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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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The Potential Real-Estate Boom

ARE we to have another real-estate boom? Many experienced operators believe that it has already started. Opinions differ as to when it will reach its crest, and whether it will be followed by quick recession of market values with consequent losses or "freezing".

Fully realizing that accurate prediction must necessarily be partly chance, it is nevertheless of some value to examine the known factors bearing upon the real-estate market. The mortgage lender must be guided by his opinion of the future; he has no choice about indulging in prophecy since it is one of his inescapable functions. Therefore, he must ask whether we are in a boom, how long it will last, and how high it will send market values. The REVIEW has sought the opinions of various well informed persons who feel very certain of the accuracy of their deductions. It is not the function of the REVIEW to bring in a verdict as to which of these opinions it considers best supported. On the contrary, an effort has been made to present each opinion clearly and vigorously, so that the reader may be the better able to weigh its value in relation to the facts with which he, personally, has to deal.

On the affirmative side, discussion of the potential real-estate boom may appropriately be opened by Roy Wenzlick, author of the widely known pamphlet, "The Coming Boom in Real Estate". Mr. Wenzlick lists the following factors in substantiation of his position:

1. Business conditions are better.
2. New building has not kept pace with demolition and increased population.
3. Occupancy is already high and recovery is just starting.

4. New building will necessarily lag behind demand. Therefore, we may expect a sharp upturn in rentals soon.
5. This higher rental return will minimize foreclosures and further advance prices.
6. Mortgage money from private sources is now plentiful and will become more so.
7. As prices advance on existing buildings they will reach reproduction cost and the real building boom will develop.

It is his opinion that the boom has already started and will reach its peak in the early 1940's. This is borne out graphically by a chart showing the fluctuations in real-estate activity and foreclosures in greater St. Louis. The chart, made by Real Estate Analysts, Inc., of which Mr. Wenzlick is president, covers the period from 1875 up to the beginning of 1936. It reveals that real-estate activity has followed very definite cycles of about 17 years duration. Mr. Wenzlick contends that because of the length of each cycle, the average individual cannot base his judgments on experience. That accounts for much of the emotional attitude that affects people during the extremes and it is a contributing cause of the cycles themselves. Mr. Wenzlick and all of the others make their predictions on the premise that world conditions will remain stable. A general war, for example, would make any predictions impossible.

The opinion of an economist who specializes in building and loan operation and land economics follows:

"The more I study Wenzlick's opinions, the more I am convinced that his book is not based on a complete study of the factors

involved and that it is, to some extent, based on a dogmatic belief that, because the real-estate prices have followed more or less well defined cycles in the last 30 years, they will continue to behave in the next 5 to 10 years in a manner similar to their behavior in the last cycle. At the outset it must be stressed that there are dwelling house properties all over the United States which, even if Wenzlick's forecast were true as far as he intends it to be, would not benefit by the 'coming boom'. Fully one-tenth and possibly a larger fraction of American dwelling house properties are in a class whose prices will not be controlled by the general trend. They can be demonstrated to be exceptions.

"Undoubtedly, the existence of real-estate price cycles gives a strong basis for believing that the cycle behavior will be repeated, but we must go deeper into the question of price changes than the mere superficial charting of prices, and must study the basic economic laws which operated to make real-estate prices behave as they did.

"At least two new important factors not present in previous cycles have entered the situation today which I believe have received inadequate study. These are: (1) high taxes on homes range, in some States, as high as 4 and 5 percent of market value; (2) increasing numbers of people, because of high taxes, are living in trailers which are literally houses on wheels, in order to escape the burden of State taxes. The important question of whether or not costs of State and municipal governments can operate to head off or delay 'the coming boom in real estate' has not been fully studied."

A practical business man of long experience in the building and loan field says:

"I think Wenzlick is conservative. The present indications are for an increase in urban real-estate values in the course of the next three or four years that will average something like 70 percent. It will be uneven, of course, as to localities.

"The factors promoting the boom are plenty of cheap money, longer terms of

amortization, and rising national income. There is a housing shortage now and a growing sense of obsolescence; people are in the mood for more modern houses even if the present home is sound. In the next four years, the impression of obsolescence, whether real or imaginary, will be more important than the housing shortage in promoting construction.

"There is grave danger that the present boom will be no more sound than any of those in the past. It will depend upon how much sense the lenders use in appraising, after values begin rising more rapidly. At present, the lenders are showing considerable common sense. The question is: Will they continue to do so?

"Another real danger is the possibility that the same old 'jerry-building' game will start again as values rise. If it does, there will subsequently be a crash."

A second economist says:

"On the whole, I think that Mr. Wenzlick's analysis of the factors which create a base for a real-estate boom is well stated and sound. It must be recognized, however, that real estate cannot be taken to a distant market; therefore, conditions in one community may differ greatly from general conditions.

"Because of the difference in local conditions I do not think that recovery will be uniform. There is more mis-held real estate today than in any other period of the Nation's history and in communities where a substantial part of the real estate is held by lending institutions, the recovery will be slower than in those localities where this condition does not exist. Recovery in general business is by no means uniform throughout the Nation. The Southwest is undoubtedly 12 to 18 months ahead of the Northeast section of the country in general business recovery and this condition will be reflected in real-estate recovery.

"Due to labor conditions (a new factor in recovery and certainly a very important one), decentralization of large industries is indicated. This will have a retarding effect

on those cities which are now the homes of certain large industries. In the other direction, manufactured obsolescence (new materials) will be a great stimulation to building. This factor is being greatly underestimated.

"I have hope that real-estate taxes in the future will be more fairly assessed. Overall limitation of real-estate taxation is gaining momentum. Over half of the States have either accomplished real-estate tax limitation or have organized aggressive campaigns to accomplish it. Further growth of sales taxes is indicated and this should help real estate.

"Our present long-term real-estate mortgages will cushion the sharp break in real-estate prices after the peak of the boom has been reached."

A man who has been in the real-estate business since 1914 and who has had extensive experience in appraisal makes the following comments:

"Mr. Wenzlick states the history of real-estate activity with such fidelity to fact and familiarity with experience, that no practical realtor can fail to agree with his general statements. However, we do not know how far the Government will go in efforts to solve the housing problem, or how far and how fast private enterprise will go in this same field. In the relatively small details of accuracy of time projection and speed of trend, Mr. Wenzlick may be at fault, but the fault will be within the limitations and definitions he has set for himself.

"If, as we are told, however, history repeats itself, Mr. Wenzlick's book can be accepted as an authoritative treatise, needing, of course, a common sense translation of its projections to any local situation. No rule has ever been devised, nor any forecast ever been made, which eliminated the necessity

for personal judgment related to specific situations.

"That a boom will come again is certain. That it will be caused by factors which Mr. Wenzlick has discussed is just as certain. As a matter of fact, developments forecast by Mr. Wenzlick have already occurred, and are reported in practically every magazine or trade publication devoted to home-financing and building statistics.

"One factor that might seriously retard recovery of the real-estate market would be the dumping of large parcels of foreclosed properties on the market. This has not happened and there is good reason to believe that it will not happen. The various and numerous agencies charged with the responsibility of liquidating foreclosed properties are showing commendable wisdom and restraint. Their course is already a strong influence sustaining and encouraging recovery."

Discussing only the dangerous elements in the predicted boom, a banker well acquainted with the real-estate field said:

"We now have in this country stronger centralized control over credit than ever before. The original purposes of that control was to check depression; there is no reason, however, why the same machinery cannot be used to stop a run-away boom. The fact that we never have stopped a run-away boom causes many persons to make their calculations without considering such a possibility. I think that a sincere effort will be made to level off the business cycles and keep the peaks and valleys from reaching proportions that mean disaster and suffering. I am convinced that this can be done, and I believe that the men charged with the responsibility of controlling our credit are equally confident. I am, therefore, optimistic."

Appraisal Methods and Policies

This is the third in a series of articles.

AN ESSENTIAL step in the appraisal of any residential property is the appraisal of the neighborhood and of the economic background of the community. The value of building sites and, to a lesser extent, of the improvements upon them is largely a social value. That is to say, their value is derived from the social and economic environment in which they exist. Why is land in one section of a city valued at \$10 per front foot, while in another section the value is \$1,000? Or why may there be a similar difference between the price of a piece of land a century ago and its price today? Obviously it is not due to any difference in the land itself and only in a very small degree to improvements that may have been made upon the land. It is the result of the growth and development of the community in which the land exists, the increase in population, the establishment of new industries, the addition of new transportation facilities, and a host of other such changes.

Since real-estate values are so directly dependent upon the neighborhood and the surrounding community, the impossibility of arriving at sound appraisals by considering each piece of property as an isolated unit is readily apparent and needs no emphasis. Every appraiser takes into consideration to some extent neighborhood and community influences, but all too often only in a vague, haphazard way.

The neighborhood and the community should be studied and analyzed as care-

fully and systematically as the particular residence which is being appraised. This analysis does not need to be repeated, of course, with each separate property appraisal. Rather it should be a continuous process. The alert appraiser is constantly watching for changes and developments that will affect property values in the community as a whole or in particular neighborhoods. The appraiser who is thoroughly "on the job" will thus undertake a particular appraisal with a large part of the task already completed.

ECONOMIC BASIS OF THE COMMUNITY

BY THE community is meant here the town or the city and surrounding suburban territory, or what is commonly termed the metropolitan area or district. Property values in any community depend upon the income of the people of that community. The source and stability of the income are thus important factors for the appraiser to consider. Is the income derived from the exploitation of a depleting natural resource, as is the case with mining, lumber, and oil towns? If so, some time in the future the income will decline and perhaps vanish and property values will dwindle away. The appraiser must form some estimate as to how soon this is likely to take place.

Is the town or city chiefly a trading or commercial center? If so, what about the source and stability of the income of the territory which it supplies? Towns in the

drought-stricken areas of the Middle West have suffered along with the farmers of that territory, as their income has come from the same source.

Is the community's income derived from industrial production? In such a case, is it predominantly from one industry or from a number of well-diversified sources? Are the industries declining, expanding, or well-stabilized? All such questions have a bearing upon property values in the community.

Various objective indications of the economic well-being of a community are usually available to the appraiser. Population figures are one of the most significant items to note. A declining population is almost certain to result in declining property values. If the population has been rapidly increasing, a slackening of the rate of increase is sometimes sufficient to react upon realty values, as they may have come to be based on the assumption that the rapid increase would continue indefinitely.

Trade, industrial, and financial statistics are also significant data for the appraiser. The volume of output of local industries, the number of employees, bank assets, daily bank clearings or debits to individual accounts; all such statistics that are available should be collected and studied. Comparisons of local data with that from other cities or from the country as a whole may be helpful in understanding local conditions.

Of more direct significance to the appraiser are the real-estate data that are available in most cities, such as building permits issued, mortgages filed, canceled or foreclosed, and realty sales. In many towns and cities annual real-estate surveys are conducted by interested organizations that are of great value in revealing the trend of the market.

The prediction of the economic future of a community is admittedly a very difficult problem but it is one which the appraiser cannot avoid. Since the value of any prop-

erty is an estimate of the present worth of the future income which it will yield, appraisal necessarily involves prediction. If the appraiser does not make his own predictions upon the basis of his own analysis, he is simply adopting, perhaps unconsciously, the blind, unreasoning predictions of the general public.

Some large mortgage-lending institutions have excluded whole communities and areas from their lending territory because of their uncertain economic future. A local association operating under such conditions cannot refuse to lend entirely unless it wishes to liquidate and go out of business, which perhaps in some cases might be the wisest policy. But assuming that the association wishes to continue as a going concern, the opinion of the appraiser as to the economic future of the community should reflect itself both in the appraisals and the length of time for which loans are made.

IMPORTANCE OF THE NEIGHBORHOOD IN APPRAISING

IN RECENT years there has been an increasing realization of the importance of giving proper consideration to the effect which the physical, social, and economic environment of a property has upon its value. One of the most common and serious errors in appraising is the attempt to evaluate a property as an isolated unit. In stressing this point, one of the leading appraisers of the country has declared:

"The competent appraiser does not reach his conclusion by valuing land, concrete, lumber, labor, and brick by themselves, but by the evaluation of environing factors, trends of growth, stability of districts, taxation and assessment burdens, historical backgrounds, and the effectiveness of purchasing power. His investigations must include the social and income level, the results of wise or unwise zoning or deed restrictions, the sufficiency and cost of utilities and transportation."

The value of any residential property depends upon its appeal as a place in which to live and make a home. A large part of this appeal is derived from the character of the neighborhood in which the property is located. Accordingly, the neighborhood must be studied as a part of the appraisal process. This study should be of a twofold nature, both a comparison and a forecast. The appraiser should carefully analyze and compare the neighborhoods of his territory to determine their relative desirability in terms of dollars. As he is making the appraisal as the basis of a long-term loan, he is also compelled to make a forecast of the neighborhood trend. Suggestions for standards and methods to be used in making a neighborhood survey and analysis are to be found in the series of articles in the REVIEW, beginning in August 1935, concerning "Neighborhood Standards as They Affect Investment Risk", in the article "Security Maps for Analysis of Mortgage Lending Areas", in the issue for August 1936, and also in the Underwriting Manual of the Federal Housing Administration. The remainder of this article will discuss some of the significant neighborhood factors which an appraiser should take into consideration in appraising any property.

UNITY OF THE NEIGHBORHOOD

A NEIGHBORHOOD that is an entity in itself, that has geographical, social, and economic boundary lines that distinctly separate it from adjoining sections, is most impervious to deteriorating influences. If two neighborhoods almost imperceptibly merge into one another, it is almost certain that the quality of the better neighborhood will be affected adversely by its close contact with the poorer. Distinct boundary lines, such as arterial highways, streams, or ravines help to preserve the unity and quality of a neighborhood.

A neighborhood should have a fairly high degree of self-sufficiency. Its residents

should be able to supply most of their everyday, recurring needs within the neighborhood itself. This requires adequate shopping, recreation, amusement, church, and school facilities.

