Vol. 4 No. 6

FEDERAL HOME LOAN BANK REVIEW

MARCH
1938

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

FEDERAL HOME LOAN BANK REVIEW

Published monthly by the
FEDERAL HOME LOAN BANK BOARD

CONTENTS FOR MARCH • 1938

SPECIAL ARTICLES

STATISTICS

REPORTS

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. APPROVED BY THE BUREAU OF THE BUDGET.

48730—38——1

NATIONAL HOUSING ACT AMENDMENTS OF 1938

■ The National Housing Act Amendments of 1938, as finally approved by the signature of President Roosevelt on February 3, 1938, make important changes in the provisions relating to Titles I, II, and III of the National Housing Act.

Title I

Title I, which was originally operative June 27, 1934 through March 31, 1937, is now revived to make available until July 1, 1939 the same type of credit insurance as was formerly provided. The object is to provide insurance for institutions against losses resulting from financing of alterations, repairs, and improvements upon urban, suburban, or rural real property. Loans for the purchase and installation of equipment and machinery upon real property are no longer eligible for insurance. There is no cost of the insurance to the lending institution, and the regulations permit savings, building and loan associations, cooperative banks, and similar institutions, which are generally required by law to take mortgage security, to write modernization advances with a maturity longer than the five years which is the maximum term permitted to other institutions. Claims for loss, however, must be made within five years of the date of the execution of the note. When mortgage security is taken for a modernization loan, the total effective rate to the borrower, including costs of title search and appraisal, must not exceed 9.7166 percent.

Major changes from the original Title I are to provide a statutory limit of $10,000 for insured loans made to finance improvements upon existing structures, and to establish a new type of insurance under Title I for loans of not more than $2,500 for financing the building of new structures. If the new structure is intended for use in whole or in part for residential purposes, conformance to certain minimum standards of construction is required, and the loan may have a final maturity of 10 years. The effective interest rate on loans under Title I up to $2,500 for the building of a new house must not exceed 6.6959 percent.

Title II

Originally there was no limitation on the amount of insurance liability which could be assumed by the Federal Housing Administration under Title II, except that Presidential approval was required to insure any amount over 2 billion dollars. No revolving fund was set up. It is now provided that under Title II the Federal Housing Administration may not have more than 2 billion dollars worth of mortgages insured at one time, except that the limit may be set at 3 billion dollars with the approval of the President. This means that the Federal Housing Administration now operates as a permanent institution with a revolving fund and that the total insurance liability outstanding at any one time may not exceed the limit established by law.

After July 1, 1939, no mortgages are to be insured under Title II except those made for new construction. The only exceptions to this provision are that mortgages may be insured on property which was constructed and completed between January 1, 1937 and July 1, 1939. Mortgages may also be insured on property previously covered by a mortgage insured by the Federal Housing Administration, or property approved for insurance prior to completion of construction.

Except on the "90 percent and $5,400" mortgage loans which are to be made for the encouragement of lower-cost small homes for the owner, annual insurance premiums in the future on all insured loans are to be paid at the rate of one-half of 1 percent upon the unpaid principal obligation of the mortgage without taking into account prepayments or delinquencies. Provision is made that the premium rate shall be adjusted on all existing insured mortgages for premium charges falling due subsequent to the approval of these amendments. The annual service charge, which has been permitted in the past at rates not exceeding one-half of 1 per centum per annum on decreasing balances, is now eliminated on loans receiving insurance commitment subsequent to the effective date of these amendments.

A further important change is in the guaranteed debentures issued in the event of default of a mortgage insured by the Administrator subsequent to the effective date of these amendments. The newly revised Regulations provide that such debentures shall bear interest at the rate of 2¾ per centum per annum. They are exempt from all Federal, State, or local taxation except surtax, estate, inheritance and gift taxes. However, debentures issued in connection with mortgages insured prior to the effective date of the amendments may be either 3-percent taxable debentures or 2¾-percent tax exempt debentures at the election of the mortgagee.

Encouragement of Construction of Low-Cost Small Homes for the Owner

The new insurance provisions of Section 203 under Title II have been especially directed to the small-home owner. Mortgages up to 90 percent of appraised value with a maximum of $5,400 will be insured on houses newly constructed on either urban, suburban, or rural property. The mortgagor in these instances must be an owner and occupant at the time of insurance who has paid down at least 10 percent in cash or its equivalent. If written before July 1, 1939, these mortgages may have a maturity not to exceed 25 years and the annual insurance premium is fixed at one-fourth of 1 percent of the unpaid principal, without taking into account prepayments or delinquencies. The maximum interest rate which a lending institution may charge on these mortgages is fixed at 5 percent and no annual service charge may be added. These new provisions mean that the home buyer may be required to have only half as much equity as under the original Title II.

The annual charges for interest and insurance premium on loans insured under the Amendments are reduced to maximums of 5.5 percent and 5.25 percent under Title II. For a 20-year term, the average monthly payments required on a 90-percent loan would be only a small amount above the average monthly payments required on an 80-percent loan for the same term. For the maximum 25-year term, the average monthly payments required on a 90-percent loan would be somewhat less than average monthly payments on an 80-percent 20-year loan, in spite of the fact that a much smaller down payment is required.

There is a further provision that on loans for new construction in an amount not exceeding $8,600, 90-percent insurance can be granted on the first $6,000 and 80-percent on the value in excess of $6,000. For example, this means that the maximum insurance protection available will be for a loan of $8,600. For these mortgages, the maturity is limited to 20 years. However, such a mortgage would carry an annual insurance premium at the rate of one-half of 1 percent.

Insurance of mortgage loans up to 80 percent of appraised value (limited to $16,000) continues without major changes from former procedure under Title II.

Encouragement of Multifamily and Group Housing

Under the original terms of the Act, the limit of insurance for mortgages on apartments designed for other than low-income families was $16,000 and the restriction was also added that they must house not more than four families. Insurance was provided for large-scale housing projects only when designed for people of low income and regulated as to rents, charges, capital structure, rate of return, or methods of operation. The maximum insurance for any low-cost housing project was $10,000,000.

Section 207 of the amendments attempts to provide for a considerable amount of apartment and subdivision construction. Projects involving a principal obligation of not more than 5 million dollars are eligible for insurance up to 80 percent of their value. Such projects must still be regulated by the Administrator to assure a limited dividend operation with reasonable rentals to tenants. The restriction that such housing be designed for low-income families is removed, but the amount of the loan for the project is limited to $1,350 per room. Five percent is the maximum interest which may be charged upon such an insured mortgage. The Administrator may consent to release a part or parts of the mortgaged property from the lien. There is also an additional option to the mortgagees that debentures may be issued for 98 percent of the insurance upon the assignment of the mortgage to the Administrator after default. This means that the mortgagee is not required to foreclose the mortgage and to convey the property to the Administrator in order to be entitled to receive the benefits of the insurance protection.

The completely new Section 210 is concerned with the financing of other types of group projects. Limited dividend operation with rental control is not required. Mortgages with a principal amount in excess of $16,000 but not in excess of $200,000, or 80 percent of the value of the property, are now made eligible for insurance on properties upon which are constructed one or more multifamily dwellings, or a group of not less than 10 single-family dwellings. Partial releases may be effected with the consent of the Administrator. The insurance protection extends to construction loans and is designed primarily for the financing of buildings in the single-family and smaller apartment field. The amount of the loan for such projects may not exceed $1,150 per room, maximum maturity of the mortgage is 21 years, and maximum interest permissible is 5 percent on the unpaid principal of the mortgage. The mortgagee under Section 210 has no option to claim the insurance by assignment of the mortgage, but must foreclose and convey the property to the Administrator in order to receive debentures.

Title III: National Mortgage Associations

Under Title III of the old Act, no national mortgage associations were created. The National Housing Act Amendments of 1938 liberalize the provisions of Title III to encourage their development. Formerly, national mortgage associations were to be permitted only to purchase and sell first mortgages. Under the new Act, they may also make real estate loans which are insured under Title II, provided that no national mortgage association, controlled or operated by the United States or any agency of the United States, is permitted to initiate a real estate loan on the ordinary 1- to 4-family dwelling accepted for insurance under Section 203 of Title II.

Non-governmental mortgage associations are given broad powers to make, purchase, service or sell any mortgages which are insured under Title II, and they may also purchase, service, or sell uninsured first mortgages provided that the uninsured mortgages do not exceed 60 percent of the appraised value of the property.

Two fundamental changes have also been made in the organization of national mortgage associations. Although each national mortgage association must still have a minimum capital stock of 2 million dollars, it may transact business as soon as 25 percent has been paid in on capital stock, either in cash or in governmental securities, or in first mortgages. This means that a group forming a national mortgage association need only put up $500,000 to begin to buy and make mortgage loans. It cannot, however, issue debentures to the public until all the capital stock is paid in.

When the capital stock investment of 2 million dollars has been reached, however, an association may now sell to the public 40 million dollars in debentures, as compared with the old maximum of 24 million dollars since the ratio of debentures to capital stock was raised from 12 to 1 to 20 to 1. These debentures are now made exempt from Federal as well as State, county, municipal or local authority taxation "now or hereafter imposed", except surtaxes, estate, inheritance, and gift taxes. Complete tax exemption extends to the association, its franchise, capital, reserves, surplus, mortgage loans, income and stock, but the real property held by it is subject to taxation to the same extent as other real property is taxed.

The concluding section of the new legislation amends the statutes governing national banks and permits national banks to invest in obligations or securities of national mortgage associations, although it does not permit them to own stock in such national mortgage associations.

The first national mortgage association was established by the Reconstruction Finance Corporation on February 10. There was initial paid-in Government capital of 10 million dollars and a paid-in surplus of 1 million dollars. This means that the National Mortgage Association of Washington, D. C., is able to issue debentures up to $220,000,000 or 20 times its paid-in capital and surplus. The Association will use the headquarters of the Reconstruction Finance Corporation and will function through the organization of that agency, operating on a national scale. According to the announcement by Chairman Jesse H. Jones of the Reconstruction Finance Corporation, the Association is primarily intended to provide money for private enterprise which plans large-scale housing projects.

It was announced that an additional 40 million dollars was being held in reserve either for the capitalization of other national mortgage associations or for the purpose of increasing the capital stock of the National Mortgage Association of Washington, D. C.

Action by the Federal Home Loan Bank Board

The Federal Home Loan Bank Board has adopted a resolution, effective immediately, permitting Federal savings and loan associations operating under a charter in the form of Exhibit K to make loans insured by the Federal Housing Administrator, in order to take advantage of the recent amendments to the National Housing Act.[1] Approval of the loan plans provided by the National Housing Act, as amended, as other loan plans means that Federal

[1] The text of the Board resolutions relating to the participation of Federal savings and loan associations under the National Housing Act, as amended, will be found on page 227. The procedure to be followed in making application to the Board for such lending privilege is explained in detail on page 228.

(*Continued on p. 215*)

THE EFFECT OF HOME-FINANCING PRACTICES ON NEIGHBORHOOD STABILITY

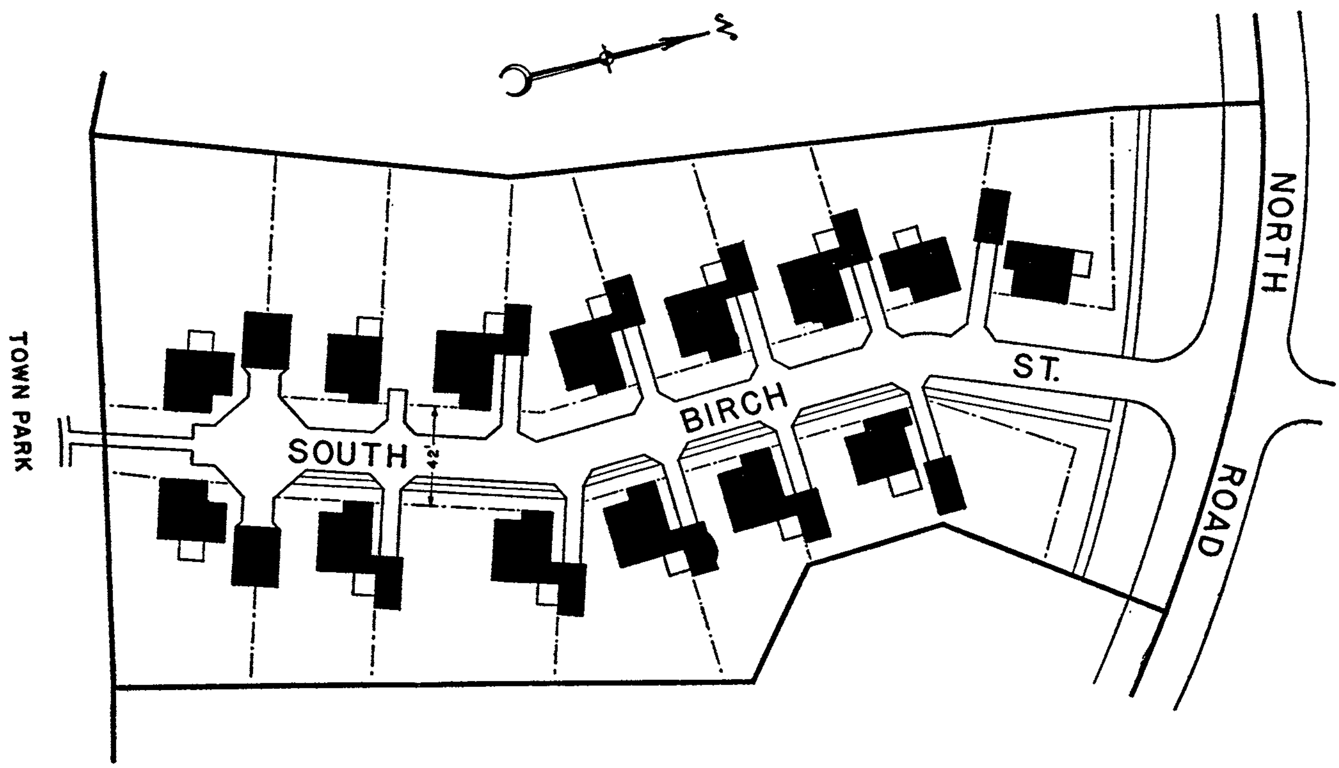
■ A HOUSE must be designed to fit harmoniously with its neighbors if it is to provide the best security for an investment. One incongruous element on a street, such as a Spanish villa among Georgian mansions, will be enough to spoil its character. The effect of that loss of character may not be apparent when the properties are new but it will become increasingly so as they grow older. Therefore, the lending institution making long-term loans has a vital interest in the harmonious design of the neighborhoods in which it lends. It will be to its own best interests to urge the use of competent architectural services, such as are provided through the Federal Home Building Service Plan, whenever new construction is planned.

Savings and loan mortgage lending is, however, largely on properties which have already been built and the character of their neighborhood fairly well determined. In such cases, the lending institution's only protection is to urge that no blighting influences be allowed entrance.

If the financing is on properties in a more open unbuilt area or a new subdivision, the street plan has probably been rigidly determined by the city plan or has been arbitrarily determined by the subdivider. In this case, the lending institution can control its security through harmonious design only in relation to the number of houses it finances in those areas. Thus, a single well planned house may be surrounded later by unfortunate monstrosities over which the lender has no control.

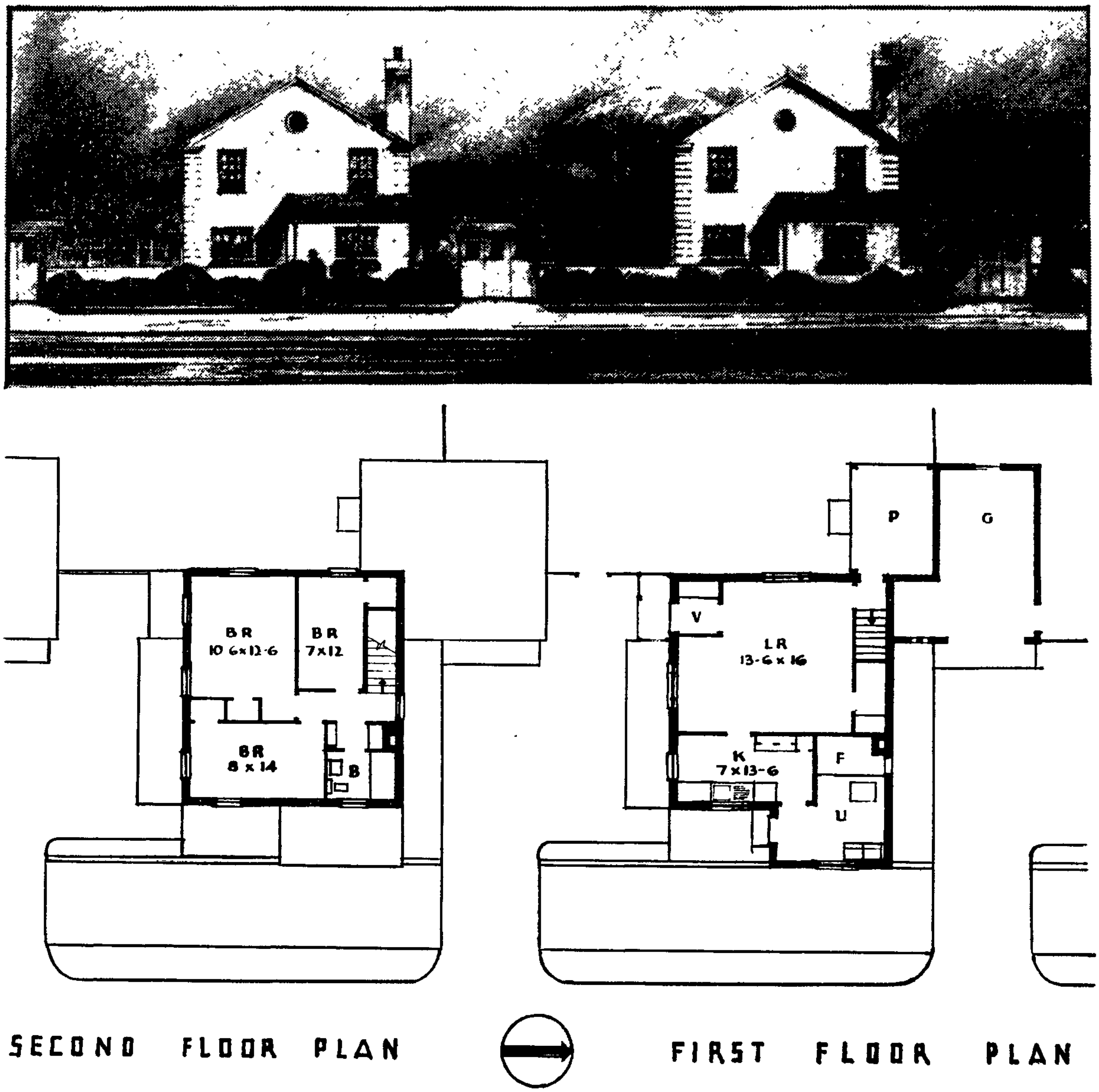
Therefore, the savings and loan mortgage lender is best safeguarded in this one respect by financing the construction of several houses together, as is being

TYPICAL RESIDENTIAL CUL-DE-SAC IN GREENDALE, WISCONSIN
BUILT BY
FARM SECURITY ADMINISTRATION



done by many associations in different parts of the country. If an association has the opportunity to finance a group of houses it can either, through insistence upon adequate design, create an area which stands a good chance of surviving much of the deterioration which comes with age, or it can permit haphazard construction with any kind of layout—probably the inadequate gridiron or checkerboard plan which has done so much to blight our cities. With the former it has not only better security for its investments but the best type of advertising possible—a monument to the association's interest in the beauty and economic stability of its community.

