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# FEDERAL HOME LOAN BANK REVIEW

NOVEMBER
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# FEDERAL HOME LOAN BANK REVIEW

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FEDERAL HOME LOAN BANK SYSTEM

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

HOME OWNERS' LOAN CORPORATION

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# DETERMINING THE ADVERTISING BUDGET

***This is the second in a series of articles based upon replies to a questionnaire on promotional methods received from nearly 300 insured member institutions which made marked progress in acquiring private share capital in 1937.***

■ AS this year draws to an end, many a savings and loan association manager reviews the result of his business building efforts of the past and begins to plan the development of new volume in the coming year. Tentatively, he decides what are the objectives for growth during 1939, what means and media shall be used to promote such growth, and how much the cost will be. He prepares to place plans and estimates before his board of directors. He carefully works out a schedule which reviews the plans adopted for 1938, measures their results, and presents in detail the program for 1939 in order to obtain the full understanding and support of his directors.

One question asked in "The Hunt for Facts" questionnaire forwarded recently by the Public Relations Department of the Federal Home Loan Bank Board to several hundred of the more successful insured member associations was, "How much did your association spend for advertising and other promotion in 1937?" Practically all of the responding institutions gave this figure down to the last penny.

The second question was designed to find out how the successful managers planned their advertising programs. The question read, "How do you determine the amount to be so spent annually? As a percentage of gross income? ---------- As a percentage of total assets? ---------- Other: ----------."

A few of the answers, a very few, show precise planning and careful budgeting based on the results of the previous year's program. Some of the replies were vague and indefinite, indicating haphazard methods employed in the determination of a program and in the provision of funds to stimulate the growth of an association. The majority of answers which cited a definite basis for determining the advertising budget indicated that these associations were guided by the relationship of the projected investment in advertising to the anticipated gross income of the association.

In many cases the answers indicated no set plans for allocating funds for advertising. Three secretaries wrote in the word "arbitrary". Several had "no set plan". Two had "no basis for determining amount". Another reported, "hit and miss". "We advertise just as we feel the need", was the sentiment frequently expressed.

A number of associations directed attention to the fact that standards by which to guide the determination of an advertising budget are lacking. There were many replies which showed that associations recognized the need for a more scientific determination of the allocation of advertising funds but were not able to find satisfactory bases for estimating their own expenditures. These replies, it must be remembered, were from institutions which made notable progress during the year 1937.

### HOW MUCH DO PROGRESSIVE ASSOCIATIONS SPEND FOR ADVERTISING?

The replies to the questionnaire showed first of all that these progressive associations were in general agreement on the necessity for sound advertising programs. In all classifications the associations employing aggressive methods of marketing their services made the most progress in receiving funds from the public during the year. It was likewise clear that many associations which did plan an advertising budget in advance were handicapped by the lack of information to help them in determining their budgets more scientifically. Many which established no budget agreed in principle that budgets would be of equal importance to the smallest institution and to those large enough to maintain new business departments, provided that more data were available as to the experience of a number of associations in determining how much to spend for advertising and how to use the appropriation.

The surprising fact was that data to guide associations in budgeting advertising expenditures were generally lacking. To supply some data in a field where facts are so greatly needed, the Department of Public Relations has analyzed the actual advertising expenditures during the calendar year 1937 of a number of these progressive insured associations to determine what percentage of gross operating income the average insured savings and loan association in each asset group expended for advertising in 1937. Two hundred seventy-six reports were assembled and analyzed according to type of association and asset bracket.

Although these figures are not necessarily conclusive, it is reasonable to assume that this picture is a good indicator of the advertising expenditures of those insured institutions in the various size groups which made definite and marked progress during 1937. The total sample included more than 14 percent of the number of all insured institutions on December 31, 1937, holding slightly more than one-fourth of the assets of all insured associations on that date. Geographically the sample is representative because the 276 associations were distributed in 223 communities in 40 States and the District of Columbia. It is fair to assume that the figures offer a representative cross-section of the national picture, by type of association within the individual asset groups.

