

Vol. 2



No. 2

FEDERAL
HOME LOAN BANK
REVIEW

NOVEMBER
1935

ISSUED BY
FEDERAL HOME LOAN BANK BOARD
WASHINGTON D.C.

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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Experience of State-Chartered Associations with Share Insurance

SUFFICIENT data are not yet available to give a statistical picture of the effect of share insurance on State-chartered associations. Not enough such associations have been insured for a long enough period. However, in response to the demand for information on the experience of State-chartered institutions with insurance the REVIEW has attempted to obtain a general picture by means of a questionnaire. Some 48 institutions scattered through 15 States responded, so that their experience may be considered as fairly typical. The majority of them had had their insurance certificates less than five months.

As the crucial test of share insurance would seem to be the reaction of investors, it is noteworthy that all those giving specific information on this point replied unanimously that their investors were pleased to have their accounts protected by insurance. A phrase frequently used was "Investors have renewed confidence." The general impressions may be summed up in the following statement from a Colorado association: "Reaction has been very favorable as investors are more interested in the safety of the principal invested than in large earnings. Investors of large and small savings look upon insurance with approval."

The 48 reporting associations fall into three groups: (1) those that were not on notice and whose assets were increasing before they insured their accounts; (2) those that were not on notice but whose assets were shrinking before they insured; and (3) those associations that were on

notice and whose assets were shrinking before insurance.

EXPERIENCE OF GROUP 1

THE principal effect of insurance upon all reporting associations that were growing before they gave their shareholders this protection seems to have been to increase their rate of growth. Thus, a California association in this group which received its insurance certificate on June 22 reported an increase of 25 percent in net private investments by October 1; a Montana association reported an increase of 14 percent in its assets; and an Indiana association an increase of 57 percent in the monthly volume of payments on new accounts.

EXPERIENCE OF GROUP 2

IN SPITE of the fact that they had not been on notice before insurance, more than one third of all the associations reporting stated that their assets had been shrinking. Nearly all indicated that share insurance had reversed the downward trend in net assets. Thus, an Ohio association in this group reports that whereas net savings invested in the association decreased in the two-month period preceding insurance by \$288,372, in the six months following insurance net savings increased \$410,672. A net increase of \$10,014 during the seven months following insurance as compared with a net loss of \$96,862 for the same months of the year preceding insurance is reported by an association in California. Three associations in this group made the complaint that they are now getting too much money.

From a New York association comes the information that "The insurance has tended to create a feeling of confidence and has undoubtedly prevented certain withdrawals. We can trace new business to the insurance of shares which would not have come to us otherwise."

EXPERIENCE OF GROUP 3

THE progress of those reporting associations that had been on notice and whose assets were shrinking prior to insurance appears somewhat slower than that of the first and second groups because they had more to overcome. Nearly all of them had been on notice for periods ranging from one to six years and many were faced with a pent-up demand for withdrawals when they resumed normal operations upon receipt of their insurance certificates. It is, therefore, of considerable significance that the majority reported withdrawal demands following insurance to be less than they expected. An Ohio association that had \$750,000 in cash ready to meet what it thought would be an immediate run had calls for only 10 percent of this amount in the first two weeks.

Several associations in this group reported receipt of new investments for the first time in years. An Idaho association wrote "We were receiving no new accounts before insurance. Since insurance our old members have again picked up their accounts. We have received new accounts and will continue to do so." This statement was echoed by one Texas association. On the other hand, a second Texas association expresses the opinion that "It takes from six months to a year to change the trend of thought of the public and the time is not yet right for us to reap a harvest in the way of new investments on account of the insurance of shares."

DIVIDEND RATE

THE necessity of meeting competition is influencing many associations to reduce

interest rates on home mortgages. To make such reductions possible, about one third of the reporting associations cut their dividend rates coincidental with insurance of shares. A point of special interest in this connection is that everyone of these associations reported that all or nearly all of their shareholders had accepted the lower dividend rate without complaint and even with favor since it was accompanied by increased safety of their principal. The reported effect on investors is indicated by this sentence: "Increased their confidence in our institution."

EFFECT OF INSURANCE ON LENDING ACTIVITY

THIRTY-EIGHT of the associations replying to this question stated that the volume of their loans had increased since insurance and only four reported no increase. Credit for this almost universally expanding volume of home-financing activity is given to the general improvement in business conditions and the revival of construction and home buying, to increased advertising, to the activities of the Federal Housing Administration, to lower interest rates, to the use of the direct-reduction loan, and to the increase in funds available for lending. Some reporting associations point out, however, that share insurance has led to an increase in the flow of funds to their institutions and others that it has made possible lower dividend rates and consequently a lower interest rate on home loans. They thus give share insurance credit along with the other factors for their increased lending activity.

The favorable effect that share insurance may have upon potential borrowers is probably best summed up in the following statement by a Louisiana association: "With our affairs settled and investments insured up to \$5,000 we are permitted to do business in an orderly manner as in the past. Confidence is restored and the public is satisfied to proceed with their loans in a well-regulated association."

New Jersey League's Contribution to Sounder Building and Loan Operation

THE thrift, home-financing institution, like every successful organism, must continuously adjust itself to changing environment. At times, the economic environment changes so rapidly and extensively as to destroy some organisms and disturb the rest. Then the first task is rescue and rehabilitation; readjustment cannot come until the individual units are restored to health. The nation has just passed through one of these periods of drastic change and practically every part of the economic structure has undergone both first aid and readjustment.

In the building and loan field, many individual associations, State and national leagues, and State supervisory authorities have shown commendable courage in clearing away the wreckage left by the depression. They have segregated their good income-producing assets from their nonincome-producing assets so that the healthy portion of the organizations could go forward in service to the community and the doubtful portion could be more speedily liquidated. They have taken advantage of the Federal program of aid and encouragement of the thrift, home-financing structure—by the exchange of distressed mortgages for Home Owners' Loan Corporation bonds, by borrowing from the Federal Home Loan Banks, and by federalization and insurance of share accounts where these steps seemed to supply the best means to restore public faith.

In discovering the basic weaknesses in the building and loan structure and practices and the basic changes that must take

place once the wreckage of the depression has been cleared away, the New Jersey League of building and loan associations has performed a most thoroughgoing task. In 1933, at the instance of its president, Fred G. Stickel, Jr., the League appointed a Survey Committee of 100 members with Judge Stickel as chairman. The Committee spent 18 months in a thoroughgoing examination of weaknesses, and formulating recommendations to remove such weaknesses. It found that unwise practices followed by even a small group of institutions caused a loss of confidence in all building and loan associations. Accordingly, it sought to uncover all defects no matter to how few associations they might be confined. The Committee's results commend themselves to special study by all thrift, home-financing institutions.

In analyzing structures and practices, the Survey Committee wisely used public approval as a test. It found that public criticism of the State's building and loan associations was directed against both the thrift and the home-financing phases of the business. This criticism resulted from a combination of 3 causes:

1. Structural characteristics or practices in some associations which stress revealed to be ill adapted to modern conditions or inherently impractical.
2. Public misunderstanding of the real nature of a building and loan association.
3. Claims made for some associations that they could not be expected to perform in a period of stress.

The Committee soon discovered that these 3 causes were interrelated and that the most effective way to avoid public misunderstanding and prevent the making of unfulfillable claims was to amend or eliminate unwise practices. To accomplish this the Committee prepared a body of recommendations which fall into 4 major categories.

RECOMMENDATIONS OF THE SURVEY COMMITTEE

I. Affecting associations' relations with all members and with the public:

1. Make clear just what a building and loan association is and what it is not.
2. Clarify the rights and responsibilities of the investing member and of the borrowing member in the statute and in the constitution.
3. Clarify terminology by use of "share payments" or "dues" instead of "deposits"; "dividends", "earnings", or "profits" instead of "interest"; "shareholders" or "members" instead of "stockholders".

II. Affecting associations' relations with investors:

1. Set up reserves equal to at least 7½ percent of total assets.
2. When dividends are allocated to shares make them a part of capital.
3. Eliminate direct or implied guarantee of a dividend to any class of share and base dividend solely on current earnings.
4. Pay cash dividends to income shares at a slightly lower rate than dividends allocated to instalment shares.
5. Apportion dividends to all shares upon the compound-dividend plan, eliminating the partnership plan.
6. Prorate gross premiums to earnings over the life of the loan instead

of distributing them to earnings in the year received.

7. Put an end to accrual of earnings.
8. Instead of fines for delinquency in share payments, substitute rewards for regular and long-continued saving.
9. Pay withdrawals from a specified portion of current receipts and eliminate any guarantee of withdrawal payments on demand or on a given notice.
10. Allocate a substantial portion of monthly receipts to unpaid maturities.
11. Give each member one vote regardless of number of shares held.
12. Establish a time-maturity share.

III. Affecting associations' relations with borrowers:

1. Use the direct-reduction mortgage to meet the needs of the borrower.
2. Provide in mortgage contract that the borrower shall pay monthly instalment on taxes to association.
3. Lend only on dwellings or on combination business-and-dwelling.
4. Establish following limitations on the percentage of loan:
 - a. Owner-occupied homes, 1, 2, or 3 families, 75 percent of appraised value. Not owner-occupied, 65 percent of appraised value.
 - b. Multiple family dwellings (more than 3, less than 8 families), if owner-occupied, 65 percent of appraised value. Not owner-occupied, 60 percent of appraised value.
 - c. Combination dwellings and store properties (less than 8 families), 60 percent of appraised value.
 - d. All other types of property eligible for building and loan mortgages, 50 percent of appraised value.

5. To eliminate the second mortgage, require the borrower to have a minimum equity as follows:
 - a. On homes up to \$10,000 in value—25 percent or \$750, whichever is greater.
 - b. On homes from \$10,000 to \$15,000—30 percent.
 - c. On homes over \$15,000—35 percent.
 6. Limit loans on homes to \$20,000.
 7. Make no loans requiring carrying charges in excess of 30 percent of borrower's income.
 8. Make a thorough credit investigation of every borrower.
 9. Take no more than 10 percent of the loans on any area within a radius of 500 feet from a given point and never more than 3 loans in any such area.
 10. Secure the advice of a competent local appraiser on loans outside of the association's own area.
 11. Make no loans to officers or directors except on the homes they occupy.
 12. Require all applicants for loans to appear in person at the association.
 13. Require a record of commissions paid for negotiating loans.
 14. Increase efficiency of appraisals.
 15. Require a three-fourths vote of directors present for approval of a loan.
- IV. Involving management exclusively:
1. Fix number of directors between 9 and 18.
 2. Include men with real estate, construction, accounting, and financial experience among directors.
 3. Give wide notice to nomination and election of directors.
 4. Require that directors have a reasonable financial interest in the association, "reasonable" to be determined by the Department of

Banking and Insurance at each examination.