The plan of South Birch Street on page 199 is an example of what could be done by those who have the opportunity to finance the construction of a group of houses. This plan was evolved by the Farm Security (formerly Resettlement) Administration as a part



TYPICAL SINGLE HOUSES
GREENDALE····WISCONSIN

of the development of the town of Greendale, Wisconsin. It provides within its limits many of the amenities which make for a stable and harmonious environment.

The first point of interest about South Birch Street is that it discourages traffic. It is a dead-end street and narrow—yet sufficient to meet the needs of the people living along its border. Also, it has been curved to follow the topography of the land as well as to provide more interesting vistas for the houses. In contrast, North Road, a part of which is also shown on the plan, is a wide traffic road not used for house frontage.

South Birch Street is oriented north and south, providing houses with south, east, and west exposures for principal rooms, and a north exposure, with few or no windows, for stairs and services—an important provision in the cold Wisconsin climate. Proper orientation is a factor often omitted from conventional designs dependent on a rigid road pattern, but it is one which measurably affects the comfort of the occupants. However, there were other problems connected with South Birch Street which related specifically to the uses to which the houses were to be put. First, the houses were built for rent and not for sale. This permitted a different arrangement of the plans than had the houses been for owner occupancy. Second, the designers had to provide on each lot area a house, a garden, a garage, and a garage approach properly related to the house entrance, and with sufficient parking space to reduce to a minimum the conversion of the street into a parking lot. These houses were built for families of only moderate incomes and, consequently, economies in design were sought which would not sacrifice the desired amenities.

The placement of the house on the lot was the result of a careful analysis of the premises just stated: the front wall of the utility wing was placed exactly on the street line and the north wall of the house on the north lot line. The most unusual feature of this layout is that the garage is attached to the house next door which helps to shield the back yards from the prying eyes of neighbors. The driveway serves for coal delivery to the neighboring house. Instead, therefore, of the typical subdivider's front yard having no privacy, two narrow useless side yards, and moderately generous rear yard, the Greendale lot has its open portions concentrated in two usable areas: a spacious rear yard for lawn and garden, and a similar side yard serving as an approach to the house and garage, supplemented by a diminutive service yard providing access to the utility room.

This arrangement was made possible on a lot of limited area by making that lot wider and shallower than the conventional subdivider's small lot. Instead of being 25′ x 125′ as are many lots in urban communities, these lots are 50′ x 100′ which permits much more acceptable garden space, light, air, and privacy.

The internal plan of a typical 3-bedroom house on South Birch Street is shown in the illustration on page 200. The features of this plan are also a deviation from the most common practice. Because the outdoor living space has been placed away from the street and towards the south of the lot, the interior arrangement has also been faced in this way to give maximum privacy. The living room has been placed on the garden side rather than on the street; while the kitchen, utility room, and bath have been placed on the street side, both to decrease the cost of utilities connections and to increase the privacy of living portions. Also, typical of much of present-day small-house building in certain areas, a section of the living room has been provided for dining instead of a full-sized dining room. The small residual space at the utility room door becomes a service yard sheltered from the street by a picket fence and vines. In this service yard is placed an underground garbage receiver, and through it will pass the collector of ashes and refuse kept in cans in the utility room.

All these factors merely serve to illustrate the effect of controlled design on the simplest elements in the environment. If this design serves to provide more comfortable and functionally useful living quarters, it will be an important factor in increasing the demand for the properties and will, therefore, have an important bearing on the mortgage lender's security.

The layout of these houses in relation to the street seems at first glance to be a radical departure from accepted practice; one which has not been proved sound by experience. But in many respects it resembles the layout of houses in colonial towns. In Charleston, South Carolina, for example, it is a still followed tradition to place the house on the street line and to enter it through a side porch, the principal garden being located in the rear; while in New England towns, the parks and commons are as characteristic as the architecture of the buildings themselves.

(*Continued on p. 203*)

Designation of Chairmen and Vice Chairmen, and Appointments of Public Interest Directors, of the Federal Home Loan Banks

■ THE Federal Home Loan Bank Board recently announced the designation of directors of the following Federal Home Loan Banks as chairmen and vice chairmen of the respective boards of directors. In most of these Federal Home Loan Bank Districts, the chairman and vice chairman who served during 1937 have been appointed to continue in office during 1938. The chairman and vice chairman are named for terms of one year, beginning January 1, 1938, or until a successor is designated and qualified.

Announcement was also made by the Federal Home Loan Bank Board of the appointment of Public Interest directors of the following Federal Home Loan Banks. In each of these Federal Home Loan Bank Districts, the Federal Home Loan Bank Board reappointed a Public Interest director who had served in this capacity during 1937, except for appointments made to fill vacancies under unexpired terms. The appointments for Public Interest director are for terms of four years, beginning January 1, 1938, through December 31, 1941.

DISTRICT NO. 1: FEDERAL HOME LOAN BANK OF BOSTON

Chairman: Bernard J. Rothwell, Boston, Massachusetts.
Vice Chairman: Edward H. Weeks, Providence, Rhode Island.
Public Interest Director: Bernard J. Rothwell, President, Bay State Milling Company; Lawrenceburg Roller Mills Company. Boston, Massachusetts.

DISTRICT NO. 2: FEDERAL HOME LOAN BANK OF NEW YORK

Chairman: George MacDonald, New York, New York.
Vice Chairman: Francis V. D. Lloyd, Hackensack, New Jersey.
Public Interest Director: George MacDonald, Director: Consolidated Oil Corporation; Cities Service Company; Manufacturers' Trust Company; Petroleum Corporation of America. New York, New York.

Edwin S. Webster, Jr., Senior Partner, Kidder, Peabody & Co.; Director, Stone Webster, Inc. New York, New York—appointed to serve for the unexpired portion of 4-year term ending December 31, 1939.

DISTRICT NO. 3: FEDERAL HOME LOAN BANK OF PITTSBURGH

Chairman: Ernest T. Trigg, Philadelphia, Pennsylvania.
Vice Chairman: Charles S. Tippetts, Pittsburgh, Pennsylvania.
Public Interest Director: Ernest T. Trigg, President, National Paint, Varnish and Lacquer Association. Philadelphia, Pennsylvania.

DISTRICT NO. 5: FEDERAL HOME LOAN BANK OF CINCINNATI

Chairman: Theo. H. Tangeman, Columbus, Ohio.
Vice Chairman: W. M. Brock, Dayton, Ohio.
Public Interest Director: Harry S. Kissell, President: Kissell Real Estate Company; Kissell Improvement Company; Kissell Insurance Agency. Springfield, Ohio.

DISTRICT NO. 6: FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Chairman: F. S. Cannon, Indianapolis, Indiana.
Vice Chairman: S. Rudolph Light, M. D., Kalamazoo, Michigan.
Public Interest Director: S. Rudolph Light, M. D., Director: American National Bank; Chamber of Commerce; Civic League. Kalamazoo, Michigan.

Charles T. Fisher, Jr., President, National Bank of Detroit. Detroit, Michigan—appointed to serve for the unexpired portion of 4-year term ending December 31, 1939.

DISTRICT NO. 8: FEDERAL HOME LOAN BANK OF DES MOINES

Chairman: Charles B. Robbins, Cedar Rapids, Iowa.
Vice Chairman: E. J. Russell, St. Louis, Missouri.
Public Interest Director: E. J. Russell, Senior Partner, Mauran Russell & Crowell, Architects; President, Lauran Realty Company. St. Louis, Missouri.

DISTRICT NO. 9: FEDERAL HOME LOAN BANK OF LITTLE ROCK

Chairman: J. Gilbert Leigh, Little Rock, Arkansas.
Vice Chairman: Will C. Jones, Jr., Dallas, Texas.
Public Interest Director: Will C. Jones, Jr., Treasurer, The Murray Company. Dallas, Texas.

DISTRICT NO. 10: FEDERAL HOME LOAN BANK OF TOPEKA

Chairman: W. R. McWilliams, Oklahoma City, Oklahoma.
Vice Chairman: George E. McKinnis, Shawnee, Oklahoma.
Public Interest Director: C. B. Merriam, Chairman of the Board, Central Trust Company; Vice President, Central National Bank; Director, Reconstruction Finance Corporation (Washington). Topeka, Kansas.

DISTRICT NO. 11: FEDERAL HOME LOAN BANK OF PORTLAND

Chairman: Frank S. McWilliams, Spokane, Washington.
Vice Chairman: Ben Hamlin Hazen, Portland, Oregon.
Public Interest Director: L. H. Hoffman, President and Director, Hoffman Construction Company. Portland, Oregon.

DISTRICT NO. 12: FEDERAL HOME LOAN BANK OF LOS ANGELES

Chairman: C. H. Wade, Los Angeles, California.
Vice Chairman: David G. Davis, San Francisco, California.
Public Interest Director: David G. Davis, President and General Manager, Raphael Weill & Company. San Francisco, California.

Albert J. Evers, Fellow, American Institute of Architects. San Francisco, California—appointed to serve for the unexpired portion of 4-year term ending December 31, 1939.

APPOINTMENT OF DIRECTORS OF FEDERAL HOME LOAN BANK OF PORTLAND

In accordance with the provisions of subsection (h) of Section 7 of the Federal Home Loan Bank Act, the Federal Home Loan Bank Board has reappointed the following directors of the Federal Home Loan Bank of Portland. The term of office is for the calendar year, from January 1, 1938 through December 31, 1938.

J. H. Andrews, Federal Building & Loan Association, Ogden, Utah.

P. C. Bulen, Mountain States Building & Loan Association, Great Falls, Montana.

Ralph H. Cake, Equitable Savings & Loan Association, Portland, Oregon.

Sam H. Dehnert, First Federal Savings & Loan Association of Coeur d'Alene, Coeur d'Alene, Idaho.

Ben Hamlin Hazen, Benjamin Franklin Federal Savings & Loan Association of Portland, Portland, Oregon.

J. T. S. Lyle, Pacific First Federal Savings & Loan Association of Tacoma, Tacoma, Washington.

Frank S. McWilliams, Fidelity Savings & Loan Association, Spokane, Washington.

Terry Ross, Wenatchee Federal Savings & Loan Association, Wenatchee, Washington.

Neighborhood Stability

(*Continued from p. 201*)

As has been mentioned, South Birch Street was designed as a part of a whole community. This community of 572 dwelling units, of which approximately one-half are single-family dwellings, was built on undeveloped land. Consequently, the planners of Greendale were presented with the unusual opportunity of building several hundred small houses under conditions permitting control of surroundings and a complete study of the relationship of the house to the site. The choice of the town site within the tract purchased, the assignment of areas to residential uses, the creation of large protecting and useful parks, the development of the street pattern, and the disposition of utilities were all considered as parts of a whole in which the individual dwelling unit was the dominating element.

This is an ideal way of laying out a community and not one with which the mortgage lender will have much contact. But he can concern himself with the development of his existing community. Quite obviously, the street which he has done so much to develop into a desirable residential neighborhood will be destroyed as such if a factory is erected next to it. Only through proper zoning ordinances and a farsighted city plan can this be prevented.

A first step in the development of sound and stable communities is the proper design and construction of the individual house. Today, trained architects are entering the small-house field; a trend which is well exemplified through the development of the Federal Home Building Service Plan. Architects operating in connection with the Plan are offering attractive and meritorious plans and are providing technical supervision of construction.

The second step, as we have said, is the development of sound and attractive neighborhoods. First, probably, in the form of single streets and finally then in whole neighborhood areas. This will lead under proper direction to the environmental stability of the community. It is such stability which will have to be achieved before the home-financing institution can be assured of maximum security for its mortgage portfolio.

48730—38——2

Investments of Life Insurance Companies[1]

NEW nonfarm mortgage investments of life insurance companies have been increasing rapidly since 1933. In that year the volume of such investments was only 35 million dollars; the volume in 1937 had risen 1314 percent to over 500 million dollars. This increase is shown in Chart A.

The most specific effect of the return of life insurance companies into the mortgage investment field is seen in the upturn of their nonfarm mortgage loan portfolio for the first time since 1931. The 1937 volume of loans made was sufficiently in excess of repayments to produce an increase of 1.2 percent in total nonfarm mortgage loans outstanding. Total mortgage holdings of all types, however, due to the continued downward trend in the amount of farm mortgages held, have been declining for six years, and are now about 5 billion dollars—a level approximately one-third below the 1931 peak. The decline from 1936 to 1937 was only 0.4 percent.

These figures indicate that life insurance companies are investing more heavily each year in nonfarm mortgages, but they are not doing so at a rate comparable to their general growth. Further, it is quite evident that they have virtually left the farm mortgage field. New life insurance written in 1937 totaled approximately 15 billion dollars which was the largest annual amount of new business since 1931 and represented an increase of 5 percent over the previous year's total. It is significant of the growth of these institutions that the life insurance in force at the end of 1937 amounted to 110 billion dollars, was the highest ever recorded, and represented the policy-holdings of about 64 million people. At its lowest point in recent years the insurance in force amounted to 98 billions in 1933.

The combined assets of life insurance companies, which have grown steadily for a long time, amounted to 26 billion dollars at the close of 1937, having increased 6 percent during the year. As the nonfarm mortgage holdings of these institutions increased in lesser degree than assets, there was a decrease in the ratio of this type of investment to total assets.

In 1928 and 1929 their mortgage investments constituted about 42 percent of total assets. Had this 42-percent ratio continued through the intervening years, these investments at the end of 1937 would have amounted to 11 billion dollars instead of 5 billion, or 16 percent of assets. Further, the ratio of United States Government bonds increased during the same period from about 3 percent to 18 percent. These Government bonds took up a good part of the slack resulting from the decline in mortgage investments. The distribution of assets since 1925 is shown in Chart B.

Four billion dollars of these bonds could be shifted to real estate mortgage investments without completely converting the balance and diversification of investments to the 1928–1929 proportions. If this were done, mortgages held would amount to about 35 percent of assets and United States bonds to 3 percent.

Present indications are that the trend is definitely towards increased mortgage investment. Even though life insurance companies invested over 1 billion dollars in United States Government bonds in 1937, which was 34 percent of total new investments, they had invested 41 percent in these bonds in 1936 and 59 percent in 1934. Thus, the trend has been to invest each year a smaller proportion of total funds in Government bonds.

In contrast, the proportion of the total invested in nonfarm mortgages in these three years has increased: 3 percent, 10 percent, and 15 percent.

Life insurance companies hold 2 billion dollars of the bonds of governments other than the Federal. The largest part of this, 73 percent, is in State, county, and municipal bonds. They also hold nearly 8 billion dollars of other bonds and stocks.

In view of the declining trend of defaults in principal and interest payments on mortgages and improving interest collections as experienced recently by life insurance companies, it would seem that the future trend will be in the direction of a reemphasis of real estate mortgage investments: a trend which is partially indicated in the upswing of nonfarm mortgage portfolios during the past year. However, there are factors which may retard the return of life insurance companies into the mortgage investment field. Competition for best class of loans has developed from many different sources and has resulted in a general liberalization of lending terms. Also, mortgage moratoria in several States have had an adverse effect upon mortgages as investments. On the other hand, the widened scope of mortgage

[1] The estimates in this article were prepared by the Division of Research and Statistics of the Federal Home Loan Bank Board and are based on statistics for substantial groups of the larger life insurance companies with assets aggregating between 90 percent and 95 percent of the assets of all life insurance companies in the United States. The sources of the data are the Association of Life Insurance Presidents and the Wall Street Journal.

insurance by the Federal Housing Administration may have the opposite effect.

The book value of real estate held by life insurance companies increased slightly during 1937. At the end of the year, it amounted to about 2 billion dollars, and was 8 percent of assets. Branch and home office properties were included in this amount, being valued at 248 million dollars, or about 1 percent of assets. The ratio of these office properties to total assets has not changed much during the last 10 years, but the ratio of total real estate has increased from 2 percent to 8 percent. It is now apparently passing the peak, however, since the ratio declined slightly in 1937 over 1936 for the first time since the rise started. This decline is in line with the general but hesitant improvement of the real estate market during 1937.