Analysis of the 276 replies to the questionnaire showed that total advertising expenditures of the entire group during the year 1937 averaged 3.2 percent of total gross operating income. Forty insured State-chartered associations with total assets of $90,000,000 invested 2.2 percent of their gross operating income during the calendar year 1937 in advertising, while 236 Federal savings and loan associations with total assets of $380,000,000 reported an advertising expenditure of 3.4 percent of total gross operating income. Advertising expenditures by Federal associations averaged 3 percent or more of gross operating income in seven of the eight asset groups. Advertising expenditures of State-chartered associations averaged 3 percent or more of gross operating income in three asset groups, 2 percent or more in two asset groups, and less than 2 percent in three asset groups.

Of course, it is open to question whether the average advertising expenditure of insured State associations might not have been as high or even higher than the Federal association average if the same number of replies had been received from insured State and Federal associations. The 236 Federal associations represented 17 percent of the number and 34 percent of the assets of all Federal associations on December 31, 1937. The 40 insured State associations represented only 7 percent of the number and only 13 percent of the assets of all insured State associations on that date.

The highest percentage of advertising expenditure to gross operating income (4.5 percent) was recorded by the three State-chartered associations

***Table 1.*—Ratio of advertising expenditure to gross operating income in 276 insured member associations**

[*calendar year 1937*]

| Asset group | Number of associations | | | Percentage of advertising expenditure to gross operating income | | |
|---|---|---|---|---|---|---|
| | Federal | State | Total | Federal | State | Total |
| | | | | *Percent* | *Percent* | *Percent* |
| $50,000 to $100,000 | 5 | 1 | 6 | 3.1 | 1.6 | 2.8 |
| $100,000 to $250,000 | 29 | 3 | 32 | 3.3 | 4.5 | 3.4 |
| $250,000 to $500,000 | 35 | 5 | 40 | 2.5 | 3.3 | 2.7 |
| $500,000 to $1,000,000 | 60 | 5 | 65 | 3.0 | 3.4 | 3.0 |
| $1,000,000 to $2,500,000 | 67 | 14 | 81 | 3.5 | 1.9 | 3.2 |
| $2,500,000 to $5,000,000 | 24 | 9 | 33 | 3.8 | 2.2 | 3.3 |
| $5,000,000 to $10,000,000 | 12 | 2 | 14 | 3.4 | 2.3 | 3.2 |
| $10,000,000 and over | 4 | 1 | 5 | 3.5 | 1.9 | 3.1 |
| Total | 236 | 40 | 276 | | | |
| Average percentage of advertising expenditure to gross operating income | 3.4% | 2.2% | 3.2% | | | |

in the \$100,000 to \$250,000 group. The next highest ratio (3.8 percent) was recorded by 24 Federal associations in the group with assets of \$2,500,000 to \$5,000,000. No group of Federal associations in these asset brackets invested less than 2.5 percent of gross income in promotional work.

Table 1 gives a percentage breakdown of total advertising expenditures to total gross operating income during the year 1937 for these associations, by asset brackets. For each asset group, total advertising expenditure was divided by total gross income in obtaining the ratios.

### Comparisons

It is interesting to compare the advertising expenditures by this selected sample of insured institutions with two consolidated income and expense statements which are available in two Federal Home Loan Bank Districts. In one Bank District 173 member institutions employed 2.3 percent of their gross operating income for advertising during the year 1937. No segregation was made of these members by size groups and no differentiation was made between insured and noninsured members. In comparison the 276 insured associations scattered over the entire country reported in the questionnaire advertising expenditures which amounted to 3.2 percent of gross operating income during this same period.

In another Bank District it is possible to compare the advertising expenditures of Federal associations and of insured State-chartered associations. In this District 97 insured State-chartered associations employed 1.4 percent of gross operating income for advertising during 1937 as compared with 2.2 percent in the selected sample. Likewise 189 Federal associations spent 2.2 percent of gross operating income for advertising as compared with 3.4 percent in the selected sample.

There were, of course, wide variations in the selected sample among the advertising expenditure percentages for individual insured associations, even within the same asset group. The lowest percentage of gross operating income allocated to advertising expense was 0.1 percent in a \$5,000,000 association. An association with assets of approximately \$141,000 reported 12.9 percent of gross operating income allocated to advertising expense in 1937—the highest percentage in the sample. Variations within an individual asset group were not as pronounced as the variation between these extremes, but in many cases the divergence was substantial.