5. Require each director to take oath of office annually.
6. Pay officers a straight salary and do not expect them to depend upon incidental commissions.
7. Provide directors each month with a comparative statement of association's financial affairs.
8. Provide directors with a photostatic copy of the periodic examination by the Department of Banking and Insurance.
9. Budget in advance.
10. Limit short-term borrowing and borrowing to make mortgage loans to a percentage of a few months' receipts.
11. Do not depend upon borrowed money to meet maturities.
12. Borrow to meet withdrawals only in event of a sudden run or if the business trend is upward.
13. If necessary to meet mortgage needs of the community, borrow on long-term from the Federal Home Loan Bank.
14. Require approval of Department of Banking and Insurance of all constitutions and all amendments thereto.

To put these recommendations into effect, the League unanimously adopted an extensive legislative, organizational, and educational program. As certain recommendations required either permissive or mandatory legislation, the League drafted the necessary bills and secured their passage without opposition in the New Jersey Legislature in March 1935. The principal results are listed below with such explanation as is necessary.

LEGISLATION AFFECTING SHARE INVESTMENTS

1. THE new law requires that 5 percent of earnings be credited to reserves each year until a minimum of 7½ percent of assets

has been established. Once established, this minimum must be maintained. The maximum permissible reserve is fixed at 20 percent of assets. Undivided profits may be used for the purpose of maintaining an average dividend but for no other purpose except with the consent of the Commissioner of Banking and Insurance.

2. After the reserve requirements have been complied with, profits thereupon credited to shares are to become a part of capital so that the recapture of dividends can no longer take place. This means that should the greatly increased compulsory reserves prove to be insufficient in a future depression, such additional reserves as may be required will be procured by an assessment against the capital of all shares equally.

3. The use of the compound-dividend plan for determining dividends is made compulsory.

4. Gross premiums must be distributed over the life of the loan instead of being allocated to profit in the year they are collected.

5. The old law permitting a fixed dividend to be paid on income shares is repealed and replaced by provisions that no fixed dividend rate may be established on any shares and that the dividend paid on income shares shall never be in excess of 90 percent of the rate credited to instalment shares.

In addition, the new law provides that management may not pay nor credit dividends unless and until it has before it concrete written evidence that profits have been earned or undivided profits exist enabling the crediting or paying of the contemplated dividend.

6. Maturity and withdrawal sections of the law are revised to make one third of net receipts available for withdrawals, one third for maturities, and one third to carry on regular business. In determining net receipts, an association may pay debts or provide for them and may reserve for ma-

turity or for the preservation of its assets. Borrowed money may not be used to pay withdrawals while unpaid maturities exist. Provision is made for paying withdrawals on a rotating basis of \$50 per month to each shareholder. An association desiring to use more than one third required by the statute for either withdrawals or maturities may do so.

7. Permissive legislation authorizes associations to set up a system of rewarding investors for regularity and continuity of payments on their shares instead of penalizing them for failure to do so. The idea is to do away with fines and the irritation which attends their imposition by fixing a basic rate of dividends for all shareholders and conferring an additional dividend on those who have earned it by regularity and continuity of payment. This plan can be adopted even by associations which have all the aspects of a serial association except that their accounting plan would provide for the crediting of earnings to individual accounts rather than to series.

8. Permissive legislation also authorizes associations to issue shares with a time maturity rather than a money maturity. The effect of this plan is to give investors assurance that at a specific time (not less than 10 years from the date of initial investment) their shares will mature at their then book value. Thus, the investor knows that he will get the benefits and priority of maturity at a definite date.

LEGISLATION AFFECTING LENDING POLICY

9. PERMISSIVE legislation clarifies the right of associations to make direct-reduction loans. The law now provides that an instalment shareholder may by contract with the association waive the dividends on his shares in exchange for the benefits of the reduction plan.

10. Associations are prohibited from making loans on vacant properties or on garages, hotels, and similar one-purpose structures. Loans are limited to residen-

tial properties and to combination business-residential properties.

11. Associations are prohibited from making loans to officers or directors except upon the homes which they occupy.

LEGISLATION AFFECTING MANAGEMENT

12. OFFICERS and directors are now required to take and subscribe to oath of office before entering upon their duties. It is thought that this requirement will impress upon officers and directors the trust nature of their responsibilities and enhance the dignity of the office and the seriousness of their approach to the duties thereof. The oath reads as follows:

We, the undersigned members of the -----
----- of -----, in the County of -----
----- in the State of New Jersey, do each for
himself and not one for the other, solemnly
swear that we accept the directorates to which
we have been elected; that we will so far as the
duty devolves on us, diligently and honestly
administer the affairs of said Association; that we
will not knowingly violate or knowingly permit
to be violated any of the provisions of the Act
of the Legislature of this State, entitled "An Act
to Amend an Act entitled 'An Act concerning
Building and Loan Associations (Revision of
1925)'" , approved March 12, 1935, or any of the
provisions of the constitution of said Association.

13. Constitutions and amendments there-
to adopted after March 12, 1935 must be
submitted to the Department of Banking
and Insurance before they become effective.
The right of disapproval is given to the
Commissioner subject to a proper control
of his actions by the courts. It is felt that
this provision will permit the eradication of
unsound and unsafe practices more readily
than would be possible by an attempt to leg-
islate against every conceivable unsound
practice.

ORGANIZATIONAL AND EDUCATIONAL PROGRAM

IMPORTANT as are the recommendations of
the Survey Committee that were translated

into laws, the Committee felt that good
management is the surest guarantee of con-
tented investors and satisfied borrowers
and that beyond a certain point, good
management cannot be legislated. Conse-
quently, a substantial portion of the Com-
mittee's Report and of its efforts were de-
voted to the improvement of management
by organization and education.

There have been prepared a model con-
stitution, model application forms to be
used by borrowers, forms for the appraisal
of personal risk, property appraisal forms,
bond and mortgage forms suitable for the
direct-reduction loan, a study of the book-
keeping and legal phases of the reduction
loan, new share certificate forms, account-
ing forms, and simple forms suitable for
making monthly reports to directors on the
current activities of the association. All
these are vital mechanical aids to enable
management to put the Survey Commit-
tee's recommendations into effect.

The nature of the New Jersey League's
educational program is nowhere better il-
lustrated than in the handling of the Sur-
vey Committee's Report. The Report was
first submitted to the League Convention
in June 1934 and was enthusiastically re-
ceived. The Committee would not permit
its acceptance until six months later, how-
ever. Meanwhile, the Report was trans-
mitted to the 15,000 officers and directors
of every member association in the State.
For six months it was discussed in detail
at county and regional League meetings
throughout the State. The inevitable re-
sult of this process of intensive education
must be to multiply the permanent value
and usefulness of the Report.

In its self-examination, the organized
building and loan group of New Jersey has
helped to point the way to the goal toward
which all members of the nation's thrift,
home-financing structure—whether under
State or Federal aegis—are working.

Neighborhood Standards as They Affect Investment Risk

This is the fourth in a series of articles defining the neighborhood standards essential to safety of investment.

PEOPLE live in a neighborhood as well as in a house. This is true because a house under modern urban conditions cannot supply all the daily essentials of life. It can provide shelter, some companionship, and some recreation. It cannot provide food, formal education, nor the type of recreation furnished by playgrounds, parks, and theaters and which is essential in some form to children and adults alike.

In an earlier stage of America's social history, this physical dependence of the family on the neighborhood was taken for granted and was reflected in a strong sense of loyalty to the neighborhood. Such community consciousness developed easily and naturally because the neighborhood was usually a clearly defined physical entity—a village or town. Even when towns grew into cities, the process frequently involved the joining of distinct villages, each of which tended to preserve its own neighborhood identity. With the coming, however, of rapid means of transportation and in particular of the automobile, cities grew so rapidly and at the same time so mechanically and haphazardly that often residential areas neither provided the physical services expected of a neighborhood nor made possible the community consciousness that arises from their presence. Even more serious, rapid transportation has destroyed the physical integrity of many of the older neighborhoods and made it impossible for them to perform their essential services to the inhabitants.

What has all this to do with stability of investment in residential property? A

great deal, because people must have the services which only their neighborhood can supply. If the homes they buy are in an area which ceases to provide such services or provides them inefficiently, those who can will desert the area sooner or later. An undesirable area soon becomes a blighted area. That is the history of many of our present blighted areas in which home-financing institutions have sunk large investments.

This would be a purely academic analysis if there were no escape from this destruction of neighborhood entities, if the evolution of cities rendered impossible the retention of the neighborhood. The vital fact, however, as we have pointed out, is that certain essentials of daily urban life can be supplied only by the neighborhood. People must have these services or qualities and it follows inevitably that the neighborhood must and will survive. Its vitality is evidenced by the constant development of suburban communities having neighborhood characteristics and which are peopled by those who escape from destroyed intown neighborhoods. The question, therefore, is not whether the neighborhood shall survive but how to revive and maintain intown neighborhoods and how to protect suburban neighborhoods against ultimate destruction.

THE AUTOMOBILE REDEFINES THE NEIGHBORHOOD

THE automobile has been considered by many the major agency in the destruction of the neighborhood. It has cut ruthlessly across neighborhood lines, destroying their

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identity and rendering impossible the performance of neighborhood services to its inhabitants. Now, however, as Mr. Clarence Perry points out in the Regional Survey of New York and Its Environs, the automobile is setting up a process in city planning which seems likely to produce exactly the opposite effect. It demands and gets widened streets and boulevards to permit it to get in and out of the city's center. These arterial highways are cutting up the modern city into cells. The solution of the problem of neighborhood survival seems to be, therefore, to protect these cells, to restrict fast through traffic to the arterial boundary highways, and to permit the cells to develop into neighborhood units.

Such development will not take place of its own accord. It requires an understanding of what are the essential services supplied the home by the neighborhood and of how these services can be assured. The Regional Survey of New York and Its Environs defines 4 such services or qualities: (1) the elementary school; (2) small parks and playgrounds; (3) local shops; (4) residential environment. The provision of these services, according to the Regional Survey, depends upon the observance of the following 6 requirements:

NEIGHBORHOOD-UNIT PRINCIPLES

1. *Size.*—A residential unit development should provide housing for that population for which one elementary school is ordinarily required, its actual area depending upon population density.

2. *Boundaries.*—The unit should be bounded on all sides by arterial streets, sufficiently wide to facilitate its by-passing by all through traffic.

3. *Open Spaces.*—A system of small parks and recreation spaces, planned to meet the needs of the particular neighborhood, should be provided.

4. *Institution Sites.*—Sites for the school and other institutions having service spheres coinciding with the limits of the

unit should be suitably grouped about a central point, or common.

5. *Local Shops.*—One or more shopping districts, adequate for the population to be served, should be laid out in the circumference of the unit, preferably at traffic junctions and adjacent to similar districts of adjoining neighborhoods.

6. *Internal Street System.*—The unit should be provided with a special street system, each highway being proportioned to its probable traffic load, and the street net as a whole being designed to facilitate circulation within the unit and to discourage its use by through traffic.

This general clarification of the usually vague concept of a neighborhood has appeared necessary as an introduction to the discussion of item VII (Neighborhood Standard of Development for Residential Purposes) in the Outline for Analysis of a Neighborhood, published in the August REVIEW. It should make clear how the size and boundaries, local street system, location of schools and shops, and existence of playgrounds, are vital considerations in determining the stability of the neighborhood as an investment risk.