A certain degree of uniformity within a neighborhood is conducive to its unity. Social differences so great as to create a gap between the members of a community are undesirable, as a wholesome community spirit cannot flourish in such an atmosphere. Neither can the most attractive physical appearance be presented if there are too great differences between the houses of the neighborhood. A \$25,000 home built in a district of \$5,000 homes immediately becomes an economic misplacement, and is subjected to severe penalties in the process of evaluation.

PHYSICAL CHARACTERISTICS OF THE NEIGHBORHOOD

THE topography of a neighborhood is frequently an important factor in determining its desirability. A flat, low section may be subject to floods, fog, mosquitoes, or oppressive humidity. Hillside locations may offer an undue exposure to the elements, in some cases, and protection against them in others. In general, the topography should be such that it provides good drainage, free circulation of air, availability of sunshine, and accessibility to other sections.

Numerous other physical characteristics of the neighborhood should be noted, such as the street plan, the size and dimensions of the lots, the amount of trees and shrubbery, and the condition of the alleys. All such factors that affect the utility or appearance of the neighborhood should be considered in its rating.

PUBLIC UTILITY AND MUNICIPAL SERVICES

IT SHOULD be an invariable rule to lend only on property in a neighborhood or subdivision in which necessary utilities have been installed and are immediately available,

except in towns or villages where such services do not exist. Occasionally a poorly financed subdivider attempts to secure the funds necessary for the installation of the utilities from the first payments on the lots. The future of a subdivision in such a condition is so very uncertain that it should be definitely rejected as suitable loaning territory.

The quality or reliability of the utility services offered sometimes varies with different sections of a city. In particular, the gas and water pressure in some neighborhoods is so low that in periods of heavy use the supply becomes very inadequate. Such a condition is an inconvenience and in the case of low water pressure increases the fire hazard.

Suburban areas frequently have different utility rates than the city proper and in some instances the difference is sufficient to affect real-estate values. For example, a difference in utility bills of \$10 per year, if capitalized at the rate of 5 percent, would cause a difference in value of \$200. That is to say, under those conditions a purchaser could afford to pay \$200 more for the property which was subject to the lower rates.

The adequacy of the sanitary and storm sewers is an important factor in neighborhood rating. The flooding of basements with every heavy rainfall appreciably lessens the value of the property so affected.

Since a neighborhood cannot be wholly self-sufficient it should have adequate means of transportation to the main business and shopping center and to other sections of the city. The adequacy of the transportation facilities available must be judged in relation to the needs of the community. A neighborhood in which the residents belong to the lower-income groups has a greater need of public transportation facilities than does a more wealthy section. In a community of expensive homes, the residents may depend almost entirely upon their automobiles and have little need of a streetcar or other common carrier. However, even in such a case, the problem of

servant transportation may render the services of a common carrier highly desirable.

RESTRICTIONS ON THE USE OF THE PROPERTY

THE zoning, building, and deed restrictions to which a property is subject should be carefully investigated by the appraiser. A building and zoning ordinance should provide for: (1) the most profitable use of the property, (2) reasonable restrictions upon the type of building, and (3) a proper proportion between the land area and the building. Ordinances that accomplish these results are favorable factors in the valuation of the property. Not infrequently, however, especially in rapidly developing communities, the ordinances prevent property from being devoted to its highest use or throw it open to deteriorating influences. If they have been drawn with but little study of the actual needs of the city or of its probable future development or if they run counter to the normal development of the community or do not have strong public approval, the chances are they will be nullified by lack of enforcement or by legal change.

Deed restrictions are commonly less easily changed and more readily enforced than zoning regulations and so, if properly drawn, offer more effective protection than the latter. The importance and value of legal restrictions vary with the type of community. Greater importance should be attached to them in large or rapidly growing communities than in small or well-established centers.

TAXES, ASSESSMENTS, AND INSURANCE RATES

AS TAXES are one of the costs of ownership, their amount is one of the factors which determine the value of property. If they have been fairly well stabilized for a period of years, realty values will have become adjusted to them and the appraiser need concern himself only with possible

(Continued on page 120)

New Charter Says "Go Ahead"

IN THE December issue of the REVIEW, an outline was presented of principal points wherein the new charter and regulations for Federal savings and loan associations differ from the old. An explanation of the basic reasons for these changes may be of interest. They were suggested primarily by the belief that the time is ripe to encourage greater growth, or, more specifically, larger units. The savings and loan field has been hampered from the beginning by a tradition that quite small units are so natural as to be almost inevitable. Yet this has never been conducive to strength, nor to the greatest service. At its peak the building and loan industry commanded total resources of about \$10,000,000,000, a fact which few persons realized for the simple reason that a large majority of the individual associations were small. Many of them were entirely too small to perform their function adequately in the communities they served.

The new charter and regulations, viewed as a whole, are intended to serve as a "go ahead" signal; to clear the way for the greater growth that is so obviously possible as the national income rises. How will this purpose be effected? First, by a simplification of procedure and terms so that the thrifty citizen will have a clearer understanding of what the local savings and loan association is offering him. Second, by a simplification of procedure and terms regulating the lending operations so that a larger measure of control rests in the local management, without sacrificing any of the fundamental principles of supervision that

are wholesome and necessary. The purpose has been to eliminate only the "strait-jacket" regulations, and to qualify and reduce the ones that have been demonstrated to be somewhat too obstructive relative to their instructive value, since the latter was all that was ever desired, and all that has constructive value.

Under the head of simplification for the purpose of attracting investors, the most important change is a reduction from four types of investment to two types. All of the descriptive terms of the various types of investment are puzzling to the ordinary investor and the fewer the better provided they serve to offer what he wants. Two are deemed sufficient.

Next, there is the simplification of terms. For years it has been recognized that the reference to "stock" in thrift associations is undesirable. It has been detrimental to growth and popular favor. Therefore, in the new charter a different concept of the shares has been employed, and all reference to stock or stock subscription has been eliminated. Investments, or savings, are now "share accounts", and are evidenced by passbooks with membership certificates attached, or by certificates only. Control by the membership is retained by giving each member one vote for each \$100 or fraction thereof invested in the association.

In the broad search that has been in progress for three years to uncover and examine every practice that has acted as an impediment to growth, it was found that the system of fines, fees, and forfeitures had left a trail of dissatisfied investors. Even

in cases where an honest effort had been made to acquaint the customer with all of the terms of his contract, he was still left puzzled, and sometimes bitter. As an additional incentive to growth and a bar to future misunderstandings a clause was inserted in the new charter prohibiting any penalty for becoming, remaining, or ceasing to be a member of the association. It is not anticipated that this elimination of penalties will affect the savings as long-term investments, and it is definitely thought that such an assurance of equality of treatment will be reflected in goodwill.

It was agreed that management should be given as much freedom of action as possible in determining internal policies. For example, restrictions as to which officer or how many should sign membership certificates, checks, etc. are eliminated and the board of directors is given power to act with freedom on such matters. Other similar, restrictive features are either broadened or eliminated entirely to the end that management will have, under the new charter and by-laws, an opportunity to display versatility and initiative.

However, even with these obstacles to the attraction of funds removed, the association still must compete in the open market for loans against all other lenders. The purpose of the new charter is to give at least equality and such advantages as are possible, consistent with sound mortgage policy. This broad, general purpose is evidenced by the variety of mortgage loan plans authorized by the new charter, and the lending power granted a Federal association under its terms.

One of the anticipated results of the growth that should be stimulated by the new charter and regulations is the earning power that will give management a new dignity. There is need to attract the high-

est type of ability by offering real careers. The savings and loan field requires ability of a specialized type. Without study this ability is not developed. But the rewards have, in entirely, too many institutions, not justified the effort to become a specialist. That fact has always been one of the weakest points in the building and loan set-up. There is such a definite field for this type of thrift and lending institution, however, that inability to pay adequate wages for management is unreasonable. The remedy is larger units. And the means to build larger units is simplification of procedure and terms; more flexibility for management; in short, the ability to attract more money, and the power to lend it in broader markets on more equitable, competitive terms.

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Winter Construction

WITH the revival of building activity, it is pleasing to note that the campaign for more winter construction is again receiving attention. Encouraging progress had been made during the 1920's toward acquainting the public with the advantages of off-season construction, but the efforts in this direction quite naturally diminished during the depression period. Now it is time to renew this educational campaign.

Human beings, like the birds, think of building in the early spring. The birds, however, are more practical since they also occupy their nests during the early spring. As a rule, human beings do not. They merely make a beginning toward the creation of new homes. If they wish to occupy their new homes during the early spring, the time for building is during the winter. The reasons for spring construction are emotional and traditional, rather than practical. The spring months of the year do not bring especially favorable weather conditions. If these were the principal consideration, the late summer and early fall would be better seasons for building. As a matter of fact, the ancient difficulties in the way of winter construction have been completely overcome, and this fact should be made a matter of common knowledge. Precautions against frost damage to masonry and concrete are now well known to the building industry. Indeed, winter construction has already been so well tested that the lessons of experience are now written into numerous building codes. That phase of the subject scarcely requires discussion.

What is vastly more important to the prospective home builder is a clear under-

standing of the financial and other direct advantages in avoiding the rush season. We already confront a mild shortage of skilled labor in the building trades with a certainty that it will increase. No such shortage exists during the off-season.

It will be wise for us to recall that during 1928 and 1929 many builders found it necessary to pay extra for materials or labor or both in order to complete their jobs on schedule. Not only did that disturbing factor enter to upset previous estimates of costs but in many instances work had to be abandoned for indefinite periods, due to lack of facilities, or to excessive costs. We may be approaching another such period. If so, it would be absurd not to be foresighted since the remedy is clear, and well known to be feasible.

If material on the general subject of winter construction is desired for use in your local newspapers, it is available. The newspapers have always been willing to cooperate in educating the public on this subject. If you do not know where to get such material, write to the **FEDERAL HOME LOAN BANK REVIEW** for information.

Seasonal fluctuations in building activity constitute a principal cause of unduly high prices, and unpredictable prices, both of which are a sore trial to all concerned. Serious delay in the completion of a job assumes the form of additional expense even though prices for labor and materials should not change. The working time is a dead period; the building begins to earn only after it is occupied. And this fact is of importance to the holder of a mortgage. Lenders, therefore, have the same common interest as owners and builders in leveling

the peaks and valleys of the building industry.

Under present conditions there is a lending season dictated by the building season. During the rush months, appraisers, inspectors, indeed the entire organization, must work under pressure. And this is followed by entirely too large a portion of the year when there is not enough work to keep the staff busy.

Nevertheless the staff must be maintained, just as carpenters must eat during their idle months. The answer to this problem has always been to earn enough during the busy season to carry the burden of the idle season. For many decades no other solution was possible. But with an easy remedy at hand every effort should be made to employ it.

As winter construction increases—and it certainly will do so—we shall eventually confront a problem in appraisal that may be stated briefly as follows: A building constructed during April, May, and June cost \$10,000. It could have been constructed during the preceding winter for approximately 10 percent less and it probably could be constructed during the coming winter for the same amount. What is it really worth, from the point of view of the lender?

In facing the problem of unreasonably acute seasonal fluctuations in activity, the

building industry merely steps into line with numerous other American businesses. The electrical industry has opened vast new markets for its output by offering lower night rates for power. The plant has to be working anyway to supply light; it might just as well be working at something nearer capacity. Likewise telephone service has to be maintained during the night; lower night rates for long distance calls level off the daytime peak to some extent and cut down the loss from excessively low activity during the off-peak period. The automobile industry, by changing the date when the new models appear, has had remarkable success in achieving, almost immediately, a steadier distribution with consequently wholesome effects upon employment.

A building contractor once gave a vivid exposition of the fundamentals of this whole subject by asking the proprietor of a 1-man

barber shop how much he would charge per shave on a contract for 1,000,000 shaves. The barber, after considering the subject, answered: "If you want them one right after the other for eight hours a day until I finish the contract, I'd let you have them for seven cents apiece. But if you want them all at the same time, I'd say, off hand, about \$20 apiece; and then I'd probably lose money."

How Long Will the House Live?

THE reasonable life expectancy of well-planned and soundly constructed housing was a subject of prime importance in the discussions at the convention of the National Association of Housing Officials in Philadelphia early in December. While these officials were mainly concerned with the larger housing projects comprising many residential units, the fundamental problem of life expectancy is not greatly different as it applies to all sorts of housing. For that reason, the views of these experienced persons will be of broad general interest. No less than the individual home owner or the individual lending agency holding a mortgage, the housing authorities, working on a large scale, have to consider the soundness of the security based upon residential construction. If it is not sound, they cannot hope to raise money.

This problem becomes acute for them because low interest rates and amortization over relatively long periods of time constitute the main hope for cheaper housing; and they are concerned almost exclusively with housing for persons in the lower income bracket. They have found that cheaper materials and cheaper methods of construction are not as helpful as low interest rates and long-time amortization. This may be astonishing to persons of limited experience. One might readily assume that major economies would come in the costs of construction, rather than the financing. However, some of the experts who discussed this subject pointed out that a difference of \$100 in the cost per room of a dwelling unit would mean, in terms of rent, a saving of only a few cents per month. At the same time, this saving of \$100 in con-

struction cost might seriously affect the life expectancy of the structure. It might also affect the size of the room, or its convenience, or its appearance and desirability. There was fairly general agreement that it would not be easy to save even this small sum in construction costs, granting a willingness to skimp.

Assuming then, that the construction should first be sound as to plan, materials, and workmanship, without too much penny-pinching economy, how long may it reasonably be expected to last? Certainly the house must live longer than the mortgage or the whole project becomes unsound. At this point enters the question of whether the buildings will be obsolete after 20 or 30 years even though still firmly weather-proof. In other words, do styles in housing change in such a manner as seriously to affect their mortgage value? Some of the housing projects discussed in Philadelphia carry mortgages that are to be amortized in 30 to 50 years. There is the hope of more 50- and even 60-year mortgages. Housing officials are asking for them with the firm conviction that they are sound, and are endeavoring to convert private capital to this view. Their argument is certainly worth considering; again, let it be added, because it has some bearing upon all housing, and the financing thereof. The general trend is toward longer term mortgages for the individual home owner also.

