issued in all cities of 10,000 popula-

tion or over, amounting to more than \$27,000,000, increased almost 112 percent from the level of May 1934. As shown in table 3, this expansion in construction was accounted for by gains of more than 100 percent in 9 of the 12 Bank Districts. The smallest increase this month occurred in the Little Rock District, where only a 19.5 percent advance was registered. Contrary to the situation in the preceding 3 months, the estimated cost of all 1- and 2-family dwellings evidenced a larger increase over May 1934 than was shown by all residential structures. This reversed condition was due to a much smaller increase in total expenditure for multifamily units than for buildings of the single-family type. Eleven Bank Districts registered increases of more than 100 percent from last May in the estimated cost of all 1- and 2-family structures. There were only 4 States which showed declines for this same period in this type of building.

TABLE 3.—Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in May 1935, by Federal Home Loan Bank Districts and by States<sup>1</sup>

[Source: Federal Home Loan Bank Board. Compiled from reports to U. S. Department of Labor]

Federal Home Loan Bank Districts and States	Cost of all new residential building (000 omitted)			Cost of all 1- and 2-family dwellings (000 omitted)		
	May 1935	May 1934	Percent change	May 1935	May 1934	Percent change
UNITED STATES.....	\$27, 173. 1	\$12, 826. 2	+111. 9	\$21, 737. 3	\$8, 947. 6	+142. 9
No. 1—Boston.....	2, 030. 4	1, 529. 2	+32. 8	2, 015. 6	1, 497. 1	+34. 6
Connecticut.....	459. 2	184. 2	+149. 3	459. 2	173. 6	+164. 5
Maine.....	86. 9	92. 4	-6. 0	86. 9	70. 9	+22. 6
Massachusetts.....	1, 229. 5	1, 002. 7	+22. 6	1, 221. 0	1, 002. 7	+21. 8
New Hampshire.....	71. 8	51. 0	+40. 8	71. 8	51. 0	+40. 8
Rhode Island.....	144. 3	147. 9	-2. 4	144. 3	147. 9	-2. 4
Vermont.....	38. 7	51. 0	-24. 1	32. 4	51. 0	-36. 5
No. 2—Newark.....	8, 077. 5	4, 797. 9	+68. 4	3, 831. 4	1, 896. 3	+102. 0
New Jersey.....	1, 313. 3	502. 7	+161. 2	1, 313. 3	491. 1	+167. 4
New York.....	6, 764. 2	4, 295. 2	+57. 5	2, 518. 1	1, 405. 2	+79. 2
No. 3—Pittsburgh.....	1, 296. 4	637. 0	+103. 5	1, 221. 3	574. 1	+112. 7
Delaware.....	37. 0	40. 0	-7. 5	37. 0	40. 0	-7. 5
Pennsylvania.....	1, 120. 8	581. 5	+92. 7	1, 069. 0	518. 6	+106. 1
West Virginia.....	138. 6	15. 5	+794. 2	115. 3	15. 5	+643. 9
No. 4—Winston-Salem.....	3, 584. 5	1, 057. 5	+239. 0	3, 203. 4	998. 8	+220. 7
Alabama.....	60. 8	6. 0	+913. 3	60. 8	6. 0	+913. 3
Dist. of Col.....	1, 642. 1	479. 3	+242. 6	1, 333. 6	434. 0	+207. 3
Florida.....	506. 5	145. 0	+249. 3	498. 4	145. 0	+243. 7
Georgia.....	173. 6	87. 5	+98. 4	156. 1	78. 8	+98. 1
Maryland.....	221. 2	76. 1	+190. 7	221. 2	76. 1	+190. 7
North Carolina.....	409. 4	112. 3	+264. 6	397. 9	107. 6	+269. 8
South Carolina.....	237. 5	55. 9	+324. 9	205. 0	55. 9	+266. 7
Virginia.....	333. 4	95. 4	+249. 5	330. 4	95. 4	+246. 3
No. 5—Cincinnati.....	1, 170. 1	515. 9	+126. 8	1, 170. 1	503. 9	+132. 2
Kentucky.....	136. 5	76. 1	+79. 4	136. 5	76. 1	+79. 4
Ohio.....	928. 2	404. 2	+129. 6	928. 2	392. 2	+136. 7
Tennessee.....	105. 4	35. 6	+196. 1	105. 4	35. 6	+196. 1
No. 6—Indianapolis.....	1, 769. 6	607. 6	+191. 2	1, 751. 7	567. 6	+208. 6
Indiana.....	261. 7	78. 5	+233. 4	261. 7	78. 5	+233. 4
Michigan.....	1, 507. 9	529. 1	+185. 0	1, 490. 0	489. 1	+204. 6
No. 7—Chicago.....	1, 435. 8	395. 7	+262. 9	1, 328. 6	395. 7	+235. 8
Illinois.....	554. 7	174. 7	+217. 5	469. 6	174. 7	+168. 8
Wisconsin.....	881. 1	221. 0	+298. 7	859. 0	221. 0	+288. 7
No. 8—Des Moines.....	1, 800. 5	674. 4	+167. 0	1, 636. 0	656. 7	+149. 1
Iowa.....	269. 2	120. 7	+123. 0	224. 7	120. 7	+86. 2
Minnesota.....	584. 3	149. 0	+292. 1	500. 3	149. 0	+235. 8
Missouri.....	820. 1	376. 4	+117. 9	784. 1	368. 7	+112. 7
North Dakota.....	66. 5	19. 8	+235. 9	66. 5	9. 8	+578. 6
South Dakota.....	60. 4	8. 5	+611. 8	60. 4	8. 5	+610. 6

<sup>1</sup> Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.

TABLE 3.—*Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in May 1935, by Federal Home Loan Bank Districts and by States—Continued*

Federal Home Loan Bank Districts and States	Cost of all new residential building (000 omitted)			Cost of all 1- and 2-family dwellings (000 omitted)		
	May 1935	May 1934	Percent change	May 1935	May 1934	Percent change
No. 9—Little Rock . . . . .	\$1, 416. 3	\$1, 185. 2	+19. 5	\$1, 349. 2	\$528. 4	+155. 3
Arkansas . . . . .	10. 2	4. 3	+137. 2	10. 2	4. 3	+137. 2
Louisiana . . . . .	106. 3	109. 8	—3. 2	106. 3	109. 8	—3. 2
Mississippi . . . . .	40. 9	21. 9	+86. 8	26. 4	21. 9	+20. 5
New Mexico . . . . .	58. 6	10. 0	+486. 0	54. 1	10. 0	+441. 0
Texas . . . . .	1, 200. 3	1, 039. 2	+15. 5	1, 152. 2	382. 4	+201. 3
No. 10—Topeka . . . . .	605. 0	229. 2	+164. 0	588. 9	176. 0	+234. 6
Colorado . . . . .	170. 7	55. 5	+207. 6	170. 7	55. 5	+207. 6
Kansas . . . . .	94. 2	23. 7	+297. 5	94. 2	23. 7	+297. 5
Nebraska . . . . .	99. 9	77. 8	+28. 4	99. 9	54. 6	+83. 0
Oklahoma . . . . .	240. 2	72. 2	+232. 7	224. 1	42. 2	+431. 0
No. 11—Portland . . . . .	562. 6	240. 1	+134. 3	542. 5	240. 1	+125. 9
Idaho . . . . .	54. 3	1. 2	+4, 425. 0	43. 3	1. 2	+3, 508. 3
Montana . . . . .	75. 6	34. 1	+121. 7	75. 6	34. 1	+121. 7
Oregon . . . . .	112. 2	66. 5	+68. 7	112. 2	66. 5	+68. 7
Utah . . . . .	49. 6	12. 9	+284. 5	49. 6	12. 9	+284. 5
Washington . . . . .	183. 8	110. 9	+65. 7	174. 7	110. 9	+57. 5
Wyoming . . . . .	87. 1	14. 5	+500. 7	87. 1	14. 5	+500. 7
No. 12—Los Angeles . . . . .	3, 424. 4	956. 5	+258. 0	3, 098. 6	912. 9	+239. 4
Arizona . . . . .	33. 6	14. 5	+131. 7	33. 6	14. 5	+131. 7
California . . . . .	3, 376. 8	936. 0	+260. 8	3, 051. 0	892. 4	+241. 9
Nevada . . . . .	14. 0	6. 0	+133. 3	14. 0	6. 0	+133. 3

# Growth and Lending Operations of the Federal Home Loan Banks

THE upward trend in the use of the lending facilities of the Federal Home Loan Banks which began in April was maintained in June according to preliminary reports received from the 12 regional Banks. As of June 22 the combined balance of loans outstanding was \$77,490,000, representing an increase of \$1,654,000 during the first 3 weeks of the month.