So protective of values are these standards of neighborhood development that several of the country's leading subdividers have evolved and incorporated in their community developments something approximating them. Obviously, to establish such standards in a new subdivision is relatively easy; it may at first appear practically impossible in many existing intown areas. On the other hand, we seem to have a choice of two alternatives: Either we must incorporate approximately these standards in intown residential districts or taxpayers must expect the already heavy burden of investment in nonself-supporting streets and other public services to be increased, and many mortgage-financing institutions must expect a substantial part of their investments to be undermined and their potential market further restricted. Transforming intown areas into neighbor-

hood units would seem to be the less expensive alternative.

As a matter of fact, such transformation offers the first constructive and practical approach that has yet appeared to the re-making of our cities and to the protection of investments in them. Moreover, for most areas, it will not prove as difficult as it first appears. It requires wide-spread

understanding of what is sought and an active instead of a passive attitude toward our sinking residential areas. The following article in this series will define the standards in size and boundaries that are essential to preserve the neighborhood character, and which, therefore, a lending agency should have in mind when it appraises a neighborhood.

A Practical Technic for Making a Real Property Survey

NO MANUFACTURER, whether of hairpins or automobiles, would consider risking a substantial sum in production without first making a careful study of his market. Scientific market analysis is as essential a part of American business procedure as technical research in production. It is, therefore, the more remarkable that a business investing every year such vast sums as do the nation's home-financing institutions has been forced to rely almost entirely on general impressions or guesswork concerning the extent and reliability of its market.

Until the depression put a temporary stop to practically all building, it was customary for the majority of houses to be produced in groups by builders, for sale to the public. In some of the larger cities, the proportion of houses built in this way ran as high as 90 percent. Such building, whatever the quality and however desirable, inevitably involved an element of speculation and it was the mortgage-lending institutions that took the major risk on the probable need for and successful sale of these houses.

Undoubtedly most home-financing institutions fully recognized this risk and deplored it, but felt that there was no way of reducing it. That attitude was to a considerable extent justified. Certainly a scientific survey of its market presents a forbidding task to a single home-financing agency in any city. The principal difficulty is to determine accurately the number and condition of existing dwelling units at different price levels in relation to the need. To accomplish this in a city of any size is too detailed and too expensive a task for

any one institution. Moreover, even had the will to accomplish it existed, a practical method for carrying it out was lacking. It is, therefore, a matter of major importance to all home-financing institutions that a satisfactory technic has recently been evolved and that with the aid of this technic real property inventories have been and are being made in many cities.

TECHNIC DEVELOPED FROM PRACTICAL EXPERIENCE

INITIAL experience in making a real property survey was gained in 1934 when, under the direction of the Bureau of Foreign and Domestic Commerce, real property inventories were conducted in 64 cities. These projects were financed by the Civil Works Administration. Their success was such as to inspire similar inventories in many other cities, most of which were financed and supervised by the Federal Emergency Relief Administration.

On the basis of the extensive experience thus gained, the Coordinating Committee of the Central Statistical Board and the Works Progress Administration, cooperating with the Division of Research and Statistics of the Federal Housing Administration, has prepared a comprehensive procedure for the conduct of a real property inventory. The technic describes each operation in detail from the initiation of the project to the presentation of the findings through maps and tables. It includes forms and instructions for use in every step of the survey, and specifies the personnel necessary and what its qualifications should be.

The technic provides for a dwelling survey and a land-use survey. The informa-

tion on residential structures and dwelling units developed by the dwelling survey is summarized by blocks and also tabulated and analyzed for economic areas, for the city as a whole, and for the surrounding metropolitan area. It shows the number and type and construction of dwellings, their age and condition of repair, the material used in their construction, and the presence or absence of modern conveniences such as plumbing and central heating. The dwelling survey also shows the number of persons who occupy these dwellings, the length of time they have lived there, their age and race, the number of roomers, and the number of extra families. It shows the number of vacancies, whether the dwellings are owner-occupied or rented, whether they are mortgaged, and the rental value.

The land-use survey reveals in summary form the various uses to which all the land in the city is devoted. It also reveals by blocks the area covered by existing structures and the area which is not in permanent use.

USEFULNESS OF REAL PROPERTY SURVEYS

WITH such information for every block in the city, a home-financing institution will have a new factual basis for determining the desirability and risk of investment, for deciding the amount that can be safely invested, and for deciding where new building is justified. As competition for mortgage loans increases, the comfortable margin of error which the easier operations of an earlier day permitted will be increasingly restricted. Such exact information as a real property inventory provides will become more and more of a necessity to successful home financing.

Obviously, the usefulness of a real property survey is not limited to the mortgage-lending agency. The information developed will guide the activities of real-estate

operators and builders. It will reveal markets to manufacturers of materials and equipment. It will supply the basis of intelligent action by the city authorities—the health officer, the tax assessor, the public utilities commission, the department of parks and playgrounds, the city planning and zoning commission. In short, it is not too much to say that any substantial improvement in American housing must be preceded by exact information on the present situation such as the real property survey will supply.

The most difficult and most important task is the making of the first inventory. Thereafter, it can be maintained currently by recording building permits for new construction, alterations, and demolitions on the original cards, maps, and tables. To obtain periodic information on vacancies has proved a relatively simple matter for business interests working in cooperation with the Post Office Department in various cities.

It is to the very special interest of home-financing institutions in those cities in which inventories have already been taken to familiarize themselves with and make use of the results obtained and to consider ways and means for keeping the survey up to date. Attention is, therefore, called to the fact that real property surveys have been made in 60 cities in addition to the 64 cities covered by the Real Property Inventory of 1934, a list of which was published in the October 1934 REVIEW. The enumerators and tabulators were provided by the Federal Emergency Relief Administration. (The Works Progress Administration is also providing aid and supervision for real property surveys in several additional cities.) Reports, tables, and maps showing the results of each survey are available locally. For the benefit of institutions that may desire to make use of this information a list of the cities in which surveys have already been made is given below. In each

instance, the city government either has the results of the survey or can inform inquirers where the results may be obtained.

Albany, N. Y.
Allegheny County, Pa.
Allentown, Pa.
Archbald, Pa.
Berkeley, Calif.
Bethlehem, Pa.
Boston, Mass.
Bridgeport, Conn.
Brookville, Pa.
Buffalo, N. Y.
California, Pa.
Cambridge, Mass.
Canonsburg, Pa.
Carbondale, Pa.
Charleroi, Pa.
Chelsea, Mass.
Coatesville, Pa.
Dayton, Ohio
Donoro, Pa.
Dubuque, Iowa
Dunmore, Pa.
East Chicago, Ill.
East Washington, Pa.
Easton, Pa.
Evansville, Ind.
Fort Dodge, Iowa
Fort Wayne, Ind.
Gary, Ind.

Hammond, Ind.
Hartford, Conn.
Hobart, Ind.
Jasper County, Mo.
Jefferson County, Pa.
Kansas City, Mo.
Lafayette, Ind.
Louisville, Ky.
Michigan City, Ind.
Milwaukee County, Wis.
Monongahela City, Pa.
Morristown, Tenn.
New Albany, Ind.
New York, N. Y.
Newton, Mass.
Norristown, Pa.
Olyphant, Pa.
Philadelphia, Pa.
Punxsutawney, Pa.
Reading, Pa.
Reynoldsville, Pa.
Scranton, Pa.
Stamford, Conn.
Sioux City, Iowa
Somerville, Mass.
Spartanburg, S. C.
Springfield, Mass.
Terre Haute, Ind.
Washington, Pa.
Waynesburg, Pa.
West Lafayette, Ind.
Whiting, Ind.

Residential Construction Activity in the United States

OCTOBER was the nation's biggest month in residential construction not merely in 1935 but since July 1931, judged by reports for the first 15 days. The average daily value of dwelling-construction contracts awarded in 37 Eastern States, as reported by the F. W. Dodge Corporation, for the period October 1-15 was \$2,429,000 (table 1). This represents an increase of 39.4 percent over the average daily value in September, which may be compared with the previous three-year average seasonal rise from September to October of 5 percent (chart 3).

Chart 1 pictures graphically how much greater was the volume of residential building in the first half of October than in the same period of the years 1932, 1933, and 1934. Chart 2 compares the total volume of residential construction for the period January 1 to October 15 with the

totals for the same period in the three previous years. However impressive such a comparison makes this year's total of \$368,061,000 appear, it was only 22.7 percent of the \$1,619,311,000 of residential contracts awarded in the corresponding period of 1929 which was itself not the peak year for such activity.

The influence of the remarkable improvement in residential building during 1935 coupled with recent advances in non-residential building contracts awarded has at last had its effect upon the cumulative value of all types of construction. For the first time this year, this exceeds total building of all kinds in the comparative period of 1934, though by only one half of 1 percent.

In September the index of housing rentals (as compiled by the National Industrial Conference Board on the basis of leaseings

VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1932 - 35
(Based on F.W.Dodge Corp. Reports for 37 Eastern States)

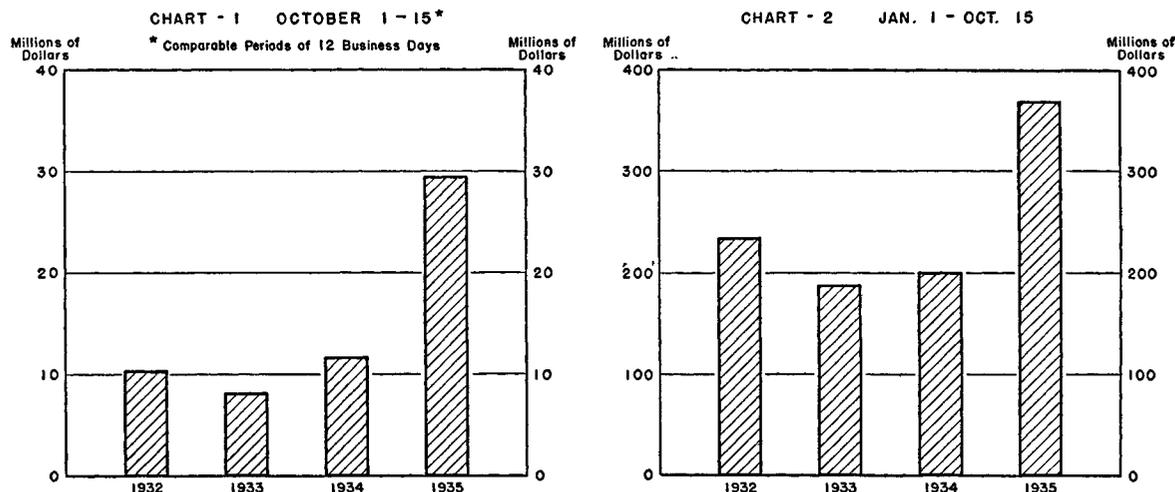
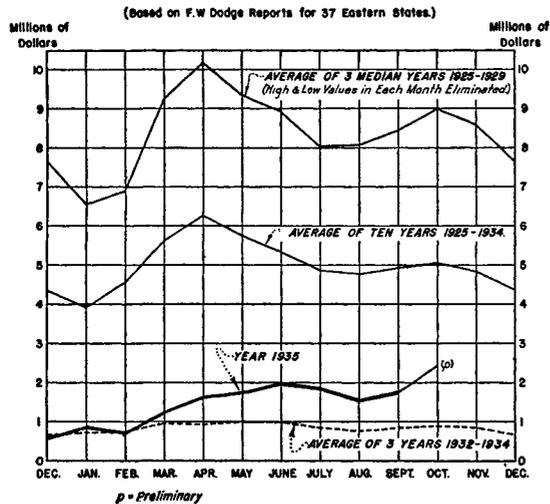


CHART 3.—AVERAGE DAILY VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1935 COMPARED WITH SELECTED PERIODS



actually made during the month) increased almost 1 percent from the previous month, thus making the twentieth consecutive monthly advance. The September index stood at 69.7 percent of the 1923-1925 base level. This was 9.2 percent higher than the

index of 63.8 percent for September 1934, and was 15 percent above the depression low of 60.6 percent, registered in January 1934.