The argument for half-century amortization as a sound financial operation may be summarized as follows:

1. The principles of good housing seem scarcely to change at all; such evolution as is unmistakable covers centuries rather

than decades. This contention is documented by citing examples of good housing in Tidewater, Virginia, and New England. Special reference is made to houses that are 200 years of age, or older, and are as desirable today as when new.

2. For a clear understanding of this point, it is essential to draw a definitive line between the house, itself, and "the gadgets". The latter term was used to include all modern conveniences, among them plumbing which is, after all, not so very new. But in relation to a house upwards of 200 years of age, plumbing, of course, is new. One of the architects said that modern plumbing is about the only major revolutionary development in housing during the past two centuries, and he points out that it can be installed in a sound structure of any age. Likewise electrical fixtures and central heating can be installed.

3. The house, considered entirely separately from the "gadgets", should have rooms of a proper size for the uses for which they are intended. And these rooms should be conveniently arranged with reference to each other. There should be ample light and ample ventilation. It goes without saying that the roof and walls and floors should be firm. What we are dealing with here, mainly, is the problem of whether the house will become obsolete in spite of its excellent condition. To this question, the experts answer with an emphatic "No!" Some of them will even go so far as to say that the basic principles for comfortable dwelling construction are not greatly different from what they were in ancient Rome.

4. The architectural lines of a building that pleased the eye a century ago are still pleasing. They can vary greatly but if they were ever good they will remain good. For example, persons most familiar with the California bungalow type of frame construction will readily see the beauty of a Dutch colonial house in New Jersey although the two vary greatly. For the purposes of this discussion we completely leave

out of account all shoddy or ugly buildings. It was pointed out that there are many excellent dwellings in this country more than 100 years of age that are eagerly purchased while others half that old are permitted to crumble to decay because they were ugly at every period of their existence. The contention that is of greatest importance here is that this verdict of ugliness rests not upon fickle changes of fashion or fad but upon basic concepts that remain reliable to guide us for the future. Fad and fashion generally lead to what is called "gingerbread" decoration. Simple lines stand the test of time far better.

5. The reasonable size of rooms designed for occupancy by human beings scarcely changes at all. If one attempts economy by cutting down floor space or number of rooms, there is just as much danger of producing an undesirable house now as at any time in the past. If the space is generous it constitutes luxury now just as always in the past. Light and air remain essential, and in just about the same quantity. In other words, the house, itself, has fixed standards by which its present and prospective values may be judged. If these standards are met, the house is a good risk for a loan, and the amortization period can be estimated with reference to the life expectancy of the materials.

In the foregoing five points the reader will note that there is no reference to neighborhood deterioration. That is because the sort of housing specifically under discussion in Philadelphia would constitute its own neighborhood. The speakers had in mind housing projects of hundreds or even thousands of dwelling units. The individual would have to take into consideration as a separate matter the question of the neighborhood. But it is none the less interesting to have the opinion of thoughtful and experienced persons that styles in good housing are a negligible factor with no re-

lation whatever to styles in millinery or haberdashery. Evolution is slow and basic principles remain.

In connection with this discussion of basic principles, it will not be amiss to remind the reader of the ancient theory that when any article, whether a house or a ship or a tool, is excellently designed to meet the purposes for which it is to be used, it will have beauty. One need not worry unduly about the latter. The ugly ship is quite likely to be hard to handle in the water, and slow. The early automobile was of ridiculous appearance; likewise it was not a very good

automobile. The same can be said of the early steam railway locomotives. They caused the populace to laugh then, no less than we now laugh at a picture of one. They were not very good locomotives. On the other hand, when Brooklyn Bridge was completed those who had dreamed it, and planned it, and constructed it, were amazed at its beauty. All they had been trying to do was build a good bridge. They succeeded, and it turned out to be a beautiful bridge as well. That was the public's opinion in 1876, and there has been no change in the verdict.

Appraisals

(Continued from p. 113)

future changes in the rate. Occasionally, property in one section of a city will be valued for tax purposes at more nearly its full worth than in other sections; separately incorporated suburbs frequently have tax rates considerably different from those of the city proper. Where such differences exist they should be taken into consideration by the appraiser. Taxes in themselves tend to decrease the value of the property by the capitalized amount of the tax, although the benefits derived from the expenditure of the tax revenues may partially or wholly counteract this decline.

The general financial condition of the city will generally presage any immediate change in the tax policy. If the trend of expenditures has been steadily upward, if the budget is chronically unbalanced, if the indebtedness is heavy, the probable result will be an increase in taxes, a reduction of municipal activities or the charging of new or increased fees for certain services, such as garbage collections and water supply, all of which will adversely affect

property values. An excessive number and amount of tax delinquencies are disturbing factors in the real-estate situation, as they are likely to lead to foreclosures and forced sales.

Special assessments differ from taxes in that they affect only a particular section of a city and are levied for a definite period of time and for a definite amount. Therefore they have a direct and easily calculable effect upon the relative property values in the different sections. The net income from the property is decreased by the amount of the assessment as long as it is in effect, with a corresponding effect upon the value. In some cases each individual property is made security for an entire bond issue and cannot be released from the special assessment lien until the entire debt is canceled. Such a situation, of course, greatly reduces the credit value of the property.

Insurance costs are rarely large enough to affect materially the value of property but occasionally neighborhoods differ sufficiently in respect to fire hazards and fire protection to make an appreciable difference in insurance rates, with some slight effect on property values.

Federal Home Building Service Plan

THE Federal Home Building Service Plan, approved September 25, 1936, by the Federal Home Loan Bank Board, is now in operation in three cities and will be functioning shortly in seventeen more. The nature of the Plan calls for local organization and it, therefore, cannot be installed on a national scale instantly. The program operates essentially as a cooperative service between local lending agencies and local architects and technicians for the benefit of the home builder with only such control by the Federal Home Loan Banks and the Federal Home Loan Bank Board as is necessary to insure that the service offered will be competent.

The Plan was described in detail in the January and April 1936 issues of the *Review*. Briefly, it proposes to equip members of the Federal Home Loan Banks, at their option, to offer home builders a positive means of obtaining good design and sound construction through the use of a complete home building service. The service comprises advice on sound financing by the member institution, and technical advisory and supervisory facilities supplied by cooperating architectural groups and experienced technicians.

The objectives of the Plan can be visualized best if examined from the point of view of the prospective home builder. Let us assume that he comes to the office of a member association to seek advice and discuss a loan. He may have no definite type of house in mind or he may bring a sketch indicating the sort of house he wants. The manager of the association would have on hand a variety of plans for small houses that had been supplied by the local small-

house architectural service as suitable to local conditions. In all probability, the prospective borrower would find among these plans one that met his needs. At any rate, he ought to find one requiring only very slight changes to give him exactly what he desires. Before final commitment for a loan is made, the architect supplies complete working drawings and specifications, and definite cost figures determined by competitive bidding from qualified contractors. Here, it will be observed, is the machinery for bridging the gap between an inquiry and a loan, quickly and easily.

Or, if the prospective home builder brings in complete plans and specifications, the technical service can check the adequacy of design and specifications, and furnish independent supervision of construction. Many member institutions heretofore may have hesitated to make construction loans because of lack of facilities to handle these technical determinations. It may do so with reasonable safety when the project is worked out under home-building service procedure; but if not desiring to make a construction loan, at least it can arrange to handle the mortgage loan at the conclusion of construction.

In many localities, particularly in the larger cities, the majority of small houses may be built for sale by speculative or operative builders. Usually the lending institution has no part in such an operation until a mortgage loan is requested for the home buyer. Action on such loan must be determined from examination and appraisal of the finished building without knowledge gained from independent technical inspection during construction. It is

too late to insist upon minimum technical standards if they have not been observed; on the other hand, if the operative builder had built under the guidance of the Home Building Service, the lending institution could be dealing with a known product. Obviously, the member institution should be interested in introducing the Plan into local home building practice, and can do so by offering the most favorable lending terms on houses conforming to the Home Building Service standards.

The Home Building Service includes not less than six field inspections by a competent architect or qualified technical supervisor while the house is in course of construction. The contract will be drawn, in unmistakable terms, to cover what is specified in the plans and specifications. The house will not be accepted until, on final inspection, the architect approves it. Even before considering a contract, however, the architect will advise the prospective home builder as to the suitability of the proposed house to the lot on which it is to stand.

To summarize: The home builder is offered a complete advisory and supervisory service by a competent architect. This, he should always have had, but generally has been reluctant to pay the fee. Naturally, such a service by outstandingly competent men must be charged for. The fee for this service for a \$5,000 house has been established in several areas from \$125 to \$150. It is proposed to include that fee in the investment on which the loan is computed.

ADVANTAGES TO THE LENDING INSTITUTION

Now, let us examine the reasons why a member association should offer such a service. First, the security for the loan is the house; the lending agency has precisely the same interest as the home builder in seeing that the latter gets what he pays for. Second, it may safely be assumed that uncounted thousands of persons do not build homes because they regard it as a hazardous venture. The Home Building Service

should remove a large part of the hazard. Therefore, it should greatly increase business.

The cost to the member association depends very largely upon the amount it chooses to spend for promotion. That decision rests entirely with each association. In order to install the Plan with complete directions covering every phase of its operation, the member association will require certain manuals and other material. The total cost of all of this material will not exceed \$25. There are no other costs.

Next, let us look at the Plan from the point of view of the architect. His profession has had a distressingly small part in the construction of homes costing less than \$7,500. Incidentally, this special or limited service is not intended or offered for homes costing more than that amount. Beyond question, one of the principal reasons for the unsatisfactory nature of small-house construction in this country is and always has been the fact that the American public does not adequately appreciate architectural service. The architects realize that there is great need to remedy this situation; hence their cooperation in the Home Building Service Plan.

HOW THE PLAN IS INSTALLED

A MEMBER institution desiring to install the Home Building Service communicates with its Regional Bank. It is initially furnished with the necessary information about the service. Then after the required technical facilities are made available, the institution is supplied an Operating Guide describing the installation, promotion and operation of the Plan, and is given assistance in such installation.

The Federal Home Loan Bank of any region upon receiving an inquiry for the Service from a member institution, or desiring to promote the development of the Service in a particular locality, communicates with the appropriate Reconditioning Supervisor of the Home Owners' Loan Cor-

poration. This field representative will have first-hand information about the availability of the required technical facilities in that area. The Regional Bank will thus be able to advise its lending institutions as to when and through whom the Plan may be inaugurated. If desired, an employee of the Bank can discuss the Plan with the member institution, or a representative of Washington headquarters or a suitable field representative will do so.

The Regional Bank will be requested to qualify member institutions desiring to operate under the Plan, on the basis of ability to handle the program successfully and to promote the use of the technical service by home builders, as is required by the resolution of the Board.

The Board approved the use of distinguishing insignia to differentiate operations under this Plan from those under other programs.

GENERAL DEVELOPMENT OF THE PLAN

LENDING institutions have long recognized that the safety of mortgage security is as dependent upon attractive design, proper materials and sound construction as upon the borrower's ability to repay the loan. Prior to 1930, a few scattered lending institutions began to make available construction supervisory facilities to borrowers and to give preference to loans where the construction had been so supervised. Further impetus was given this movement by the endorsement of "Supervised Construction" (as providing a practical and effective means of insuring better building) by the United States Building and Loan League in its 1930 convention.

From 1930 to 1933, lenders witnessed a deflation in values and loss of equities unprecedented in their experience. The increased use of the long-term mortgage heightened the importance of more permanent security behind the home mortgage. Increased publicity on the deleterious effects of jerry-building focused the attention of

the industry upon the need for a means of insuring better home design and construction, and with the initiation, by the Reconstruction Division of the Home Owners' Loan Corporation, of a system of technical supervision, lenders and others had an actual demonstration of the practicability of such a system on a wide scale.

The Presidents' Council of the Federal Home Loan Bank System, meeting in May 1935, recognized the need for a positive correction of poor design and shoddy construction, and urged the formation of a specific plan of action providing not only for supervision of construction but also for adequate advisory services to be rendered to the home-owner borrower by qualified technicians during the development stages of the home project.

In October 1935, the outline of such a specific plan was presented to the Regional Banks of the Federal Home Loan Bank System. Simultaneously, it was placed before the Housing Committee of the American Institute of Architects and, in December 1935, received endorsement by the directors of the Institute, who, in turn, urged local chapters to establish special technical facilities for the small-house field.

The response to the article in the January 1936 issue of the REVIEW and a subsequent questionnaire sent to member institutions indicated widespread interest in the program and a desire for its further development.

In the intervening eight months, the Plan has been tested in operation and improved. With the benefit of experience, specific details of the Plan were determined and approved by the Board on September 25, 1936, as previously mentioned.

CONSUMER INTEREST

RESULTS in several cities in which the essential elements of the Home Building Service have been offered point definitely to favorable acceptance by the home-building public. Although the Plan was directed at prospects whose home plans were in the

initial stages, it was found that it stepped up construction loans on advanced projects—where plans or specifications were ready for submission for construction loans. Furthermore, it has become evident that this service tends to reduce the percentage of rejections among advanced projects which fail of acceptance because of poor design or inadequate specifications, since the architectural service provides a means for correcting deficiencies of a purely technical nature.

In New York City, a group of architects, organized as a result of the Home Building Service Plan but operating through newspaper advertising supported by a large real-estate operator, received 15,000 inquiries from its initial advertising campaign. These advertisements stressed the value of architectural service and guarantees of sound construction.

The Pacific First Federal Savings and Loan Association, operating its own home building service program embodying similar services, reports marked interest by home builders in Tacoma and Seattle, Washington.

An advisory and supervisory service organized by a group of Boston architects and offered through member institutions of the Bank System in that area was well received. A more recent development is a contemplated promotional effort by these cooperating member institutions in conjunction with the Boston Federal Home Loan Bank which is expected to place the advantages of the program before the public in an effective manner.