Five Banks took action to reduce their rates on advances to member institutions during June. The Little Rock, Topeka, and Los Angeles Banks took full advantage of

the Board's recent authorization to lower rates to 3 percent on all advances to member institutions. On advances to non-member institutions secured by mortgages insured under Title II of the National Housing Act, the Little Rock and Los Angeles Banks both fixed a rate of 3½ percent. The Indianapolis Bank established a 3-percent rate on all secured advances for 1 year or less, and a 3½-percent rate on all other advances. The Newark Bank lowered its rates to 3½ per cent on all advances for 1 year or less that are

TABLE I.—Growth, trend of lending operations, line of credit, and unused credit of the Federal Home Loan Banks

Month	Members		Line of credit (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 <sup>1</sup> (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	\$270	47, 600	99, 249
December .....	2, 086	2, 607, 307	211, 224	90, 835	7, 102	859	85, 442	125, 782
1934								
June .....	2, 579	3, 027, 999	232, 926	111, 767	2, 950	3, 143	85, 148	147, 778
December .....	3, 072	3, 305, 088	254, 085	129, 545	2, 904	3, 360	86, 658	167, 426
1935								
January .....	3, 131	3, 320, 975	254, 930	131, 778	2, 232	6, 905	81, 985	172, 945
February .....	3, 161	3, 332, 545	255, 836	133, 103	1, 326	6, 741	76, 570	179, 266
March .....	3, 203	3, 339, 977	256, 343	135, 219	2, 116	6, 049	72, 637	183, 706
April .....	3, 242	<sup>2</sup> 3, 323, 055	257, 037	139, 302	4, 083	2, 708	74, 011	183, 026
May .....	3, 279	<sup>2</sup> 3, 259, 651	258, 891	143, 097	3, 795	1, 970	75, 836	183, 055

<sup>1</sup> Derived by deducting the balance outstanding from the line of credit.

<sup>2</sup> Decline due to adjustments based on current reports from State building and loan commissioners. In this connection it should be stated that assets of member institutions are reported when they join the System and are subsequently brought up to date once a year as periodic reports are received either from the institutions or from State building and loan supervisors.

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

amortized within that time. On all other advances this Bank's rate remains at 4 percent.

As a result of these reductions the maximum rates now charged by any Federal Home Loan Bank on any type of advance is 4 percent and the maximum for 9 Banks is 3½ percent. These are without question

the most favorable rates for long-term money ever offered to building and loan associations. They should enable member institutions to lower their rates on long-term loans to home-owner borrowers and thus add impetus to the revival of home-building and of real-estate activity which now seems under way.

TABLE 2.—Interest rates, Federal Home Loan Banks; rates on advances to member and nonmember institutions

Federal Home Loan Bank	Rate in effect on July 1	Type of loan
	<i>Percent</i>	
1. Boston . . . . .	3 3½	All advances written for 1 year or less. All advances for more than 1 year are to be written at 4 percent, but billed at 3½ percent.
2. Newark . . . . .	3½ 4	All advances for 1 year or less, and amortized within that time. All other advances.
3. Pittsburgh . . . . .	4	All advances for 1 year or less. All advances 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 4 percent per annum.
4. Winston-Salem . . . . .	4 4	All advances secured by H. O. L. C. bonds. All advances for 12 months or less. All advances for more than 1 year are written at 4½ percent, but interest collected at 4-percent rate.
5. Cincinnati . . . . .	3½	All advances written for 1 year or less. All advances written for longer periods will be at 4 percent, but billed at 3½ percent during the period in which short-term advances carry this rate.
6. Indianapolis . . . . .	3 3½ 3½	All secured advances for 1 year or less. All unsecured advances, none of which may be made for more than 6 months. All secured advances for more than 1 year.
7. Chicago . . . . .	3½	All advances written for 1 year or less. All advances for more than 1 year are to be written at 4½ percent, but billed at 3½ percent during the period in which short-term advances carry this rate.
8. Des Moines . . . . .	3½ 3½-4	All advances for 1 year or less. All new advances for more than 1 year shall be written at 3½-percent interest rate for the first year and 4 percent for subsequent years. However, the rate of interest collectible quarterly after the first year shall be the same as the then effective rate on short-term advances. On all existing advances written at 4½ percent only 4 percent will be collected on and after May 1, 1935 so long as these lower rates remain in effect. Further, all advances outstanding at May 1, 1935 written in excess of 3½ percent will, on Dec. 31, 1935, and semiannually thereafter, receive a refund of such portion of the interest collected above 3½ percent as the Board of Directors shall deem justifiable. Such refund will be granted only on loans on which no payments in advance of maturity are made.
9. Little Rock . . . . .	3 3½	All advances to members. All advances to nonmembers under Title II of National Housing Act.
10. Topeka . . . . .	3	All advances.
11. Portland . . . . .	3½	Do.
12. Los Angeles . . . . .	3 3½	All advances to members. All advances to nonmembers under Title II of National Housing Act.

# Federal Savings and Loan System

**D**URING May 191 converted Federal associations increased the net loans on their books by 3.1 percent, the volume of loans outstanding rising to \$116,414,715 as compared with \$112,847,062 at the end of April (table 1). The net increase for 422 new Federal associations was 16.6 percent for the month.

The volume of loans for all purposes showed increases over the previous month. The largest volume of business done by the 191 converted Federals was for refinancing but the greatest increases during the month were registered in loans for purchase of homes and for new construction. Loans for home purchase jumped 54.5 per-

TABLE 1.—Federal Savings and Loan System—Combined summary of operations for May 1935 compared with April 1935