The September index of the cost of building (as compiled by the Federal Reserve Bank of New York) stood at 89.2 percent of the 1923-1925 level, which was a minor increase over August, and about 1 percent higher than in September of last year. The depression low of 80.5 percent prevailed during the latter part of 1932 and the early part of 1933.

Building as a whole continues to be far behind the general level of industrial activity as shown by the Federal Reserve Board's index of industrial production. The September index of industrial production after adjustment for seasonal variations increased 2 points over August, reaching 88 percent of the 1923-1925 base period, which compares with 72 percent in September 1934. The index of total construction also increased 2 points in September, but it was only 42 percent of the 1923-1925 base. In September 1934, it was 30 percent.

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 ¹					
	Oct. 1-15			Jan. 1-Oct. 15			(000 omitted)			Percent change		
	(000 omitted)		Percent change	(000 omitted)		Percent change	Oct. 1935 ²	Sept. 1935	Oct. 1934	Oct. 1935 from Sept. 1935	Oct. from Sept. 3-year average ³	Oct. 1935 from Oct. 1934
	1935	1934		1935	1934							
Residential . . .	\$29, 153	\$11, 611	+151. 1	\$368, 061	\$199, 694	+84. 3	\$2, 429	\$1, 742	\$974	+39. 4	+5. 1	+149. 4
Nonresidential ⁴	56, 640	55, 687	+1. 7	909, 430	1, 071, 471	-15. 1	4, 720	5, 232	4, 034	-9. 8	- . 2	+17. 0
Total . . .	85, 793	67, 298	+27. 5	1, 277, 491	1, 271, 165	+ . 5	7, 149	6, 974	5, 008	+2. 5	+ . 9	+42. 8

¹ Based on the following number of business days: October 1935—12; September 1935—24; October 1934—27.

² Based on preliminary reports for the first 15 days (12 business days).

³ Represents the geometric average of the percent change in October from September for the 3 years 1932-34.

⁴ Includes contracts for commercial buildings, public works, and utilities.

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

IN SEPTEMBER 1935, the estimated number of all new dwelling units provided by building permits issued in all cities of 10,000 or more population was 7,271 (table 2). This brought the total number of units for which permits were issued during the first nine months of 1935 to 57,308, a gain of 152.6 percent over the 22,686 family units provided during the corresponding 1934 period.

In September, dwellings of the 1- and 2-family type provided 80 percent of all family units while multifamily dwellings accounted for 20 percent. For the first nine months of this year multifamily dwellings provided 27 percent of all units as compared with 23 percent in the same period of 1934. The largest number of multiple-home units for the year thus far has been erected in cities with more than 100,000 population. In those cities, 40.5 percent of all dwelling units were of the multifamily type.

The average cost of all 1-family dwelling units for which permits were issued in Sep-

tember was \$4,134. This was higher than the average cost in August, and 14.7 percent above the average cost of \$3,603 in September 1934.

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

THE estimated cost of all new residential construction in cities of 10,000 population or over amounted to \$27,635,400 for September 1935. Of this, by far the largest proportion—\$23,518,800—represents permits for 1- and 2-family dwelling units. Each of the Home Loan Bank Districts showed substantial gains in home building in September as compared with last year. Only one State, New Mexico, registered a decline from last September and that was only of minor proportions.

Federal Home Loan Bank members can readily ascertain the monthly permits for new residential construction in their States and Districts by reference to table 3. A comparison of these figures with those published in preceding issues of the REVIEW will reveal trends in volume and type of building in each State.

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 September 1935¹

[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		
	Sept. 1935	Sept. 1934	Percent change	Sept. 1935	Sept. 1934	Percent change	Sept. 1935	Sept. 1934	Percent change
All housekeeping dwellings..	7, 271	2, 749	+164. 5	.....	.....	.....	.....	.....	.....
Total 1- and 2-family dwellings.....	5, 817	2, 138	+172. 1	\$23, 518. 8	\$7, 571. 3	+210. 6	\$4, 043	\$3, 541	+14. 2
1-family dwellings.....	5, 337	1, 956	+172. 9	22, 062. 0	7, 047. 4	+213. 1	4, 134	3, 603	+14. 7
2-family dwellings.....	428	150	+185. 3	1, 264. 4	417. 0	+203. 2	2, 954	2, 780	+6. 3
Joint home and business ² ...	52	32	+62. 5	192. 4	106. 9	+80. 0	3, 700	3, 341	+10. 7
Multifamily dwellings.....	1, 454	611	+138. 0	.....	.....	.....	.....	.....	.....

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

² Includes 1- and 2-family dwellings with business property attached.

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

[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)		
	September 1935	September 1934	Percent change	September 1935	September 1934	Percent change
UNITED STATES.....	\$27, 635. 4	\$10, 295. 3	+168. 4	\$23, 518. 8	\$7, 571. 3	+210. 6
No. 1—Boston.....	1, 752. 4	889. 2	+97. 1	1, 731. 6	883. 2	+96. 1
Connecticut.....	319. 6	154. 5	+106. 9	319. 6	154. 5	+106. 9
Maine.....	68. 6	45. 0	+52. 4	68. 6	45. 0	+52. 4
Massachusetts.....	997. 0	580. 3	+71. 8	976. 2	574. 3	+70. 0
New Hampshire.....	134. 0	36. 9	+263. 1	134. 0	36. 9	+263. 1
Rhode Island.....	222. 4	66. 6	+233. 9	222. 4	66. 6	+233. 9
Vermont.....	10. 8	5. 9	+83. 1	10. 8	5. 9	+83. 1
No. 2—New York.....	6, 704. 5	3, 483. 7	+92. 5	3, 937. 2	1, 318. 6	+198. 6
New Jersey.....	1, 174. 2	244. 0	+381. 2	1, 131. 5	234. 5	+382. 5
New York.....	5, 530. 3	3, 239. 7	+70. 7	2, 805. 7	1, 084. 1	+158. 8
No. 3—Pittsburgh.....	1, 875. 5	413. 8	+353. 2	1, 714. 4	413. 8	+314. 3
Delaware.....	99. 6	38. 0	+162. 1	99. 6	38. 0	+162. 1
Pennsylvania.....	1, 465. 9	328. 2	+346. 6	1, 399. 5	328. 2	+326. 4
West Virginia.....	310. 0	47. 6	+551. 3	215. 3	47. 6	+352. 3
No. 4—Winston-Salem.....	3, 609. 0	921. 4	+291. 7	3, 025. 0	895. 3	+237. 9
Alabama.....	90. 7	48. 7	+86. 2	90. 7	33. 1	+174. 0
District of Columbia.....	1, 603. 6	284. 2	+464. 3	1, 106. 9	284. 2	+289. 5
Florida.....	678. 1	197. 0	+244. 2	606. 1	186. 5	+225. 0
Georgia.....	214. 8	70. 0	+206. 9	214. 8	70. 0	+206. 9
Maryland.....	219. 5	30. 3	+624. 4	219. 5	30. 3	+624. 4
North Carolina.....	317. 4	58. 3	+444. 4	302. 1	58. 3	+418. 2
South Carolina.....	243. 5	68. 3	+256. 5	243. 5	68. 3	+256. 5
Virginia.....	241. 4	164. 6	+46. 7	241. 4	164. 6	+46. 7
No. 5—Cincinnati.....	1, 688. 2	1, 006. 1	+67. 8	1, 631. 7	609. 1	+167. 9
Kentucky.....	201. 4	57. 3	+251. 5	193. 4	37. 3	+418. 5
Ohio.....	1, 354. 6	927. 6	+46. 0	1, 314. 1	550. 6	+138. 7
Tennessee.....	132. 2	21. 2	+523. 6	124. 2	21. 2	+485. 8
No. 6—Indianapolis.....	1, 823. 6	380. 9	+378. 8	1, 762. 1	380. 9	+362. 6
Indiana.....	435. 8	51. 5	+746. 2	419. 7	51. 5	+715. 0
Michigan.....	1, 387. 8	329. 4	+321. 3	1, 342. 4	329. 4	+307. 5

¹ 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 September 1935, by Federal Home Loan Bank Districts and by States—Contd.

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)		
	September 1935	September 1934	Percent change	September 1935	September 1934	Percent change
No. 7—Chicago	1, 988. 7	528. 2	+276. 5	1, 928. 9	528. 2	+265. 2
Illinois	1, 115. 2	266. 5	+318. 5	1, 078. 4	266. 5	+304. 7
Wisconsin	873. 5	261. 7	+233. 8	850. 5	261. 7	+225. 0
No. 8—Des Moines	1, 747. 7	584. 9	+198. 8	1, 739. 2	584. 9	+197. 3
Iowa	382. 7	131. 6	+190. 8	382. 7	131. 6	+190. 8
Minnesota	468. 3	85. 5	+447. 7	468. 3	85. 5	+447. 7
Missouri	791. 6	332. 5	+138. 1	783. 1	332. 5	+135. 5
North Dakota	61. 9	18. 2	+240. 1	61. 9	18. 2	+240. 1
South Dakota	43. 2	17. 1	+152. 6	43. 2	17. 1	+152. 6
No. 9—Little Rock	1, 273. 9	526. 2	+142. 1	1, 185. 4	487. 2	+143. 3
Arkansas	43. 4	11. 3	+284. 1	43. 4	11. 3	+284. 1
Louisiana	130. 1	64. 6	+101. 4	120. 3	64. 6	+86. 2
Mississippi	39. 1	28. 1	+39. 1	39. 1	28. 1	+39. 1
New Mexico	20. 6	21. 0	-1. 9	20. 6	21. 0	-1. 9
Texas	1, 040. 7	401. 2	+159. 4	962. 0	362. 2	+165. 6
No. 10—Topeka	929. 6	249. 6	+272. 4	895. 6	235. 3	+280. 6
Colorado	309. 4	98. 3	+214. 8	290. 4	98. 3	+195. 4
Kansas	142. 1	23. 2	+512. 5	127. 1	23. 2	+447. 8
Nebraska	195. 9	91. 5	+114. 1	195. 9	91. 5	+114. 1
Oklahoma	282. 2	36. 6	+671. 0	282. 2	22. 3	(²)
No. 11—Portland	768. 4	211. 1	+264. 0	764. 4	196. 1	+289. 8
Idaho	75. 7	10. 1	+649. 5	75. 7	10. 1	+649. 5
Montana	52. 7	18. 5	+184. 9	48. 7	18. 5	+163. 2
Oregon	91. 8	73. 6	+24. 7	91. 8	58. 6	+56. 7
Utah	73. 4	1. 2	(²)	73. 4	1. 2	(²)
Washington	322. 2	82. 3	+291. 5	322. 2	82. 3	+291. 5
Wyoming	152. 6	25. 4	+500. 8	152. 6	25. 4	+500. 8
No. 12—Los Angeles	3, 473. 9	1, 100. 2	+215. 8	3, 203. 3	1, 038. 7	+208. 4
Arizona	37. 9	0. 8	(²)	37. 9	0. 8	(²)
California	3, 397. 2	1, 079. 9	+214. 6	3, 126. 6	1, 018. 4	+207. 0
Nevada	38. 8	19. 5	+99. 0	38. 8	19. 5	+99. 0

² Increase of 1,000 percent or over.