Table 1.—Estimates of the total assets and amount of mortgage loans and other investments held by all United States life insurance companies for selected years

[Source: Federal Home Loan Bank Board. Compiled from statistics furnished by the Association of Life Insurance Presidents, based upon statistics from approximately 50 companies, the assets of which aggregate over 90 percent of the total assets of all companies]

[Amounts are shown in thousands of dollars]

Year	Combined assets		All mortgages			Nonfarm mortgages			Real estate owned [1]			
	Amount	Percent change	Amount	Percent of total assets	Percent change	Amount	Percent of total assets	Percent change	Amount	Percent of total assets	Percent change	Percent of all mortgages
1906	$2,924,254		$834,143	28.5		$561,018	19.2		$159,050	5.4		19.1
1911	4,164,492		1,345,756	32.3		844,601	20.3		162,374	3.9		12.1
1921	7,936,497		2,734,123	34.5		1,325,792	16.7		156,270	2.0		5.7
1928	15,961,094		6,791,765	42.6		4,662,076	29.2		327,522	2.1		4.8
1929	17,482,309	+9.5	7,343,794	42.0	+8.1	5,242,420	30.0	+12.4	376,044	2.2	+14.8	5.1
1930	18,879,611	+8.0	7,652,662	40.5	+4.2	5,594,406	29.6	+6.7	448,580	2.4	+19.3	5.9
1931	20,159,940	+6.8	7,738,796	38.4	+1.1	5,735,100	28.4	+2.5	568,914	2.8	+26.8	7.4
1932	20,754,112	+2.9	7,415,859	35.7	−4.2	5,559,612	26.8	−3.1	822,070	4.0	+44.5	11.1
1933	20,895,726	+0.7	6,776,484	32.4	−8.6	5,147,244	24.6	−7.4	1,196,489	5.7	+45.5	17.7
1934	21,843,794	+4.5	5,973,185	27.3	−11.9	4,681,999	21.4	−9.0	1,614,256	7.4	+34.9	27.0
1935	23,216,496	+6.3	5,375,780	23.2	−10.0	4,304,106	18.5	−8.1	1,899,806	8.2	+17.7	35.3
1936	24,874,316	+7.1	5,111,174	20.5	−4.9	4,169,682	16.8	−3.1	2,053,126	8.3	+8.1	40.2
1937	[2]26,350,000	+5.9	5,091,874	19.3	−0.4	4,220,216	16.0	+1.2	2,137,249	8.1	+4.1	42.0

Year	Cash			U. S. Government bonds			Other government bonds			All other stocks and bonds		
	Amount	Percent of total assets	Percent change	Amount	Percent of total assets	Percent change	Amount	Percent of total assets	Percent change	Amount	Percent of total assets	Percent change
1906	$66,117	2.3		$2,953	0.1		$194,170	6.6		$1,264,213	43.2	
1911	66,798	1.6		999	0.0		281,311	6.8		1,645,641	39.5	
1921	93,889	1.2		848,094	10.7		651,666	8.2		2,166,187	27.3	
1928	122,741	0.8		425,842	2.7		854,397	5.4		4,757,044	29.8	
1929	128,145	0.7	+4.4	344,401	2.0	−19.1	1,034,603	5.9	+21.1	5,132,107	29.4	+7.9
1930	137,632	0.7	+7.4	331,148	1.8	−3.8	1,117,295	5.9	+8.0	5,639,717	29.9	+9.9
1931	163,094	0.8	+18.5	388,079	1.9	+17.2	1,275,318	6.3	+14.1	5,903,637	29.3	+4.7
1932	317,538	1.5	+94.7	459,704	2.2	+18.5	1,323,490	6.4	+3.8	5,829,207	28.1	−1.3
1933	451,975	2.2	+42.3	873,859	4.2	+90.1	1,373,894	6.6	+3.8	5,751,131	27.5	−1.3
1934	605,947	2.8	+34.1	1,887,959	8.6	+116.0	1,597,655	7.3	+16.3	5,976,680	27.4	+3.9
1935	827,436	3.6	+36.6	2,955,924	12.7	+56.6	1,794,635	7.7	+12.3	6,336,246	27.3	+6.0
1936	853,687	3.4	+3.2	4,011,730	16.1	+35.7	1,942,684	7.8	+8.2	6,972,520	28.0	+10.0
1937	679,040	2.6	−20.5	4,798,335	18.2	+19.6	2,104,838	8.0	+8.3	7,756,123	29.4	+11.2

[1] Includes branch and home office properties amounting to approximately 1 percent of total assets.
[2] Estimated by the Association of Life Insurance Presidents.

Table 2.—Estimated investments of life insurance companies in the United States

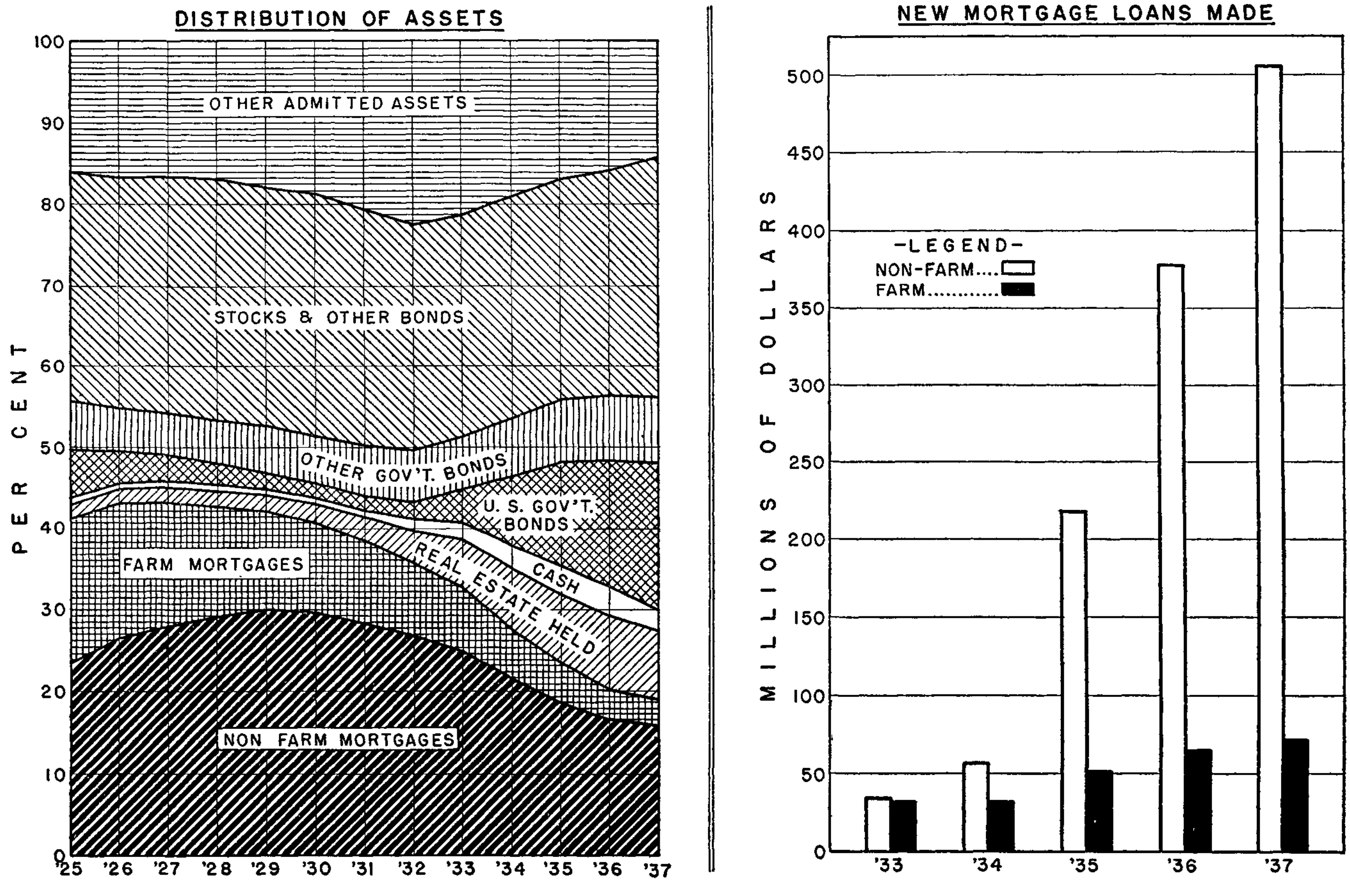
[Source: The Association of Life Insurance Presidents and the Wall Street Journal]

[Amounts are shown in thousands of dollars]

Type of investment	Estimated investments as of Dec. 31, 1937		Estimated new investments					
	Amount	Percent of total	Amount			Percent of total		
			1937	1936	1934	1937	1936	1934
Nonfarm mortgages	$4, 220, 216	21. 4	$504, 929	$377, 650	$55, 217	15. 1	9. 9	2. 6
Farm mortgages	871, 658	4. 4	72, 255	64, 664	32, 574	2. 2	1. 7	1. 6
Total mortgages	5, 091, 874	25. 8	577, 184	442, 314	87, 791	17. 3	11. 6	4. 2
U. S. Government bonds	4, 798, 335	24. 3	1, 147, 900	1, 564, 730	1, 222, 952	34. 4	41. 1	58. 9
Other government bonds	2, 104, 838	10. 7	271, 056	303, 250	369, 357	8. 1	7. 9	17. 8
Stocks and other bonds	7, 756, 123	39. 2	1, 341, 331	1, 499, 683	396, 844	40. 2	39. 4	19. 1
Total investments	19, 751, 170	100. 0	3, 337, 471	3, 809, 977	2, 076, 944	100. 0	100. 0	100. 0

ESTIMATED ASSETS AND NEW MORTGAGE LOANS MADE EACH YEAR BY ALL LIFE INSURANCE COMPANIES IN THE UNITED STATES

(Based on Reports of Leading Life Insurance Companies Having Approximately 90% of Total Assets)



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ NEW YORK CITY continues to distort the residential building picture. Last month we stated that a new building code went into effect in that city on January 1, and that a large number of permits were filed prior to that date to come under the old code. The conditions which held in December were continued and amplified in January as the effective date of the new code (which affects only multifamily building) was moved forward to January 27.

In December 1937 and January 1938, 32,514 building permits were filed in New York City alone, as compared with 28,626 units in that city for the first 11 months of 1937. Because the building permits are effective in New York for one year, it is probable that a large number of those filed in December and January will cover much of the building during the coming year.

It is interesting to compare this possible lag with the normal lag between the date of permit issuance and actual building. The Bureau of Labor Statistics of the Department of Labor made a study covering the year 1931 which shows that nearly all of the building permits issued result in the start of actual construction within a month, that 90 percent are completed within three months, and that 3 percent of permits never materialize.

The increase between December and January in the number of permits issued for the country as a whole was entirely in 3- or more-family dwelling units. One-family and 2-family units declined between these two months. The multifamily units

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1926=100

Source:- 1. Federal Home Loan Bank Board (County Reports)
2. U. S. Dept. of Labor (Converted to 1926 Base)
3. Federal Home Loan Bank Board (U. S. Dept. of Labor Records)

authorized rose from 7,503 to 21,610, while 1-family units dropped from 6,444 to 6,255 and 2-family units from 1,386 to 1,110. Dwellings with business properties attached, constituting a negligible proportion of the total, rose from 34 to 42 units. All this building was by private enterprise as no public units were authorized in either December or January.

[1926=100]

	Jan. 1938	Dec. 1937	Percent change	Jan. 1937	Percent change
Residential construction [1]	86.2	42.6	+102.3	29.8	+189.3
Foreclosures (metro. cities)	170.0	182.0	−6.6	221.0	−23.1
Rental market (N. I. C. B.)	87.0	87.5	−0.6	81.1	+7.3
Rentals (Labor Department)		69.0		[2] 65.1	
Building material prices	91.8	92.5	−0.8	91.3	+0.5
Manufacturing employment	81.4	87.5	−7.0	95.3	−14.6
Manufacturing pay rolls	68.6	78.0	−12.1	87.4	−21.5
Average wage per employee	84.3	89.1	−5.4	91.7	−8.1

[1] Corrected for normal seasonal variations.
[2] As of Dec. 31, 1936.

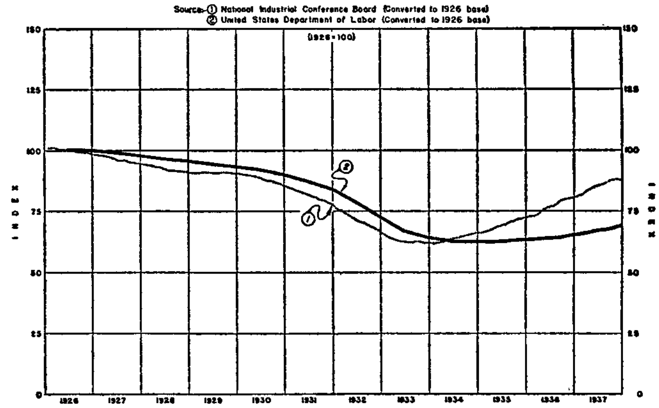
The index of residential building, which is adjusted for seasonal fluctuations (having the effect of amplifying the unusual January conditions) rose to 86.2 as compared with a 1926 level of 100. That is slightly higher than the average month of 1927.

Excluding the New York District from the picture, the volume of building, as measured by building permits, increased in seven Districts between December and January. In view of usual seasonal declines between these two months, this is a favorable showing. However, as Table 2 shows, in seven of the Bank Districts less building took place in January 1938 than in January 1937.

December-January fluctuations of factors affecting residential building and mortgage financing remain

FLUCTUATIONS IN RESIDENTIAL RENTALS

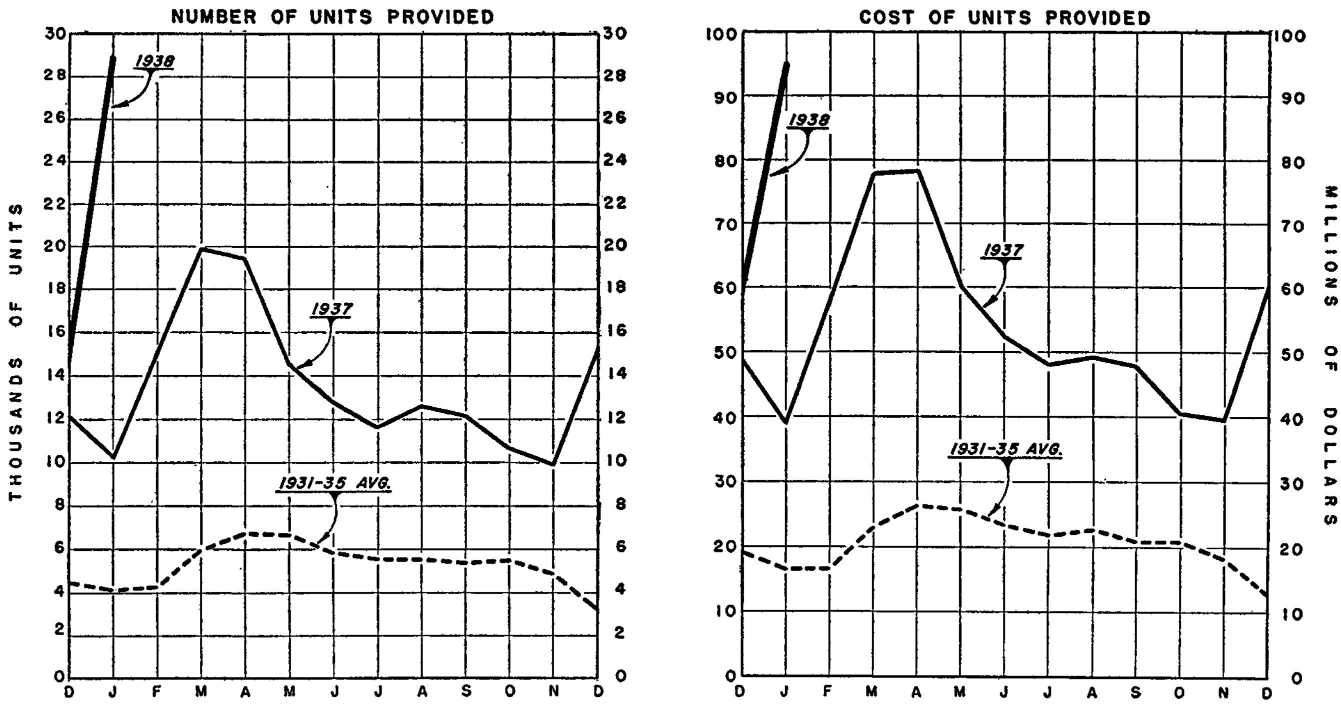
Source—(1) National Industrial Conference Board (Converted to 1926 base)
(2) United States Department of Labor (Converted to 1926 base)



comparatively stationary with the exception of manufacturing employment and pay rolls. Employment dropped from 87.5 to 81.4 percent of the 1926 base of 100, and pay rolls dropped from 78.0 to 68.6 percent of the same base. Pay rolls are 21.5 percent below the January 1937 level.

ESTIMATED NUMBER AND COST OF FAMILY DWELLING UNITS PROVIDED IN ALL CITIES OF 10,000 OR MORE POPULATION

(Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Dept. of Labor)



Wholesale building material prices fell off slightly, as did the Federal Home Loan Bank Board's building cost index. Rentals paid on newly rented properties, as shown by the National Industrial Conference Board's index, declined one-half of 1 percent. Last reports for the Labor Department's index of rentals on occupied properties, which is collected quarterly, showed a slight increase. The relation of these two indexes is shown on the facing single column chart.

Ever since 1934 the N. I. C. B. market rental index has been above the Department of Labor's occupied rental index, and although both have been increasing, the rate of increase of the former has been much greater than of the latter. The slight turn downward of the N. I. C. B. market rental index may be a reflection of the drop in industrial production and the attendant drop of employment. This index in January was still 13 percent below the 1926 level.

In January the index of real estate foreclosures in metropolitan communities was 170 as compared with 182 for the previous month. This decrease of 6.5 percent was substantially more than the 5-year average drop of 2 percent between these two months. There was some concentration of increases over the preceding month in the States of Ohio and Indiana and in the far western States. Otherwise, rises and recessions were scattered.

The January index stood 40.8 percent below the level of January 1937, when the figure was 287. Of the 82 communities reporting in January, 32 showed increases in foreclosures from December while 50 indicated decreases, and 1, no change.

Rate of Building

The entire picture of the rate of building (the number of privately-financed family dwelling units provided per 100,000 population) is distorted because of the activity in New York City. As is shown on the accompanying chart, in District 2 where New York City is located, 170 dwelling units were authorized for each 100,000 population. That is, in one month, one new dwelling was authorized for about every 150 families. As has already been explained, this unusual number will probably cause an unfavorable reaction in the months which follow.

The rest of the country, although overshadowed by District 2, has shown some favorable changes in the rate of building. The rate increased in seven other Federal Home Loan Bank Districts between December and January. In Los Angeles the rate rose from 34 to 44 dwelling units per 100,000 population. In Little Rock it rose from 23 to 33, and in Winston-Salem from 16 to 22.

However, the January 1938 rate was below the January 1937 rate in seven Districts, Los Angeles and Winston-Salem being among them.