### Annual Advertising Expenditures

During 1937 these 276 insured associations spent a total of \$771,603 for advertising. Of this total, \$665,197 represented the expenditure of 236 Federal associations and \$106,406 was spent by 40 insured State associations.

The total amount of the advertising expenditures of these 276 associations, and the average amount of advertising expense per association, by asset groups, are set forth in Table 2.

The average yearly advertising expenditure by these 276 associations amounted to \$2,796 in 1937. In general, the average Federal association expended a slightly greater dollar amount for advertising than did the average State-chartered insured association. This was true not only in the group totals but also in each asset bracket, with the exception of associations in the asset groups of \$250,000 to \$500,000 and \$500,000 to \$1,000,000. It must be re-

*(Continued on p. 58)*

***Table 2.*—Advertising expenditures of 276 insured member institutions during 1937**

| Assets | Amount of advertising expenditure | | | Average amount of advertising expense per association | | |
|---|---|---|---|---|---|---|
| | Federal | State insured | Total | Federal | State insured | Total |
| \$50,000 to \$100,000 | \$778 | \$89 | \$867 | \$156 | \$89 | \$145 |
| \$100,000 to \$250,000 | 8, 953 | 926 | 9, 879 | 309 | 309 | 309 |
| \$250,000 to \$500,000 | 16, 220 | 5, 311 | 21, 531 | 463 | 1, 062 | 538 |
| \$500,000 to \$1,000,000 | 67, 499 | 8, 149 | 75, 648 | 1, 125 | 1, 630 | 1, 179 |
| \$1,000,000 to \$2,500,000 | 190, 675 | 21, 883 | 212, 558 | 2, 846 | 1, 563 | 2, 624 |
| \$2,500,000 to \$5,000,000 | 159, 298 | 35, 348 | 194, 646 | 6, 637 | 3, 928 | 5, 898 |
| \$5,000,000 to \$10,000,000 | 144, 322 | 21, 200 | 165, 522 | 12, 027 | 10, 600 | 11, 823 |
| \$10,000,000 and over | 77, 452 | 13, 500 | 90, 952 | 19, 363 | 13, 500 | 18, 190 |
| Total | 665, 197 | 106, 406 | 771, 603 | | | |
| Average dollar amount of advertising expense | 2, 819 | 2, 660 | 2, 796 | | | |

# MANDATORY LOSS RESERVE REQUIREMENTS FOR SAVINGS AND LOAN ASSOCIATIONS OPERATING UNDER STATE LAWS

***Many State statutes today require savings and loan associations to maintain larger reserves against losses than formerly. This article, second in a series, summarizes the reserve requirements in the various States.***

■ THAT the reserve policy of savings and loan associations has been greatly influenced by the enactment of State statutes creating minimum reserve requirements was a major conclusion advanced in the article, "Reserve Accounts and Management", in the September REVIEW. A tendency during recent years to strengthen the reserve requirements established by law for mutual savings and loan associations is revealed by a study made for the REVIEW by the Legal Department of the Federal Home Loan Bank Board. During the 20-year period 1919 through 1938, 27 States and Hawaii enacted laws to establish mandatory loss reserve requirements for the first time, or amended existing statutes to increase mandatory requirements already in effect. The present mandatory reserve requirements in an additional nine States date from the period prior to 1919.

In these 36 States which have established mandatory reserve requirements, there are no less than 18 different names used in the statutes for the reserve accounts. "Reserve fund", "reserve for contingent losses", "contingent fund", or "guaranty fund" are the most common. All have the primary intent of protecting savings and loan associations and their members against losses.

At the present time 12 States, the District of Columbia, Alaska, and Puerto Rico lack mandatory loss reserve requirements for savings and loan associations. Nine of these States are in the East or Southeast, one in the Middlewest, and two in the Far West. Although West Virginia requires by statute that an association shall set aside out of its earnings a contingent reserve against losses, which shall at no time exceed 8 percent of the assets of the association, West Virginia is grouped with these other 11 States lacking mandatory loss reserve requirements since the statute establishes neither a minimum measure for transfers to reserves nor a minimum ultimate reserve requirement.