Growth and Lending Operations of the Federal Home Loan Banks

THREE years after they opened for business in October 1932, the Federal Home Loan Banks included in their membership 3,395 institutions, representing combined assets of \$3,149,000,000. They have thus become the largest reserve system for mortgage financing in the world. Moreover, each of the 12 Banks has paid its own way, has canceled the cost inevitably incurred in the organization of a new institution, and has been operating at a profit for a substantial portion of its existence.

The primary purpose in creating the System was to provide a national reservoir of credit on which thrift, home-financing institutions of the country could draw in times of emergency. In the difficult days of 1933, the System provided some long-term funds to enable member institutions both to pay off their short-term obligations to commercial banks and to help meet the emergency needs of shareholders. The amount was relatively small, of course, but what it did even as an infant organization indicates that had this reservoir of credit been available to the long-term home-financing institutions of the country in 1929, these institutions would have suffered far less from frozen assets and from loss of public confidence than they did. In any event, the System is an insurance against the recurrence in extreme form of these evils.

As two years ago the System gave indication of its potential capacity to meet an emergency in the down cycle, it is today showing itself capable of meeting a special need in the up cycle of business. With the development of an effective demand for new home financing, it is bringing low-cost

Federal Home Loan Bank Review

national funds to supplement the local resources of member institutions, and thus stimulating the demand. By October 12, the balance of loans outstanding to member institutions has risen to \$92,000,000, the highest in the System's history. The expansion has been continuous and rapid since last April and has exactly paralleled the expansion in home building. As a cushion against the evils of too great a contraction of credit and as a channel for speeding up the distribution of needed constructive credit, the Federal Home Loan Bank System may be said, therefore, to have justified itself. It remains only to be seen whether, when the time comes, the System can prove equally effective as a brake on the overexpansion of home-financing credit.

ANALYSIS OF MEMBERSHIP

OF the three classes of thrift, home-financing institutions eligible for membership in the Federal Home Loan Bank System, building and loan associations far outnumber both savings banks and insurance companies. With 3,383 member associations, the System included nearly 31 percent of all the building and loan associations in the country and their \$3,000,000,000 of assets represented nearly 46 percent of the assets of all associations. The number and assets of member building and loan associations in proportion to the number and assets of all associations is given in table 1 for the United States and for each Federal Home Loan Bank District. In proportion of members to all associations, the Portland Bank leads the list with 66.49 percent. In

proportion of assets of member associations to assets of all building and loan associations, the Indianapolis Bank with 67.90 percent is in front, closely followed by the Portland and Cincinnati Banks. Though it

is undoubtedly true that all existing building and loan associations could not qualify for membership at the present time, there are many sound associations still outside of the System that should be in it.

TABLE 1.—Comparison of the actual building and loan membership of the Federal Home Loan Bank System with potential building and loan membership by Federal Home Loan Bank Districts

Districts	All building and loan associations ¹		Member building and loan associations		Percentage of member building and loan associations to all building and loan associations	Percentage of assets of member building and loan associations to assets of all building and loan associations	District rank ²
	Number	Assets	Number as of Sept. 30, 1935	Assets ¹			
UNITED STATES	10, 945	\$6, 537, 977, 908	3, 383	\$2, 989, 733, 816	Percent 30. 91	Percent 45. 73	.....
No. 1—Boston	360	578, 455, 180	130	252, 942, 342	36. 11	43. 73	10
No. 2—New York	1, 816	1, 399, 480, 124	393	482, 559, 032	21. 64	34. 48	11
No. 3—Pittsburgh	3, 016	909, 391, 541	482	222, 020, 642	15. 98	24. 41	12
No. 4—Winston-Salem	1, 437	441, 011, 573	398	207, 246, 619	27. 70	46. 99	7
No. 5—Cincinnati	994	1, 010, 576, 709	485	669, 564, 401	48. 79	66. 26	3
No. 6—Indianapolis	476	351, 920, 614	147	238, 958, 919	30. 88	67. 90	1
No. 7—Chicago	1, 110	618, 955, 706	413	272, 321, 347	37. 21	43. 99	9
No. 8—Des Moines	468	238, 695, 412	212	123, 025, 908	45. 30	51. 54	5
No. 9—Little Rock	450	241, 780, 620	244	139, 109, 193	54. 22	57. 54	4
No. 10—Topeka	407	306, 713, 312	209	149, 196, 649	51. 35	48. 64	6
No. 11—Portland	188	131, 162, 593	125	88, 883, 586	66. 49	67. 77	2
No. 12—Los Angeles	223	309, 834, 524	145	143, 905, 178	65. 02	46. 45	8

¹ Latest data available to Board (principally as of December 1934).

² Based upon the ratio of member assets to total building and loan association assets.

Table 2 summarizes for the United States, the number and assets of member mutual savings banks in proportion to all mutual savings banks and of member insurance companies to all insurance companies. Only 1.38 percent of the number, possessed of 1.29 percent of the assets, of all savings banks have affiliated with the System. The percentages for insurance companies are even lower. Though the need of these two classes of institutions for a central reserve system may be less acute than that of building and loan associations, nevertheless, access to a credit reserve which is always available on such favorable terms as those provided by the Federal Home Loan Banks is a form of insurance which no financial institution can lightly ignore. Access to such a reserve would relieve a savings bank of the necessity of maintaining a non-profit-

paying cash balance equivalent in amount to its line of credit with the Federal Home Loan Banks. Moreover, the necessary investment in the Federal Home Loan Bank stock which is the price of the benefits of membership has to date proved a productive investment for members in nearly all the 12 Banks.

These are tangible financial considerations. However, even though an eligible institution feels convinced that it will never need to call upon the credit facilities of the Federal Home Loan Banks, it has a very real and practical interest in seeing the System expand to its maximum potential size. That interest is its dependence on the stability and strength of the nation's thrift, home-financing structure. Lack of organization and the great range in standards of operation which lack of organization makes

possible have been major weaknesses in the nation's thrift, home-financing structure. These weaknesses threatened the structure with a complete collapse in 1933. It is probable that only the emergency action of the Home Owners' Loan Corporation prevented that collapse. Had it occurred, it would have brought disaster to every savings bank and insurance company as well as to every building and loan association. These institutions owe it to themselves to enlist in and support a Sys-

tem which insures against such a collapse in the future.

INTEREST RATES ON ADVANCES TO MEMBER INSTITUTIONS

DURING October, the Boston and Cincinnati Banks modified the condition on which long-term advances are to be made and adopted a uniform rate of 3 percent on all advances, long-term as well as short-term. This raises to five the number of Banks which have established the minimum rate on all advances.

TABLE 2.—Comparison of actual with potential savings bank and insurance company membership in the Federal Home Loan Bank System

	Total eligible		Members of system		Percentage of members to all	Percentage of member assets to all assets
	Number	Assets	Number as of Sept. 30, 1935	Assets as of Dec. 31, 1934		
Mutual savings banks.....	¹ 578	¹ \$11, 065, 068, 000	8	\$142, 940, 042	1. 38	1. 29
Insurance companies.....	² 1, 678	² 24, 928, 457, 012	3	15, 531, 710	. 18	. 06

¹ As of June 30, 1934.

² Principally 1933 figures and includes all types of insurance companies.

TABLE 3.—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 credits ² (000 omitted)
	Number	Assets ¹ (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								
June.....	3, 326	3, 201, 671	260, 726	148, 450	5, 353	1, 957	79, 233	181, 493
July.....	3, 340	3, 185, 822	260, 984	153, 523	5, 074	3, 429	80, 877	180, 107
August.....	3, 371	3, 213, 556	262, 410	160, 496	6, 972	1, 823	86, 025	176, 385
September.....	3, 395	3, 149, 515	262, 786	166, 865	6, 370	1, 963	90, 432	172, 354

¹ Where declines occur they are 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.

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

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

*Interest rates, Federal Home Loan Banks: rates on advances to member institutions*¹

Federal Home Loan Bank	Rate in effect on Nov. 1	Type of loan
	<i>Percent</i>	
1. Boston	3	All advances.
2. New York	3½	All advances for 1 year or less, and amortized within that time.
	4	All other advances.
3. Pittsburgh	3½	All advances for 1 year or less. All advances for more than 1 year are to be written at 4 percent, but until further notice credit will be given on all outstanding advances for the difference between the written rates of 5, 4½, or 4 percent and 3½ per centum per annum.
4. Winston-Salem	4	All advances secured by H. O. L. C. bonds.
	4	All advances for 1 year or less. All advances for more than 1 year are written at 4½ percent, but interest collected at 4-percent rate.
5. Cincinnati	3	All advances.
6. Indianapolis	3	All secured advances for 1 year or less.
	3½	All unsecured advances, none of which may be made for more than 6 months.
	3½	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	All advances for 1 year or less.
	3½-4	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	All advances.
10. Topeka	3	Do.
11. Portland	3	All advances to members secured by mortgages insured under Title II of National Housing Act.
	3½	All advances for 1 year or less. All advances for more than 1 year to be written at 4 percent, but interest collected at 3½ percent so long as short-term advances carry this rate.
12. Los Angeles	3	All advances.

¹ On May 29, 1935 the Board passed a resolution to the effect that all advances to nonmember institutions upon the security of insured mortgages, insured under Title II of the National Housing Act, "shall bear interest at rates of interest one half of 1 percentum per annum in excess of the current rates of interest prevailing for member institutions."

Federal Savings and Loan System

THE combined growth in net private investment and the combined increase in mortgage loans outstanding of 20 converted Federal savings and loan associations during the first nine months of 1935 is revealed in table 1. Each of the 20 associations is located in a different State so that their growth cannot be attributed to specialized conditions in any one area.