Indexes of Small-House Building Costs

[*Table 3*]

FROM scattered and sporadic beginnings early in the fall of 1937 the cost of construction has now turned definitely downward. Reports from 23 cities for the February building cost index clearly show this. Whereas in the earlier reports declines were scattered geographically and were intermixed with considerable increases in some areas, the February reports, in comparison with November for the same cities, were downward in all except seven cities. Only three of those seven showed increases of more than 1 percent and one reported no change. It is particularly significant that February building costs in four cities were *below* costs in these cities for February 1937 and in one city, Little Rock, were below costs in February 1936.

Cities in which declines were reported cover two District areas. One begins in Philadelphia and runs diagonally across the country to Texas. The other is in Reno, Nevada, and California (with the exception of Los Angeles where costs rose slightly and where the total cost was already below that of other California cities).

The greatest decline was in Nashville, Tennessee, where the standard house cost 6.1 percent less in February than in November, due to both materials and labor. It is significant that the resulting total cost of $5,144 was *lower* than the cost in this city for February 1937, but still about $100 higher than for February 1936.

In Columbus, Ohio, a 5.6-percent drop (due to both materials and labor) resulted in a total cost of $5,791 which also was below the cost a year before. Although the third largest decline was reported for Harrisburg, costs in February were still above the previous year. The decline of 5.2 percent was due principally to labor.

In Jackson, Mississippi, a 2.2-percent increase was reported as being principally due to material prices. This rise counteracts a comparable decline between August and November, putting the total cost back to $6,115.

On the other hand, in Wilmington, Delaware, labor was responsible for the rise, as material costs declined somewhat. Costs in Wilmington have been increasing since November 1936. The total cost in February 1938 was $5,914—a thousand dollars below some of the reporting cities.

New Orleans costs have been increasing ever since May 1936—shortly after the establishment of the index. The latest rise from November to February was 2.2 percent and was due to both materials and labor. For the latter month the total cost was $6,340.

Monthly Lending Activity of Savings and Loan Associations

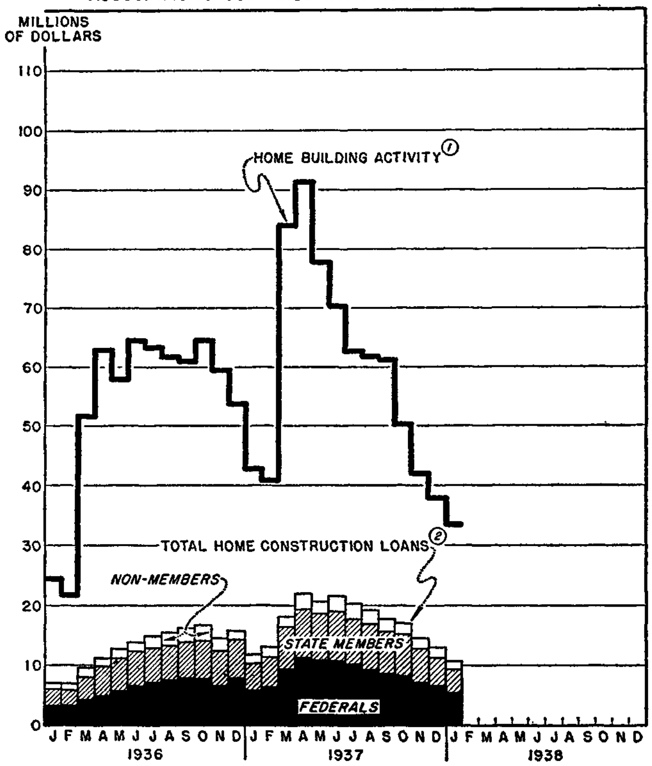
[*Tables 4, 5, 6, and 7*]

■ FOR the seventh consecutive month, as the accompanying chart makes clear, the estimated volume of loans by all savings and loan associations declined. During January, new loans amounted to 19 percent less than during December, and 7 percent less than during January 1937. For the country as a whole, every type of association showed a decrease in new lending activity as compared either with the preceding month, or with January 1937. It is estimated that $41,142,000 was loaned by all savings and loan associations during January 1938, in comparison with $50,490,000 in December 1937, and $44,414,000 in January 1937. The January 1938 total is the lowest monthly volume estimated to have been made since February 1936.

The Los Angeles Federal Home Loan Bank District was the only one of the 12 to show an increase in estimated total new loans in January, with a volume of 11 percent above the December level. The New York, Little Rock, and Topeka Bank Districts were the only ones to record increases in new loans made during January 1938 over January 1937.

All types of loans dcreased in dollar volume during January in comparison with December totals. Although the amount of new construction loans was the smallest for any month since March 1936, and reflects the continued decline in home building activity shown on the chart, the decline in volume of construction loans from December 1937 to January 1938 was only 17 percent, as compared with a 25-percent decline from December 1936 to January 1937.

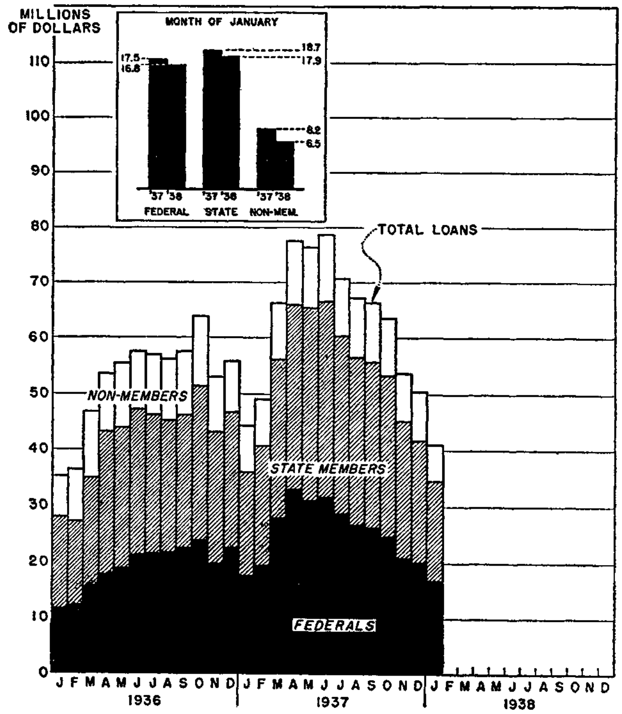
HOME CONSTRUCTION LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS COMPARED WITH HOME BUILDING ACTIVITY



① Estimated cost of all 1 and 2 family dwellings privately financed in all cities of 2,500 or more population. Based on building permits reported to U. S. Dept. of Labor.

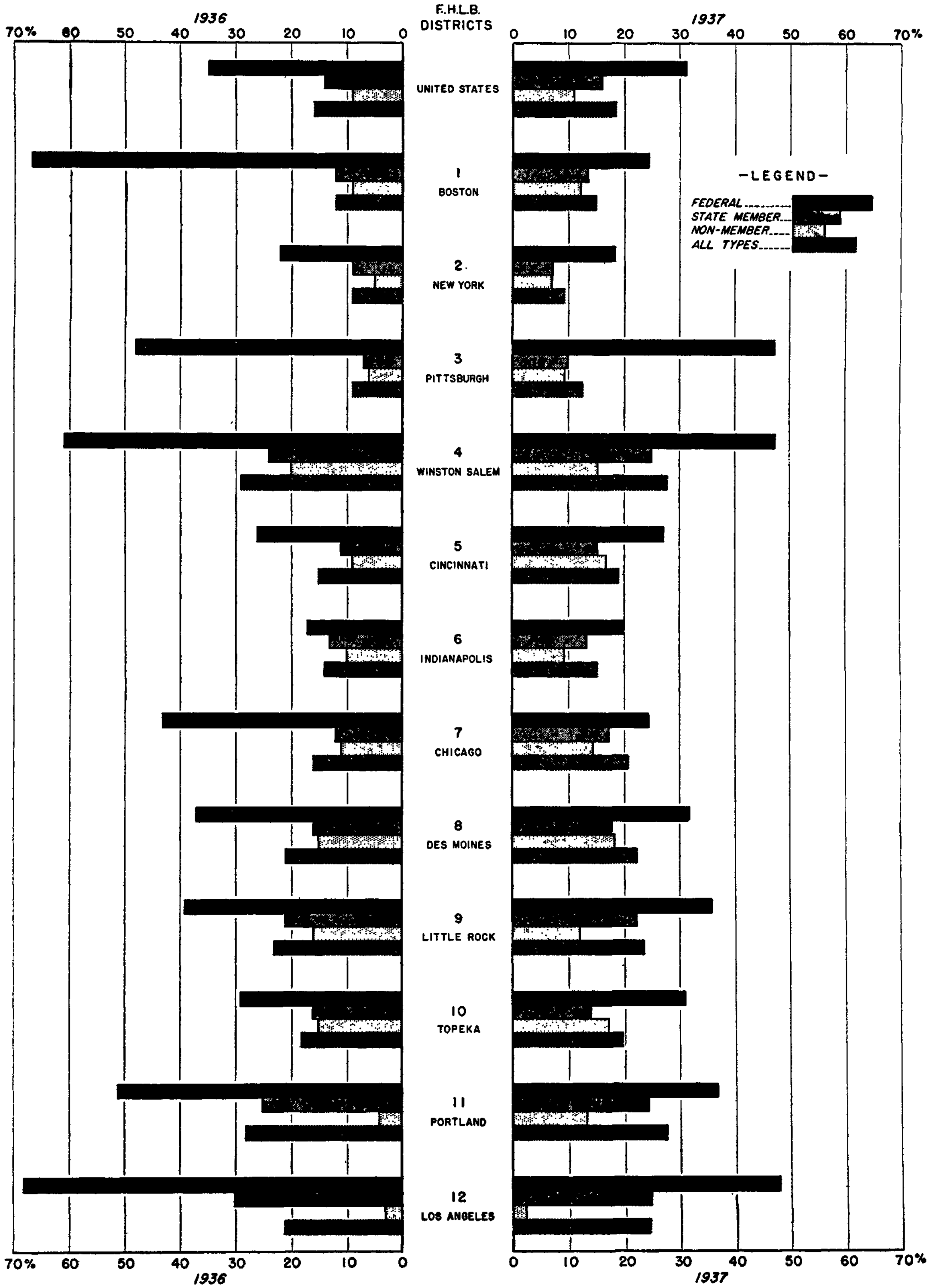
② Estimated for all active associations by Federal Home Loan Bank Board.

TOTAL LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS
UNITED STATES-BY MONTHS



LENDING ACTIVITY OF SAVINGS AND LOAN ASSOCIATIONS AS A PERCENT OF TOTAL ASSETS*

BY TYPE OF ASSOCIATION - 1936 COMPARED WITH 1937



*Based on Assets as of June 30

48730—38——3

In the distribution of loans by purpose during January, a significant increase in refinancing loans appeared. During the entire year 1937 refinancing loans constituted 21 percent of the total amount of loans made by savings and loan associations. In December 1937 refinancing loans accounted for 22.5 percent of the total and in January 1938 had increased to 24.4 percent. The ratio of new construction loans showed little variation from December but home purchase loans, which averaged 35 percent of total loans during 1937 and in December 1937 stood at 32.4 percent, had declined further during January to 29.2 percent.

There was little change in the ratio of lending by different types of associations during January except that Federal associations increased their proportion of the total by 1 percent to 41 percent, while nonmember associations dropped 1 percent to 16 percent of the total. State member associations remained unchanged at 43 percent.

The chart on page 211 shows the increase during 1937 in the lending activity of savings and loan associations as related to mid-year assets. For the United States as a whole the lending activity rate increased to 18 percent in 1937 as compared with 16 percent in 1936. Nine Bank Districts reported increases in the lending activity rate during 1937 while in two Districts the rate remained unchanged, and in one District it decreased slightly.

Analysis by type of institution indicates that declines in the rate of activity of Federal associations were experienced in nine of the Districts, while lending activity rates for State members and for nonmembers each indicated significant declines in only two Districts. The slackening in the rate of lending activity by Federal associations is due to the rapid rise in assets which overshadowed the increases reported in lending activity. In each of the 12 Federal Home Loan Bank Districts, Federal associations reported increases in the total dollar volume of loans made in 1937 as compared with 1936. For the country as a whole, new loans by Federal savings and loan associations amounted to 35 percent of mid-year assets in 1936 and to 31 percent of mid-year assets in 1937. For State members the 1936 lending activity rate was 14 percent and in 1937, 16 percent. For nonmembers the 1936 lending activity rate was 9 percent and in 1937, 11 percent.

Federal Savings and Loan System

[*Table 11*]

■ OUT of every dollar loaned by Federal savings and loan associations a far smaller proportion went for refinancing in 1937 than four years ago. The place of refinancing in the average dollar loaned has gradually been taken by home purchase and new construction loans. This gradual shift in the purposes for which Federal mortgage loans have been made is shown in the facing chart.

In 1934, 52 percent of the average dollar went for refinancing; during the last six months of 1937 only 21 percent went for this purpose. Likewise, in 1934 construction and home purchase loans represented 18 and 12 percent, respectively; in the last six months of 1937 these two purposes had grown to 34 percent and 31 percent. Loans for repairs and reconditioning and for other purposes showed relatively smaller fluctuations during this period. This trend away from refinancing loans seems a healthy development in the growth of the Federal System.

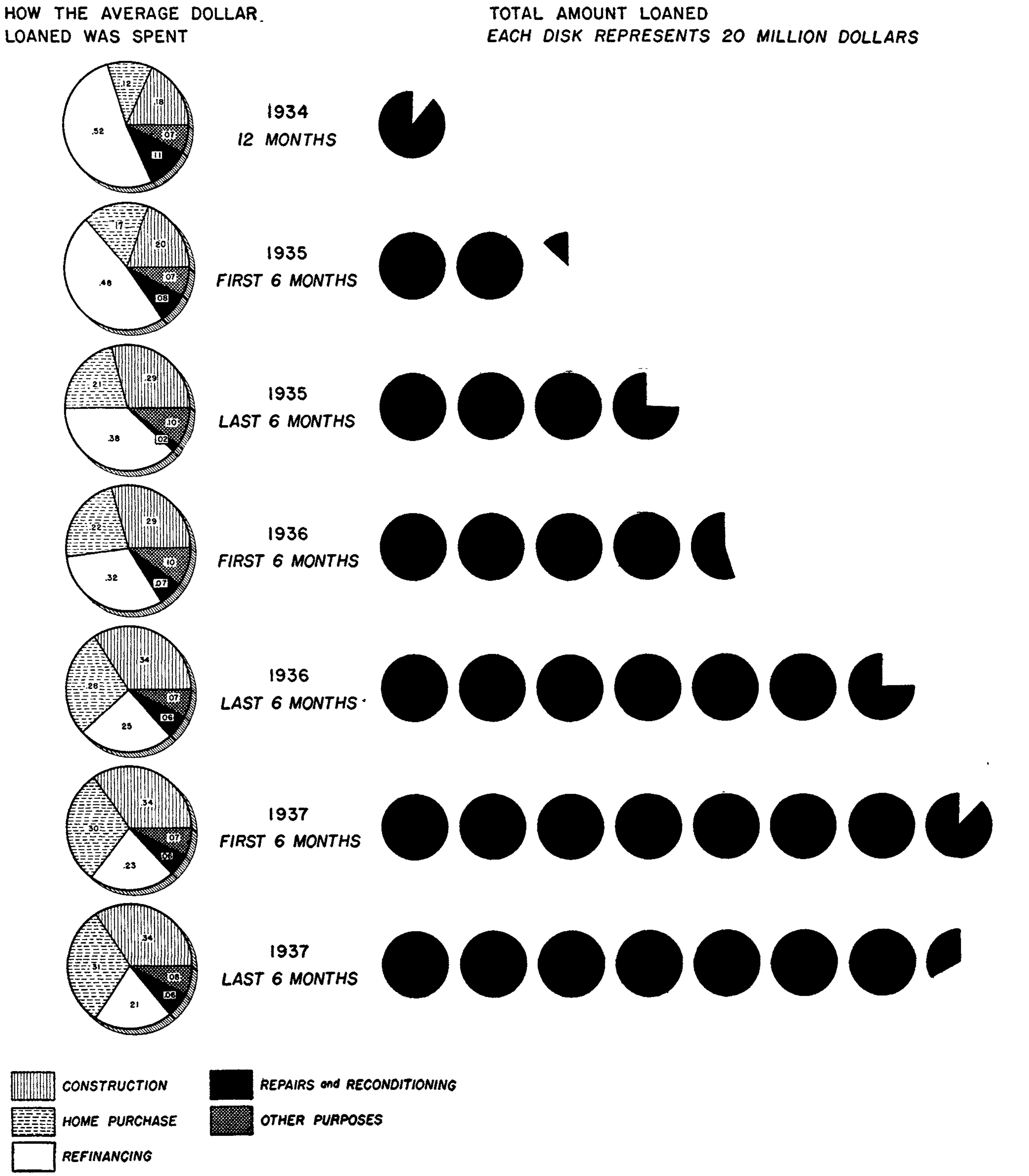
The year-end flurry of investments and repurchases reveals a very significant fact about the position of Federal savings and loan associations in the investment field.

In January many investors withdraw for the purpose of reinvestment; they have waited for dividend payments before doing so. Consequently, the change in private share accounts during this period is a good indication of the public favor in which the institution is held. On this basis, the showing of the reporting Federals was an exceptionally good one. They report a *net* increase of 34,799 share accounts. That is, each association had about 35 more accounts at the end of January than at the end of December. In view of 19 million dollars of repurchases, the actual number of new accounts opened must have been much greater.

Dividend payments to share accounts and the cash needs of shareholders at the end of the year also contributed to the fluctuations. Repurchases were four times as heavy in January as in December while investments increased twofold. In the later months repurchases were 58 percent of investments.

For the first time since June 1936 the assets of reporting Federal savings and loan associations declined between two consecutive months. This

SUMMARY OF LOANS MADE BY REPORTING FEDERAL SAVINGS AND LOAN ASSOCIATIONS 1934-1937



decline was slight, amounting to 0.3 percent, and resulted from book adjustments at the end of the year. The charge-off of accumulated expenses against income and of losses against reserves together with dividend payments tended to produce a net asset figure in January as against a gross figure in December.

The monthly volume of mortgage lending by reporting Federal associations has been declining steadily since the May-June period. The last increase in June was only 0.3 percent; the amount for 1,166 associations was $29,822,500 as compared to $15,841,600 for 1,198 associations in January—a decline of 47 percent.