	422 new associations			191 converted associations		
	May	April	Change April to May	May	April	Change April to May
<b>Total subscriptions at end of month:</b>			<i>Percent</i>			<i>Percent</i>
Private share accounts . . . . .	44, 352	42, 701	+3. 8	168, 509	168, 108	+ . 4
Shares privately subscribed . . . . .	432, 305	414, 922	+4. 2	2, 125, 647	2, 126, 732	0
Shares per account (average) . . . . .	10	10	0	13	13	0
<b>Share liability at end of month:</b>						
Paid on private subscriptions . . . . .	\$11, 811, 137	\$10,803,256	+9. 3	\$128, 881, 601	\$129, 384, 405	- . 4
Treasury subscriptions . . . . .	13, 892, 800	12,042,300	+15. 3	11, 594, 500	9, 252, 000	+25. 3
<b>Total . . . . .</b>	<b>25, 703, 937</b>	<b>22, 845, 556</b>	<b>+12. 5</b>	<b>140, 476, 101</b>	<b>138, 636, 405</b>	<b>+1. 3</b>
Average paid on private subscriptions . . . . .	266	253	+5. 1	767	770	- . 4
Repurchases during month . . . . .	128, 260	170, 645	-24. 8	1, 608, 360	1, 827, 914	-11. 9
<b>Mortgage loans made during month:</b>						
a. Reconditioning . . . . .	316, 768	283, 358	+11. 8	292, 718	257, 635	+13. 6
b. New construction . . . . .	911, 248	724, 361	+25. 8	555, 223	408, 858	+35. 8
c. Refinancing . . . . .	1, 667, 686	1, 579, 248	+5. 6	2, 186, 597	2, 032, 937	+7. 5
d. Purchase of homes . . . . .	512, 948	467, 263	+9. 7	993, 067	642, 576	+54. 5
<b>Total for month . . . . .</b>	<b>3, 408, 650</b>	<b>3, 054, 230</b>	<b>+11. 6</b>	<b>4, 027, 605</b>	<b>3, 342, 006</b>	<b>+20. 5</b>
Loans outstanding end of month . . . . . <sup>1</sup>	24, 270, 372	20, 800, 431	+16. 6	116, 414, 715	112, 847, 062	+3. 1
<b>Borrowed money as of end of month:</b>						
From Federal Home Loan Banks . . . . .	1, 844, 227	1, 203, 400	+53. 2	8, 939, 970	8, 327, 364	+7. 3
From other sources . . . . .	42, 038	54, 029	-22. 0	2, 493, 211	2, 487, 016	+ . 2
<b>Total . . . . .</b>	<b>1, 886, 265</b>	<b>1, 257, 429</b>	<b>+50. 0</b>	<b>11, 433, 181</b>	<b>10, 814, 380</b>	<b>+5. 7</b>

<sup>1</sup> This total includes loans made for other purposes than those listed.

cent over April and for new construction, 35.8 percent. These figures reflect a gradual improvement in the real-estate market and in home-building activity.

The operations of Federal associations reporting during May were encouraging in all respects. For the first time converted associations registered an increase, though a small one, in the number of private share investors. In former months, the transfer of converted associations from the share-account sinking-fund plan of loan amortization to the direct-reduction plan resulted in slight net declines in the number of share investors. In May a sufficient number of new investors were acquired to overcome the loss due to this bookkeeping adjustment.

The 422 new associations increased their borrowings from the Federal Home Loan Banks 53.2 percent, while the 191 converted associations increased their funds from

this source by 7.3 percent. In this connection the Board took action in June reaffirming its previously expressed policy of not approving Treasury calls by Federal savings and loan associations in the \$100,000 class or larger, until after such associations have made reasonable use of the lending facilities of the Federal Home Loan Banks.

Table 2 reveals that up to May 31, 1,331 calls had been made by Federal associations for Treasury subscriptions amounting to \$32,495,000. Of these calls, 1,186, involving subscriptions of \$27,409,200, had been approved.

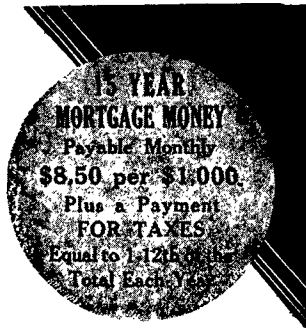
The number of Federal savings and loan associations chartered by May 31 was 808, of which 543 were new and 265 were converted from State charters (table 3). Total assets were \$274,334,518. These 808 associations were located in 690 cities and towns throughout the country.

TABLE 2.—*Treasury subscriptions to stock of Federal savings and loan associations—Requests and subscriptions*

	Dec. 31, 1933	June 30, 1934	Dec. 31, 1934	Apr. 30, 1935	May 31, 1935
Requests received:					
Number .....	0	184	707	1,206	1,331
Amount .....	0	\$2,726,500	\$14,839,600	\$28,194,200	\$32,495,000
Subscriptions:					
Number .....	0	71	536	1,043	1,186
Amount .....	0	\$1,229,300	\$10,725,400	\$22,937,000	\$27,409,200

TABLE 3.—*Progress in number and assets of the Federal Savings and Loan System*

	Number				Assets	Number	Assets
	Dec. 31, 1933	June 30, 1934	Dec. 31, 1934	Apr. 30, 1935	Apr. 30, 1935	May 31, 1935	May 31, 1935
New .....	57	321	481	532	\$24,888,807	543	\$25,125,985
Converted .....	2	49	158	246	236,832,147	265	249,208,533
Total .....	59	370	639	778	261,720,954	808	274,334,518



## FEDERAL HOME LOAN BANK PLAN

FOR  
 Building a Home  
 Modernizing a Home  
 Purchasing a Home or  
 Refinancing an Existing Mortgage  
 ON OWNER OCCUPIED HOMES

LOANS UP TO \$10,000.

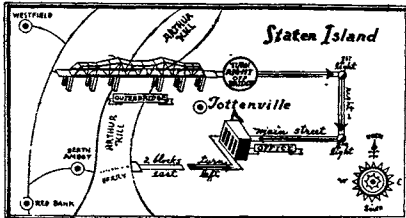
### A SUGGESTION

Whether you contemplate buying, building, improving or refinancing a home of your own, we suggest that you consult one of the officers of this association and find out whether its facilities may be useful to you in securing a safe, convenient and economical loan to meet your own circumstances and requirements.

### FOR A PERSONAL INTERVIEW

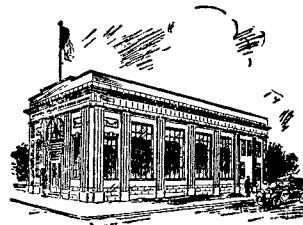
A 30-minute ride via the Outerbridge Crossing will bring you to the Office Door.

### Follow Directions Given Below



COMPARE the advantages of financing your mortgage through the RICHMOND COUNTY FEDERAL SAVINGS & LOAN ASSOCIATION With Other METHODS.

- 15 years to pay gives you peace of mind.
- Monthly payment includes INTEREST, PRINCIPAL and TAXES. A definite plan under which you will own your home free of debt.
- Moderate legal costs, based on the kind of the loan \$120. Refinanced Loans. \$150. Construction Loans.
- No renewal fees. No premium. No commissions. No bonus.
- Mortgage amortized monthly, interest charged at the rate of 6% per annum on Unpaid Balance Only.
- The terms of this plan are so easy that the average rent-payer can easily become a home owner.
- OVER 50 years of experience in the Home Financing Field. The Association has assisted THOUSANDS TO OWN THEIR OWN HOMES FREE AND CLEAR. Why not see out if we can help you?



ORGANIZED 1881.

FEDERALIZED 1934.

Sponsored and Supervised by the United States Government

### OFFICE HOURS

9 to 4 Daily - 9 to 12 Noon Saturdays  
 Every Thursday Evening 7 to 9

Except Holidays



REFINANCING,  
 MODERNIZING  
 OR NEW  
 CONSTRUCTION

**NO** Premium, Commissions, Renewal Fees or Bonus.  
 Interest Charged on Unpaid Balance Only.

If you have a FIRST MORTGAGE on your home that is due or coming due that is not in excess of 75% of the appraised value of your property as determined by our appraisers, and investigation shows that the interest on the mortgage and taxes on your property are paid, and you are in a position to make REGULAR MONTHLY PAYMENTS of \$8.50 for each \$1,000 borrowed, plus a monthly payment for FUTURE TAXES, you should learn how these payments will amortize your mortgage in a period of 15 years and provide a home for you FREE OF DEBT which should be every HOME OWNER'S OBJECTIVE.