The average assets of these 20 associations jumped from approximately \$600,000 at the first of the year to approximately \$800,000 nine months later. From January through September, the combined net in-

crease in private investments in the 20 associations was \$1,394,000 as compared with a net increase of \$2,827,000 in Treasury subscriptions. A growth in net private investments of 13.8 percent in nine months for these fairly large and old-established associations is evidence of a rather phenomenal increase in vitality. It is especially interesting to note that the growth in private investments in the last three months of the period was greater than the growth in the first six months, indicating that the associations were gaining rather than losing momentum.

TABLE 1.—Progress of 20 converted Federal savings and loan associations located in 20 States

	Dec. 31, 1934	June 30, 1935	Percent change December to June (6-month period)	Sept. 30, 1935	Percent change June to September (3-month period)	Percent change December to September (9-month period)
Net private investment.....	\$10, 113, 462	\$10, 747, 122	6. 3	\$11, 507, 618	7. 1	13. 8
Treasury subscriptions.....	1, 081, 600	2, 813, 600	160. 1	3, 908, 600	38. 9	261. 5
Mortgage loans outstanding.....	8, 995, 027	12, 164, 346	35. 2	14, 206, 355	16. 8	57. 9

The absorption in new mortgage loans of this large volume of new funds is perhaps even more striking. The 20 associations made a net increase in loans outstanding of more than \$5,000,000 or 57.9 percent in the 9-month period.

OPERATIONS OF FEDERAL ASSOCIATIONS DURING SEPTEMBER

THE combined total of mortgage loans made during the month by 758 new and converted associations dropped 5 percent in

September as compared with August (table 2). A heavy falling off of 17.7 percent in loans for refinancing accounted for this decrease in totals. It is noteworthy that the loss was almost wiped out by an increase during September of 2.9 percent in loans for new construction and an increase of 6.6 percent in loans for home purchase. Also, in spite of the slightly lower volume of new loans, the 295 reporting converted associations registered a combined net increase of 1.3 percent and the 463 new

associations a combined net increase of 7.2 percent in loans outstanding at the end of September as compared with the end of August. The combined lending activities of Federal associations indicate, therefore, continued expansion in new building and real-estate activity. Together, loans for

new construction and home purchase represent 56.9 percent of all loans completed during September.

The 758 reporting Federal associations again increased their use of Federal Home Loan Bank facilities to help finance the \$9,000,000 of new mortgage loans made.

TABLE 2.—Federal Savings and Loan System—Combined summary of operations for September 1935 as compared with August 1935

	463 new associations			295 converted associations		
	September	August	Change August to September	September	August	Change August to September
Share liability at end of month:			<i>Percent</i>			<i>Percent</i>
Private share accounts (number)...	64, 456	62, 621	+2. 9	302, 585	306, 847	-1. 3
Paid on private subscriptions.....	\$19, 366, 547	\$18,186,753	+6. 5	\$213, 147, 021	\$213, 214, 796	.....
Treasury subscriptions.....	20, 713, 466	18, 660, 600	+11. 0	22, 385, 399	19, 443, 400	+15. 0
Total.....	40, 080, 013	36, 847, 353	+8. 8	235, 532, 420	232, 658, 196	+1. 2
Average paid on private subscriptions...	303	293	+3. 4	706	697	+1. 3
Repurchases during month.....	232, 744	307, 871	-24. 4	3, 031, 822	4, 612, 921	-34. 5
Mortgage loans made during month:						
a. Reconditioning.....	307, 813	348, 274	-11. 5	417, 210	418, 469	-. 3
b. New construction.....	1, 439, 482	1, 474, 470	-2. 3	1, 392, 554	1, 272, 432	+9. 4
c. Refinancing.....	1, 333, 986	1, 677, 777	-20. 4	1, 931, 658	2, 276, 599	-15. 1
d. Purchase of homes.....	776, 363	690, 397	+12. 5	1, 674, 460	1, 602, 015	+4. 5
Total for month.....	3, 857, 644	4, 190, 918	-7. 9	5, 415, 882	5, 569, 515	-2. 7
Loans outstanding end of month ¹	40, 049, 086	37, 344, 575	+7. 2	195, 435, 851	192, 958, 664	+1. 3
Borrowed money as of end of month:						
From Federal Home Loan Banks...	3, 991, 849	3, 340, 531	+19. 5	14, 587, 575	13, 674, 553	+6. 7
From other sources.....	153, 200	109, 762	+39. 6	3, 219, 815	3, 195, 480	+.
Total.....	4, 145, 049	3, 450, 293	+20. 1	17, 807, 390	16, 870, 033	+5. 5

¹ These totals include loans made for other purposes than those listed.

During September, Treasury subscriptions to shares in all Federal savings and loan associations increased \$3,763,000 (table 3). By the 12th of October, total subscriptions requested from the United States Treasury had exhausted the fund of \$50,000,000 made available for such purposes. Hereafter, Federal savings and loan

associations may apply for subscriptions to the Home Owners' Loan Corporation.

As of September 30, the total number of Federal savings and loan associations had reached 949 with combined assets of \$418,000,000. Of this number, 372 were converted and 577 new associations (table 4).

TABLE 3.—*Treasury subscriptions to shares of Federal savings and loan associations—Requests and subscriptions*

	June 30, 1934	Dec. 31, 1934	June 30, 1935	Aug. 31, 1935	Sept. 30, 1935
Requests received:					
Number.....	184	707	1,490	1,790	1,859
Amount.....	\$2,726,500	\$14,839,600	\$38,098,000	\$47,941,500	\$50,363,300
Subscriptions:					
Number.....	71	536	1,293	1,623	1,739
Amount.....	\$1,229,300	\$10,725,400	\$30,606,700	\$41,954,000	\$45,717,000

TABLE 4.—*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	June 30, 1935	Aug. 31, 1935	Aug. 31, 1935	Sept. 30, 1935	Sept. 30, 1935
New.....	57	321	481	554	572	\$37,216,790	577	\$37,876,366
Converted.....	2	49	158	297	350	354,728,492	372	380,184,930
Total.....	59	370	639	851	922	391,945,282	949	418,061,296

FEDERAL HOME

Combined statement of

	Combined	Boston	New York	Pittsburgh
ASSETS				
Cash:				
On hand.....	\$28,863.52	\$500.00	0	\$1,000.00
On deposit with U. S. Treasurer.....	3,269,778.74	92,227.54	\$514,786.31	43,269.96
On deposit with U. S. Treasurer, special account.....	903,625.62	0	30,000.00	76,141.38
On deposit with affiliated banks.....	2,300,000.00	200,000.00	400,000.00	0
On deposit with commercial banks.....	1,411,093.56	495,706.00	119,433.94	18,415.74
Total cash.....	7,913,361.44	788,433.54	1,064,220.25	138,827.08
Loans outstanding:				
Members.....	90,428,144.42	2,533,157.36	14,573,774.98	10,850,116.91
Other.....	4,051.94	0	0	0
Total loans.....	90,432,196.36	2,533,157.36	14,573,774.98	10,850,116.91
Accrued interest receivable:				
Members.....	317,788.92	8,032.51	64,068.59	47,716.73
Affiliated banks, deposits.....	3,347.95	186.30	306.85	0
Securities.....	72,003.44	16,136.36	1,532.79	186.67
Other.....	501.11	0	0	0
Total accrued interest.....	393,641.42	24,355.17	65,908.23	47,903.40
Investments, U. S. Government.....	18,610,662.00	4,350,000.00	159,606.25	137,900.00
Furniture and fixtures (net).....	4,233.20	0	1,932.46	333.49
Stock subscriptions receivable, members.....	262,625.00	19,050.00	36,575.00	30,200.00
Deferred charges:				
Prepaid assessment, F. H. L. B. B.....	6,357.50	1,657.50	0	0
Prepaid bond premium.....	3,333.71	166.16	312.35	252.96
Other.....	1,963.00	0	1,875.00	0
Total deferred charges.....	11,654.21	1,823.66	2,187.35	252.96
Other assets:				
Accounts receivable.....	3,720.67	0	0	0
Other.....	1,418.51	0	0	0
Total other assets.....	5,139.18	0	0	0
Total assets.....	117,633,512.81	7,716,819.73	15,904,204.52	11,205,533.84
LIABILITIES AND CAPITAL				
Liabilities:				
Deposits:				
Members, regular.....	2,037,332.23	560,521.91	100,000.00	0
Members, special.....	903,625.62	0	30,000.00	76,141.38
Applicants.....	140,799.87	4,400.00	26,899.87	35,750.00
Affiliated banks.....	2,300,000.00	0	0	400,000.00
Accrued interest:				
Members, deposits.....	2,927.93	1,257.78	89.04	0
Affiliated banks, deposits.....	1,320.55	0	0	860.27
Accounts payable.....	258.97	0	0	0
Other, loan prepayment.....	63,109.19	0	0	63,109.19
Total liabilities.....	5,449,374.36	566,179.69	156,988.91	575,860.84
Capital:				
Capital stock, issued and outstanding:				
Fully paid:				
Members.....	23,406,700.00	2,011,200.00	3,309,200.00	1,693,000.00
U. S. Government:				
Subscriptions, authorized.....	124,741,000.00	12,467,500.00	18,963,200.00	11,146,300.00
Subscriptions, uncalled.....	39,495,300.00	7,467,500.00	6,963,200.00	2,546,300.00
Partially paid:				
Members.....	85,245,700.00	5,000,000.00	12,000,000.00	8,600,000.00
Total capital stock outstanding.....	109,239,900.00	7,049,200.00	15,338,200.00	10,352,800.00
Surplus:				
Reserves:				
As required under section no. 16 of act.....	1,133,732.48	54,846.37	148,496.32	121,492.45
Surplus, unallocated.....	1,810,505.97	46,593.67	210,519.29	155,380.55
Total surplus.....	2,944,238.45	101,440.04	359,015.61	276,873.00
Total capital.....	112,184,138.45	7,150,640.04	15,747,215.61	10,629,673.00
Total liabilities and capital.....	117,633,512.81	7,716,819.73	15,904,204.52	11,205,533.84