In January the 1,198 Federals made 32.6 percent of their loans for new construction—the same percentage as in December. Of the remainder, 26.7 percent was for home purchase, 24.8 percent for refinancing, 6.1 percent for reconditioning, and 9.8 percent for other purposes.

Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	Dec. 31, 1937	Jan. 31, 1938	Dec. 31, 1937	Jan. 31, 1938
New	646	645	$242, 558, 783	$270, 674, 572
Converted	682	687	828, 707, 156	856, 489, 655
Total	1, 328	1, 332	1, 071, 265, 939	1, 127, 164, 227

During January six State-chartered associations converted to the Federal charter, and there was a merger of two other converted associations. The consequent net increase of five associations made a total of 687 converted Federal associations. One merger among the newly organized Federals decreased the total to 645. On January 31, 1938 there were 1,332 such associations with approximately $1,071,265,939 in assets.

Federal Savings and Loan Insurance Corporation

[*Tables 9 and 10*]

REPORTS of monthly operations for December and January from 355 identical insured State-chartered savings and loan associations reflect year-end adjustments, seasonal declines, and general business developments. It is difficult to dissociate these factors in analyzing the fluctuations between these two months.

Private share investments were principally affected by year-end dividend declarations. However, the crediting of dividends to share accounts could not account for all of the 99.7-percent rise in monthly share investments. The net increase of 2,321 new private share accounts indicates that new money invested in these associations was also a contributing factor. But the net position of share accounts at the end of January was little better than at the end of December because of heavy repurchases. Whereas December repurchases were only 70 percent of investments, in January they were 99 percent. Heavy repurchases commonly follow the declaration of dividends.

This is the fourth reporting period that total monthly mortgage lending has declined from the preceding month. Such continuous declines have been sufficient to reduce materially the activity of these associations. In September, 342 reporting associations loaned $8,095,000; in January, 355 associations loaned only $4,547,800. In view of the increase in the number reporting, it may be fairly said that their activity has been cut in half.

There were only very slight shifts in the proportion of loans made for different purposes between December and January. New construction and home purchase made up a slightly smaller part of the total in the latter month while loans for reconditioning increased. The proportions in January were as follows: new construction, 23.5 percent of the total; home purchase, 31.1 percent; refinancing, 21.8 percent; reconditioning, 8.6 percent; and other purposes, 15.0 percent. Mortgage loans outstanding remained almost stationary during January.

The decline in the combined assets of these associations during January may be attributed to the same factors which caused a decline in assets of reporting Federal associations. It does not represent an actual shrinkage in the size of the associations, but an adjustment of accounts. The charge-off of expenses and losses at the end of the year and the payment of dividends might be termed an adjustment of the growth which had taken place during the preceding six months. A similar decline was recorded between December 1936 and January 1937.

During the month of January the number of insured associations increased to 1,903, with assets of $1,552,992,581 and 1,637,415 shareholders. This represents an increase of over $27,000,000 in assets, and of more than 38,000 in the number of shareholders since December. Seventeen additional State-chartered associations and seven associations which had converted to Federal charter were insured in January. The number of insured new Federal associations decreased by one, as the result of two mergers of existing associations, and the insurance of one new Federal. On January 31, 1938, the 1,903 insured associations comprised 583 State-chartered, 676 converted Federal associations, and 644 new Federal associations.

Federal Home Loan Bank System

[*Tables 12 and 13*]

■ DURING January, the 12 Federal Home Loan Banks advanced $3,722,000 to member institutions and received repayments of $13,280,000. The steady rise of nearly $59,000,000 since February 1937 in the balance of advances outstanding was broken. Advances outstanding dropped from the all-time high of $200,095,000 at the end of December to $190,538,-000 at the end of January.

This decrease was due to two factors. First, advances in January amounted to only a little more than half the amount of advances made in January 1937, and were far below the $17,590,000 figure for advances in December. Second, the volume of repayments was the largest for any one month since the beginning of lending operations, and exceeded repayments for January 1937 by more than $5,000,000.

Declines were common to all Federal Home Loan Bank Districts. No Bank made advances which even approached closely its December total. The Pittsburgh Bank made the best comparative showing with January advances amounting to 53 percent of the December total of advances. The Topeka Bank was the only one which made advances during the month of January in an amount which exceeded repayments, and thus increased its balance of advances outstanding.

Although it is a normal seasonal trend for advances in January to be less in amount than advances for the preceding month of December, nevertheless it is noteworthy new advances in January 1938 were $13,868,-000 less than advances in December 1937. The comparison of the previous year-end figures shows that in January 1937 advances were only $6,903,000 less than in December 1936.

During the month of January, a net increase in three members brought total membership of the Federal Home Loan Bank System to 3,935.

Housing Act

(*Continued from p. 198*)

associations need only to make application to the Board for such lending privilege. The association may lend in excess of 75 percent of the appraised value of the home property securing the loan, however, only when the members of the Federal association have so authorized.

When the Federal association has obtained acknowledgment of receipt by the Board of its application, the association may make any first mortgage loans approved for insurance protection by the Federal Housing Administrator under the provisions of Title I or Title II of the National Housing Act, as amended. The limitations of the Rules and Regulations for Federal Savings and Loan Associations and of its charter as to loans made under any other loan plan shall not apply to loans insured by the Federal Housing Administrator, except that the provisions covering limitations of amount and lending area of Section 5 (c) of the Home Owners' Loan Act shall apply.

Another resolution, also effective immediately, was adopted by the Board to establish the powers of Federal savings and loan associations to sell and service loans. By amendment of subsection (d) of Section 42 of the Rules and Regulations for Federal associations, it is now provided that no association shall sell loans in an amount during any calendar year in excess of 25 percent of the total amount of loans originated during that period. A Federal savings and loan association may not commit itself to service loans not held by it unless the loans were originated by the association. In no event may a Federal association commit itself to service loans in an aggregate amount in excess of its share capital on the last day of the month next preceding any service commitment. The limitation upon the sale of loans may be adjusted in the case of any Federal association upon application to and approval by the Board. The limitation upon the sale of loans may be waived by the President of the Federal Home Loan Bank of which the association is a member when a Federal association requires cash for purposes other than for the making of loans.

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[1]

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

	Number of family units provided					Total cost of units (thousands of dollars)				
	Monthly totals			Yearly totals		Monthly totals			Yearly totals	
	January 1938	December 1937	January 1937	1937	1936	January 1938	December 1937	January 1937	1937	1936
1-family dwellings	6, 255	6, 444	6, 584	108, 601	97, 673	$22, 701. 9	$24, 252. 5	$28, 979. 1	$465, 223. 4	$420, 812. 2
2-family dwellings	1, 110	1, 386	670	10, 126	7, 648	2, 579. 7	4, 630. 0	1, 605. 3	28, 280. 2	20, 979. 8
Joint home and business[2]	42	34	87	1, 031	868	119. 6	120. 2	305. 8	3, 692. 0	3, 078. 5
3- and more-family dwellings	21, 610	7, 503	2, 885	48, 275	54, 400	69, 975. 5	31, 400. 8	8, 319. 4	171, 977. 9	199, 975. 3
Total residential	29, 017	15, 367	10, 226	168, 033	160, 589	95, 376. 7	60, 403. 5	39, 209. 6	669, 173. 5	644, 845. 8
Private housing	29, 017	15, 367	10, 195	164, 422	144, 311	95, 376. 7	60, 189. 6	39, 097. 0	652, 590. 4	560, 920. 5
Public housing[3]	0	0	31	3, 611	16, 278	0	213. 9	112. 6	16, 583. 1	83, 925. 3

[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.
[3] Includes only Government-financed low-cost housing project units as reported by U. S. Department of Labor.

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in January 1938, 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]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	January 1938	January 1937	January 1938	January 1937	January 1938	January 1937	January 1938	January 1937
UNITED STATES	29, 017	10, 036	$95, 376. 7	$38, 417. 7	7, 407	7, 176	$25, 401. 2	$30, 150. 8
No. 1—Boston	266	686	1, 194. 4	3, 221. 6	242	513	1, 133. 2	2, 773. 6
Connecticut	58	114	265. 7	654. 0	55	114	258. 5	654. 0
Maine	10	24	36. 9	61. 5	10	16	36. 9	47. 5
Massachusetts	170	479	772. 5	2, 265. 5	149	317	718. 5	1, 838. 5
New Hampshire	6	15	19. 3	43. 7	6	15	19. 3	43. 7
Rhode Island	22	54	100. 0	196. 9	22	51	100. 0	189. 9
Vermont	0	0	0. 0	0. 0	0	0	0. 0	0. 0
No. 2—New York	23, 018	2, 682	76, 026. 3	9, 791. 2	2, 337	926	8, 513. 7	4, 408. 2
New Jersey	113	187	517. 6	1, 277. 6	81	176	443. 6	1, 234. 6
New York	22, 905	2, 495	75, 508. 7	8, 513. 6	2, 256	750	8, 070. 1	3, 173. 6
No. 3—Pittsburgh	190	454	1, 085. 5	2, 230. 7	178	406	1, 055. 5	2, 105. 6
Delaware	0	16	0. 0	111. 4	0	16	0. 0	111. 4
Pennsylvania	144	399	930. 4	1, 933. 3	136	362	905. 4	1, 859. 9
West Virginia	46	39	155. 1	186. 0	42	28	150. 1	134. 3

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in January 1938, by Federal Home Loan Bank Districts and by States—Contd.

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	January 1938	January 1937	January 1938	January 1937	January 1938	January 1937	January 1938	January 1937
No. 4—Winston-Salem	1, 151	1, 466	$3, 399. 8	$4, 444. 2	859	1, 094	$2, 603. 6	$3, 632. 4
Alabama	106	85	159. 2	134. 5	102	85	149. 9	134. 5
District of Columbia	233	404	830. 3	1, 321. 8	63	96	422. 8	629. 7
Florida	266	422	824. 1	1, 334. 5	247	403	783. 4	1, 298. 8
Georgia	92	90	204. 8	211. 4	88	90	197. 3	211. 4
Maryland	61	154	190. 8	528. 4	61	154	190. 8	528. 4
North Carolina	236	136	669. 5	398. 2	149	128	345. 0	387. 6
South Carolina	64	63	152. 9	131. 1	60	44	147. 9	102. 5
Virginia	93	112	368. 2	384. 3	89	94	366. 5	339. 5
No. 5—Cincinnati	316	379	1, 208. 2	1, 987. 6	260	347	1, 023. 2	1, 871. 1
Kentucky [1]	50	25	102. 2	100. 0	40	25	77. 2	100. 0
Ohio	211	263	981. 1	1, 675. 5	165	235	821. 1	1, 564. 4
Tennessee	55	91	124. 9	212. 1	55	87	124. 9	206. 7
No. 6—Indianapolis	230	495	1, 027. 5	2, 708. 2	230	492	1, 027. 5	2, 706. 8
Indiana	71	69	238. 5	290. 0	71	66	238. 5	288. 6
Michigan	159	426	789. 0	2, 418. 2	159	426	789. 0	2, 418. 2
No. 7—Chicago	106	307	545. 8	1, 792. 6	106	250	545. 8	1, 594. 9
Illinois	86	228	438. 1	1, 446. 7	86	184	438. 1	1, 275. 6
Wisconsin	20	79	107. 7	345. 9	20	66	107. 7	319. 3
No. 8—Des Moines	198	183	661. 2	774. 2	186	168	643. 2	721. 4
Iowa	28	27	93. 8	153. 2	28	27	93. 8	153. 2
Minnesota	73	59	263. 7	255. 2	73	44	263. 7	202. 4
Missouri	92	94	294. 2	359. 7	80	94	276. 2	359. 7
North Dakota	3	0	5. 5	0. 0	3	0	5. 5	0. 0
South Dakota	2	3	4. 0	6. 1	2	3	4. 0	6. 1
No. 9—Little Rock	1, 105	827	2, 543. 3	2, 014. 4	1, 069	795	2, 466. 0	1, 925. 8
Arkansas	27	16	68. 8	47. 9	27	16	68. 8	47. 9
Louisiana	91	127	227. 0	420. 3	91	127	227. 0	420. 3
Mississippi	69	126	106. 1	124. 7	65	119	103. 5	116. 1
New Mexico	26	32	53. 8	92. 4	26	32	53. 8	92. 4
Texas	892	526	2, 087. 6	1, 329. 1	860	501	2, 012. 9	1, 249. 1
No. 10—Topeka	308	197	884. 9	756. 8	231	193	689. 6	747. 8
Colorado	42	39	172. 2	158. 4	33	39	149. 2	158. 4
Kansas	42	33	107. 8	116. 6	42	29	107. 8	107. 6
Nebraska	11	5	39. 9	38. 0	11	5	39. 9	38. 0
Oklahoma	213	120	565. 0	443. 8	145	120	392. 7	443. 8
No. 11—Portland	247	153	667. 4	531. 3	201	142	615. 0	517. 3
Idaho	7	6	14. 8	8. 3	7	3	14. 8	3. 3
Montana	28	2	50. 6	2. 0	12	2	25. 6	2. 0
Oregon	52	74	223. 9	280. 4	52	70	223. 9	274. 4
Utah	13	8	38. 4	20. 9	13	8	38. 4	20. 9
Washington	138	59	315. 7	196. 7	112	55	298. 3	193. 7
Wyoming	9	4	24. 0	23. 0	5	4	14. 0	23. 0
No. 12—Los Angeles	1, 882	2, 207	6, 132. 4	8, 164. 9	1, 508	1, 850	5, 084. 9	7, 145. 9
Arizona	33	30	64. 5	102. 8	33	27	64. 5	94. 3
California	1, 842	2, 177	6, 029. 5	8, 062. 1	1, 468	1, 823	4, 982. 0	7, 051. 6
Nevada	7	0	38. 4	0. 0	7	0	38. 4	0. 0

[1] January 1937 estimated for Kentucky.

Table 3.—Cost of building the same standard house in representative cities in specific months [1]

NOTE.—These figures are subject to correction

[Source: Federal Home Loan Bank Board]

	Cubic-foot cost		Total building cost								
	Feb. 1938	Feb. 1937	Feb. 1938	Nov. 1937	Aug. 1937	May 1937	Feb. 1937	Nov. 1936	Aug. 1936	May 1936	Feb. 1936
No. 3—Pittsburgh:											
Delaware:											
Wilmington	$0.246	$0.225	$5,914	$5,811	$5,784	$5,737	$5,406	$5,258	$5,259	$5,290	$5,213
Pennsylvania:											
Harrisburg	.238	.236	5,716	6,031	6,186	6,186	5,668	5,408	5,405	5,439	5,371
Philadelphia	.229	.228	5,508	5,720	5,948	5,944	5,483	5,010	4,929	4,870	4,584
Pittsburgh	.273	.257	6,543	6,715	6,781	6,730	6,179	5,920	5,433	5,405	5,474
West Virginia:											
Charleston	.261	.237	6,260	6,312	6,350	5,857	5,696	5,696	5,564	5,477	5,476
Wheeling		.244		6,836	6,704		5,846	5,763			
No. 5—Cincinnati:											
Kentucky:											
Lexington	.228		5,484	5,635	5,721	5,887		5,223	5,237	5,120	4,993
Louisville	.242		5,811	5,883	6,066	6,111		5,456	5,338	5,326	5,384
Ohio:											
Cincinnati	.271	.244	6,504	6,689	6,711	6,321	5,849	5,748	5,932	5,827	5,809
Cleveland	.276	.263	6,627	6,827	6,981	6,756	6,320	6,213	6,165	6,147	6,028
Columbus	.241	.252	5,791	6,134	6,536	6,352	6,052	5,778	5,850	5,529	5,522
Tennessee:											
Memphis	.233	.228	5,591	5,748	5,752	5,704	5,462	5,092	5,080	5,120	4,841
Nashville	.214	.219	5,144	5,476	5,504	5,421	5,267	5,094	5,096	5,089	5,030
No. 9—Little Rock:											
Arkansas:											
Little Rock	.215	.216	5,164	5,186	5,208	5,285	5,195	5,136	5,202	5,215	5,215
Louisiana:											
New Orleans	.264	.233	6,340	6,204	6,027	5,911	5,601	5,395	5,124	5,075	5,075
Mississippi:											
Jackson	.255	.234	6,115	5,981	6,112	5,849	5,607	5,412	5,365	5,333	5,319
New Mexico:											
Albuquerque	.278	.248	6,680	6,653	6,744	6,358	5,948	5,827	5,779	5,625	5,625
Texas:											
Dallas		.249		6,147	6,147	6,143	5,968	5,641	5,641	5,618	
Houston	.252	.247	6,046	6,047	6,073	6,391	5,935	5,809	5,809	5,933	
San Antonio	.255	.245	6,111	6,250	6,284	6,284	5,884	5,538	5,532	5,532	5,464
No. 12—Los Angeles:											
Arizona:											
Phoenix	.280	.245	6,730	6,706	6,814	6,742	5,885	5,843	6,032	6,112	6,044
California:											
Los Angeles	.245	.242	5,885	5,833	6,001	6,015	5,800	5,489	5,301	5,239	5,316
San Diego	.251	.256	6,024	6,218	6,181	6,141	6,137	5,581	5,361	5,381	5,385
San Francisco	.265	.263	6,363	6,375	6,452	6,407	6,319	6,107	6,039	5,907	
Nevada:											
Reno	.276	.265	6,623	6,677	6,677	6,641	6,360	6,354	6,313	6,324	6,097

[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 lavatory 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 surface, 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.

RATE OF RESIDENTIAL BUILDING IN ALL CITIES OF 10,000 OR MORE POPULATION

REPRESENTS THE ESTIMATED NUMBER OF PRIVATELY FINANCED FAMILY DWELLING UNITS PROVIDED PER 100,000 POPULATION

Source: Federal Home Loan Bank Board. Compiled from Building Permits reported to U.S. Department of Labor.