"CATCHING UP With Housing" is the title of a recently published book by Carol Aranovici and Elizabeth McCalmont. Organized for quick reference, its function is that of a handbook for those who need factual material on housing at their finger-

ESTABLISHMENT OF GROUPS TO RENDER TECHNICAL SERVICES LOCALLY

THE technical service required under the Home Building Service Plan is being developed wherever possible under the sponsorship of the organized architectural profession, including local chapters of the American Institute of Architects, and State or local organizations of registered architects. Since each of the 67 A. I. A. chapters is being urged to establish special service for the small-house field, there may be ultimately approximately this number of organized services, located in the key population centers. Such central organizations, however, will be interested in arranging technical service throughout an extensive area, possibly of an entire State. Service in localities surrounding the key centers will be arranged for by the central group through members of the architectural societies in such localities or through competent technicians, such as are now serving the Home Owners' Loan Corporation or other governmental agencies on a fee basis. In this way, the Home Building Service may be offered by all member institutions, whether located in large or small localities.

The program provides a new means of competing with other types of mortgage lenders. It represents new goods on the counter to stimulate mortgage lending and to preserve the mortgage market of thrift and home-financing institutions.

Finally, the Plan will promote home ownership and confidence in thrift and home-financing institutions.

tips. The book covers such subjects as: Government in housing, history of housing, community planning, housing management, etc. It is published by the Beneficial Management Corporation, 15 Washington Street, Newark, New Jersey.

Indexes of Small-House Building Costs

BETWEEN September and December the cost of building the same typical 6-room house went up 1 percent or more in 15 of the 26 cities making comparable reports for the two periods. In 3 cities the costs went down 1 percent or more and in 8 cities costs remained the same or the change was less than 1 percent. With the publication of these figures, the first year of operation of the index for this group of reporting cities has been completed. It is now possible to compare the trend in building costs in these cities since December 1935. Although the earlier figures were at first subject to the errors of organization, these errors have been largely eliminated and the reports adjusted to the same base as the latest figures.

The largest increase of 10.3 percent, or 2.1 cents per cubic foot, was reported by Baltimore, Maryland, reversing the cost movement in this city between June and September. This increase was due to a rise in the cost of both materials and labor.

Washington, D. C., for the same reasons, reported an increase of 8.1 percent. Costs in Roanoke, Virginia, rose 5.3 percent and in Atlanta, Georgia, 5.2 percent. In contrast to the rise in Roanoke, building costs in Richmond, Virginia, decreased 3.1 percent principally due to labor costs. Oshkosh, Wisconsin, and Boston, Massachusetts, dropped 1.8 percent and 1.6 percent respectively.

Comparing costs in December between cities, we find the three Illinois cities reporting the highest costs, Chicago being in the lead with a cost of 28.4 cents per cubic foot. Springfield was second with 27.6 cents and Peoria third with 26.3 cents. Other cities with costs above 25 cents were Denver, Milwaukee, and West Palm Beach.

At the other end of the scale, lowest costs were registered in the Southeastern States. Asheville, North Carolina, reported a cost of 19.8 cents per cubic foot; Columbia, South Carolina, of 20.0 cents; and Richmond, Virginia, of 20.3 cents.

Total costs and cubic-foot costs of building the same standard house in representative cities in specific months¹

Note.—These figures are subject to correction.
[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank Districts, States, and cities	Total building cost					Cubic-foot cost				
	1936				1935	1936				1935
	Decem- ber	Septem- ber	June	March	Decem- ber	Decem- ber	Septem- ber	June	March	Decem- ber
No. 1—Boston:										
Connecticut:										
Hartford.....	\$5,768	\$5,589	\$5,657	\$5,647	\$5,655	\$0.240	\$0.233	\$0.236	\$0.235	\$0.236
New Haven.....	5,636	5,468	5,544	5,509	.....	.235	.228	.231	.230	.....
Maine:										
Portland.....	5,252	5,245	5,132	5,124	5,103	.219	.219	.214	.214	.213
Massachusetts:										
Boston.....	5,781	5,876	5,773	5,780	5,699	.241	.245	.241	.241	.237
Worcester.....	.....	.....	5,727	5,895	.....	.....	.....	.239	.246	.....
New Hampshire:										
Manchester.....	5,545	5,467	5,462	5,416	5,467	.231	.228	.228	.226	.228
Rhode Island:										
Providence.....	5,633	5,577	5,496	5,531	5,574	.235	.232	.229	.230	.232
Vermont:										
Rutland.....	5,305	5,305	5,329	5,329	5,337	.221	.221	.222	.222	.222

(See footnote on p. 126)

Total costs and cubic-foot costs of building the same standard house in representative cities in specific months—Continued

Federal Home Loan Bank Districts, States, and cities	Total building cost					Cubic-foot cost				
	1936			1935	1936			1935		
	Decem- ber	Septem- ber	June	March	Decem- ber	Decem- ber	Septem- ber	June	March	Decem- ber
No. 4—Winston-Salem:										
Alabama:										
Birmingham.....	\$5,073	\$5,013	\$5,059	\$5,002	.....	\$0.211	\$0.209	\$0.211	\$0.208	
District of Columbia:										
Washington.....	\$5,569	5,150	4,973	4,918	4,850	\$0.232	.215	.207	.205	.202
Florida:										
Tampa.....	5,500	5,483	5,360	5,379	.....	.229	.228	.223	.224	.....
West Palm Beach.....	6,038	5,974	5,911	5,889	5,895	.252	.249	.246	.245	.246
Georgia:										
Atlanta.....	5,150	4,897	4,889	4,854	4,849	.215	.204	.204	.202	.202
Maryland:										
Baltimore.....	5,401	4,899	4,909	4,427	4,543	.225	.204	.205	.184	.189
Cumberland.....	5,491	5,482	5,424	5,419	5,358	.229	.228	.226	.226	.223
North Carolina:										
Asheville.....	4,762	.....	4,768	4,778	4,791	.198	.....	.199	.199	.200
Raleigh.....	5,197	5,148	5,061	5,070	4,967	.217	.214	.211	.211	.207
South Carolina:										
Columbia.....	4,804	4,697	4,712	4,634	4,505	.200	.196	.196	.193	.188
Virginia:										
Richmond.....	4,870	5,026	5,026	4,964	5,062	.203	.209	.209	.207	.211
Roanoke.....	5,014	4,760	4,843	4,544	4,491	.209	.198	.202	.189	.187
No. 7—Chicago:										
Illinois:										
Chicago.....	6,825	6,745	6,639	6,608	6,498	.284	.281	.277	.275	.271
Peoria.....	6,312	6,331	6,420	6,212	.....	.263	.264	.267	.259	.....
Springfield.....	6,625	6,459	6,459	6,459	6,451	.276	.269	.269	.269	.269
Wisconsin:										
Milwaukee.....	6,081	5,838	5,540	5,386	.....	.253	.243	.231	.224	.....
Oshkosh.....	5,555	5,658	5,612	5,502	5,357	.231	.236	.234	.229	.223
No. 10—Topeka:										
Colorado:										
Denver.....	6,105	6,133	6,047	6,098	.....	.254	.256	.252	.254	.....
Kansas:										
Wichita.....	5,290	5,192	5,164	5,164	5,200	.220	.216	.215	.215	.217
Nebraska:										
Omaha.....	5,601	5,578	5,582	5,582	5,554	.233	.233	.233	.233	.231
Oklahoma:										
Oklahoma City.....	5,486	5,449	5,561	5,282	5,215	.229	.227	.232	.220	.217

¹ The house on which costs are reported is a detached 6-room home of 24,000 cubic-feet volume. Living room, dining room, kitchen, and laundry on first floor; 3 bedrooms and bath on second floor. Exterior is wide-board siding with brick and stucco as features of design. Best quality materials and workmanship are used throughout.

The house is not completed ready for occupancy. It includes all fundamental structural elements, an attached 1-car garage, an unfinished cellar, an unfinished attic, a fireplace, essential heating, plumbing, and electric wiring equipment, and complete insulation. It does not include wall-paper nor other wall nor ceiling finish on interior plastered surfaces, lighting fixtures, refrigerators, water heaters, ranges, screens, weather stripping, nor window shades.

Reported costs include, in addition to material and labor costs, compensation insurance, an allowance for contractor's overhead and transportation of materials, plus 10 percent for builder's profit.

Reported costs do not include the cost of land nor of surveying the land, the cost of planting the lot, nor of providing walks and driveways; they do not include architect's fee, cost of building permit, financing charges, nor sales costs.

In figuring costs, current prices on the same building materials list are obtained every 3 months from the same dealers, and current wage rates are obtained from the same reputable contractors and operative builders.

Monthly Lending Activity of Savings and Loan Associations

DURING November, 2,537 savings and loan associations representing every State, the District of Columbia, and Hawaii, reported total new loans made for all purposes of \$38,065,200. The number of reporting associations actually making loans during November was 2,017, while 520 reported no loans made. Combined assets of all reporting associations (for the most part as of November 30, 1936) were \$2,466,661,300.

The accompanying table breaks down by States and by Federal Home Loan Bank Districts the number and volume of loans and the purposes for which they were made. For the United States as a whole, the reporting associations made mortgage loans on 1- to 4-family nonfarm homes to 14,453

borrowers in the amount of \$34,193,700. Analyzing these nonfarm home loans by purpose, we find that new construction and home purchase each accounted for 32.6 percent of the total volume, while refinancing accounted for 27.2 percent and reconditioning for 7.6 percent.

The number of associations reporting their monthly lending activities continues to represent a regrettably small proportion of the industry. The value of a complete picture of current lending activities as a means of increasing public respect of and goodwill towards the savings and loan business is generally admitted. Associations are, therefore, urged to cooperate in making this complete picture available.

Monthly lending activity and total assets as reported by 2,537 savings and loan associations in November 1936

[Source: Monthly reports from savings and loan associations to the Federal Home Loan Bank Board]

[Dollar amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in November according to purpose										Total assets Nov. 30, 1936 ²	
	Submitting reports	Report-ing loans made	Mortgage loans on 1- to 4-family nonfarm homes						Loans for all other purposes		Total loans, all purposes			
			Construction		Home pur-chase ¹		Refinancing and recon-ditioning ²		Number	Amount	Number	Amount		
			Number	Amount	Number	Amount	Number	Refi-nancing						
UNITED STATES....	2,537	2,017	3,473	\$11,188.6	4,456	\$11,123.1	6,524	\$9,262.5	\$2,619.5	2,314	\$3,871.5	16,767	\$38,065.2	\$2,466,661.3
No. 1—Boston	144	127	240	942.4	424	1,294.1	633	789.1	392.3	157	221.7	1,454	3,639.6	266,687.9
Connecticut.....	31	27	65	260.7	27	75.4	71	120.3	27.2	10	17.8	172	501.4	24,196.5
Maine.....	23	16	16	12.6	28	52.2	60	79.6	15.7	0	0.0	104	160.1	12,968.8
Massachusetts.....	74	70	117	526.5	268	885.4	367	437.5	310.2	72	134.3	824	2,293.9	192,271.5
New Hampshire.....	8	7	11	24.7	18	27.6	37	24.1	12.3	26	10.5	92	99.2	9,507.2
Rhode Island.....	3	2	24	102.6	74	229.9	69	63.5	24.1	42	33.2	209	453.3	24,434.5
Vermont.....	5	5	8	15.3	9	23.6	29	64.1	2.8	7	25.9	53	131.7	3,309.4
No. 2—New York	290	167	285	1,065.2	291	1,000.0	373	699.9	153.2	217	403.3	1,166	3,321.6	378,605.8
New Jersey.....	161	63	30	118.2	49	129.7	57	92.1	44.2	67	213.3	203	597.5	152,994.1
New York.....	129	104	255	947.0	242	870.3	316	607.8	109.0	150	190.0	963	2,724.1	225,611.7

¹ Loans for home purchase include all those involving both a change of mortgagor and a new investment by the reporting institution on a property already built, whether new or old.

² Because many refinancing loans also involve reconditioning it has been found necessary to combine the number of such loans, though amounts are shown separately.

Amounts shown under refinancing include solely new money invested by each reporting institution and exclude that part of all recast loans involving no additional investment by the reporting institution.

³ Assets are reported principally as of Nov. 30, 1936. A few reports have been submitted as of the first of the year 1936.