LOAN BANKS

condition as at Sept. 30, 1935

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
\$10.00	\$13,779.36	0	\$12,989.16	\$25.00	\$25.00	\$25.00	0	\$510.00
244,581.75	428,794.75	\$154,098.64	321,153.66	309,142.07	260,848.32	703,963.79	\$93,841.05	103,070.90
0	541,257.22	41,511.23	0	0	0	88,624.23	68,635.85	57,455.71
0	0	1,400,000.00	0	0	0	100,000.00	200,000.00	0
7,945.13	175,896.87	379,932.42	59,739.52	78,195.27	0	10,594.28	22,000.00	43,234.39
252,536.88	1,159,728.20	1,975,542.29	393,882.34	387,362.34	260,873.32	903,207.30	384,476.90	204,271.00
7,388,501.19	16,400,133.28	4,272,581.80	14,350,792.83	4,197,651.68	5,288,207.12	4,064,445.00	2,947,330.46	3,561,451.81
0	0	0	0	0	0	0	0	4,051.94
7,388,501.19	16,400,133.28	4,272,581.80	14,350,792.83	4,197,651.68	5,288,207.12	4,064,445.00	2,947,330.46	3,565,503.75
31,093.05	53,651.92	3,356.41	40,962.88	16,325.93	19,290.56	10,348.79	10,824.12	12,117.43
0	0	2,263.02	0	0	0	38.36	553.42	0
4,997.96	8,647.27	6,418.59	1,561.68	5,966.42	11,525.24	5,208.33	5,768.49	4,053.64
0	0	494.45	0	0	0	0	0	6.66
36,091.01	62,299.19	12,532.47	42,524.56	22,292.35	30,815.80	15,595.48	17,146.03	16,177.73
1,482,241.81	3,032,454.18	1,988,039.22	156,611.18	1,985,904.67	2,416,725.00	1,053,046.88	710,075.00	1,138,057.81
0	1.00	458.88	470.23	263.75	1.00	443.80	1.00	297.59
21,425.00	81,225.00	7,900.00	28,550.00	4,875.00	13,050.00	12,900.00	5,125.00	1,750.00
1,807.50	0	0	2,892.50	0	0	0	0	0
273.00	0	258.97	1,220.83	214.25	119.18	188.13	250.04	77.84
38.00	0	0	0	0	0	0	0	50.00
2,118.50	0	258.97	4,113.33	214.25	119.18	188.13	250.04	127.84
378.15	250.00	126.00	12.65	0	2.00	0	0	2,951.87
337.50	0	0	881.01	0	0	0	0	200.00
715.65	250.00	126.00	893.66	0	2.00	0	0	3,151.87
9,183,630.04	20,736,090.85	8,267,469.63	14,977,838.13	6,598,564.04	8,009,793.42	6,049,826.59	4,064,404.43	4,929,337.59
0	0	33,528.77	1,089,624.67	176,000.00	77,656.88	0	0	0
0	541,257.22	41,511.23	0	0	0	88,624.23	68,635.85	57,455.71
4,200.00	11,100.00	11,850.00	22,625.00	4,275.00	6,200.00	575.00	350.00	12,575.00
300,000.00	1,500,000.00	0	0	0	0	0	100,000.00	0
0	0	0	1,563.71	17.40	0	0	0	0
405.49	0	0	0	0	0	0	54.79	0
0	0	258.97	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
304,605.49	2,052,357.22	87,148.97	1,113,813.38	180,292.40	83,856.88	89,199.23	169,040.64	70,030.71
1,947,500.00	5,108,900.00	1,970,400.00	2,330,300.00	1,050,600.00	1,329,000.00	1,014,400.00	513,700.00	1,128,500.00
9,208,200.00	12,775,700.00	6,577,400.00	14,173,900.00	7,394,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,967,900.00
2,508,200.00	0	577,400.00	3,173,900.00	2,194,900.00	2,372,400.00	2,633,600.00	2,650,000.00	6,407,900.00
6,700,000.00	12,775,700.00	6,000,000.00	11,000,000.00	5,200,000.00	6,400,000.00	4,700,000.00	3,310,000.00	3,560,000.00
34,500.00	228,700.00	13,400.00	53,900.00	11,600.00	29,700.00	25,000.00	10,900.00	3,000.00
8,682,000.00	18,113,300.00	7,983,800.00	13,384,200.00	6,262,200.00	7,758,700.00	5,739,400.00	3,834,600.00	4,691,500.00
75,181.27	236,755.27	92,322.43	153,200.43	55,865.92	88,520.05	40,835.62	29,934.38	36,281.97
121,843.28	333,678.36	94,198.23	326,624.32	100,205.72	78,716.49	180,391.74	30,829.41	131,524.91
197,024.55	570,433.63	186,520.66	479,824.75	156,071.64	167,236.54	221,227.36	60,763.79	167,806.88
8,879,024.55	18,683,733.63	8,170,320.66	13,864,024.75	6,418,271.64	7,925,936.54	5,960,627.36	3,895,363.79	4,859,306.88
9,183,630.04	20,736,090.85	8,267,469.63	14,977,838.13	6,598,564.04	8,009,793.42	6,049,826.59	4,064,404.43	4,929,337.59

Federal Savings and Loan Insurance Corporation

ON October 25, one year ago, the first thrift, home-financing institution received the protection of share insurance for its investors through the Federal Savings and Loan Insurance Corporation. In the intervening year—through October 19, 1935—the number of insured associations rose to 1,002 and the number of protected shareholders to 842,132. The combined share and creditor liabilities of these associations (as of dates of insurance) amounted to more than \$518,000,000.

As of October 19, applications for insurance had been received from 275 additional associations, of which 210 were State-chartered, and 65 converted and new Federal associations. The combined assets of all applicant associations including those insured totaled \$954,000,000, or roughly one seventh of the combined assets of all building and loan associations in the country. It is noteworthy that the rate of application for insurance from State-chartered associations has increased sharply in recent months. Also, of the 981 Federal savings and loan associations that had applied through October 19, 434 were old-established associations that had converted from State to Federal charter.

COMMERCIAL BANK INVESTS TRUST FUNDS IN AN INSURED ASSOCIATION

Two rather remarkable examples of the confidence that share insurance inspires

are furnished by a Texas association operating under State charter, and which received its insurance certificate in August. A letter from the association dated October 11, reads in part as follows:

Around the first of the year the Directors of the ----- Building and Loan Association decided to dispose of their institution. It had been operated about 20 years for the exclusive benefit of the employees of the ----- Petroleum Company. Our company was recommended to them by the banks of this City to take it over. Negotiations were opened, but no progress made.

After the announcement of our insurance of shares, the president of that institution immediately re-opened negotiations with us and the deal was promptly closed. The ----- Building and Loan Association had assets of \$1,500,000, had been well managed, was in splendid condition, and had reserves of approximately 12 percent of their assets.

Another experience we had was that the Trust Department of one of our largest banks made a careful investigation of our insurance proposition requesting a good deal of information, and I have just been advised that the Committee voted at their meeting this week to invest \$60,000 in our fully-paid shares in amounts ranging from one to five thousand dollars for different trust estates under their control.

We are receiving numerous inquiries from day to day regarding our investments, and approximately \$30,000 of funds from the general public have been invested in our fully-paid shares since the announcement of insurance was made.

This did not just come to us, of course, but is the result obtained from a rather vigorous advertising campaign as well as a good deal of favorable publicity that we have obtained in our local papers.

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	Sept. 21, 1935	Oct. 19, 1935	Dec. 31, 1934	Sept. 21, 1935	Oct. 19, 1935
State-chartered associations.....	53	268	296	\$110,681,409	\$467,174,566	\$515,485,069
Converted F. S. and L. A.....	134	420	434	128,907,073	424,470,240	430,008,370
New F. S. and L. A.....	393	542	547	7,578,870	9,427,830	9,458,562
Total.....	580	1,230	1,277	247,167,352	901,072,636	954,952,001

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	Sept. 21, 1935	Oct. 19, 1935	Oct. 19, 1935	Oct. 19, 1935	Oct. 19, 1935
State-chartered associations.....	4	81	86	242,316	\$175,215,456	\$194,120,977
New and converted F. S. and L. A.....	447	894	916	599,816	343,195,100	374,495,022
Total.....	451	975	1,002	842,132	518,410,556	568,615,999

Home Owners' Loan Corporation

*Applications received and loans closed by months*¹

Period	Applica- tions received (number)	Loans closed	
		Number	Amount
1933			
From date of opening through Sept. 30.....	403, 114	593	\$1, 688, 787
From Oct. 1 through Dec. 31.....	319, 682	36, 656	104, 231, 556
1934			
From Jan. 1 through June 30.....	790, 836	307, 651	933, 082, 197
From July 1 through Dec. 31.....	² 227, 593	381, 341	1, 157, 985, 268
1935			
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.....	³ 2, 914	13, 593	41, 235, 897
June.....	140, 795	13, 142	40, 557, 636
July.....		13, 413	41, 569, 800
August.....		14, 623	44, 775, 321
September.....		12, 892	41, 180, 881
Oct. 1 to Oct. 17.....		8, 613	27, 248, 289
Grand total to Oct. 17, 1935.....	1, 884, 934	930, 996	2, 815, 451, 303

¹ These figures are subject to adjustment.

² Receipt of applications stopped Nov. 13, 1934, and was not resumed until May 23, 1935.

³ 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 through Oct. 17, 1935

Period	Number of applications received for recondition- ing loans	Total contracts executed		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Sept. 19, 1935 ¹	617, 005	287, 354	\$53, 559, 997	252, 383	\$45, 471, 306
Sept. 20, 1935 through Oct. 17, 1935 ²	19, 963	10, 059	2, 346, 815	14, 038	2, 722, 821
Grand total through Oct. 17, 1935.....	636, 968	297, 413	55, 906, 812	266, 421	48, 194, 127

¹ The totals for this period differ from those published in the September REVIEW due to subsequent corrections.

² 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.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS FIXING TIME AT WHICH A NEWLY CHARTERED FEDERAL ASSOCIATION MAY APPLY TO THE HOME OWNERS' LOAN CORPORATION TO SUBSCRIBE TO THE ASSOCIATION'S SHARES

The Board adopted the following resolution on October 21:

Whereas the last sentence of Section 17 of the Rules and Regulations for Federal Savings and Loan Associations provides that no request for subscription to shares of any Federal savings and loan association by the Secretary of the Treasury shall be approved until the report of the first examination thereof has been received; and

Whereas the funds available for subscriptions by the Secretary of the Treasury have been exhausted; and

Whereas it is probable that in cases of conversion of State-chartered associations into Federal Savings and Loan Associations, this Board will be sufficiently advised as to the condition of such converted associations prior to the first examination made after conversion; and

Whereas the Home Owners' Loan Corporation is now authorized to make subscriptions for full paid income shares in Federal savings and loan associations and no reference to the Home Owners' Loan Corporation is contained in said Section 17 of said Rules and Regulations; and

Whereas under present conditions, all State-chartered member institutions are eligible to receive investments by the Home Owners' Loan Corporation and such eligible institutions by conversion into Federal savings and loan associations would thereby render themselves ineligible until after the first examination following conversion, now, therefore

Be it resolved, that the last sentence of said Section 17 be and the same hereby is amended to read as follows:

"No request for subscription by the Home Owners' Loan Corporation for shares in any Federal savings and loan association which is newly chartered pursuant to the provisions of Sections 1 to 14, both inclusive, of the Rules and Regula-

tions for Federal Savings and Loan Associations, shall be approved until the report of the first examination thereof has been received." and

Be it further resolved, that Section 38 of said Rules and Regulations be and the same hereby is amended to read as follows:

"The Home Owners' Loan Corporation is authorized to subscribe for full-paid income shares of Federal savings and loan associations as provided in Section 4 (n) of the Home Owners' Loan Act of 1933 as Amended. Whenever a Federal savings and loan association needs funds for the financing of homes, it may request the Home Owners' Loan Corporation to subscribe for its shares."