If you have a mortgage on which you are now making regular payments on principal in addition to interest payments and you desire to refinance it in order to obtain a lower monthly payment spread over a fifteen-year period, we would suggest that you call at the office of the Association and discuss your problem with us.

Funds are also available for modernization loans and for loans to assist in building new homes, subject to the lots being located in an improved section, the plans and specifications being approved by this association and the building being occupied by you as your home when completed.

It is still a good thing to own your own home and there never was a better time than now to get started.

## WE OFFER!

A preliminary investigation without cost or obligation on your part to determine whether or not the property to be mortgaged would prove acceptable to the Association.

For your convenience we have provided a coupon for requesting a free investigation of your property. Just fill in, sign, and send it to the office of the Association. No obligation involved.

### CLIP THIS COUPON

#### REQUEST FOR PRELIMINARY INVESTIGATION

C. B. CANDY, Sec'y-Treas.,  
 Richmond County Federal Savings and Loan Association,  
 190 Main Street, Tottenville, S. I. N. Y. DATE ..... 1935.

Dear Sir:

I am the owner of property located at

No. .... Street ..... Town ..... State .....

and occupy same as my home and I am in a position to make regular monthly payments, including taxes, as explained in your advertisement.

WITHOUT ANY COST OR OBLIGATION please make a preliminary investigation of the above property for the purpose of determining whether or not I might expect to obtain a mortgage loan from your Association of \$..... to repay a Loan of \$....., Direct a Home Costing \$..... My present mortgage is in arrears:

Interest \$ ..... Signed .....

Principal \$ .....

Taxes \$ .....

P.S.—Fill in, sign and send to the office of the Association. Free investigations are made on Friday of each week.

190 MAIN STREET  
 TOTTENVILLE



RICHMOND COUNTY FEDERAL SAVINGS AND LOAN ASSOCIATION

STATEN ISLAND, NEW YORK

Phone  
 Tottenville 8-2100

FEDERAL HOME

Combined statement of

	Combined	Boston	Newark	Pittsburgh	Winston-Salem
<b>ASSETS</b>					
Cash on hand in Banks and U. S. Treasury . . . . .	\$26, 152, 215. 57	\$1, 551, 930. 95	\$1, 290, 875. 01	\$608, 262. 37	\$2, 281, 948. 05
Loans Outstanding:					
Members . . . . .	75, 831, 986. 26	2, 278, 097. 97	13, 804, 360. 48	9, 803, 663. 85	5, 406, 192. 15
Other . . . . .	4, 191. 21	0	0	0	0
Total loans . . . . .	75, 836, 177. 47	2, 278, 097. 97	13, 804, 360. 48	9, 803, 663. 85	5, 406, 192. 15
Accrued interest receivable . . . . .	458, 812. 22	43, 162. 62	63, 514. 33	58, 401. 91	26, 757. 18
Investments, U. S. Government . . . . .	8, 670, 628. 85	3, 611, 843. 76	109, 293. 75	137, 900. 00	19, 378. 77
Other assets . . . . .	53, 438. 22	2, 559. 58	5, 812. 11	4, 576. 07	3, 794. 75
Total assets . . . . .	111, 171, 272. 33	7, 487, 594. 88	15, 273, 855. 68	10, 612, 804. 20	7, 738, 070. 90
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities:</b>					
Current . . . . .	3, 616, 147. 37	380, 882. 89	85, 000. 00	123, 818. 88	0
Fixed . . . . .	0	0	0	0	0
Total liabilities . . . . .	3, 616, 147. 37	380, 882. 89	85, 000. 00	123, 818. 88	0
<b>Capital:</b>					
<b>Capital stock:</b>					
<b>Fully paid, issued and outstanding:</b>					
Members . . . . .	22, 013, 400. 00	1, 973, 500. 00	3, 172, 800. 00	1, 593, 000. 00	1, 871, 500. 00
U. S. Government . . . . .	81, 645, 700. 00	5, 000, 000. 00	11, 500, 000. 00	8, 500, 000. 00	5, 700, 000. 00
	103, 659, 100. 00	6, 973, 500. 00	14, 672, 800. 00	10, 093, 000. 00	7, 571, 500. 00
<b>Subscription to capital stock:</b>					
Members and applicants . . . . .	1, 909, 300. 00	70, 900. 00	328, 600. 00	194, 500. 00	62, 000. 00
Less balance due . . . . .	888, 953. 13	48, 975. 00	170, 125. 13	95, 850. 00	25, 300. 00
	1, 020, 346. 87	21, 925. 00	158, 474. 87	98, 650. 00	36, 700. 00
<b>U. S. Government . . . . .</b>					
	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
<b>Surplus:</b>					
<b>Reserves:</b>					
<b>As required under section no. 16 of act . . . . .</b>					
	882, 682. 77	42, 745. 44	105, 902. 92	92, 399. 09	61, 700. 44
Surplus, unallocated . . . . .	1, 992, 995. 32	68, 541. 55	251, 677. 89	204, 936. 23	68, 170. 46
Total surplus . . . . .	2, 875, 678. 09	111, 286. 99	357, 580. 81	297, 335. 32	129, 870. 90
Total capital . . . . .	107, 555, 124. 96	7, 106, 711. 99	15, 188, 855. 68	10, 488, 985. 32	7, 738, 070. 90
Total liabilities and capital . . . . .	111, 171, 272. 33	7, 487, 594. 88	15, 273, 855. 68	10, 612, 804. 20	7, 738, 070. 90

# LOAN BANK SYSTEM

condition as at May 31, 1935

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
\$3,546,625.69	\$3,606,035.06	\$1,953,190.40	\$1,673,245.25	\$2,412,517.33	\$3,165,033.72	\$1,909,694.39	\$2,152,857.35
15,135,445.46 0	4,149,800.70 0	11,652,595.73 0	3,310,147.24 0	3,031,170.90 0	2,705,162.12 0	1,961,088.01 0	2,594,261.65 4,191.21
15,135,445.46	4,149,800.70	11,652,595.73	3,310,147.24	3,031,170.90	2,705,162.12	1,961,088.01	2,598,452.86
62,572.55 510,837.80 5,696.83	33,622.89 490,234.37 4,754.21	59,660.52 121,742.43 7,408.39	30,573.60 968,581.48 2,865.43	34,504.15 2,384,269.75 2,961.22	16,144.40 50,000.00 3,410.52	11,338.93 213,871.74 1,932.24	18,559.14 52,675.00 7,666.87
19,261,178.33	8,284,447.23	13,794,597.47	5,985,413.00	7,865,423.35	5,939,750.76	4,097,925.31	4,830,211.22
784,791.68 0	109,455.73 0	1,319,188.59 0	362,363.41 0	232,656.88 0	42,359.05 0	122,630.26 0	53,000.00 0
784,791.68	109,455.73	1,319,188.59	362,363.41	232,656.88	42,359.05	122,630.26	53,000.00
4,716,500.00 12,775,700.00	1,953,500.00 6,000,000.00	2,054,100.00 10,000,000.00	957,500.00 4,500,000.00	1,257,100.00 6,100,000.00	960,200.00 4,700,000.00	498,500.00 3,310,000.00	1,005,200.00 3,560,000.00
17,492,200.00	7,953,500.00	12,054,100.00	5,457,500.00	7,357,100.00	5,660,200.00	3,808,500.00	4,565,200.00
573,900.00 191,093.00	98,700.00 63,200.00	137,200.00 87,515.00	82,600.00 31,625.00	176,600.00 109,195.00	58,300.00 19,575.00	36,700.00 19,125.00	89,300.00 27,375.00
382,807.00	35,500.00	49,685.00	50,975.00	67,405.00	38,725.00	17,575.00	61,925.00
0 0	577,400.00 577,400.00	4,173,900.00 4,173,900.00	2,894,900.00 2,894,900.00	2,672,400.00 2,672,400.00	2,633,600.00 2,633,600.00	2,650,000.00 2,650,000.00	6,407,900.00 6,407,900.00
189,598.81 411,780.84	75,743.41 110,248.09	120,917.40 250,706.48	43,781.64 70,792.95	67,243.19 141,018.28	30,951.21 167,515.50	24,952.88 124,267.17	26,746.34 123,339.88
601,379.65	185,991.50	371,623.88	114,574.59	208,261.47	198,466.71	149,220.05	150,086.22
18,476,386.65	8,174,991.50	12,475,408.88	5,623,049.59	7,632,766.47	5,897,391.71	3,975,295.05	4,777,211.22
19,261,178.33	8,284,447.23	13,794,597.47	5,985,413.00	7,865,423.35	5,939,750.76	4,097,925.31	4,830,211.22