Monthly lending activity and total assets as reported by 2,537 savings and loan associations in November 1936—Continued

Federal Home Loan Bank Districts and States	Number of associations		Loans made in November according to purpose										Total assets Nov. 30, 1936	
	Submitting reports	Reporting loans made	Mortgage loans on 1- to 4-family nonfarm homes								Loans for all other purposes		Total loans, all purposes	
			Construction		Home purchase		Refinancing and reconditioning				Number	Amount	Number	Amount
			Number	Amount	Number	Amount	Number	Amount	Refinancing	Reconditioning				
No. 3—Pittsburgh.....	232	140	89	\$230.1	235	\$578.1	196	\$284.0	\$115.5	61	\$109.0	581	\$1,316.7	\$105,625.0
Delaware.....	6	4	1	0.8	14	42.1	2	0.0	1.1	2	6.0	19	50.0	4,205.0
Pennsylvania.....	202	116	53	165.3	182	467.4	128	146.1	79.1	44	74.4	407	932.3	87,414.4
West Virginia.....	24	20	35	64.0	39	68.6	66	137.9	35.3	15	28.6	155	334.4	14,005.6
No. 4—Winston-Salem.....	274	247	575	1,993.9	512	1,245.3	1,157	2,245.8	356.8	295	790.4	2,539	6,632.2	224,153.4
Alabama.....	17	15	19	41.7	28	61.3	27	42.4	4.8	17	103.5	91	253.7	13,412.2
District of Columbia.....	12	11	67	547.0	43	272.4	421	1,397.8	71.8	57	249.4	588	2,538.4	90,968.5
Florida.....	47	46	124	542.8	64	161.4	101	161.1	61.0	31	198.7	320	1,125.0	17,886.7
Georgia.....	41	38	80	173.3	74	102.0	113	127.4	35.2	30	36.4	297	474.3	11,220.4
Maryland.....	48	40	38	147.8	136	346.0	148	197.7	23.9	14	32.5	336	747.9	33,220.8
North Carolina.....	46	43	127	262.8	98	168.3	196	140.4	99.4	66	78.6	487	749.5	30,546.1
South Carolina.....	34	29	73	148.4	34	60.1	62	58.4	23.4	19	31.5	188	321.8	9,042.9
Virginia.....	29	25	47	130.1	35	73.8	89	120.6	37.3	61	59.8	232	421.6	17,855.8
No. 5—Cincinnati.....	355	287	373	1,334.6	966	2,654.1	911	1,228.7	435.9	351	572.0	2,601	6,225.3	458,130.9
Kentucky.....	54	46	40	138.9	146	354.2	137	156.6	84.9	60	65.2	383	799.8	44,502.1
Ohio.....	266	214	230	963.8	792	2,238.1	645	868.6	331.2	275	476.1	1,942	4,897.8	400,684.5
Tennessee.....	35	27	103	211.9	28	61.8	129	203.5	19.8	16	30.7	276	527.7	12,944.3
No. 6—Indianapolis.....	162	147	230	698.7	368	600.9	641	600.8	209.6	207	271.0	1,446	2,381.0	194,118.1
Indiana.....	110	96	114	247.8	296	456.4	476	363.3	160.1	112	128.8	998	1,356.4	107,988.5
Michigan.....	52	51	116	450.9	72	144.5	165	237.5	49.5	95	142.2	448	1,024.6	86,129.6
No. 7—Chicago.....	266	213	199	544.2	332	908.2	600	898.1	307.3	158	243.0	1,289	2,900.8	196,414.1
Illinois.....	197	153	93	231.8	261	672.7	492	722.8	257.5	128	150.1	974	2,034.9	137,545.2
Wisconsin.....	69	60	106	312.4	71	235.5	108	175.3	49.8	30	92.9	315	865.9	58,868.9
No. 8—Des Moines.....	177	147	146	420.4	177	340.2	428	561.6	130.6	168	216.4	919	1,669.2	101,007.8
Iowa.....	48	38	29	69.1	56	101.1	95	92.2	21.6	48	27.0	228	311.0	18,486.6
Minnesota.....	39	33	64	197.8	42	84.9	145	205.4	52.3	30	104.1	281	644.5	25,850.3
Missouri.....	69	58	36	129.9	58	121.0	152	230.9	32.5	71	64.3	317	578.6	47,619.0
North Dakota.....	13	10	8	13.8	14	25.7	22	19.2	18.8	15	18.1	59	95.6	7,035.2
South Dakota.....	8	8	9	9.8	7	7.5	14	13.9	5.4	4	2.9	34	39.5	2,016.7
No. 9—Little Rock.....	250	200	350	876.1	333	702.8	390	347.9	168.8	159	235.4	1,232	2,331.0	135,559.2
Arkansas.....	40	35	45	98.7	35	53.7	58	37.1	23.4	37	42.9	175	255.8	9,413.7
Louisiana.....	56	48	63	180.3	142	394.1	78	44.7	61.7	53	108.1	336	788.9	64,478.1
Mississippi.....	26	17	20	22.7	16	13.4	32	17.8	9.3	8	1.5	76	64.7	3,773.6
New Mexico.....	15	12	12	17.2	14	20.2	12	23.7	0.5	6	5.5	44	67.1	3,145.7
Texas.....	113	88	210	557.2	126	221.4	210	224.6	73.9	55	77.4	601	1,154.5	54,748.1
No. 10—Topeka.....	159	134	201	623.1	302	580.9	342	350.6	119.3	237	324.1	1,082	1,998.0	122,085.5
Colorado.....	29	25	27	84.1	38	75.2	54	54.9	13.6	22	24.0	141	251.8	11,003.4
Kansas.....	55	43	37	102.1	86	126.6	87	78.2	43.4	45	75.4	255	425.7	28,002.5
Nebraska.....	31	24	69	237.8	70	142.2	90	76.4	35.5	75	78.2	304	570.1	36,266.1
Oklahoma.....	44	42	68	199.1	108	236.9	111	141.1	26.8	95	146.5	382	750.4	46,813.5
No. 11—Portland.....	108	100	246	605.1	215	455.1	466	616.2	126.1	151	245.6	1,078	2,048.1	79,064.0
Idaho.....	7	7	37	74.3	22	32.9	19	13.7	8.7	11	7.5	89	137.1	4,235.2
Montana.....	8	7	20	50.6	17	50.3	24	19.4	22.1	16	20.7	77	163.1	6,680.0
Oregon.....	25	22	54	153.3	30	62.3	96	156.5	16.3	36	92.4	216	480.8	18,722.3
Utah.....	9	8	29	92.6	24	60.0	36	47.1	7.1	10	15.1	99	221.9	9,647.7
Washington.....	49	46	99	211.8	111	228.3	280	371.6	66.4	74	105.2	564	983.3	36,543.7
Wyoming.....	10	10	7	22.5	11	21.3	11	7.9	5.5	4	4.7	33	61.9	3,235.1
No. 12—Los Angeles.....	120	108	539	1,854.8	301	763.4	387	639.8	104.1	153	239.6	1,380	3,601.7	205,209.6
Arizona.....	1	1	8	34.9	0	0.0	65	75.6	0.0	0	0.0	73	110.5	678.2
California.....	116	104	528	1,811.3	293	747.2	320	560.8	102.1	151	237.6	1,292	3,459.0	202,971.3
Nevada.....	1	1	2	3.8	0	0.0	1	0.0	2.0	2	2.0	5	7.8	149.2
Hawaii.....	2	2	1	4.8	8	16.2	1	3.4	0.0	0	0.0	10	24.4	1,410.9

Residential Construction Activity and Real-Estate Conditions

THE index of residential construction, as measured by building permits granted in all cities of 10,000 and more population, increased from 25 percent of the 1926 base of 100 in October to 27 percent in November (chart 2). These figures have been adjusted for seasonal variation.

The estimated number of family dwelling units authorized in the cities covered was 13,920 in November, involving an estimated cost of \$55,384,800 (table 1 and chart 1). This represents a decrease from October 1936 of 8.1 percent in the number of units and of 7.7 percent in the estimated cost. But they are 64.5 percent above the number authorized in November 1935 and 72.3 percent above the estimated cost.

The proportion of total residential construction going for multifamily dwelling units increased slightly in November. Dur-

ing October, buildings containing 3- and more-family units represented 29 percent of the total number authorized while in November they represented 31 percent. One- and 2-family dwellings constituted the remaining 69 percent in November.

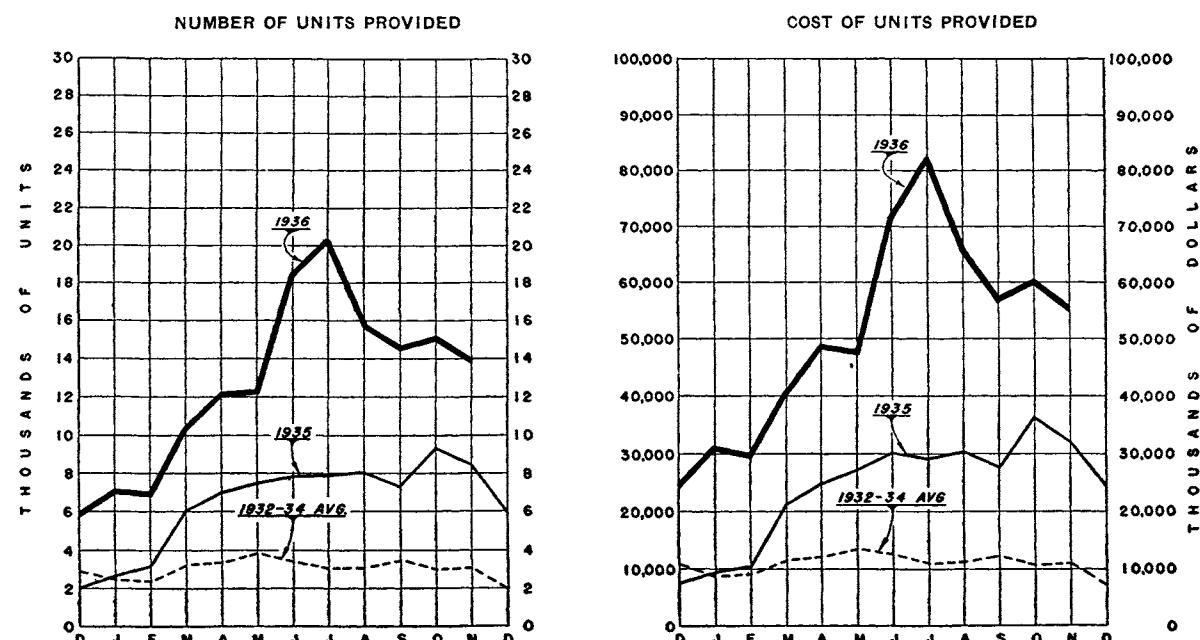
The average cost of authorized 1-family dwelling units increased only 1 percent from \$4,087 in November 1935 to \$4,129 in November 1936. Multifamily units, on the other hand, increased 8.8 percent to \$3,643 in November 1936. As a result, the difference in cost between these two types is less than \$500.

FORECLOSURES AND OTHER REAL-ESTATE CONDITIONS

CHART 2 pictures the movement of residential construction, industrial production,

CHART 1.—NUMBER AND COST OF FAMILY DWELLING UNITS FOR WHICH PERMITS WERE GRANTED, BY MONTHS, IN CITIES OF 10,000 OR MORE POPULATION; 1936 COMPARED WITH SELECTED PERIODS

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]



real-estate foreclosures, and housing rentals. All of these activities are shown in comparison to a base line of 100 for the year 1926. The following brief table gives the story of the charts in percentages of this

base. Residential construction and industrial production are adjusted for seasonal variation.

The preliminary index of foreclosures in 78 large urban counties declined from 259

TABLE 1.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in the United States, in November 1936*¹

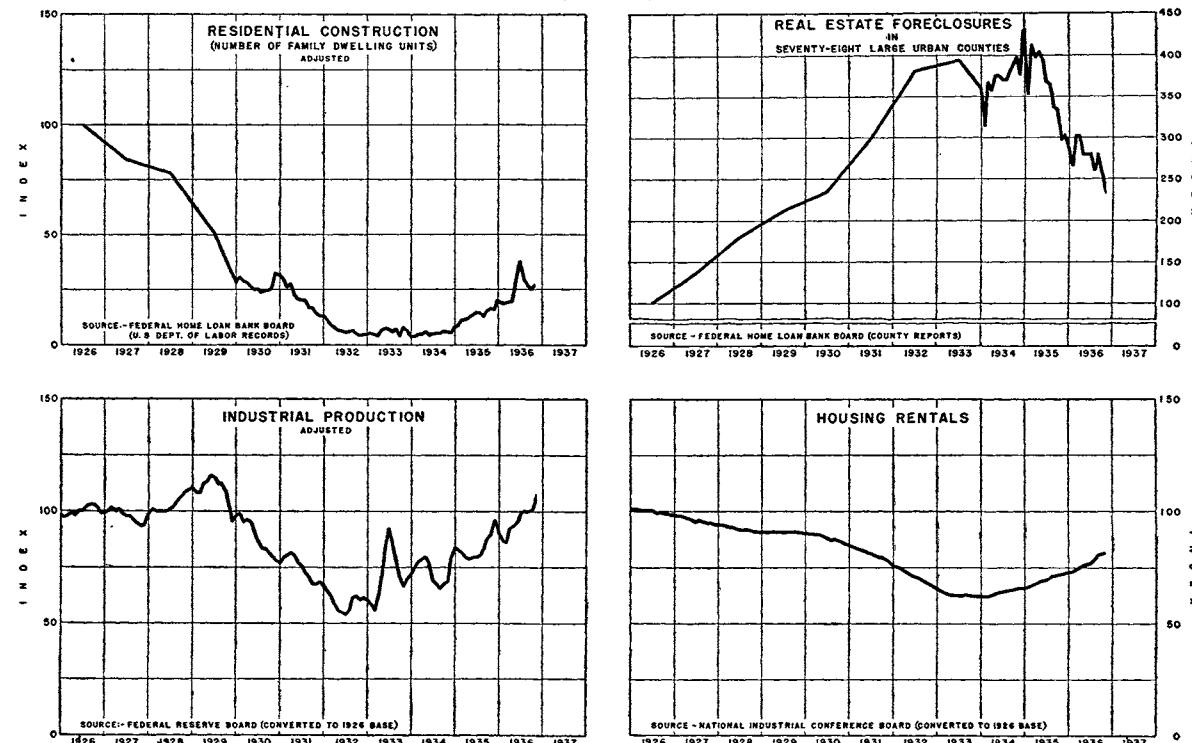
[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]

Type of structure	Number of family units provided			Total cost of units (000 omitted)			Average cost of family units		
	Novem- ber 1936	Novem- ber 1935	Percent change	Novem- ber 1936	Novem- ber 1935	Percent change	Novem- ber 1936	Novem- ber 1935	Percent change
All housekeeping dwellings...	13,920	8,463	+64.5	\$55,384.8	\$32,143.9	+72.3	\$3,979	\$3,798	+4.8
Total 1- and 2-family dwellings...	9,621	5,153	+86.7	39,724.3	21,059.5	+88.6	4,129	4,087	+1.0
1-family dwellings.....	8,828	4,696	+88.0	37,649.2	19,725.9	+90.9	4,265	4,201	+1.5
2-family dwellings.....	710	408	+74.0	1,833.7	1,102.3	+66.4	2,583	2,702	-4.4
Joint home and business ²	83	49	+69.4	241.4	231.3	+4.4	2,908	4,720	-38.4
3- and more-family dwellings.	4,299	3,310	+29.9	15,660.5	11,084.4	+41.3	3,643	3,349	+8.8

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.