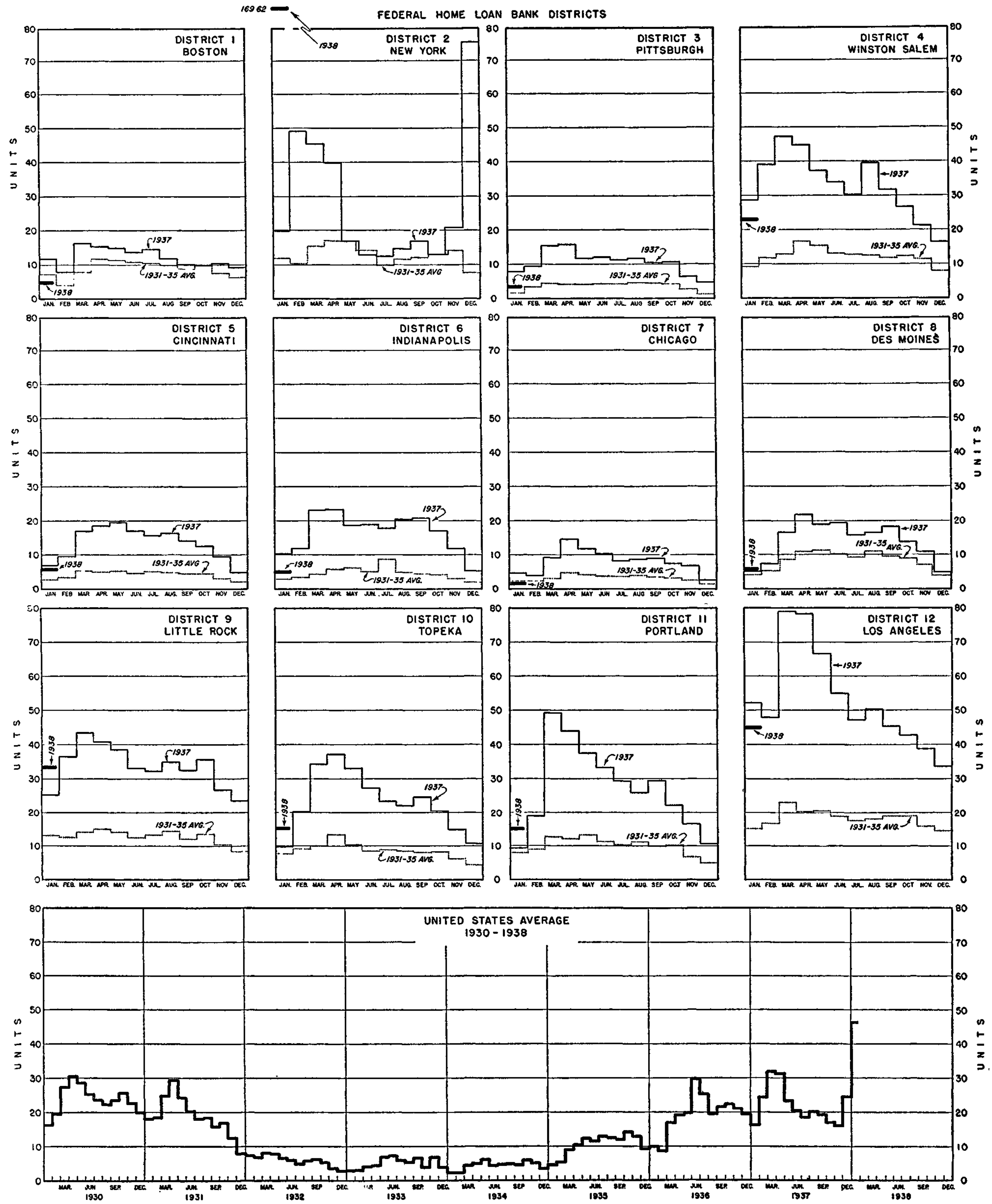


Table 4.—Estimated volume of new loans by all savings and loan associations, classified according to purpose

[Thousands of dollars]

Month	Mortgage loans on homes: Construction	Mortgage loans on homes: Home purchase	Mortgage loans on homes: Refinancing	Mortgage loans on homes: Reconditioning	Loans for all other purposes	Total loans, all purposes
1937	$209, 851	$267, 509	$161, 393	$49, 435	$76, 301	$764, 489
January	11, 884	14, 510	10, 643	2, 583	4, 794	44, 414
February	13, 084	16, 629	11, 405	2, 667	5, 298	49, 083
March	18, 251	22, 007	15, 502	3, 915	6, 501	66, 176
April	22, 098	27, 381	15, 811	4, 949	7, 261	77, 500
May	20, 600	28, 831	15, 113	4, 862	7, 016	76, 422
June	21, 628	28, 696	15, 905	5, 069	7, 369	78, 667
July	20, 283	24, 934	14, 668	4, 472	6, 317	70, 674
August	19, 342	23, 172	14, 382	4, 339	6, 026	67, 261
September	17, 942	24, 277	12, 919	4, 691	6, 582	66, 411
October	17, 114	22, 494	12, 695	4, 527	6, 791	63, 621
November	14, 582	18, 227	11, 000	4, 076	5, 885	53, 770
December	13, 043	16, 351	11, 350	3, 285	6, 461	50, 490
1938						
January	10, 796	14, 904	10, 057	2, 745	5, 640	41, 142

Table 5.—Estimated volume of new loans by all savings and loan associations, classified according to type of association

[Amounts are shown in thousands of dollars]

Month	Volume of loans: Total	Volume of loans: Federal	Volume of loans: State members	Volume of loans: Nonmembers	Percent of total: Federal	Percent of total: State members	Percent of total: Nonmembers
1937	$764, 489	$307, 278	$338, 174	$119, 037	40	44	16
January	44, 414	17, 543	18, 671	8, 200	39	42	19
February	49, 083	19, 360	21, 509	8, 214	39	44	17
March	66, 176	27, 829	28, 325	10, 022	42	43	15
April	77, 500	32, 915	33, 153	11, 432	42	43	15
May	76, 422	30, 998	34, 616	10, 808	41	45	14
June	78, 667	31, 577	35, 221	11, 869	40	45	15
July	70, 674	28, 693	31, 799	10, 182	41	45	16
August	67, 261	26, 768	29, 866	10, 627	40	44	14
September	66, 411	26, 189	29, 673	10, 549	39	45	16
October	63, 621	24, 539	29, 020	10, 062	38	46	16
November	53, 770	20, 829	24, 524	8, 417	39	46	15
December	50, 490	20, 038	21, 797	8, 655	40	43	17
1938							
January	41, 142	16, 781	17, 885	6, 476	41	43	16

Table 6.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans: January 1938	New loans: December 1937	Percent increase, Jan. 1938 over Dec. 1937	New loans, January 1937	Percent increase, Jan. 1938 over Jan. 1937
United States: Total	$41, 142	$50, 490	−19	$44, 414	−7
Federal	16, 781	20, 038	−16	17, 543	−4
State member	17, 885	21, 797	−18	18, 671	−4
Nonmember	6, 476	8, 655	−25	8, 200	−21
District 1: Total	3, 986	5, 075	−21	4, 426	−10
Federal	1, 164	1, 323	−12	1, 113	+5
State member	1, 939	2, 452	−21	1, 818	+7
Nonmember	883	1, 300	−32	1, 495	−41
District 2: Total	3, 447	3, 945	−13	3, 295	+5
Federal	1, 007	1, 405	−28	1, 215	−17
State member	1, 141	1, 494	−24	995	+15
Nonmember	1, 299	1, 046	+24	1, 085	+20
District 3: Total	2, 836	3, 503	−19	3, 177	−11
Federal	731	1, 037	−30	607	+20
State member	1, 127	1, 199	−6	828	+36
Nonmember	978	1, 267	−23	1, 742	−44
District 4: Total	6, 271	7, 091	−12	6, 492	−3
Federal	2, 394	2, 881	−17	2, 492	−4
State member	2, 971	3, 376	−12	3, 090	−4
Nonmember	906	834	+9	910	0
District 5: Total	5, 232	6, 778	−23	6, 270	−17
Federal	2, 808	3, 375	−17	3, 070	−9
State member	2, 272	3, 159	−28	2, 782	−18
Nonmember	152	244	−38	418	−64
District 6: Total	2, 083	2, 570	−19	2, 408	−13
Federal	962	1, 302	−26	1, 157	−17
State member	915	1, 078	−15	1, 051	−13
Nonmember	206	190	+8	200	+3
District 7: Total	3, 696	4, 829	−23	4, 078	−9
Federal	1, 400	1, 861	−25	1, 328	+5
State member	2, 012	2, 372	−15	2, 356	−15
Nonmember	284	596	−52	394	−28
District 8: Total	2, 175	3, 909	−44	2, 493	−13
Federal	971	1, 445	−33	1, 178	−18
State member	719	1, 438	−50	839	−14
Nonmember	485	1, 026	−53	476	+2
District 9: Total	2, 873	3, 501	−18	2, 827	+2
Federal	1, 230	1, 176	+5	986	+25
State member	1, 496	1, 981	−24	1, 482	+1
Nonmember	147	344	−57	359	−59
District 10: Total	2, 663	3, 454	−23	2, 471	+8
Federal	1, 267	1, 310	−3	987	+28
State member	638	879	−27	649	−2
Nonmember	758	1, 265	−40	835	−9
District 11: Total	1, 804	2, 152	−16	1, 930	−7
Federal	992	1, 039	−5	1, 259	−21
State member	512	631	−19	524	−2
Nonmember	300	482	−38	147	+104
District 12: Total	4, 076	3, 683	+11	4, 547	−10
Federal	1, 855	1, 884	−2	2, 151	−14
State member	2, 143	1, 738	+23	2, 257	−5
Nonmember	78	61	+28	139	−44

Table 7.—Monthly lending activity and total assets as reported by 2,619 savings and loan associations in January 1938

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in January according to purpose												Total assets, Jan. 31, 1938 [3]	Total number of savings and loan associations [4]
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans, all purposes			
			Construction		Home purchase [1]		Refinancing and reconditioning [2]								
								Amount							
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount		
UNITED STATES	2,619	2,093	2,708	$8,169.9	3,421	$8,222.3	5,143	$7,218.9	$1,901.0	3,003	$3,856.5	14,275	$29,368.6	$2,723,475.7	9,763
Federal	1,222	1,073	1,672	5,196.1	1,746	4,282.3	2,830	3,949.4	974.5	1,227	1,559.7	7,475	15,962.0	1,062,911.8	1,328
State member	1,016	797	891	2,627.1	1,372	3,294.7	1,982	2,890.4	802.4	1,426	1,966.8	5,671	11,581.4	1,355,570.0	2,565
Nonmember	381	223	145	346.7	303	645.3	331	379.1	124.1	350	330.0	1,129	1,825.2	304,993.9	5,870
No. 1—Boston	161	135	152	603.6	265	853.3	437	638.2	167.3	274	354.4	1,128	2,616.8	324,595.7	366
Connecticut	25	20	42	154.6	23	82.4	57	162.6	8.1	8	14.6	130	422.3	17,434.1	53
Maine	19	15	2	3.3	15	27.4	33	30.1	7.7	30	65.8	80	134.3	10,115.4	42
Massachusetts	95	83	77	343.8	161	549.5	250	337.7	115.9	149	166.6	637	1,513.5	248,516.7	218
New Hampshire	10	9	8	16.2	18	41.8	34	21.3	17.2	37	22.5	97	119.0	11,273.5	30
Rhode Island	7	5	20	77.2	44	143.7	48	61.0	14.4	31	46.4	143	342.7	33,474.6	9
Vermont	5	3	3	8.5	4	8.5	15	25.5	4.0	19	38.5	41	85.0	3,781.4	14
No. 2—New York	270	157	181	612.3	186	677.8	229	453.8	215.3	177	216.9	773	2,176.1	368,241.0	1,787
New Jersey	142	53	14	51.8	46	198.7	51	117.1	17.9	36	52.0	147	437.5	139,001.3	1,498
New York	128	104	167	560.5	140	479.1	178	336.7	197.4	141	164.9	626	1,738.6	229,239.7	289
No. 3—Pittsburgh	224	133	68	202.5	203	484.0	165	290.6	56.3	58	62.7	494	1,096.1	97,090.2	2,521
Delaware	6	5	3	5.3	9	27.1	6	6.0	7.1	6	3.7	24	49.2	5,191.3	43
Pennsylvania	196	108	40	146.1	169	406.9	113	214.9	31.6	42	47.1	364	846.6	79,886.2	2,410
West Virginia	22	20	25	51.1	25	50.0	46	69.7	17.6	10	11.9	106	200.3	12,012.7	68
No. 4—Winston-Salem	267	235	420	1,256.8	381	914.8	681	1,205.2	214.2	372	744.2	1,854	4,335.2	233,143.6	1,044
Alabama	16	16	12	15.6	17	24.4	29	24.3	13.7	17	15.6	75	93.6	5,858.8	42
District of Columbia	11	11	21	195.4	39	166.3	153	517.9	45.4	128	384.1	341	1,309.1	91,428.7	28
Florida	46	39	96	358.6	29	79.9	55	95.8	35.0	41	92.8	221	662.1	29,195.7	101
Georgia	43	39	64	110.9	34	47.6	109	145.3	10.6	43	31.9	250	346.3	15,882.1	63
Maryland	48	38	26	110.9	111	311.8	46	92.1	7.0	13	19.1	196	540.9	25,391.7	450
North Carolina	38	36	92	201.2	82	147.3	152	155.0	50.5	78	131.2	404	685.2	31,521.4	189
South Carolina	39	34	78	162.5	33	62.2	86	91.1	33.7	37	53.1	234	402.6	14,993.6	79
Virginia	26	22	31	101.7	36	75.3	51	83.7	18.3	15	16.4	133	295.4	18,871.6	92
No. 5—Cincinnati	367	302	305	986.7	624	1,634.6	831	1,095.5	315.3	501	508.2	2,261	4,540.3	524,714.0	973
Kentucky	52	41	43	132.2	88	211.5	138	168.0	58.5	65	55.4	334	625.6	53,746.3	185
Ohio	280	231	207	731.8	524	1,398.3	610	819.2	222.2	415	427.4	1,756	3,598.9	453,418.2	732
Tennessee	35	30	55	122.7	12	24.8	83	108.3	34.6	21	25.4	171	315.8	17,549.5	56
No. 6—Indianapolis	194	168	169	420.9	320	588.8	497	394.9	204.7	255	228.5	1,241	1,837.8	225,132.2	375
Indiana	138	126	105	226.7	255	463.8	403	251.2	177.6	185	149.0	948	1,268.3	129,168.5	304
Michigan	56	42	64	194.2	65	125.0	94	143.7	27.1	70	79.5	293	569.5	95,963.7	71
No. 7—Chicago	266	209	136	462.9	223	624.3	458	813.1	190.2	178	252.1	995	2,342.6	210,751.8	1,071
Illinois	198	153	90	318.1	186	532.3	364	636.9	151.1	128	182.7	768	1,821.1	158,731.0	864
Wisconsin	68	56	46	144.8	37	92.0	94	176.2	39.1	50	69.4	227	521.5	52,020.8	207
No. 8—Des Moines	192	158	116	350.3	164	324.4	333	462.3	80.9	156	160.2	769	1,378.1	123,939.8	447
Iowa	53	47	26	72.3	54	82.4	105	117.9	33.7	51	62.5	236	368.8	27,019.8	100
Minnesota	46	39	51	195.3	35	93.3	83	149.7	19.7	36	46.5	205	504.5	35,708.4	78
Missouri	70	57	28	63.5	62	127.1	122	170.4	20.0	54	37.9	266	418.9	50,787.5	227
North Dakota	16	11	6	15.1	10	13.9	17	15.9	7.2	9	10.9	42	63.0	8,382.5	24
South Dakota	7	4	5	4.1	3	7.7	6	8.4	0.3	6	2.4	20	22.9	2,041.6	18

[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 Jan. 31, 1938.

[4] Number of members as of Jan. 31, 1938. Number of nonmembers is based upon the most recent available data for 1936 or 1937, with adjustment for conversion through Jan. 31, 1938, except for Maryland where the number of nonmembers is estimated.

Table 7.—Monthly lending activity and total assets as reported by 2,619 savings and loan associations in January 1938—Continued

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in January according to purpose												Total assets, Jan. 31, 1938	Total number of savings and loan associations
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans, all purposes			
	Submitting reports	Reporting loans made	Construction		Home purchase		Refinancing and reconditioning								
							Number	Amount							
			Number	Amount	Number	Amount		Refinancing	Reconditioning	Number	Amount	Number	Amount		
No. 9—Little Rock	256	219	328	$790.1	347	$677.1	423	$427.2	$181.4	329	$491.0	1,427	$2,566.8	$160,244.6	409
Arkansas	39	33	29	62.1	31	37.0	70	55.4	21.0	50	61.3	180	236.8	10,978.8	66
Louisiana	67	58	79	213.7	108	263.3	96	95.4	68.8	95	256.0	378	897.2	81,523.8	89
Mississippi	26	23	23	36.2	17	23.9	46	48.1	9.8	38	20.7	124	138.7	4,635.6	50
New Mexico	10	8	7	16.5	8	13.1	11	16.2	5.1	8	7.7	34	58.6	2,868.2	22
Texas	114	97	190	461.6	183	339.8	200	212.1	76.7	138	145.3	711	1,235.5	60,238.2	182
No. 10—Topeka	186	160	185	519.7	330	623.2	295	310.7	90.4	325	437.7	1,135	1,981.7	151,663.5	373
Colorado	35	28	29	64.2	40	79.3	59	69.4	23.4	24	18.2	152	254.5	20,007.9	62
Kansas	69	62	50	138.1	79	115.6	59	39.5	15.1	60	62.3	248	370.6	39,204.6	152
Nebraska	32	26	21	48.0	70	107.0	62	43.6	32.4	94	89.0	247	320.0	39,917.7	90
Oklahoma	50	44	85	269.4	141	321.3	115	158.2	19.5	147	268.2	488	1,036.6	52,533.3	69
No. 11—Portland	115	106	180	390.8	161	315.2	316	347.5	94.1	195	195.9	852	1,343.5	96,385.7	178
Idaho	8	8	16	31.5	14	20.8	27	26.4	10.8	19	8.5	76	98.0	5,821.2	13
Montana	14	14	24	62.5	18	35.7	30	18.5	10.9	15	17.9	87	145.5	10,453.6	23
Oregon	25	25	46	106.8	38	67.3	86	104.3	34.5	23	32.9	193	345.8	23,814.8	36
Utah	7	6	7	19.8	7	23.3	13	24.6	1.4	11	27.7	38	96.8	7,993.8	20
Washington	49	44	77	141.5	74	145.1	142	154.5	33.1	116	101.7	409	575.9	44,172.6	71
Wyoming	11	9	10	28.7	10	23.0	18	19.2	3.4	11	7.2	49	81.5	4,038.6	14
Alaska	1	0	0	0.0	0	0.0	0	0.0	0.0	0	0.0	0	0.0	91.1	1
No. 12—Los Angeles	121	111	468	1,573.3	217	504.8	478	779.9	90.9	183	204.7	1,346	3,153.6	207,573.6	219
Arizona	3	3	6	17.0	6	14.4	5	7.4	1.3	2	1.6	19	41.7	2,033.8	4
California	116	106	459	1,551.2	208	477.3	465	751.8	87.5	178	202.1	1,310	3,069.9	203,228.7	198
Nevada	1	1	1	0.6	0	0.0	2	4.4	0.0	2	0.9	5	5.9	627.3	5
Hawaii	1	1	2	4.5	3	13.1	6	16.3	2.1	1	0.1	12	36.1	1,683.8	12