# Federal Savings and Loan Insurance Corporation

**B**Y JUNE 22, the number of associations applying for share insurance had reached 1,051, of which 183 were State-chartered and 868 were Federal associations. Of this number 44 State and 777 Federal associations had received their insurance certificates. This represented an increase of 47 associations during the month May 20–June 22. The share and creditor liabilities of all associations in-

sured up to June 22 totaled \$324,493,386, representing the savings of 761,058 people.

Applications for insurance had been received up to June 1 from associations in 43 States and the Territory of Hawaii and insurance certificates had been granted to associations in all but one of these States. No associations had applied from Delaware, Maine, New Jersey, Rhode Island, Vermont, and the District of Columbia.

*Progress of the Federal Savings and Loan Insurance Corporation—Applications received and institutions insured*

## APPLICATIONS RECEIVED

	Number			Assets (as of date of application)		
	Dec. 31, 1934	May 20, 1935	June 22, 1935	Dec. 31, 1934	May 20, 1935	June 22, 1935
State-chartered associations.....	53	175	183	\$110, 681, 409	\$290, 725, 902	\$310, 972, 085
Converted F. S. and L. A. ....	134	327	355	128, 907, 073	327, 436, 676	387, 169, 289
New F. S. and L. A. ....	393	497	513	7, 578, 870	8, 553, 051	8, 817, 847
Total.....	580	999	1051	247, 167, 352	626, 715, 629	706, 959, 221

## INSTITUTIONS INSURED

	Number			Number of shareholders (as of date of insurance)	Share and creditor liabilities (as of date of insurance)	Assets (as of date of insurance)
	Dec. 31, 1934	May 20, 1935	June 22, 1935	June 22, 1935	June 22, 1935	June 22, 1935
State-chartered associations.....	4	37	44	162, 718	\$85, 491, 094	\$95, 636, 520
New and converted F. S. and L. A. ....	447	737	777	398, 340	239, 002, 292	262, 799, 461
Total.....	451	774	821	761, 058	324, 493, 386	358, 435, 981



## INSIGNIA FOR INSTITUTIONS INSURED

BY THE  
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The new official emblem shown on this card has been prepared by the Federal Savings and Loan Insurance Corporation. It has been designed in answer to requests from a large number of insured State-chartered and Federal savings and loan associations for a distinctive emblem with which to display the insurance feature in their own newspaper, direct mail, window display, and outdoor advertising. It does not displace the oblong metal plate.

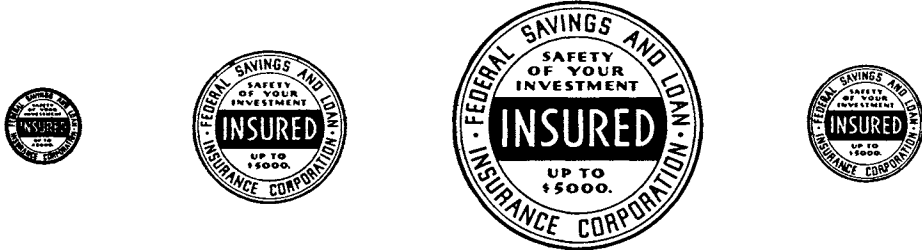
The purpose of the large 4-inch reproduction above is to enable local photo-engravers or printers to make electrotypes in any larger or smaller sizes which the individual insured association may wish to order. It is printed on coated paper to assure clear reproduction at economical cost. It can also be used by sign painters or specialty concerns in making emblems in black and gold or in color for window signs, posters, or outdoor display.

The small cuts below serve to show how the emblem will appear in actual use in letterheads and small advertisements. They dupli-

cate the standard sizes of the emblem of membership in the Federal Home Loan Bank System, in view of the fact that many insured associations may wish to place the Bank membership insignia on one side of their own imprint and the insurance insignia on the other, in their advertisements.

The Federal Savings and Loan Insurance Corporation does not supply cuts or engravings of this insurance insignia, directly or through any private corporation. Most insured associations will prefer to order their own cuts locally, in such sizes and quantities as will meet their own needs, from the reproduction model above.

There is no restriction whatever in the sizes or colors in which the new insurance insignia may be reproduced. However, the use of this insignia, or any other advertisement of insurance, is permitted only to institutions which have received their insurance certificates from the Federal Savings and Loan Insurance Corporation.



**FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION**  
**FEDERAL HOME LOAN BANK BOARD**  
WASHINGTON, D. C.

# Home Owners' Loan Corporation

SOME evidence that acute distress among home-owner borrowers has largely disappeared is given by the small number of loan applications made to the Home Owners' Loan Corporation during the 30-day period set by Congress which ended June 27. In spite of the fact that the Corporation had not been accepting applications for the previous 7 months, not more than 125,000 applied for loans during the 30-day period. The amount applied for totals approximately \$400,000,000. It had been anticipated that the number of applications would range between 150,000 and 300,000.

Official figures show that 60,212 applications were filed in the 3 weeks between May 28 and June 20. Preliminary telegraphic reports from the Corporation's field offices indicate that not more than 65,000 applications were filed in the final 7 days. It is believed that many of the 125,000 will prove ineligible, due to the ab-

sence of genuine distress or other causes.

The probabilities are that the total number of loans made by the Corporation at the conclusion of its refinancing operations will not greatly exceed 1,000,000, of which 880,000 have already been made.

The unexpectedly small number of new applications for loans seems to indicate that the improvement in real-estate values and financial conditions has relieved many home owners from the necessity of applying for relief. The improvement, of course, has increased the willingness and ability of building and loan associations, insurance companies, banks, and other lending agencies to renew or refinance maturing loans and loans in minor difficulties. In this connection, it may be pointed out that such home-financing institutions have already received nearly \$2,500,000,000 in negotiable Home Owners' Loan Corporation bonds in exchange for distressed mortgages which they previously held.

*Applications received and loans closed by months*

Month	Applications received (number)	Loans closed <sup>1</sup>	
		Number	Amount
<b>1933</b>			
From date of opening through Sept. 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
<b>1934</b>			
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 .....	35, 675	65, 813	201, 211, 532
November .....	14, 171	54, 468	170, 544, 562
December .....	<sup>2</sup> 1, 864	54, 036	169, 018, 847
<b>1935</b>			
January .....		54, 990	166, 836, 150
February .....		36, 542	104, 919, 941
March .....		23, 140	70, 664, 400
April .....		13, 807	39, 475, 180
May .....	<sup>3</sup> 2, 914	13, 593	41, 235, 897
June 1 to June 20 .....	57, 298	9, 089	28, 131, 045
Grand total to June 20, 1935 .....	1, 803, 050	877, 402	2, 648, 250, 421

<sup>1</sup> These figures are subject to adjustment.