II.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS GOVERNING THE HANDLING OF SEGREGATED ASSETS

The Board adopted the following resolution on October 21:

Be it resolved by the Federal Home Loan Bank Board, that the Rules and Regulations for Federal Savings and Loan Associations be amended by the addition to Section 36 thereof of the following:

"In all cases where a portion of the assets of an institution is segregated and the segregated assets are administered in the office of the association or by the officers and employees of the association, there shall be an operating agreement providing for the method of administration of the segregated assets and the division of expense between the association and the holding company or trustees in charge of such assets."

III.—CONCERNING COMMISSIONS ON THE SALE OF SHARES OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS

On October 9, the Board adopted the policy that Federal savings and loan associations should not be permitted to pay compensation for the sale of shares unless provision has first been made for a repurchase fee as provided in the charter.

Directory of Member, Federal, and Insured Institutions

Added during September-October

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 30, 1935, AND OCTOBER 19, 1935¹

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

DISTRICT NO. 1

MASSACHUSETTS:

Boston:

Metropolitan Co-operative Bank, 80 Federal Street.

Middleborough:

Middleborough Co-operative Bank.

DISTRICT NO. 2

NEW YORK:

Walton:

Walton Co-operative Savings & Loan Association, 127 Delaware Street.

DISTRICT NO. 3

PENNSYLVANIA:

Philadelphia:

Equitable Building & Loan Association of Germantown, 5600 Germantown Avenue.

Windthorst Building & Loan Association, 2413 East Allegheny Avenue.

DISTRICT NO. 5

OHIO:

Columbus:

Hub Building & Loan Association, 236 East Main Street.

DISTRICT NO. 7

ILLINOIS:

Chicago:

Fairfield Building & Loan Association, 2729 Cermak Road.

North Avenue Building & Loan Association, 755 West North Avenue.

Royal Building & Loan Association of South Chicago, 9226 Commercial Avenue.

Quincy:

Home Building Society of Quincy, 641 Main Street.

WISCONSIN:

Racine:

Home Mutual Building-Loan Association, 218 Fifth Street.

Racine Building & Loan Association, 610 Main Street.

¹ During this period 5 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 8

MISSOURI:

Joplin:

Southwestern Building & Loan Association.

DISTRICT NO. 9

LOUISIANA:

Ponchatoula:

Ponchatoula Homestead Association.

TEXAS:

Atlanta:

Atlanta Building & Loan Association.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 30, 1935, AND OCTOBER 19, 1935

ARKANSAS:

Little Rock:

Tri-State Savings & Loan Association, 101 National Standard Building.

MISSISSIPPI:

Batesville:

Batesville Building & Loan Association.

NEW JERSEY:

Kearny:

Parkway Building & Loan Association, 155 Kearny Avenue.

OHIO:

Hamilton:

Central Building & Loan Association Company, 205 Rentschler Building.

OREGON:

Marshfield:

West Coast Savings & Loan Association, 193 South Broadway.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN SEPTEMBER 30, 1935, AND OCTOBER 16, 1935

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

DISTRICT NO. 1

CONNECTICUT:

Norwalk:

First Federal Savings & Loan Association of Norwalk, 1 Elmerest Street.

Waterbury:

First Federal Savings & Loan Association of Waterbury, 57 North Main Street.

MASSACHUSETTS:

Holyoke:

First Federal Savings & Loan Association of Holyoke, 129 Chestnut Street.

VERMONT:

Windsor:

Windsor Federal Savings & Loan Association, State Street (converted from Windsor Co-operative Savings & Loan Association, Incorporated).

DISTRICT NO. 3

WEST VIRGINIA:

Fairmont:

First Federal Savings & Loan Association of Fairmont, 213 Guffey Street.

DISTRICT NO. 4

GEORGIA:

Toccoa:

Stephens Federal Savings & Loan Association, Sage Street (converted from Stephens County Building & Loan Association).

NORTH CAROLINA:

Gastonia:

First Federal Savings & Loan Association.

SOUTH CAROLINA:

Cheraw:

First Federal Savings & Loan Association of Cheraw, Market Street (converted from Savings Building & Loan Association).

Marion:

Marion Federal Savings & Loan Association.

DISTRICT NO. 5

KENTUCKY:

Catlettsburg:

Catlettsburg Federal Savings & Loan Association.

OHIO:

Dayton:

State Federal Savings & Loan Association, 405 Callahan Bank Building (converted from State Savings & Loan Association).

New Carlisle:

New Carlisle Federal Savings & Loan Association, 124 Main Street (converted from New Carlisle Building & Loan Company of New Carlisle, Ohio).

DISTRICT NO. 7

ILLINOIS:

Chicago:

Amity Federal Savings & Loan Association, 4213 South Halsted Street (converted from Amity Building & Loan Association).

DISTRICT NO. 8

NORTH DAKOTA:

Minot:

Minot Federal Savings & Loan Association, 15 Central Avenue, West (converted from Minot Building & Loan Association).

DISTRICT NO. 9

TEXAS:

Atlanta:

Atlanta Federal Savings & Loan Association (converted from Atlanta Building & Loan Association).

Cuero:

Cuero Federal Savings & Loan Association (converted from Cuero Building & Loan Association).

Garland:

Garland Federal Savings & Loan Association.

DISTRICT NO. 11

WYOMING:

Greybull:

Big Horn Basin Federal Savings & Loan Association.

Torrington:

Tri-County Federal Savings & Loan Association.

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN AUGUST 27, 1935, AND OCTOBER 16, 1935

ALABAMA:

Bay Minette:

First Federal Savings & Loan Association of Bay Minette, Arcade Building.

KENTUCKY:

Newport:

Enterprise Federal Savings & Loan Association of Newport (consolidated with Kentucky Enterprise Federal Savings & Loan Association of Newport).

MISSOURI:

Kansas City:

Western Federal Savings & Loan Association of Kansas City, 102 East Ninth Street (consolidated with First Federal Savings & Loan Association of Kansas City).

OKLAHOMA:

Oklahoma City:

Commonwealth Federal Savings & Loan Association of Oklahoma City, 320 Liberty National Bank Building (consolidated with Home Federal Savings & Loan Association of Oklahoma City).

PENNSYLVANIA:

Johnstown:

Cambria Federal Savings & Loan Association of Johnstown.

SOUTH CAROLINA:

Liberty:

Liberty Federal Savings & Loan Association.

WASHINGTON:

Seattle:

Standard Federal Savings & Loan Association, 307 McDowell Building (consolidated with Citizens Federal Savings & Loan Association of Seattle).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN OCTOBER 1, 1935, AND OCTOBER 18, 1935 ¹

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

DISTRICT NO. 4

GEORGIA:

Atlanta:

Home Building & Loan Association, 33 Forsyth Street, Northwest.

DISTRICT NO. 5

OHIO:

Brewster:

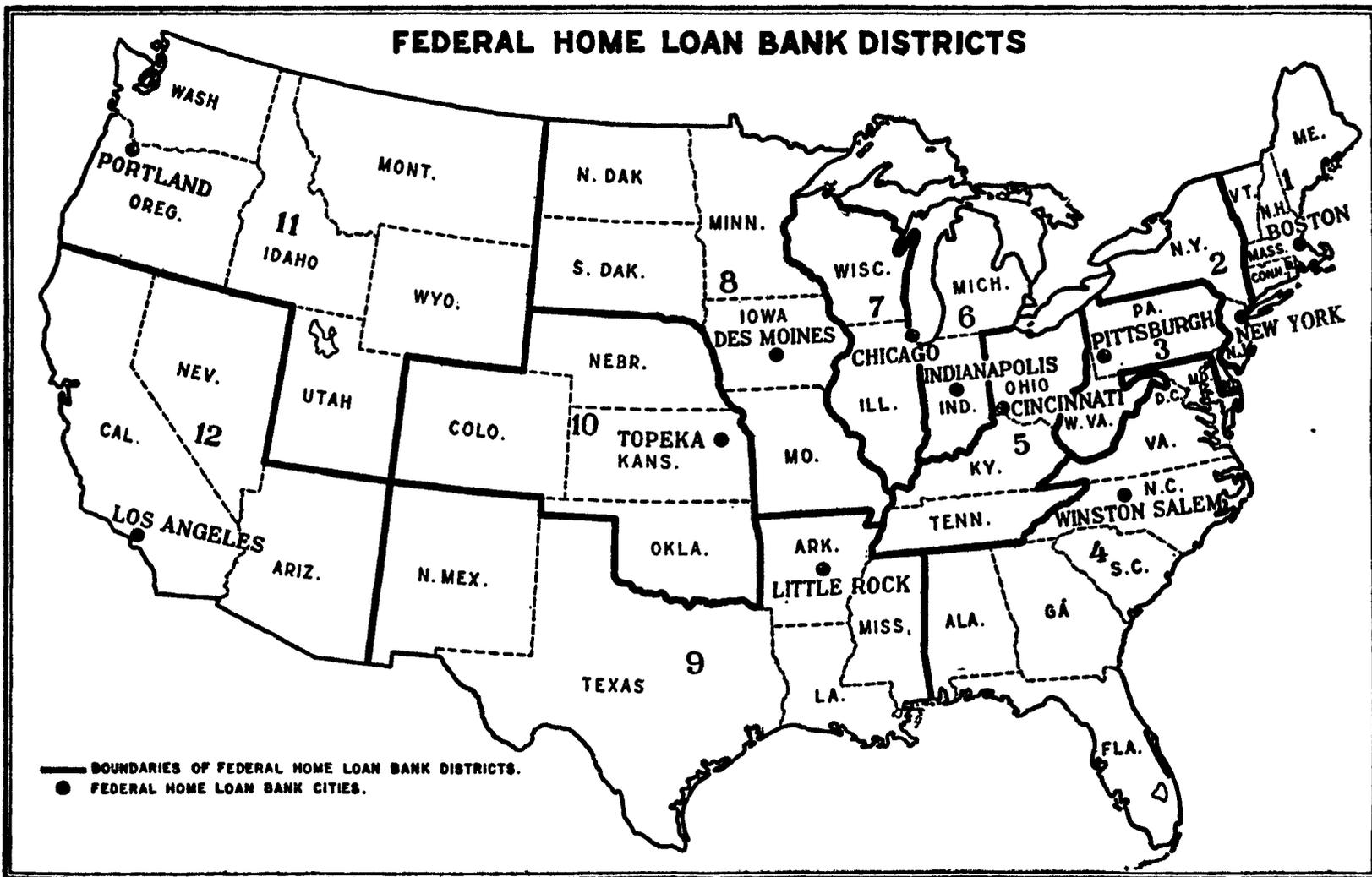
Brewster Building & Loan Company, Third Street, Northeast.

Dayton:

Gem City Building & Loan Association, 6 North Main Street.

¹ During this period 18 Federal savings and loan associations were insured.

FEDERAL HOME LOAN BANK DISTRICTS



U. S. GOVERNMENT PRINTING OFFICE: 1935