Table 8.—Index of wholesale price of building materials in the United States

[1926=100]

[Source: U. S. Department of Labor]

	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1937								
January	91.3	89.7	95.5	93.0	83.7	77.1	104.7	92.9
February	93.3	91.0	95.5	99.0	83.4	77.4	104.7	95.0
March	95.9	91.8	95.5	102.1	83.9	77.6	112.9	98.9
April	96.7	94.9	95.5	103.0	82.9	78.7	114.9	99.9
May	97.2	95.0	95.5	103.0	83.7	78.7	114.9	101.3
June	96.9	95.0	95.5	102.2	83.6	78.7	114.9	101.1
July	96.7	95.4	95.5	101.3	83.9	78.7	114.9	101.0
August	96.3	95.5	95.5	99.5	84.1	78.8	114.9	101.0
September	96.2	95.0	95.5	99.0	84.6	80.6	114.9	100.8
October	95.4	93.4	95.5	97.3	84.2	80.6	114.9	100.2
November	93.7	92.9	95.5	94.8	81.5	79.6	114.9	98.7
December	92.5	92.0	95.5	93.8	80.2	79.6	114.9	96.9
1938								
January	91.8	91.8	95.5	92.6	80.1	79.6	114.9	95.8
Change:								
Jan. 1938–Dec. 1937	−0.8%	−0.2%	0.0%	−1.3%	−0.1%	0.0%	0.0%	−1.1%
Jan. 1938–Jan. 1937	+0.5%	+2.3%	0.0%	−0.4%	−4.3%	+3.2%	+9.7%	+2.0%

Table 9.—Institutions insured by the Federal Savings and Loan Insurance Corporation [1]

	Cumulative number at specified dates					Number of shareholders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Jan. 31, 1938	Jan. 31, 1938	Jan. 31, 1938	Jan. 31, 1938
State-chartered associations	4	136	382	566	583	794, 353	$630, 638, 195	$547, 969, 964
Converted F. S. and L. A	108	406	560	669	676	709, 743	755, 374, 891	692, 107, 614
New F. S. and L. A	339	572	634	645	644	133, 319	166, 979, 495	155, 606, 438
Total	451	1, 114	1, 576	1, 880	1, 903	1, 637, 415	1, 552, 992, 581	1, 395, 684, 016

[1] Beginning Dec. 31, 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.

Table 10.—Monthly operations of 355 identical insured State-chartered savings and loan associations reporting during December 1937 and January 1938

	December	January	Change December to January
Share liability at end of month:			*Percent*
Private share accounts (number)	480, 286	482, 607	+0. 5
Paid on private subscriptions	$336, 957, 300	$337, 879, 400	+0. 3
H. O. L. C. subscriptions	28, 493, 800	28, 995, 800	+1. 8
Total	365, 451, 100	366, 875, 200	+0. 4
Private share investments during month	5, 580, 500	11, 144, 400	+99. 7
Repurchases during month	3, 937, 200	11, 023, 300	+180. 0
Mortgage loans made during month:			
a. New construction	1, 359, 900	1, 073, 100	−21. 1
b. Purchase of homes	1, 886, 800	1, 410, 600	−25. 2
c. Refinancing	1, 056, 600	991, 400	−6. 2
d. Reconditioning	414, 500	389, 200	−6. 1
e. Other purposes	831, 700	683, 500	−17. 8
Total	5, 549, 500	4, 547, 800	−18. 1
Mortgage loans outstanding end of month	320, 677, 500	321, 020, 800	+0. 1
Borrowed money as of end of month:			
From Federal Home Loan Banks	22, 891, 000	21, 591, 800	−5. 7
From other sources	2, 175, 500	2, 022, 200	−7. 1
Total	25, 066, 500	23, 614, 000	−5. 8
Total assets, end of month	463, 926, 700	458, 202, 700	−1. 2

Table 11.—Monthly operations of 1,198 identical Federal savings and loan associations reporting during December 1937 and January 1938

	December	January	Change December to January
Share liability at end of month:			*Percent*
Private share accounts (number)	845, 737	880, 536	+4. 1
Paid on private subscriptions	$638, 853, 800	$655, 221, 700	+2. 6
Treasury and H. O. L. C. subscriptions	204, 318, 400	204, 326, 700	0. 0
Total	843, 172, 200	859, 548, 400	+1. 9
Private share investments during month	14, 704, 200	32, 363, 500	+120. 1
Repurchases during month	4, 887, 000	18, 798, 700	+284. 7
Mortgage loans made during month:			
a. New construction	6, 179, 900	5, 168, 300	−16. 4
b. Purchase of homes	5, 292, 400	4, 234, 200	−20. 0
c. Refinancing	4, 522, 900	3, 922, 900	−13. 3
d. Reconditioning	1, 200, 800	961, 000	−20. 0
e. Other purposes	1, 761, 600	1, 555, 200	−11. 7
Total	18, 957, 600	15, 841, 600	−16. 4
Mortgage loans outstanding end of month	808, 546, 000	817, 040, 900	+1. 1
Borrowed money as of end of month:			
From Federal Home Loan Banks	96, 916, 900	90, 700, 600	−6. 4
From other sources	2, 599, 800	1, 940, 600	−25. 4
Total	99, 516, 700	92, 641, 200	−6. 9
Total assets, end of month	1, 050, 584, 200	1, 047, 640, 700	−0. 3

Table 12.—Federal Home Loan Bank advances to member institutions by Districts

Federal Home Loan Banks	Advances made during Jan. 1938	Advances made during Dec. 1937
No. 1—Boston	$178, 400. 00	$1, 218, 900. 00
No. 2—New York	563, 500. 00	1, 123, 400. 00
No. 3—Pittsburgh	500, 000. 00	930, 000. 00
No. 4—Winston-Salem	592, 200. 00	2, 157, 300. 00
No. 5—Cincinnati	118, 250. 00	1, 426, 500. 00
No. 6—Indianapolis	84, 800. 00	1, 118, 150. 00
No. 7—Chicago	287, 180. 00	2, 500, 860. 44
No. 8—Des Moines	110, 200. 00	1, 076, 358. 00
No. 9—Little Rock	252, 500. 00	1, 456, 500. 00
No. 10—Topeka	635, 500. 00	1, 379, 800. 00
No. 11—Portland	221, 500. 00	684, 000. 00
No. 12—Los Angeles	178, 700. 00	2, 519, 004. 45
Total	3, 722, 730. 00	17, 590, 772. 89

Table 13.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Month	Loans advanced monthly	Repayments monthly	Balance outstanding at end of month
December 1935	$8, 414	$2, 708	$102, 795
June 1936	11, 560	3, 895	118, 587
December 1936	13, 473	5, 333	145, 401
1937			
January through June	59, 000	37, 344	167, 057
July	10, 221	7, 707	169, 571
August	11, 116	5, 080	175, 607
September	9, 330	5, 426	179, 511
October	8, 991	4, 461	184, 041
November	7, 001	3, 707	187, 336
December	17, 591	4, 832	200, 095
1938			
January	3, 723	13, 280	190, 538

Table 14.—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
Dec. 31, 1936	89	3, 845, 710	279	21, 016, 900	2, 617	108, 591, 900	2, 985	133, 454, 510
June 30, 1937	125	5, 400, 710	473	32, 873, 600	3, 669	159, 298, 600	4, 267	197, 572, 910
July 31, 1937	125	5, 655, 210	515	35, 410, 100	3, 838	166, 884, 100	4, 478	207, 949, 410
Aug. 31, 1937	126	6, 007, 210	586	39, 633, 420	4, 088	177, 603, 700	4, 800	223, 244, 330
Sept. 30, 1937	126	6, 082, 210	623	41, 510, 420	4, 217	182, 523, 000	4, 966	230, 115, 630
Oct. 31, 1937	127	6, 192, 210	639	42, 148, 470	4, 255	184, 052, 200	5, 021	232, 392, 880
Nov. 30, 1937	[2] 116	[2] 5, 757, 210	665	43, 308, 470	4, 285	185, 109, 200	5, 066	234, 174, 880
Dec. 31, 1937	112	5, 357, 210	666	43, 490, 020	4, 324	187, 015, 400	5, 102	235, 862, 630
Jan. 31, 1938	113	5, 382, 210	675	44, 055, 020	4, 342	187, 668, 400	5, 130	237, 105, 630
Subscriptions:								
Dec. 31, 1935	2	100, 000	24	1, 980, 000	474	17, 766, 500	500	19, 846, 500
Dec. 31, 1936	45	1, 688, 000	262	19, 455, 900	2, 538	104, 477, 400	2, 845	125, 621, 300
June 30, 1937	63	2, 381, 000	440	30, 283, 600	3, 509	150, 368, 400	4, 012	183, 003, 000
July 31, 1937	52	1, 934, 000	465	31, 176, 600	3, 647	155, 917, 000	4, 164	189, 027, 600
Aug. 31, 1937	48	1, 926, 000	492	32, 950, 600	3, 742	159, 511, 500	4, 282	194, 388, 100
Sept. 30, 1937	47	1, 901, 000	510	33, 675, 720	3, 849	164, 226, 200	4, 406	199, 802, 920
Oct. 31, 1937	48	1, 931, 000	535	34, 954, 770	3, 918	166, 447, 700	4, 501	203, 333, 470
Nov. 30, 1937	[2] 38	[2] 1, 426, 000	559	36, 086, 770	3, 950	167, 154, 600	4, 547	204, 667, 370
Dec. 31, 1937	40	1, 526, 000	564	36, 331, 270	3, 997	168, 762, 300	4, 601	206, 619, 570
Jan. 31, 1938	40	1, 526, 000	573	36, 843, 270	4, 009	169, 035, 300	4, 622	207, 404, 570

[1] Refers to number of separate investments, not to number of associations in which investments are made.
[2] Reduction due to insurance or federalization of associations.

Table 15.—Properties acquired by H. O. L. C. through foreclosure and voluntary deed [1]

Period	Number
Prior to 1935	9
1935: Jan. 1 through June 30	114
July 1 through Dec. 31	983
1936: Jan. 1 through June 30	4, 449
July 1 through Dec. 31	15, 646
1937: Jan. 1 through June 30	23, 459
July 1 through Dec. 31	26, 899
1938: January	4, 811
Grand total to Jan. 31, 1938	76, 370

[1] Does not include 19,671 properties bought in by H. O. L. C. at foreclosure sale but awaiting expiration of the redemption period before title in absolute fee can be obtained.

In addition to the 76,370 completed cases, 429 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 9,437 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Table 16.—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through Jan. 31, 1938 [1]

	June 1, 1934, through Jan. 31, 1938	Jan. 1, 1938, through Jan. 31, 1938	Cumulative through Jan. 31, 1938
Cases received [2]	877, 024	8, 400	885, 424
Contracts awarded:			
Number	510, 686	7, 691	518, 377
Amount	$97, 120, 358	$1, 912, 093	$99, 032, 451
Jobs completed:			
Number	501, 200	7, 931	509, 131
Amount	$93, 385, 770	$1, 852, 335	$95, 238, 105

[1] All figures are subject to adjustment. Figures do not include 52,269 reconditioning jobs, amounting to approximately $6,800,000, completed by the Corporation prior to the organization of the Reconditioning Division on June 1, 1934.
[2] Includes all property management, advance, insurance, and loan cases referred to the Reconditioning Division which were not withdrawn prior to preliminary inspection or cost estimate prior to Apr. 15, 1937.

Administrative Rulings, Board Resolutions, and Counsel's Opinions

Digest of A–B–C Book Opinion

ANY member may obtain from a Federal Home Loan Bank a copy of any administrative ruling, Board resolution, or the complete text of any opinion of the Legal Department of the Board, the digest of which is printed in the REVIEW. "A" indicates administrative rulings by the Governor; "B" indicates resolutions of the Board; and "C" indicates Counsel's opinions. In requesting any such copy, its A–B–C Book reference number and date, as given at the end of each of the following digests, should be cited. Copies of the A–B–C Book itself are not available for distribution.

LOANS—Approval of. Fed. Charter E, Sec. 11; Fed. Charter K, Sec. 13; Bylaws (1936), Sec. 6.

Loans made by a Federal association must be approved either by the board of directors of such association or by a person or persons authorized by the board of directors to approve loans made by such association. Very often the responsibility for approving loans made by a Federal association has been placed by the board of directors of such association upon either an executive committee created pursuant to Bylaws (1936) Section 6 (a) or a loan committee created pursuant to Bylaws (1936) Section 6 (b). Where the directors of an association have duly authorized a person, persons, or committee to approve loans made by the association, a supervising official has no legal right to insist upon the approval of such loans by the board of directors of the association.

(A–B–C Book, C–119, November 5, 1937)

FIDELITY BONDS. Fed. Reg. 12; Ins. Reg. 15.

The words "true copy", as used in referring to the copies of fidelity bonds required to be filed with the Regional Banks under Section 12 of the Federal Regulations and Section 15 of the Insurance Regulations import an entire copy with all blanks filled in, including the names of signing officers and their corporate titles. The copy may be typewritten or may be a duplicate of the original bond, although a duplicate original seems preferable. Certification of the copy is not required by either the Federal Regulations or the Insurance Regulations.

(A–B–C Book, C–075, November 23, 1937)

ACCOUNTS—Payment by check.
MORTGAGE LOANS—Payment by check. Fed. Charter E, Secs. 6, 11, 12; Fed. Charter K, Secs. 6, 13.

There is no law or regulation which prevents a Federal association from making any statement in its share account or loan account books to the effect that checks and drafts are received as conditional rather than absolute payment. Each Federal association should consult its counsel regarding the necessity and advisability under local law of including any such statement in its share account or loan account books.

(A–B–C Book, C–106, December 13, 1937)

Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS REGARDING THE PROTECTION BY SURETY BONDS OF A FEDERAL ASSOCIATION WITH RESPECT TO THE OPERATION OF ANY SAFE DEPOSIT BUSINESS TRANSACTED BY SUCH ASSOCIATION: Adopted February 16, 1938; effective 30 days from that date.

Be it resolved, That, pursuant to authority vested in the Federal Home Loan Bank Board by subsection (a) of Section 5 of the Home Owners' Loan Act of 1933 (12 U. S. C. 1464 (a)), subsection (b) of Section 12 of the Rules and Regulations for Federal Savings and Loan Associations is hereby amended by adding at the end thereof the following:

The bond or bonds required by subsection (a) of this section shall protect the association in a manner and amount satisfactory to the Board with respect to the operation of any safe deposit business transacted by such Federal association.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS LIMITING THE BORROWING POWER OF INSURED INSTITUTIONS: Adopted March 1, 1938; effective April 1, 1938.

The last two sentences of Section 9–A of the Rules and Regulations for Insurance of Accounts are hereby amended to read as follows:

No insured institution shall borrow an aggregate amount exceeding one-half the amount paid in and credited on shares, share accounts, stock, certificates of deposit and investment certificates; nor, within such borrowing limit, an amount aggregating more than one-fifth thereof from sources other than a Federal Home Loan Bank or a State-chartered central reserve institution. No action of an insured institution in obtaining funds through borrowing, in accordance with the provisions of this section, shall be deemed a violation hereof, because of a subsequent reduction in the amounts paid in and credited on shares, share accounts, stock, certificates of deposit and investment certificates.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS PERMITTING CHARTER K FEDERAL ASSOCIATIONS TO PURCHASE, MAKE, AND SELL LOANS INSURED BY THE FEDERAL HOUSING ADMINISTRATOR: Adopted February 28, 1938; effective immediately.

The Board amended Section 39 of the Rules and Regulations for Federal Savings and Loan Associations by adding a new subsection (d) at the end thereof to read as follows:

(d) By this subsection the Board approves, from the date receipt is acknowledged by the Board of each application for such lending privilege, the loan plans provided by the National Housing Act, as amended, as other loan plans which Federal associations, operating under a charter in the form of Exhibit K annexed hereto, are authorized to use under Section 14 of their charter, to the extent of the percentage of the appraised value the members of the Federal association have authorized or may authorize loans to be made in an amount exceeding 75 percent of the value of the home property securing the loan. Thereafter any such Federal association may originate, purchase and sell, subject to the provisions of Section 42 hereof, any first mortgage loans approved for insurance protection by the Federal Housing Administrator under the provisions of Title I or Title II of the National Housing Act, as amended, and the limitations of these regulations and its charter as to loans made under any other loan plan shall not apply thereto. The provisions of Section 5 (c) of Home Owners' Loan Act of 1933, as now or hereafter amended, shall apply to loans authorized by this subsection.

This resolution also amended subsection (c) of Section 41 of the Rules and Regulations for Federal Savings and Loan Associations by changing the matter within the parentheses in the next to the last sentence of paragraph (3) to read as follows:

. . . in no event greater than the percentum of appraised value permitted to be insured by the Federal Housing Administrator under the National Housing Act, as amended.

Amendment to rules and regulations for federal savings and loan associations permitting federals to lend on insured loans up to the percentage of appraised value permitted under the national housing act, as amended: Adopted March 7, 1938; effective immediately.

The first sentence of subsection (b) of Section 39 of the Rules and Regulations for Federal Savings and Loan Associations was amended by striking the period at the end thereof and by adding the following:

. . . unless insured under the National Housing Act, as amended, in which event any percentage of appraised value permitted under the National Housing Act, as amended, may be loaned.

Amendment to rules and regulations for federal savings and loan associations limiting the powers of federals to sell and service loans: Adopted March 3, 1938; effective immediately.