<sup>2</sup> Receipt of applications stopped Nov. 13, 1934, and was not resumed until May 28, 1935. The December figures are the result of various adjustments and audits of the number of applications received during the preceding months.

<sup>3</sup> Represents applications received in 3 days. Order to receive applications for a 30-day period was issued May 28, 1935.

*Reconditioning Division—Summary of all reconditioning operations to June 20, 1935*

Period	Number of applications received for reconditioning loans	Total contracts executed		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 to May 22, 1935 <sup>1</sup> .....	539, 469	249, 872	\$44, 947, 477	184, 858	\$32, 468, 885
May 23, 1935 to June 20, 1935 <sup>2</sup> .....	17, 991	9, 505	1, 922, 626	15, 379	2, 909, 309
Grand total to June 20, 1935 .....	557, 460	259, 377	46, 870, 103	200, 237	35, 378, 194

<sup>1</sup> The totals for this period differ from those published in the June REVIEW due to subsequent corrections.

<sup>2</sup> The figures for this period are subject to correction.

NOTE.—Prior to the organization of the Reconditioning Division on June 1, 1934, the Corporation had completed 52,269 reconditioning jobs amounting to approximately \$6,800,000.

# Resolutions of the Board

## I.—GOVERNING CONDITIONS UNDER WHICH LOANS MAY BE MADE BY THE FEDERAL HOME LOAN BANKS TO NONMEMBER INSTITUTIONS ON THE SECURITY OF MORTGAGES INSURED UNDER TITLE II OF THE NATIONAL HOUSING ACT

By legislation enacted on May 28, 1935, Congress authorized the Federal Home Loan Banks to make advances to nonmember institutions on insured mortgages. On May 29, the Board defined the terms on which such advances may be made in the following resolution:

*Whereas* the Federal Home Loan Bank Act as amended authorizes lending to certain nonmember institutions upon the security of mortgages insured under Title II of the National Housing Act at rates and upon terms prescribed by the Federal Home Loan Bank Board, and

*Whereas* rates and terms are prescribed for lending to members but such member institutions are required to maintain stock ownership in Federal Home Loan Banks equivalent to 1 percent of the unpaid balance of their home-mortgage loans, which stock ownership is a financial burden upon such member-borrowers when unused, and when used has substantially the same effect as that of an additional charge for the use of money, and

*Whereas* it appears that the most reasonable method of lending to nonmember institutions is upon the basis upon which loans are made to member institutions except that an additional charge be made to nonmember institutions to reasonably compensate for the absence of the requirement that such institutions buy stock in the Bank, therefore,

*Be it resolved* by the Federal Home Loan Bank Board that the Federal Home Loan Banks be authorized to make advances to nonmember

mortgagees approved under Title II of the National Housing Act when such mortgagees are chartered institutions having succession and subject to the inspection and supervision of some governmental agency and whose principal activity in the mortgage field consists of lending their own funds. Such advances shall not be subject to the other provisions and restrictions of the Federal Home Loan Bank Act, but shall be made upon the security of insured mortgages insured under Title II of the National Housing Act. Such advances shall bear interest at rates of interest  $\frac{1}{2}$  of 1 per centum per annum in excess of the current rates of interest prevailing for member institutions and shall in all other respects be made upon the same terms and conditions and shall be secured at all times by insured mortgages so that the amount advanced shall not be in excess of 90 percent of the unpaid principal of such insured mortgages.

*Be it further resolved* that the Federal Home Loan Banks require in their loan contracts quarterly reports of unpaid balance on all insured mortgages, together with quarterly reports of payment of mortgage insurance premium on such loans and payment of taxes and insurance.

*Be it further resolved* that in the case of such loans the loan contract shall require the borrower to pay mortgage insurance, taxes, insurance and similar charges and should authorize the Federal Home Loan Bank to pay such items before final default for the account of the borrower, and the Federal Home Loan Bank is authorized to make advances for such items to prevent default, but in the event of the necessity of such advances the Federal Home Loan Bank shall take prompt action to liquidate such loans.

In order that all of the Federal Home Loan Banks may make advances to nonmember institutions in a uniform manner and that the forms used should be as simple and as few in number as is practicable and consistent with good business, the Board on June 19 approved the use of

5 forms listed below. Copies of the forms may be obtained from any of the Federal Home Loan Banks.

- A. Application for Loan by Nonmember Borrower
- B. Mortgage Collateral Assignment
- C. Mortgage Collateral Receipt
- D. Memorandum of Mortgage Collateral
- E. Memorandum re Mortgages Assigned

## II.—FIXING THE ADMISSION FEE TO BE CHARGED INSTITUTIONS APPLYING FOR INSURANCE OF SHARES IN THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION AFTER JUNE 27, 1935

*Whereas* Section 403 (d) of Title IV of the National Housing Act, as amended May 28, 1935, provides that any applicant which applies for insurance under this title after the first year of the operation of the Corporation shall pay an admission fee based upon the reserve fund of the Corporation, which, in the judgment of the Corporation, is an equitable contribution, and

*Whereas* the first year of the operation of the Corporation will expire at midnight June 27, 1935, and applicants for insurance whose appli-

cations have not been filed with the Federal Savings and Loan Insurance Corporation, with a Federal Home Loan Bank, or posted in the United States mails addressed to the Federal Savings and Loan Insurance Corporation or a Federal Home Loan Bank before midnight of June 27, 1935, will be required to pay an admission fee, as provided by the act above mentioned, therefore,

*Be it resolved*, by the Board of Trustees of the Federal Savings and Loan Insurance Corporation that during the second year of operation of the Federal Savings and Loan Insurance Corporation any institution applying for insurance of accounts, provided such insurance is granted, shall pay an admission fee equal to one-fiftieth of one percent of the aggregate of all accounts of the insured members plus all creditor obligations of the applicant, which, based upon the reserve fund of the Corporation, is deemed to be an equitable contribution.

*Be it further resolved*, that institutions whose applications for conversion into Federal Savings and Loan Associations have been filed either with the Federal Home Loan Bank Board or a Federal Home Loan Bank before midnight of June 27, 1935, shall, provided such conversion is completed, be deemed to have also applied for insurance of accounts.

# Directory of Member, Federal, and Insured Institutions

Added during May and June

## I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN MAY 27, 1935, AND JUNE 22, 1935<sup>1</sup>

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

- MASSACHUSETTS:** DISTRICT NO. 1
- Boston:**  
Congress Co-operative Bank, 80 Federal Street.
- Lowell:**  
Middlesex Co-operative Bank, 10 Hurd Street.
- Plymouth:**  
Plymouth Co-operative Bank, 44 Main Street.
- NEW JERSEY:** DISTRICT NO. 2
- East Orange:**  
Stronghold Building & Loan Association of East Orange, 51 Main Street.
- NEW YORK:**
- Lancaster:**  
Lancaster Savings & Loan Association, 10 West Main Street.
- PENNSYLVANIA:** DISTRICT NO. 3
- Ford City:**  
Armstrong County Building & Loan Association of Ford City, Hoffman Building, Fifth Avenue.
- Lancaster:**  
Peoples' Building, Loan & Deposit Company, 33 North Duke Street.
- Mount Lebanon (Pittsburgh):**  
Mount Lebanon Building & Loan Association, 701 Washington Road.
- Philadelphia:**  
Simon Building Association, Twentieth Street & Passyunk Avenue.
- Pittsburgh:**  
Pittsburgh Realty Building & Loan Association, 316 Fourth Avenue.
- OHIO:** DISTRICT NO. 5
- Wooster:**  
Home Building & Loan Company, 120 South Market Street.
- INDIANA:** DISTRICT NO. 6
- Indianapolis:**  
Indianola Building & Loan Association, 148 East Market Street.