CHART 2.—COMPARISON OF RESIDENTIAL REAL-ESTATE CONDITIONS AND INDUSTRIAL PRODUCTION IN THE UNITED STATES (1926=100)



in October to 235 in November. This fall of 9 percent is in contrast to a normal seasonal rise of 3 percent. The number of foreclosures in November 1936 was 21 percent below November 1935. During the first 11 months of 1936, foreclosures were 26 percent below the corresponding period in 1935. Out of the 78 counties included in the index, 27 showed increases in foreclosures between October and November, 50 reported decreases, and in 1 city the number was unchanged.

BUILDING ACTIVITY BY FEDERAL HOME LOAN BANK DISTRICTS AND BY STATES

TABLE 2 reveals that New York and California are far in the lead in the number of dwelling units authorized. In November, the former accounted for 2,764 units, and the latter for 2,308 units. The nearest com-

petitors are the District of Columbia with 928 units and Texas with 823 units.

Chart 3 compares graphically the rate of building (as distinguished from volume of building) among Federal Home Loan Bank Districts. In rate of building, Los Angeles reached a new high with 56 units per 100,000 urban population. Winston-Salem was second with 44 units and Little Rock and Topeka tied for third with 36 units.

[1926=100]

Series	Nov. 1936	Oct. 1936	Per- cent change	Nov. 1935	Per- cent change
Residential construction.....	27	25	+8	17	+59
Industrial production.....	¹ 107	101	+6	90	+19
Rentals.....	80	80	0	72	+11
Foreclosures.....	235	259	-9	297	-21

¹ Preliminary.

TABLE 2.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in November 1936, by Federal Home Loan Bank Districts and by States*

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost (thousands of dollars)		Number of family dwelling units		Estimated cost (thousands of dollars)	
	November 1936	November 1935	November 1936	November 1935	November 1936	November 1935	November 1936	November 1935
UNITED STATES.....	13,920	8,463	\$55,384.8	\$32,143.9	9,621	5,153	\$39,724.3	\$21,059.5
No. 1—Boston.....	751	446	3,877.0	2,373.3	627	441	3,442.7	2,351.4
Connecticut.....	188	115	1,111.6	609.7	182	115	1,101.6	609.7
Maine.....	55	23	183.4	85.4	40	18	156.1	63.5
Massachusetts.....	375	243	2,031.2	1,441.7	291	243	1,686.2	1,441.7
New Hampshire.....	31	12	110.8	33.7	31	12	110.8	33.7
Rhode Island.....	79	48	373.8	179.3	79	48	373.8	179.3
Vermont.....	23	5	66.2	23.5	4	5	14.2	23.5
No. 2—New York.....	3,038	2,729	11,800.0	10,111.8	1,170	742	5,390.1	3,541.2
New Jersey.....	274	237	1,650.1	1,359.6	237	199	1,525.2	1,271.6
New York.....	2,764	2,492	10,149.9	8,752.2	933	543	3,864.9	2,269.6
No. 3—Pittsburgh.....	591	267	2,982.4	1,305.7	529	244	2,845.0	1,258.7
Delaware.....	33	3	124.5	18.0	33	3	124.5	18.0
Pennsylvania.....	456	231	2,487.7	1,170.4	416	212	2,392.3	1,141.4
West Virginia.....	102	33	370.2	117.3	80	29	328.2	99.3

TABLE 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in November 1936, by Federal Home Loan Bank Districts and by States—Continued

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost (thousands of dollars)		Number of family dwelling units		Estimated cost (thousands of dollars)	
	November 1936	November 1935	November 1936	November 1935	November 1936	November 1935	November 1936	November 1935
No. 4—Winston-Salem.....	2,197	1,175	\$7,283.7	\$3,248.8	1,277	754	\$4,329.7	\$2,406.6
Alabama.....	99	31	204.9	48.2	91	31	186.9	48.2
District of Columbia.....	928	456	3,576.8	1,263.1	157	105	887.7	595.6
Florida.....	421	204	1,305.9	637.1	371	200	1,186.9	623.1
Georgia.....	122	112	268.4	264.7	119	88	265.2	186.6
Maryland.....	175	74	587.9	248.6	175	69	587.9	238.2
North Carolina.....	235	146	712.0	296.9	200	135	657.3	279.4
South Carolina.....	123	75	299.7	194.1	85	58	244.2	156.1
Virginia.....	94	77	328.1	296.1	79	68	313.6	279.4
No. 5—Cincinnati.....	954	888	5,169.8	4,302.3	460	247	2,265.4	1,232.6
Kentucky.....	104	33	812.7	132.5	54	33	252.7	132.5
Ohio.....	741	817	4,075.5	4,119.8	297	176	1,731.1	1,050.1
Tennessee.....	109	38	281.6	50.0	109	38	281.6	50.0
No. 6—Indianapolis.....	678	348	3,513.0	1,777.6	675	316	3,503.0	1,719.0
Indiana.....	143	71	600.5	282.8	143	66	600.5	280.7
Michigan.....	535	277	2,912.5	1,494.8	532	250	2,902.5	1,438.3
No. 7—Chicago.....	527	253	2,974.6	1,291.8	503	244	2,887.4	1,261.0
Illinois.....	300	106	1,938.6	684.6	296	102	1,916.9	675.1
Wisconsin.....	227	147	1,036.0	607.2	207	142	970.5	585.9
No. 8—Des Moines.....	483	322	1,741.4	1,287.2	454	318	1,664.3	1,283.6
Iowa.....	124	67	432.8	253.4	99	67	362.2	253.4
Minnesota.....	166	131	686.2	555.8	166	131	686.2	555.8
Missouri.....	170	94	569.4	409.1	170	94	569.4	409.1
North Dakota.....	7	10	16.5	6.6	7	10	16.5	6.6
South Dakota.....	16	20	36.5	62.3	12	16	30.0	58.7
No. 9—Little Rock.....	1,182	518	2,958.4	1,402.7	1,079	484	2,731.1	1,347.6
Arkansas.....	47	34	160.1	52.9	47	15	160.1	31.5
Louisiana.....	147	39	417.0	179.5	135	39	382.0	179.5
Mississippi.....	138	26	228.6	112.4	100	26	177.3	112.4
New Mexico.....	27	10	60.9	23.5	23	10	54.9	23.5
Texas.....	823	409	2,091.8	1,034.4	774	394	1,956.8	1,000.7
No. 10—Topeka.....	723	195	2,836.6	602.5	411	192	1,377.3	594.0
Colorado.....	103	41	387.2	144.2	79	41	337.2	144.2
Kansas.....	101	51	251.8	160.9	101	48	251.8	152.4
Nebraska.....	345	29	1,613.1	117.9	61	29	208.8	117.9
Oklahoma.....	174	74	584.5	179.5	170	74	579.5	179.5
No. 11—Portland.....	428	190	1,452.0	547.8	387	172	1,349.5	523.8
Idaho.....	16	14	43.1	43.5	16	8	43.1	25.5
Montana.....	31	28	89.1	50.5	31	28	89.1	50.5
Oregon.....	91	26	345.2	102.0	91	26	345.2	102.0
Utah.....	56	34	166.9	104.6	43	22	148.9	98.6
Washington.....	217	78	737.4	211.2	189	78	652.9	211.2
Wyoming.....	17	10	70.3	36.0	17	10	70.3	36.0
No. 12—Los Angeles.....	2,368	1,132	8,795.9	3,892.4	2,049	999	7,938.8	3,540.0
Arizona.....	45	10	162.0	28.5	41	10	157.5	28.5
California.....	2,308	1,118	8,548.3	3,839.4	1,993	985	7,695.7	3,487.0
Nevada.....	15	4	85.6	24.5	15	4	85.6	24.5

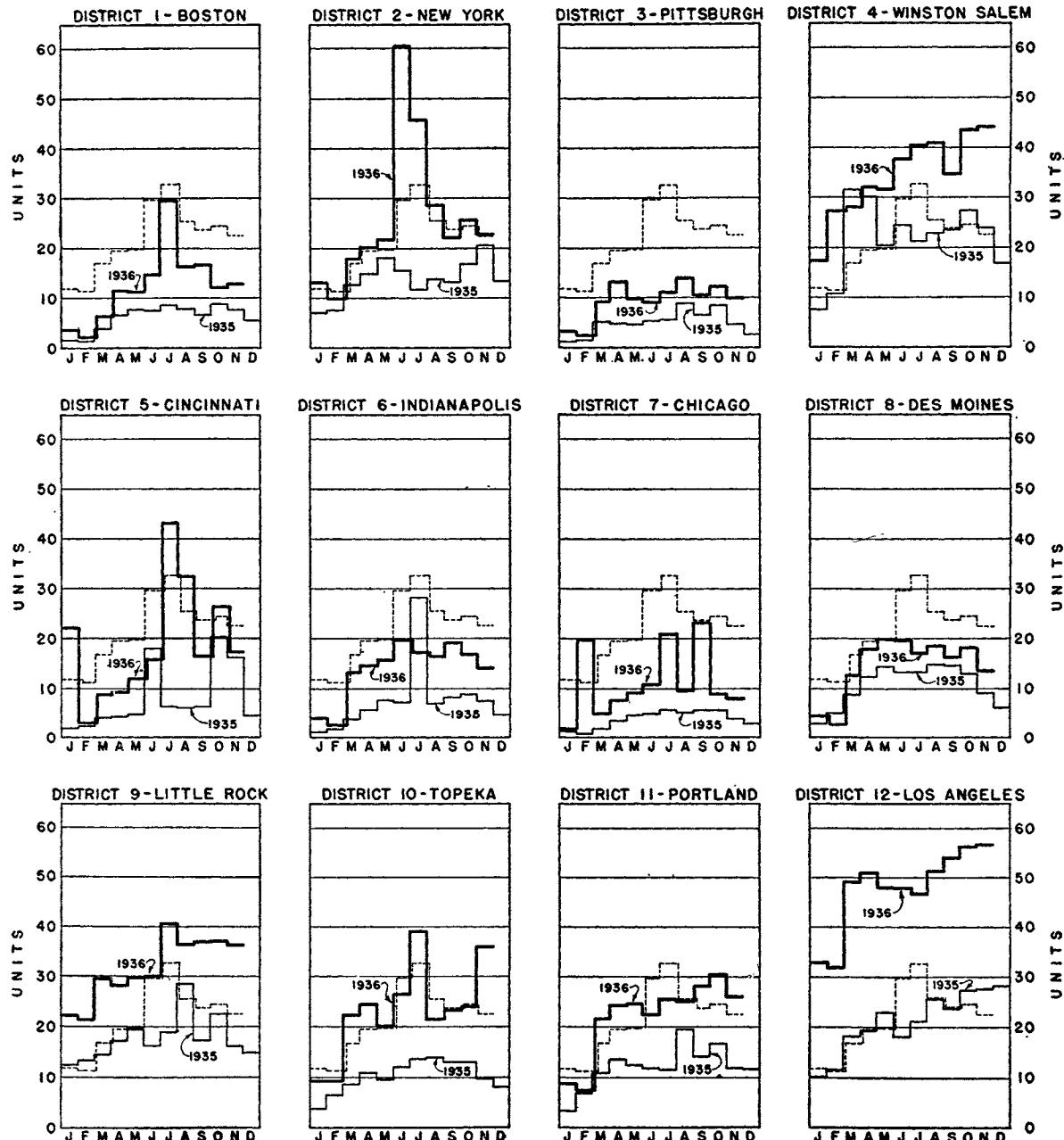
CHART 3.—RATE OF RESIDENTIAL BUILDING IN THE UNITED STATES AND IN EACH FEDERAL HOME LOAN BANK DISTRICT, BY MONTHS

Represents the estimated number of family dwelling units provided per 100,000 population; based upon building permits records for all cities of 10,000 or more inhabitants

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

-L E G E N D-

1935.....
1936.....
U.S. AVERAGE 1936.....



Federal Home Loan Banks

DURING November, the 12 Federal Home Loan Banks made advances amounting to \$6,414,000. This was \$3,000,000 less than they advanced during the previous month but was still above the amount advanced in November 1935. Repayments remained at about the same level during November as during October so consequently the increase in the balance outstanding during the later month was only \$2,320,000. In November, 16 institutions were made members of the Federal Home Loan Banks, bringing the total to 3,745.

INTEREST RATES ON ADVANCES TO MEMBERS

Two Banks reported changes in their interest rates to be effective in January. The Boston Bank changed its rate on all 10-year advances. The interest rate charged for such advances, made after January 15, 1937, will be written at 3 percent for two years, with the right to increase the interest rate to not more than 4 percent for eight years thereafter.

The New York Bank reduced its rate on advances for one year or less from 3½ percent to 3 percent with the general provision

TABLE 1.—*Growth and trend of lending operations*

Month	Members		Loans advanced (cumulative) (000 omitted)	Loans advanced (monthly) (000 omitted)	Repayments (monthly) (000 omitted)	Balance outstanding at end of month (000 omitted)	Borrowing capacity ² (000 omitted)
	Number	Estimated assets ¹ (000 omitted)					
December 1932.....	119	\$217,000	\$837	\$837	.....	\$837	.....
December 1933.....	2,086	2,607,000	90,865	7,132	\$889	85,442	.....
December 1934.....	3,072	3,305,000	129,545	2,904	3,360	86,658	.....
December 1935.....	3,460	3,020,000	188,675	8,414	2,708	102,795	.....
1936							
January.....	3,495	.....	193,746	5,071	5,065	102,800	.....
February.....	3,516	.....	197,530	3,784	3,642	102,942	.....
March.....	3,538	.....	202,041	4,511	4,095	103,358	.....
April.....	3,581	.....	207,878	5,836	3,222	105,972	.....
May.....	3,604	.....	215,085	7,207	2,258	110,922	.....
June.....	3,640	3,250,000	226,645	11,560	3,895	118,587	\$869,000
July.....	3,659	.....	235,152	8,507	4,993	122,101	869,000
August.....	3,678	.....	242,983	7,830	4,714	125,218	869,000
September.....	3,707	.....	252,559	9,576	5,027	129,767	869,000
October.....	3,729	.....	262,046	9,487	4,313	134,941	911,000
November.....	3,745	.....	268,460	6,414	4,094	137,261	911,000

¹ Estimates of assets are brought up to date semiannually.