Be it resolved, That pursuant to authority vested in the Federal Home Loan Bank Board by subsection (a) of Section 5 of Home Owners' Loan Act of 1933 (12 U. S. C. 1464(a)), subsection (d) of Section 42 of the Rules and Regulations for Federal Savings and Loan Associations is hereby amended by inserting immediately following the first sentence thereof the following:

No association shall sell loans in an amount during any calendar year in excess of 25 percent of the total amount of loans originated during such period. No association shall commit itself to service loans not held by it unless originated by it and in no event in an aggregate amount in excess of its share capital on the last day of the month next preceding any service commitment. The limitation upon the sale of loans may be adjusted in the case of any Federal association upon application to and approval by the Board, or waived for any specific transaction for the benefit of any Federal association by the president of the Federal Home Loan Bank of which it is a member when such Federal association requires cash for purposes other than for the making of loans.

PROCEDURE TO BE FOLLOWED BY FEDERAL SAVINGS AND LOAN ASSOCIATIONS IN MAKING APPLICATION TO THE BOARD FOR LENDING PRIVILEGE UNDER THE NATIONAL HOUSING ACT AMENDMENTS OF 1938

Corporate Procedure Under Rules and Regulations for Federal Savings and Loan Associations

Chapter XVI—Federal Housing Administration Loans.

Section 39 (d) of Federal regulations, as amended February 28, 1938, contains the Board's approval of loan plans provided by the National Housing Act, as amended, as other loan plans which Federal associations operating under a Charter K are authorized to use. The last sentence of Section 14 of Charter K provides that all loans on the security of real estate shall be made in accordance with Section 14 of Charter K unless the Board approves another loan plan upon application from the association for such approval. The Board approval contained in Section 39 (d) is dependent upon an application from the association for approval of the use of the loan plans provided by the National Housing Act. The board of directors are authorized by Section 6 (g) of the bylaws (1936) to exercise any and all of the powers of the association not expressly reserved by the charter to the members. The charter does not reserve to the members expressly, or even by implication, the power to determine whether loan plans other than the 20-year amortized loan plan and the 5-year unamortized or partially amortized loan plan set forth in Section 14 of Charter K shall be used. The directors, therefore, by proper resolution, may apply, and upon acknowledgment by the Board of receipt of such application a Charter K association may use, any of the loan plans providing first mortgage security provided by the National Housing Act, unless the members of the association have failed to authorize the making of home loans on a higher percentage of loan to appraised value than 75 percent.

Section 39 (b) of Federal regulations approves the making of loans in an amount exceeding 75 percent of the value of the security of a home or combination home and business property when the members of the association at a legal meeting have authorized such lending. Therefore, if a Charter K association has adopted a resolution in substantially the following form, the board of directors may properly apply for approval of the use of the loan plans provided by the National Housing Act, as amended:

"*Resolved*, That pursuant to the provisions of Section 39 (b) of the Rules and Regulations for Federal Savings and Loan Associations, effective December 1, 1936, the maximum amount that may be loaned on the security of a home or combination home and business property shall be the maximum amount fixed by regulations of the Federal Home Loan Bank Board."

The board of directors of an association whose members have adopted a resolution in substantially the above form may apply by adopting the following resolution and filing the same with the Board through the Federal Home Loan Bank of which it is a member:

"*Resolved*, That this association applies to the Federal Home Loan Bank Board for the approval of the loan plans provided by the National Housing Act, as amended, as other loan plans which this association may use."

Upon acknowledgment by the Board of receipt of a certified copy of such a resolution the loan plans provided by the National Housing Act, as amended, are approved for use by such an association.

If the members of a Charter K Federal association have not adopted the foregoing resolution providing that the maximum amount that may be loaned on the security of a home or combination home and business property shall be the maximum amount fixed by the regulations of the Board, they should, if they desire to do so, adopt a resolution in the form quoted above at a meeting of members (annual or special) and thereupon the directors of the association may adopt the resolution last quoted above applying for the use of loan plans provided by the National Housing Act, as amended.

The legal effect of the adoption of both of the above resolutions and filing the same with the Board is, in outline, the following:

(1) Under the resolution adopted by the members of such an association, the maximum amount that may be loaned on the security of a home or combination home and business property shall be the maximum amount fixed by regulations of the Board.

(2) Section 39 (d) of Federal regulations makes such maximum the maximum amounts fixed by the National Housing Act, as amended.

(3) Section 39 (d) of Federal regulations also authorizes such an association to use all of the loan plans which the National Housing Act, as amended, provide, including the 25-year loan plan.

(4) If loans are not insured by the Federal Housing Administration, the provisions of Section 39 (b) limit the amount that may be loaned. Such regulation provides as the maximum amount 80 percent of the appraised value of home or combination home and business property.

If the directors of the association apply for the use of the loan plans provided by the National Housing Act, as amended, but the members of the association have not adopted, as permitted by Section 13 of Charter K, a resolution authorizing loans of a higher percentage than 75 percent of the appraised value of the home or combination home and business property securing the loan, loans insured by the Federal Housing Administration may still be made (including 25-year loans) but they may not exceed 75 percent of the appraised value of the home property securing the loan.

The members of some associations have authorized home loans to be made in excess of 75 percent but not in excess of 80 percent of the appraised value of the home property securing the loan. In such cases, after the directors of the association have applied for the use of Federal Housing Administration loan plans, such plans may be used but the percentage that may be loaned may not exceed 80 percent until the members have authorized such loans up to the maximum amount permitted by regulations of the Board.

The limitations and restrictions contained in Section 5 (c) of Home Owners' Loan Act of 1933, as amended, continue in full force and effect so that loans insured by the Federal Housing Administration, regardless of the percentage of the loan to appraised value, are still limited (except as to the 15 percent of assets lending power) to loans on 1- to 4-family home properties within 50 miles from the home office, and to a maximum amount of $20,000 for any one such home loan.

If a Charter K Federal association desires to make Federal Housing Administration insured loans it should immediately determine:

(a) Whether the members have authorized loans up to the maximum amount which the regulations of the Board permit, that is, up to the percentages of appraised value authorized under the National Housing Act, as amended. If the members have passed such a resolution and the same has been filed with the Board each type of Federal Housing Administration loan may legally be made by such an association provided the directors apply in the manner herein provided for the use of the loan plans provided by the National Housing Act, as amended. If the members have not so authorized higher percentage home loans, the members should adopt such a resolution at an annual or special meeting and file the same with the Board.

(b) The directors of the association should adopt a resolution applying for the loan plans provided by the National Housing Act, as amended, and a certified copy of such resolution should be filed with the Board through the Federal Home Loan Bank of which the association is a member and obtain acknowledgment of receipt thereof by the Board.

Directory of Member, Federal, and Insured Institutions

Added during January–February

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JANUARY 16, 1938, AND FEBRUARY 15, 1938

[Listed by Federal Home Loan Bank Districts, States, and cities]

DISTRICT NO. 1

MASSACHUSETTS:
- Athol:
  - Athol Co-operative Bank, 90 Exchange Street.
- Norwood:
  - Norwood Co-operative Bank, 675 Washington Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Gromac Building & Loan Association, 1700 Sanson Street.

DISTRICT NO. 4

FLORIDA:
- Jacksonville:
  - Peninsular Life Insurance Company, Corner Forsyth & Julia Streets.

GEORGIA:
- Atlanta:
  - Industrial Life & Health Insurance Company, 573 Peachtree Street, West.

MARYLAND:
- Baltimore:
  - J. F. Wiessner Building Association of Baltimore City, 1617 East Federal Street.

DISTRICT NO. 5

KENTUCKY:
- Anchorage:
  - Kentucky Central Life & Accident Insurance Company.

TENNESSEE:
- Chattanooga:
  - Inter-State Life & Accident Company, 540 McCallie Avenue.

DISTRICT NO. 6

INDIANA:
- Franklin:
  - Franklin Building & Loan Association.
- Terre Haute:
  - Lincoln Savings & Loan Association, 30 South Sixth Street.

DISTRICT NO. 7

ILLINOIS:
- Peoria:
  - Workingmen's Loan & Homestead Association, Alliance Life Building.

DISTRICT NO. 10

COLORADO:
- Pueblo:
  - Railway Building & Loan Association, 119 West Fifth Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JANUARY 16, 1938, AND FEBRUARY 15, 1938

ILLINOIS:
- Chicago:
  - Jefferson Park Building & Loan Association, 4841 Milwaukee Avenue (voluntary withdrawal).

LOUISIANA:
- New Orleans:
  - Italian Homestead Association, 126 Baronne Street (sale of assets to Sixth District Building & Loan Association, New Orleans, Louisiana).

MARYLAND:
- Baltimore:
  - Hillen Building Association, Incorporated, 2720 Pennsylvania Avenue (voluntary withdrawal).
  - Lincoln Highway Permanent Building & Loan Association, Incorporated, Corner Belair Road & Maple Avenue (voluntary withdrawal).

NEW JERSEY:
- Paterson:
  - American Building & Loan Association, 5 Colt Street (voluntary withdrawal).
  - Regent Building & Loan Association, 175 Market Street (merger with Financial Building & Loan Association,[1] Paterson, New Jersey).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JANUARY 16, 1938, AND FEBRUARY 15, 1938

DISTRICT NO. 6

INDIANA:
- Franklin:
  - First Federal Savings & Loan Association of Franklin (converted from Franklin Building & Loan Association).

[1] After merger, name changed from Financial Building & Loan Association to Financial-Regent Building & Loan Association.

MICHIGAN:
- Grand Rapids:
  - Grand Rapids Mutual Federal Savings & Loan Association, 201 Monroe Avenue (converted from Grand Rapids Mutual Building & Loan Association).
  - West Side Federal Savings & Loan Association of Grand Rapids, 410 Bridge Street, Northwest (converted from West Side Building & Loan Association).

DISTRICT NO. 9

TEXAS:
- Houston:
  - Houston First Federal Savings & Loan Association, 1107 Main Street (converted from Houston Building & Loan Association).

DISTRICT NO. 12

ARIZONA:
- Phoenix:
  - Phoenix Federal Savings & Loan Association, 116 North First Avenue (converted from State Building & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN JANUARY 16, 1938, AND FEBRUARY 15, 1938

ILLINOIS:
- Ottawa:
  - Home Federal Savings & Loan Association of Ottawa, Moloney Building (merger with Ottawa Federal Savings & Loan Association, Ottawa, Illinois).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN JANUARY 16, 1938, AND FEBRUARY 15, 1938

DISTRICT NO. 2

NEW JERSEY:
- East Orange:
  - Lackawanna Building & Loan Association, 62 Hedden Place.
  - Triumph Building & Loan Association of East Orange, New Jersey, 231 North Eighteenth Street.
- Paterson:
  - Financial-Regent Building & Loan Association, 5 Colt Street.

NEW YORK:
- Jackson Heights:
  - Jackson Heights Savings & Loan Association, 83-20 Roosevelt Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
- Beaver Falls:
  - Dime Savings & Loan Association, 1027 Seventh Avenue.

DISTRICT NO. 4

MARYLAND:
- Baltimore:
  - Hearthstone Building & Loan Association of Baltimore City, Incorporated, 305 East North Avenue.

DISTRICT NO. 6

INDIANA:
- Franklin:
  - First Federal Savings & Loan Association of Franklin.
- Lawrenceburg:
  - Dearborn County Loan & Building Association, 25 East High Street.
- Terre Haute:
  - Lincoln Savings & Loan Association, 30 South Sixth Street.

MICHIGAN:
- Grand Rapids:
  - West Side Federal Savings & Loan Association of Grand Rapids, 410 Bridge Street, N. W.

DISTRICT NO. 7

ILLINOIS:
- Chicago:
  - Central Building & Loan Association of Chicago, 77 West Washington Street.
  - Republic Building & Loan Association, 5348 South Kedzie Avenue.
- Des Plaines:
  - Des Plaines State Building & Loan Association, 721 Pearson Street.

DISTRICT NO. 8

MINNESOTA:
- Bemidji:
  - Bemidji Building & Loan Association, 219 Fourth Street.

DISTRICT NO. 10

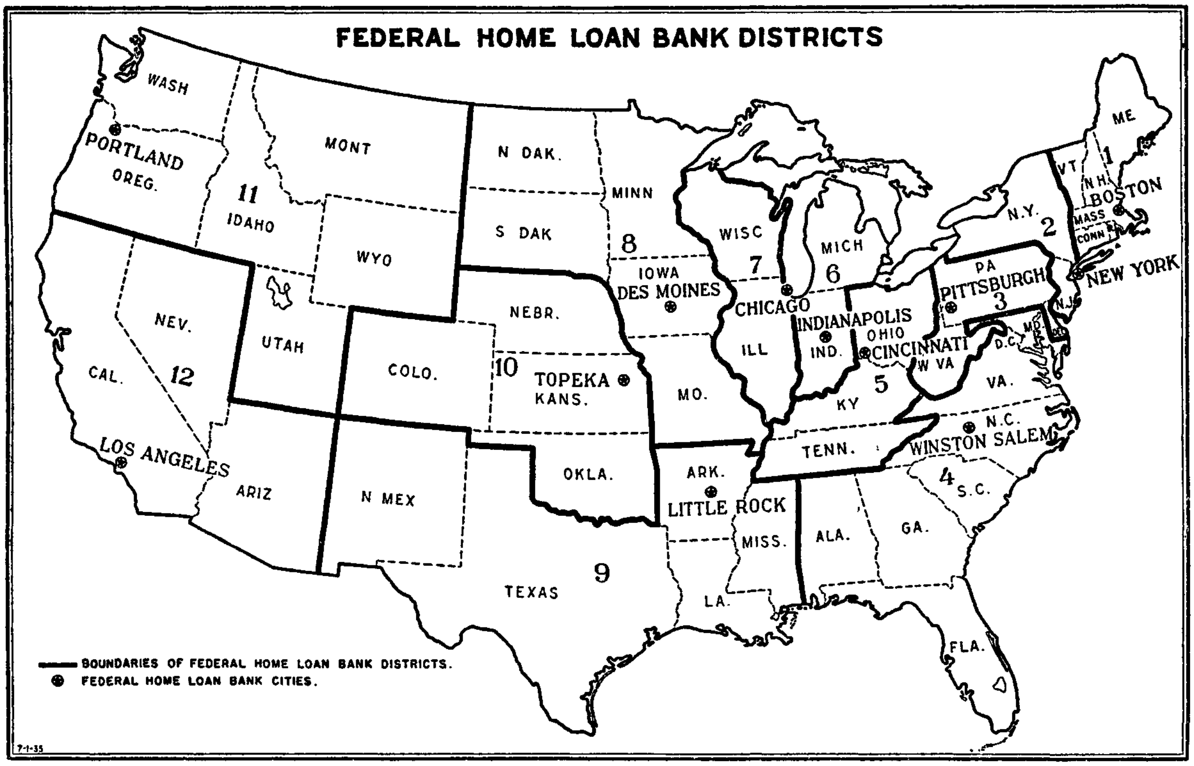
COLORADO:
- Pueblo:
  - Railway Building & Loan Association, 119 West Fifth Street.

KANSAS:
- Wichita:
  - Southwest Building & Loan Association, 109 North Topeka Avenue.

DISTRICT NO. 12

CALIFORNIA:
- Hemet:
  - Hemet Federal Savings & Loan Association, 410 East Florida Avenue.
- Los Angeles:
  - Liberty Building-Loan Association, 2512 South Central Avenue.
  - Los Angeles American Building & Loan Association, 5101 York Boulevard.

U. S. GOVERNMENT PRINTING OFFICE: 1938



OFFICERS OF FEDERAL HOME LOAN BANKS

Boston

B. J. Rothwell, Chairman; E. H. Weeks, Vice Chairman; W. H. Neaves, President; H. N. Faulkner, Vice President; Frederick Winant, Jr., Treasurer; L. E. Donovan, Secretary; P. A. Hendrick, Counsel.

New York

George MacDonald, Chairman; F. V. D. Lloyd, Vice Chairman; G. L. Bliss, President; F. G. Stickel, Jr., Vice President-General Counsel; Robert G. Clarkson, Vice President-Secretary; Denton C. Lyon, Treasurer.

Pittsburgh

E. T. Trigg, Chairman; C. S. Tippetts, Vice Chairman; R. H. Richards, President; G. R. Parker, Vice President; H. H. Garber, Secretary-Treasurer; R. A. Cunningham, Counsel.

Winston-Salem

G. W. West, Chairman; E. C. Baltz, Vice Chairman; O. K. LaRoque, President-Secretary; G. E. Walston, Vice President-Treasurer; Jos. W. Holt, Assistant Secretary; Ratcliffe, Hudson & Ferrell, Counsel.

Cincinnati

T. H. Tangeman, Chairman; W. D. Shultz, President; W. E. Julius, Vice President; A. L. Maddox, Treasurer; Dwight Webb, Jr., Secretary; Taft, Stettinius & Hollister, General Counsel.

Indianapolis

F. S. Cannon, Chairman-Vice President; S. R. Light, Vice Chairman; Fred T. Greene, President; B. F. Burtless, Secretary-Treasurer; Jones, Hammond, Buschmann & Gardner, Counsel.

Chicago

Morton Bodfish, Vice Chairman; A. R. Gardner, President; John Bardwick, Jr., Vice President; E. H. Burgess, Treasurer; Constance M. Wright, Secretary; Lauretta Quam, Assistant Treasurer Ungaro & Sherwood, Counsel.

Des Moines

C. B. Robbins, Chairman; E. J. Russell, Vice Chairman; R. J. Richardson, President-Secretary; W. H. Lohman, Vice President-Treasurer; J. M. Martin, Assistant Secretary; A. E. Mueller, Assistant Treasurer; E. S. Tesdell, Counsel.

Little Rock

J. Gilbert Leigh, Chairman; W. C. Jones, Jr., Vice Chairman; B. H. Wooten, President; H. D. Wallace, Vice President; W. F. Tarvin, Treasurer; J. C. Conway, Secretary; W. H. Clark, Jr., Counsel.

Topeka

W. R. McWilliams, Chairman; G. E. McKinnis, Vice Chairman; C. A. Sterling, President-Secretary; R. H. Burton, Vice President-Treasurer; John S. Dean, Jr., General Counsel.

Portland

F. S. McWilliams, Chairman; B. H. Hazen, Vice Chairman; F. H Johnson, President-Secretary; Irving Bogardus, Vice President-Treasurer; Mrs. E. M. Sooysmith, Assistant Secretary.

Los Angeles

C. H. Wade, Chairman; D. G. Davis, Vice Chairman; M. M. Hurford, President; C. E. Berry, Vice President; F. C. Noon, Secretary-Treasurer; Vivian Simpson, Assistant Secretary; Richard Fitz-Patrick, General Counsel.