<sup>1</sup> During this period 14 Federal savings and loan associations were admitted to membership in the System.

## DISTRICT NO. 7

- ILLINOIS:**
- Avon:**  
Avon Building & Loan Association.
- Belleville:**  
Belleville Security Building & Loan Association, Commercial Building.
- Chicago:**  
Bohemian-Slavonian Building & Loan Association, 1858 South Throop Street.  
Drexel Building & Loan Association, 7046 Stony Island Avenue.  
Grand Crossing Building & Loan Association, 7809 Maryland Avenue.  
New Slovakia Building & Loan Association, 1011 West Eighteenth Street.  
Parkway Building & Loan Company, 2026 South Washtenaw Avenue.  
Republic Building & Loan Association, 5348 South Kedzie Avenue.
- Cicero:**  
Clyde Building & Loan Association, 6041 West Cermak Road.
- East St. Louis:**  
St. Clair Building & Loan Association, Broadway & Main Street.
- Fairbury:**  
Fairbury Building & Loan Association, Duell Block.
- Red Bud:**  
Red Bud Building & Loan Association.
- WISCONSIN:**
- Wauwatosa:**  
Suburban Building & Loan Association, 6604 West North Avenue.

## DISTRICT NO. 8

- MISSOURI:**
- Butler:**  
Butler Building & Loan Association, North Main Street.

## DISTRICT NO. 11

- WASHINGTON:**
- Chehalis:**  
Chehalis Savings & Loan Association, 915 Market Street.
- Seattle:**  
Seattle Savings & Loan Association, 1125 Third Street.

## DISTRICT NO. 12

- CALIFORNIA:**
- Monrovia:**  
Monrovia Mutual Building & Loan Association, 515 South Myrtle Avenue.

*Federal Home Loan Bank Review*

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN MAY 27, 1935, AND JUNE 26, 1935

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

**MASSACHUSETTS:** DISTRICT NO. 1  
Boston:  
Harvard Federal Savings & Loan Association of  
Dorchester, 378 Washington Street (converted  
from Harvard Co-operative Bank of Dorchester).  
Union Federal Savings & Loan Association of Bos-  
ton, 39 Court Street (converted from Union Co-  
Operative Bank of Boston).

**NEW YORK:** DISTRICT NO. 2  
New Rochelle:  
New Rochelle Federal Savings & Loan Association,  
264 Huguenot Street (converted from New  
Rochelle Co-operative Building & Loan Associa-  
tion).  
Northport:  
Northport Federal Savings & Loan Association.  
Queens Village (New York):  
Reliance Federal Savings & Loan Association of  
Queens Village, 214-43 Jamaica Avenue (con-  
verted from Reliance Savings & Loan Associa-  
tion).

**PENNSYLVANIA:** DISTRICT NO. 3  
Hazleton:  
Hazleton Federal Savings & Loan Association, 15  
West Fern Street.  
Wilkesburg:  
Wilkesburg Federal Savings & Loan Association.

**GEORGIA:** DISTRICT NO. 4  
Savannah:  
First Federal Savings & Loan Association, Realty  
Building.

**MARYLAND:**  
Baltimore:  
Arlington Federal Savings & Loan Association,  
5217 Reisterstown Road (converted from Arling-  
ton Loan & Savings Association of Baltimore  
County).

**NORTH CAROLINA:**  
Winston-Salem:  
Piedmont Federal Savings & Loan Association, 16  
West Third Street (converted from Piedmont  
Mutual Building & Loan Association).

**SOUTH CAROLINA:**  
Clemson:  
Fort Hill Federal Savings & Loan Association of  
Clemson, 118 Calhoun Street (converted from  
Fort Hill Building & Loan Association).  
Newberry:  
Newberry Federal Savings & Loan Association.

**VIRGINIA:**  
Bedford:  
Bedford Federal Savings & Loan Association.  
Falls Church:  
First Federal Savings & Loan Association of  
Clarendon.

**KENTUCKY:** DISTRICT NO. 5  
Covington:  
Acme Federal Savings & Loan Association of Cov-  
ington, 120 Pike Street (converted from Acme  
Perpetual Building Association).  
Louisville:  
South End Federal Savings & Loan Association of  
Louisville, 3031 South Fourth Street (converted

**KENTUCKY**—Continued.  
from South End Savings & Building Associa-  
tion).  
Newport:  
Favorite Federal Savings & Loan Association, 512  
York Street (converted from Favorite Loan &  
Building Association of Newport, Kentucky).

**OHIO:**  
Girard:  
Girard Federal Savings & Loan Association, 32  
South State Street (converted from Girard Home  
Savings & Loan Company).  
St. Bernard:  
First Federal Savings & Loan Association of St.  
Bernard, 3745 Vine Street (converted from  
Thrifty Building & Loan Company).

**TENNESSEE:**  
Maryville:  
First Federal Savings & Loan Association of Mary-  
ville, 112 Court Street (converted from Mutual  
Building & Loan Association).  
Morristown:  
Morristown Federal Savings & Loan Association,  
15 North Henry Street (converted from Morris-  
town Building & Loan Association).  
Paris:  
Paris Federal Savings & Loan Association, First  
Trust & Savings Bank (converted from Paris  
Building & Loan Association).

DISTRICT NO. 6  
**INDIANA:**  
Valparaiso:  
Valparaiso Federal Savings & Loan Association,  
11 Lincoln Way (converted from Valparaiso  
Building, Loan-Fund & Savings Association).

**MICHIGAN:**  
Birmingham:  
Birmingham Federal Savings & Loan Association,  
831 Madison Avenue.  
Niles:  
Niles Federal Savings & Loan Association.

DISTRICT NO. 7  
**ILLINOIS:**  
Streator:  
Streator Federal Savings & Loan Association, 114  
South Monroe Street (converted from Streator  
Mutual Building & Loan Association).

DISTRICT NO. 8  
**IOWA:**  
Des Moines:  
Polk County Federal Savings & Loan Association  
of Des Moines, 613 High Street (converted from  
Polk County Building, Loan & Savings Associa-  
tion).  
Mason City:  
Pioneer Federal Savings & Loan Association (in-  
volving transfer of assets of Mason City Build-  
ing & Loan Association).  
McGregor:  
Interstate Federal Savings & Loan Association of  
McGregor (involving transfer of assets of Home  
Savings & Loan Association).  
Sioux City:  
First Federal Savings & Loan Association of  
Sioux City, 304 Commerce Building (converted  
from Sioux City Building-Loan & Savings Associa-  
tion).

**MISSOURI:**  
Kansas City:  
Sentinel Federal Savings & Loan Association of  
Kansas City, Fifteenth Floor Insurance Ex-  
change Building, 21 West Tenth Street (converted  
from Sentinel Savings & Loan Association).

MISSOURI.—Continued.

St. Louis:

Lafayette Federal Savings & Loan Association of St. Louis, 615 Chestnut Street (converted from Lafayette Mutual Building Association).

DISTRICT NO. 9

TEXAS:

Beaumont:

Beaumont Federal Savings & Loan Association, San Jacinto Life Building (converted from Beaumont Building & Loan Association).

Big Spring:

First Federal Savings & Loan Association of Big Spring.

Olney:

Olney Federal Savings & Loan Association, City National Bank Building (converted from Olney Building & Loan Association of Olney, Texas).