² Based upon the amount for which the members may legally obligate themselves, or 50 percent of their net assets, whichever is lower.

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

that amortization was to be in equal monthly installments. On all advances for more than one year, it retained the written rate of 4 percent and extended for the year 1937 the provision that interest on such advances should be collected at 3 $\frac{3}{4}$ percent. It required, as a general policy, that these

long-term advances be repaid in equal quarter-annual installments and that all advances "may be repaid in advance of maturity in whole or in part at the option of the borrowing institutions." These rates are applicable to all balances outstanding on January 1, 1937.

TABLE 2.—*Interest rates, Federal Home Loan Banks: rates on advances to member institutions*¹

Federal Home Loan Bank	Rate in effect on Jan. 1	Type of loan
1. Boston.....	<i>Percent</i> 3	All advances. All 10-year advances made after Jan. 15, 1937 shall be written at 3 percent for 2 years, with the right to increase the interest rate to not more than 4 percent for 8 years thereafter.
2. New York.....	3	All advances for 1 year or less. This rate shall be applicable to balances outstanding on Jan. 1, 1937.
3. Pittsburgh.....	3 $\frac{3}{4}$	All advances for more than 1 year shall be written at 4 percent, but interest collected at 3 $\frac{3}{4}$ percent during 1937.
4. Winston-Salem.....	3 $\frac{1}{2}$	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, 4 $\frac{1}{2}$, or 4 percent and 3 $\frac{1}{2}$ percentum per annum.
5. Cincinnati.....	3	All advances.
6. Indianapolis.....	3	All secured advances.
7. Chicago.....	3 $\frac{1}{2}$	All unsecured advances, none of which may be made for more than 6 months.
8. Des Moines.....	3	All secured advances are to be written at 3 $\frac{1}{2}$ percent, but interest collected at 3 percent.
9. Little Rock.....	3 $\frac{1}{2}$	All unsecured advances.
10. Topeka.....	3	On all advances up to \$1,000,000, the interest rate shall be 3 $\frac{1}{2}$ percent. If the balance of loans outstanding to any one member equals or exceeds \$1,000,000, the interest rate thereon shall be at the rate of 3 percent.
11. Portland.....	3	All advances.
12. Los Angeles.....	3	All advances to members secured by mortgages insured under Title II of National Housing Act.
	3-3 $\frac{1}{2}$	All advances for 1 year or less. All advances for more than 1 year are to be written at 4 percent, but interest collected at 3 $\frac{1}{2}$ percent so long as short-term advances carry this rate.
	3	All advances.

¹ On May 29, 1935, the Board passed a resolution to the effect that all advances to non-member 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 per centum in excess of the current rates of interest prevailing for member institutions."

Federal Savings and Loan System

DURING November, 1,080 reporting Federal savings and loan associations with assets of \$726,683,900 made \$18,943,500 in mortgage loans. This was 16.7 percent or \$3,813,700 less than they loaned during October. This seasonal drop in mortgage lending was accompanied by a similar drop of 12.3 percent in private share investments during the month.

The summary of the activities of these 1,080 associations for each month, as shown in table 2, reveals that although the reduction in mortgage lending has been general in all of the categories listed, mortgage loans outstanding increased 2.3 percent during November to \$544,129,800 at the end of the month. Analyzing the mortgage loans of these associations according to the purposes for which they were made, new construction accounted for 33.9 percent in dollar volume, home purchase for 28.1 percent, refinancing for 24.4 percent, reconditioning for 6.1 percent, and other purposes for 7.5 percent.

The total share liability of the 1,080 reporting Federals was \$581,232,900 at the end of November. Of this amount, \$442,625,200 was subscribed by private investors, and \$138,607,700 by the Treasury and the Home Owners' Loan Corporation. During the month the net increase in H. O. L. C. subscriptions was \$8,337,000. The outstanding obligations of these associations to the Federal Home Loan Banks at the end of the month was \$52,764,800 or 1.9 percent more than at the end of October. They also borrowed \$2,027,300 from other sources.

NEW CHARTERS GRANTED

FEDERAL charters were granted to 14 savings and loan associations during November. Two of these associations were newly organized, the remaining 12 having converted from State charter to Federal charter. On November 30, 1936, there were 1,206 Federals with assets of \$727,534,633.

TABLE 1.—*Progress in number and assets of Federal savings and loan associations*

	Number at specified dates					Approximate assets	
	Dec. 31, 1933	Dec. 31, 1934	Dec. 31, 1935	Oct. 31, 1936	Nov. 30, 1936	Oct. 31, 1936	Nov. 30, 1936
New.....	57	481	605	643	645	\$116,952,726	\$142,577,810
Converted.....	2	158	418	549	561	576,694,716	584,956,823
Total.....	59	639	1,023	1,192	1,206	693,647,442	727,534,633

TABLE 2.—*Monthly operations of 1,080 identical Federal savings and loan associations reporting during October and November 1936*

	October	November	Change October to November
			Percent
Share liability at end of month:			
Private share accounts (number).....	619, 698	626, 966	+1. 2
Paid on private subscriptions.....	\$439, 417, 500	\$442, 625, 200	+0. 7
Treasury and H. O. L. C. subscriptions.....	130, 270, 700	138, 607, 700	+6. 4
Total.....	569, 688, 200	581, 232, 900	+2. 0
Private share investments during month.....	8, 172, 400	7, 164, 300	-12. 3
Repurchases during month.....	5, 574, 100	5, 040, 300	-9. 6
Mortgage loans made during month:			
a. New construction.....	7, 735, 200	6, 419, 800	-17. 0
b. Purchase of homes.....	6, 468, 300	5, 322, 900	-17. 7
c. Refinancing.....	5, 685, 300	4, 623, 900	-18. 7
d. Reconditioning.....	1, 399, 900	1, 157, 600	-17. 3
e. Other purposes.....	1, 468, 500	1, 419, 300	-3. 4
Total.....	22, 757, 200	18, 943, 500	-16. 7
Mortgage loans outstanding end of month.....	532, 063, 900	544, 129, 800	+2. 3
Borrowed money as of end of month:			
From Federal Home Loan Banks.....	51, 762, 400	52, 764, 800	+1. 9
From other sources.....	1, 950, 900	2, 027, 300	+3. 9
Total.....	53, 713, 300	54, 792, 100	+2. 0
Total assets, end of month.....	711, 886, 600	726, 683, 900	+2. 1

The Mail Bag

OUR Certificate of Insurance was issued July 11 and our assets have grown from \$570,432 on July 1 to \$575,638 on October 1, an increase of over \$5,200.

Although we have had only a few months' experience with insured accounts, we have already been rewarded by the receipt of many new accounts while others have reopened closed accounts and many present depositors have taken advantage of this new security by depositing funds in their accounts. Despite the withdrawals we experienced, most of which we feel were very much needed funds and which would have been withdrawn sooner had they not been restricted, our deposits have increased more than \$13,000 from July 1 to October 1. At least 75 percent of this increase can be attributed to new funds.

It is indeed a pleasure to know that this institution is again functioning as a going savings

and loan company and we are only too glad to be able to say that the insurance of accounts is mainly responsible for this change for the better.

Conditions here have been rather unusual. In case it has not been called to your attention, this institution was taken over for liquidation by the State under Clause 687-21 on February 15, 1934. Two dividends of 10 percent each were paid by refinancing mortgages through the H. O. L. C. A movement was then started to reorganize the institution, and as the plans progressed we applied for the insurance of accounts based on the reorganization plan.

The plans provided for cancellation of all outstanding stock and that all depositors accept a voluntary write-down of 15 percent of the amount of their original deposit. Slightly over

(Continued on p. 141)

Federal Savings and Loan Insurance Corporation

BETWEEN November 15 and December 15, 1936, the share accounts in 30 savings and loan associations were insured by the Federal Savings and Loan Insurance Corporation. Sixteen of these 30 associations operate under the charter of the State in which they are located; 13 are Federal savings and loan associations converted from State charter; and 1 is a newly organized Federal association. As of December 15, there were 1,540 insured associations with assets of \$1,131,800,000 and representing 1,272,000 shareholders (see table 1).

During the same 30-day period, 26 State-chartered associations, 11 converted Federal savings and loan associations, and 2 newly organized Federals submitted applications for insurance. These 39 associations had assets at the time of application of \$26,773,654.

For the two months, October and November, 171 insured State-chartered savings and loan associations sent in comparable reports of their activities (table 2). These associations on November 30 had \$254,669,600 in assets. They represented

TABLE 1.—*Progress of the Federal Savings and Loan Insurance Corporation—Applications received and institutions insured*

APPLICATIONS RECEIVED

	Cumulative number at specified dates				Assets (as of date of application)	
	Dec. 31, 1934	Dec. 31, 1935	Nov. 15, 1936	Dec. 15, 1936	Nov. 15, 1936	Dec. 15, 1936
State-chartered associations.....	53	351	631	657	\$776,194,579	\$793,325,461
Converted F. S. and L. A.....	134	480	601	612	594,083,796	603,703,143
New F. S. and L. A.....	393	575	646	648	14,408,499	14,431,924
Total.....	580	1,406	1,878	1,917	1,384,686,874	1,411,460,528

INSTITUTIONS INSURED¹

	Cumulative number at specified dates				Number of shareholders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Nov. 15, 1936	Dec. 15, 1936			
State-chartered associations.....	4	136	331	347	593,102	\$451,597,354	\$399,697,291
Converted F. S. and L. A.....	108	406	545	558	575,714	565,641,554	523,022,409
New F. S. and L. A.....	339	572	634	635	103,789	114,638,763	112,217,996
Total.....	451	1,114	1,510	1,540	1,272,605	1,131,877,671	1,034,937,696

¹ Beginning May 15, 1936, figures on number of associations insured include only those associations which have remitted premiums. Earlier figures include all associations approved by the Board for insurance.

Number of shareholders, assets, and share and creditor liabilities of insured associations are as of latest obtainable date and will be brought up to date after June 30 and December 31 each year.

51 percent of the total number of insured State-chartered associations but had approximately 57 percent of the total assets.

The trend in activity between these two months has been generally downward: share investments dropped 7 percent and mortgage loans 16.6 percent. A decline is characteristic of the fall season. The continued growth of these associations is reflected in the increase in their share liability between the two reporting months. In November, the total share liability was \$149,377,000—an increase of one million dollars over October. Private investors have subscribed to 93 percent of the total amount, and the Treasury and Home Owners' Loan Corporation to the remaining 7 percent. During November, the H. O. L. C. increased its subscriptions in the shares of these associations by \$895,000. Although, as has been mentioned, private share investments were

7 percent less in November than October, their drop was offset by a decrease of 20 percent in repurchases.

As of the end of November Federal Home Loan Bank advances outstanding to these associations were \$10,746,900. This was 3.6 percent more than at the end of October. During the same month, money borrowed from other sources decreased 4.2 percent.

The decrease in the volume of mortgage loans made in these two months has been general except in regard to loans for refinancing which increased 4.2 percent. Of the total loans made during November, 29.4 percent went for new construction, 35.6 percent for purchase of homes, 20.4 percent for refinancing, 5.8 percent for reconditioning, and 8.8 percent for other purposes. At the end of November the total mortgage loans outstanding was \$166,955,200.

TABLE 2.—*Monthly operations of 171 identical insured State-chartered savings and loan associations reporting during October and November 1936*

	October	November	Change October to No- vember
			Percent
Share liability at end of month:			
Private share accounts (number).....	273, 581	280, 259	+2. 4
Paid on private subscriptions.....	\$139, 178, 000	\$139, 385, 100	+0.2
Treasury and H. O. L. C. subscriptions.....	9, 096, 900	9, 991, 900	+9.9
Total.....	148, 274, 900	149, 377, 000	+0.7
Private share investments during month.....	2, 823, 300	2, 621, 700	-7.1
Repurchases during month.....	2, 941, 400	2, 353, 600	-20.0
Mortgage loans made during month:			
a. New construction.....	1, 435, 400	1, 134, 600	-21.0
b. Purchase of homes.....	1, 569, 000	1, 376, 700	-12.2
c. Refinancing.....	754, 100	785, 700	+4.2
d. Reconditioning.....	322, 800	223, 400	-30.8
e. Other purposes.....	549, 900	341, 700	-37.8
Total.....	4, 631, 200	3, 862, 100	-16.6
Mortgage loans outstanding end of month.....	166, 068, 000	166, 955, 200	+0.5
Borrowed money as of end of month:			
From Federal Home Loan Banks.....	10, 372, 600	10, 746, 900	+3.6
From other sources.....	2, 315, 700	2, 218, 100	-4.2
Total.....	12, 688, 300	12, 965, 000	+2.2
Total assets, end of month.....	252, 690, 900	254, 669, 600	+0.8

Home Owners' Loan Corporation

TABLE 1.—*H. O. L. C. subscriptions to shares of savings and loan associations—Requests and subscriptions*¹

	Uninsured State-chartered members of the F. H. L. B. System		Insured State-chartered associations		Federal savings and loan associations		Total	
	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)
Requests:								
Dec. 31, 1935.....	27	\$1, 131, 700	33	\$2, 480, 000	553	\$21, 139, 000	613	\$24, 750, 700
June 30, 1936.....	60	2, 506, 700	130	10, 636, 200	1, 478	56, 880, 600	1, 668	70, 023, 500
July 31, 1936.....	66	2, 826, 700	150	11, 856, 200	1, 642	63, 173, 400	1, 858	77, 856, 300
Aug. 31, 1936.....	70	2, 740, 700	172	14, 134, 900	1, 824	72, 325, 700	2, 066	89, 201, 300
Sept. 30, 1936.....	71	2, 789, 700	192	15, 478, 900	2, 026	80, 414, 200	2, 289	98, 682, 800
Oct. 31, 1936.....	76	3, 114, 910	229	17, 846, 400	2, 260	92, 123, 400	2, 565	113, 084, 710
Nov. 30, 1936.....	82	3, 500, 710	253	19, 403, 900	2, 430	99, 524, 200	2, 765	122, 428, 810
Dec. 19, 1936.....	88	3, 705, 710	273	20, 866, 900	2, 578	107, 064, 400	2, 939	131, 637, 010
Subscriptions:								
Dec. 31, 1935.....	2	100, 000	24	1, 980, 000	474	17, 766, 500	500	19, 846, 500
June 30, 1936.....	21	689, 000	118	9, 636, 600	1, 392	52, 817, 100	1, 531	63, 142, 700
July 31, 1936.....	27	1, 069, 000	134	10, 873, 700	1, 558	59, 055, 800	1, 719	70, 998, 500
Aug. 31, 1936.....	33	1, 144, 000	150	12, 158, 700	1, 683	65, 387, 500	1, 866	78, 690, 200
Sept. 30, 1936.....	38	1, 312, 000	171	13, 671, 400	1, 903	75, 155, 600	2, 112	90, 139, 000
Oct. 31, 1936.....	44	1, 647, 200	212	16, 629, 900	2, 182	88, 362, 300	2, 438	106, 639, 400
Nov. 30, 1936.....	41	1, 547, 200	236	17, 718, 900	2, 332	94, 478, 600	2, 609	113, 744, 700
Dec. 19, 1936.....	43	1, 603, 000	247	18, 321, 600	2, 469	100, 764, 300	2, 759	120, 688, 900

¹ Refers to number of separate investments, not to number of associations in which investments are made.

TABLE 2.—*Reconditioning Division—Summary of all reconditioning operations through Dec. 9, 1936*¹

Period	Cases received ²	Total contracts awarded		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Nov. 11, 1936.....	739, 111	400, 656	\$77, 297, 361	391, 973	\$74, 696, 637
Nov. 12, 1936 through Dec. 9, 1936.....	5, 871	5, 022	825, 362	5, 410	994, 615
Grand total through Dec. 9, 1936.....	744, 982	405, 678	78, 122, 723	397, 383	75, 691, 252

¹ All figures are subject to correction.

² Includes all cases referred to the Reconditioning Division whether applications from borrowers during period these were being received, property management cases, insurance loss cases, and miscellaneous reconditioning.

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.

TABLE 3.—*Foreclosure cases dispatched to State Counsel and properties acquired by the Home Owners' Loan Corporation*¹

Period	Foreclosure cases dispatched to State Counsel	Withdrawn and suspended cases ²	Properties acquired by voluntary deed and foreclosure ³
Prior to 1935.....	35	0	9
1935			
Jan. 1 through June 30.....	535	7	114
July 1 through Dec. 31.....	3,900	189	983
1936			
January.....	1,281	28	324
February.....	1,544	49	447
March.....	3,190	59	605
April.....	4,365	87	669
May.....	4,688	145	964
June.....	8,113	116	1,440
July.....	8,016	249	1,380
August.....	8,203	335	1,802
September.....	7,278	1,375	2,420
October.....	6,265	1,114	3,664
November.....	4,808	624	3,042
Grand total to Nov. 30, 1936.....	62,221	4,377	17,863

¹ Figures prior to 1936 are as of the month in which the action took place. Subsequent figures are as of the month in which the action was reported in Washington.

² Due to payment of delinquencies by borrowers after foreclosure proceedings had been entered.

³ Does not include 6,848 properties bought in by H. O. L. C. at foreclosure sale but awaiting expiration of the redemption period before title and possession can be obtained.

In addition to the total of 17,863 completed cases, 77 properties were sold at foreclosure sale to parties other than H. O. L. C.

Mail Bag

(Continued from p. 137)

90 percent of the depositors accepted this voluntary write-down and the institution was reorganized on this basis. It was opened on an unrestricted basis.

The insurance of accounts was largely instrumental in making the reorganization possible, and the reaction of the depositors to the insurance since reorganization has been splendid. Our total assets at the date of reorganization was \$719,000 and although we are unrestricted, to date our total withdrawals have been approximately \$34,500, and we have had new deposits and redeposits totaling \$6,300.

Under the circumstances we consider the withdrawals very satisfactory and due entirely to the fact that the shares are now insured. While the amount of new accounts opened has not been large, yet they are due entirely to the confidence which has been restored by the insurance.

* * * * *

I have just finished reading your article regarding the renovation of dwelling houses and I feel that it contains some excellent material.

I am the secretary of a building and loan association that has had to take back several properties during the depression. During 1933 and 1934 we decided to sell a few properties in order to secure some ready cash.

The houses were painted with attractive colors on the outside, decorated throughout with soft neutral colors on the inside, all floors were sanded and refinished with the best grade of varnish obtainable, all woodwork was cleaned and varnished, all electric fixtures were replaced with modern fixtures, the bathrooms were modernized and made to look attractive. In fact, each house was renovated just as I would want it to be if I were going to live in it myself.

Although the houses were from 15 to 20 years old many of the prospective purchasers thought they were new places until I told them otherwise.

After adding the cost of renovation to the original cost of the houses, we were able to sell them at a profit of from 15 to 20 percent for cash during a period when it was almost impossible to sell real estate.

I don't believe in renovating a house in a half-hearted manner. If you are going to renovate it at all, do a complete job of it.

Directory of Member, Federal, and Insured Institutions

Added during November-December

I.—INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN NOVEMBER 16, 1936, AND DECEMBER 19, 1936¹

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

DISTRICT NO. 1

MASSACHUSETTS:

Boston:
Trimount Co-operative Bank, 73 Tremont Street.

DISTRICT NO. 2

NEW YORK:

Long Island City:
Central Permanent Building & Loan Association,
37-11 Thirtieth Street.

DISTRICT NO. 3

PENNSYLVANIA:

Philadelphia:
Banater Building & Loan Association, 1621 North
Fifth Street.
Old Hickory Building & Loan Association of the
City of Philadelphia, 3080 Frankford Avenue.
South Broad Street Building & Loan Association of
Philadelphia, Corner Broad & Federal Streets.

DISTRICT NO. 4

SOUTH CAROLINA:

Hartsville:
Palmetto Perpetual Building & Loan Association.

DISTRICT NO. 5

OHIO:

Bucyrus:
Peoples Savings & Loan Company, Sandusky Street.
Cincinnati:
Conservative Savings & Loan Company, 404 East
Fifth Street.
Westerville:
Home Savings Company.

DISTRICT NO. 6

INDIANA:

Shelbyville:
Union Building Association, 23 West Washington
Street.
South Bend:
Industrial Savings & Loan Association of South
Bend, 207 South Main Street.

DISTRICT NO. 7

ILLINOIS:

Chicago:
General Pulaski Building & Loan Association,
13420 Brandon Avenue.
Peru:
Edgar County Building & Loan Association.

¹ During this period 2 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 9

LOUISIANA:

Opelousas:
St. Landry Homestead Association, 121 West Landry Street.

TEXAS:

Georgetown:
Georgetown Building & Loan Association.
Seguin:
Seguin Building & Loan Association.
Wimnboro:
Wimnboro Building & Loan Association.

DISTRICT NO. 10

NEBRASKA:

Wymore:
Wymore Building & Loan Association.

OKLAHOMA:

El Reno:
Investors Building & Loan Association of El Reno.

DISTRICT NO. 11

MONTANA:

Billings:
Federal Building & Loan Association.

Butte:

United States Building & Loan Association, 79-81
West Park Street.

WASHINGTON:

Seattle:
Provident Savings & Loan Association, 3318 White-
Henry-Stuart Building.

DISTRICT NO. 12

HAWAII:

Honolulu:
Honolulu Building & Loan Association, Limited,
1025 Alakea Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN NOVEMBER 16, 1936, AND DECEMBER 19, 1936

MARYLAND:

Baltimore:
Lakeland Building & Loan Association, Hollins
Ferry Road.
Madison & Bradford Street Permanent Building
Association, 901 North Patterson Park Avenue.
Reliance Loan & Savings Association, Corner Pat-
terson Park Avenue & Fayette Street.

II.—FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN NOVEMBER 16, 1936, AND DECEMBER 19, 1936

DISTRICT NO. 1

MASSACHUSETTS:

Brookline:
Brookline Federal Savings & Loan Association,
1318 Beacon Street (converted from Coolidge Co-
operative Bank).

Whitman:

Mutual Federal Savings & Loan Association of
Whitman, 570 Washington Street (converted from
Whitman Co-operative Bank).

DISTRICT NO. 3

PENNSYLVANIA:

Philadelphia:

Second Federal Savings & Loan Association of Philadelphia, 1533 Orthodox Street (converted from Thomas E. Coale Building & Loan Association).

DISTRICT NO. 4

VIRGINIA:

Richmond:

Richmond Federal Savings & Loan Association, 1100 Travelers Building.

DISTRICT NO. 5

KENTUCKY:

Newport:

Clifton Federal Savings & Loan Association of Newport, Corner Tenth & Monmouth Streets (converted from Clifton Loan & Building Association of District of Clifton, Campbell County, Kentucky).

Somerset:

Somerset Federal Savings & Loan Association, First National Bank Building.

Stanford:

Lincoln County Federal Savings & Loan Association of Stanford (converted from Lincoln County Building & Loan Association).

OHIO:

Delphos:

Citizens Federal Savings & Loan Association of Delphos, 153 West Third Street (converted from Citizens Building & Loan Association).

Wellsville:

Central Federal Savings & Loan Association of Wellsville, 601 Main Street (converted from Central Building & Loan Company).

DISTRICT NO. 6

INDIANA:

Evansville:

North Side Federal Savings & Loan Association, 207 North Main Street (converted from North Side Savings & Loan Association).

Fort Branch:

Fort Branch Federal Savings & Loan Association (converted from Fort Branch Building & Loan Association Number Eight).

Mishawaka:

Peoples Federal Savings & Loan Association, 112 Lincoln Way Street (converted from People's Building & Loan Association).

MICHIGAN:

Charlotte:

Eaton County Federal Savings & Loan Association, 316 East Lovett Street.

DISTRICT NO. 10

COLORADO:

Denver:

Denver Federal Savings & Loan Association, 338 Fifteenth Street (converted from Denver Building & Loan Association).

DISTRICT NO. 12

CALIFORNIA:

Oakland:

Alameda County Federal Savings & Loan Association, 1801 Franklin Street.

San Mateo:

Peninsula Federal Savings & Loan Association, 235 Second Avenue (converted from Peninsula Building & Loan Association).

CANCELLATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN NOVEMBER 16, 1936, AND DECEMBER 19, 1936

CALIFORNIA:

Culver City:

First Federal Savings & Loan Association of Culver City, 10859 Oregon Avenue (charter canceled because of failure to complete organization).

INDIANA:

South Bend:

Fourth Federal Savings & Loan Association of South Bend, 122 North Main Street (consolidation with First Federal Savings & Loan Association of South Bend, South Bend, Indiana).

TENNESSEE:

McMinnville:

First Federal Savings & Loan Association of McMinnville (consolidation with Murfreesboro Federal Savings & Loan Association, Murfreesboro, Tennessee).

TEXAS:

Cisco:

Cisco Federal Savings & Loan Association (consolidation with First Federal Savings & Loan Association of Breckenridge, Breckenridge, Texas).

III.—INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN NOVEMBER 16, 1936, AND DECEMBER 19, 1936¹

DISTRICT NO. 2

NEW YORK:

Herkimer:

Herkimer Co-operative Savings & Loan Association, 110 Park Avenue.

New York:

American Co-operative Savings & Loan Association, 1123 Broadway. Enterprise Savings & Loan Association, 1123 Broadway.

DISTRICT NO. 3

PENNSYLVANIA:

Philadelphia:

Arthur P. Keegan Building & Loan Association, 1532 Point Breeze Avenue. First Italo-American Building Association of Philadelphia, 924 West Passyunk Avenue. James Martin Building & Loan Association, 507 East Tulpehocken Street, Germantown.

WEST VIRGINIA:

Charleston:

West Virginia Building & Loan Association, 226½ Capitol Street.

Fairmont:

Marion County Building & Loan Association, 309 Monroe Street.

DISTRICT NO. 4

MARYLAND:

Baltimore:

Premier Building Association of Baltimore City, 2880 Hillen Road.

SOUTH CAROLINA:

Columbia:

Standard Building & Loan Association, 1211 Washington Street.

DISTRICT NO. 5

KENTUCKY:

Covington:

Star Permanent Building Association of Covington, Ky., 271 Pike Street.

OHIO:

Coshocton:

Home Building, Loan & Savings Company, 401 Main Street.

Glandorf:

Glandorf German Building & Loan Company.

DISTRICT NO. 6

INDIANA:

Frankton:

Frankton Building & Loan Association.

Kentland:

Kentland Building & Loan Association.

Michigan City:

Michigan City Loan & Building Association, 311 Franklin Street.

Princeton:

Peoples Building, Loan & Savings Association of Princeton, Indiana, 219 West Broadway.

DISTRICT NO. 8

SOUTH DAKOTA:

Lemmon:

Lemmon Building & Loan Association.

DISTRICT NO. 9

TEXAS:

Mesquite:

Mesquite Building & Loan Association.

¹ During this period 15 Federal savings and loan associations were insured.

DISTRICT NO. 10

OKLAHOMA:

Woodward:

Woodward Building & Loan Association, 914 Main Street.

DISTRICT NO. 11

WASHINGTON:

Spokane:

Citizens Savings & Loan Society, 126 Wall Street.

DISTRICT NO. 12

CALIFORNIA:

Los Angeles:

Great Western Building & Loan Association, 328 West Ninth Street.
Southern California Building & Loan Association, 431 West Fifth Street.

Whittier:

Mutual Building & Loan Association of Whittier, 117 Greenleaf Avenue.

FEDERAL HOME LOAN BANK DISTRICTS