Plainview:

First Federal Savings & Loan Association of Plainview, 106 West Seventh Street (involving transfer of assets of Plainview Building & Loan Association).

Sherman:

Grayson Federal Savings & Loan Association, 211-212 Merchants & Planters National Bank Building (converted from Grayson Building & Loan Company).

DISTRICT NO. 10

NEBRASKA:

Lincoln:

First Federal Savings & Loan Association of Lincoln, 223 South Thirteenth Street (converted from Fidelity Savings & Loan Association).

OKLAHOMA:

Cherokee:

Cherokee Federal Savings & Loan Association, 101 South Grand Street (converted from Cherokee Building & Loan Association).

Tulsa:

Tulsa Federal Savings & Loan Association, 10-12 East Fourth Street (converted from Tulsa Building & Loan Association).

United Federal Savings & Loan Association of Tulsa, United Savings Building (converted from United Savings & Loan Association).

DISTRICT NO. 11

IDAHO:

Pocatello:

Guaranty Federal Savings & Loan Association of Pocatello, Carlson Building (converted from Guaranty Savings & Loan Company).

OREGON:

Marshfield:

West Coast Federal Savings & Loan Association, 193 South Broadway.

WASHINGTON:

Chehalis:

First Federal Savings & Loan Association of Chehalis, 915 Market Street (converted from Chehalis Savings & Loan Association).

Seattle:

King County Federal Savings & Loan Association of Seattle, 1411 Fourth Avenue Building (converted from Union Savings & Loan Association).

Northern Federal Savings & Loan Association of Seattle, 515 Union Street (converted from Northern Savings & Loan Association).

Seattle Federal Savings & Loan Association, 1125 Third Avenue (converted from Seattle Savings & Loan Association).

WASHINGTON—Continued.

Seattle—Continued.

West Side Federal Savings & Loan Association, 4205 West Alaska Street (converted from West Side Savings & Loan Association).

Spokane:

Second Federal Savings & Loan Association of Spokane, 120 North Wall Street (converted from National Savings & Loan Association).

WYOMING:

Rawlins:

Rawlins Federal Savings & Loan Association.

DISTRICT NO. 12

CALIFORNIA:

Culver City:

First Federal Savings & Loan Association of Culver City, 10859 Oregon Avenue.

Oakland:

Oakland Federal Savings & Loan Association, 1515 Financial Center Building.

San Francisco:

San Francisco Federal Savings & Loan Association, 907 Treat Avenue.

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN MAY 28, 1935, AND JUNE 26, 1935

LOUISIANA:

Homer:

Claiborne Federal Savings & Loan Association.

SOUTH CAROLINA:

Orangeburg:

Orangeburg Federal Savings & Loan Association, 8 North Church Street.

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN MAY 28, 1935, AND JUNE 28, 1935<sup>1</sup>

DISTRICT NO. 5

OHIO:

Warren:

Trumbull Savings & Loan Company, Corner Park & High Streets.

DISTRICT NO. 6

INDIANA:

Ladoga:

Ladoga Building Loan Fund & Savings Association.

DISTRICT NO. 8

IOWA:

Algona:

Algona Building, Loan & Savings Association, 7 North Dodge Street.

DISTRICT NO. 10

COLORADO:

Denver:

Industrial Building & Loan Association, 740 Seventeenth Street.

DISTRICT NO. 12

CALIFORNIA:

Alhambra:

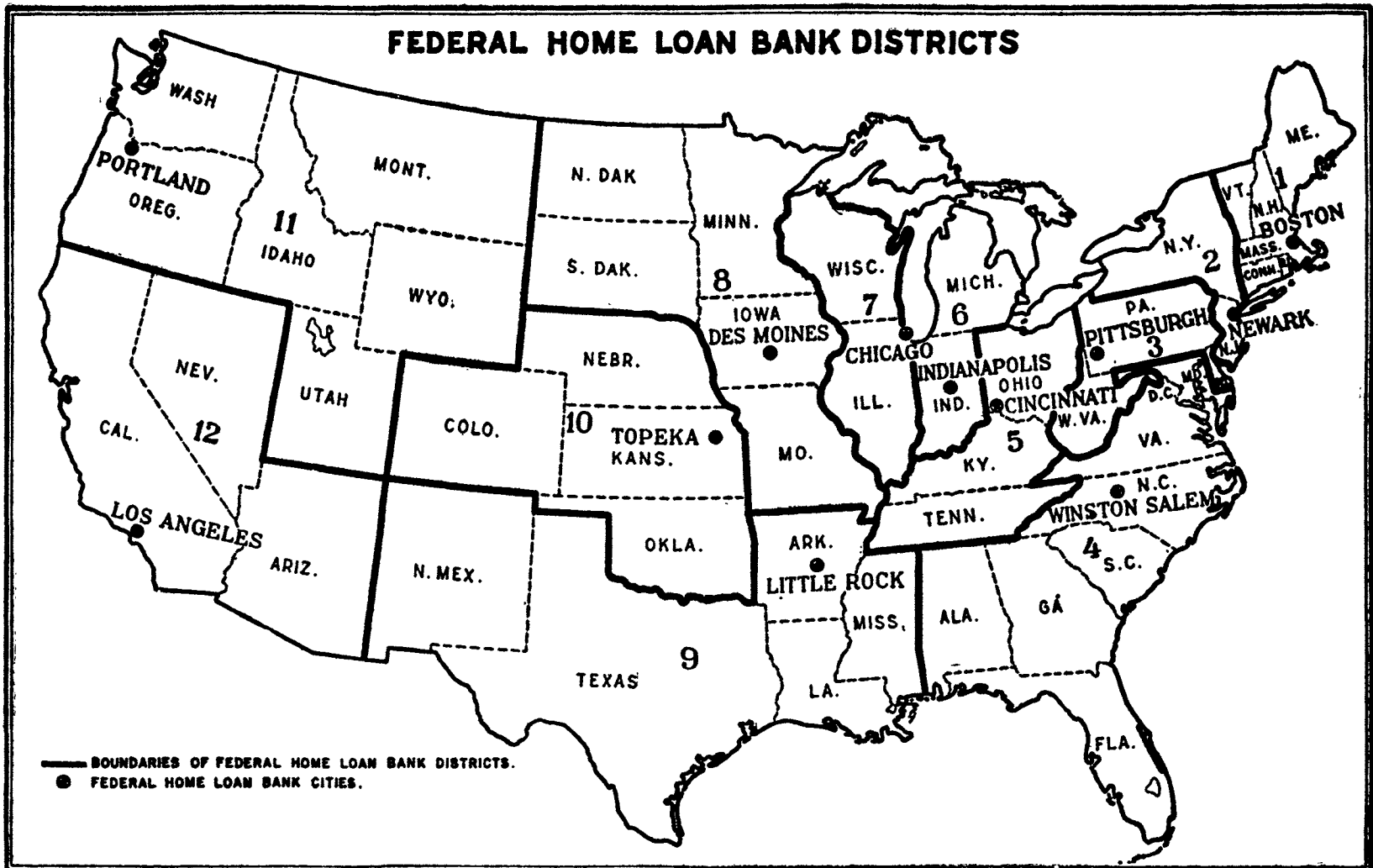
Mutual Building & Loan Association of Alhambra, 237 West Main Street.

Montrose:

Intervalley Building & Loan Association, 2280 Honolulu Avenue.

<sup>1</sup> During this period 42 Federal savings and loan associations were insured.

# FEDERAL HOME LOAN BANK DISTRICTS



— BOUNDARIES OF FEDERAL HOME LOAN BANK DISTRICTS.  
 ● FEDERAL HOME LOAN BANK CITIES.