The various State statutes establish minimum measures for periodical *transfers to reserves*, and also set minimum requirements for the ultimate reserves which must eventually be accumulated. This article will discuss first the mandatory requirements which determine the amounts a savings and loan association must periodically carry to reserves, and then will analyze the ultimate reserves against losses which an association is required by law to build up and maintain.

### STATE REQUIREMENTS FOR TRANSFERS TO RESERVES

The accompanying exhibit evidences a growing trend toward uniformity in State legislation.[1]

In all 36 States requiring loss reserves, minimum transfers of funds are demanded periodically to build up the ultimate reserve required by State law. In 32 States and Hawaii the amount which must be transferred is based upon the net earnings (or "net profits" or "net income") of the association. Twenty-one States require at least 5 percent of net earnings. New Jersey, in addition to the requirement that 5 percent of net earnings be set aside for reserves against losses, stipulates that a specific real estate reserve account be maintained. Three States and Hawaii establish the ratio for transfers to reserves at 3 percent, five States at 2 percent, and three States at 1 percent of net earnings. Michigan, which requires the transfer of 1 percent of net earnings each year, provides further that this reserve shall be increased by the addition of 4 percent of net earnings if the total of an association's reserve fund is less than 50 percent of the book value of the

[1] A summary of the text of the various State statutes establishing mandatory loss reserve requirements may be obtained by writing to the Editor of the REVIEW.

## Summary of mandatory loss reserve requirements for savings and loan associations operating under State statutes

| States | Minimum measure of periodic transfers based on: | | Ultimate statutory reserve requirements based on: | | | Minimum and maximum ultimate statutory reserve requirements based on: | | |
|---|---|---|---|---|---|---|---|---|
| | Net earnings | Gross profits | Assets | Share capital | Loans | Assets | Share capital | Total liabilities |
| | *Percent* | *Percent* | *Percent* | *Percent* | *Percent* | *Percent* | *Percent* | *Percent* |
| Alabama [1] | | | | | | | | |
| (Alaska)[1] | | | | | | | | |
| Arizona | 5 | | | 50 | | | | |
| Arkansas | 5 | | 5 | | | | | |
| California | 5 | | | | 5 | | | |
| Colorado | 3 | | | [3] 3 | | | 3–10 | |
| Connecticut | 5 | | [4] 10 | | | | | |
| Delaware [1] | | | | | | | | |
| (Dist. of Columbia)[1] | | | | | | | | |
| Florida | | 4 | 10 | | | | | |
| Georgia | 5 | | | 10 | | | | |
| (Hawaii) | [2] 3 | | | 5 | | | | |
| Idaho [1] | | | | | | | | |
| Illinois | [2] 5 | | | 7½ | | | 7½–15 | |
| Indiana | | 3 | 10 | | | | | |
| Iowa [1] | | | | | | | | |
| Kansas | 2 | | 5 | | | | | |
| Kentucky | | 1 | 5 | | | 5–10 | | |
| Louisiana | 3 | | [5] 5 | | | | | |
| Maine | [2] 3 | | | 5 | | | | |
| Maryland [1] | | | | | | | | |
| Massachusetts | [2] 1 | | | [6] 10 | | | | |
| Michigan | 1 | | [7] 5 | | | | | |
| Minnesota | 2 | | | [7] 5 | | | | |
| Mississippi [1] | | | | | | | | |
| Missouri | 5 | | 5 | | | | | |
| Montana | 5 | | | 5 | | | | |
| Nebraska | 5 | | [8] 5 | | | 5–10 | | |
| Nevada [1] | | | | | | | | |
| New Hampshire | 5 | | | [6] 5 | | | | 5–10 |
| New Jersey | 5 | | 7½ | | | | | |
| New Mexico | 2 | | 3 | | | 3–20 | | |
| New York | 5 | | | [7] 10 | | | | |
| North Carolina [1] | | | | | | | | |
| North Dakota | 5 | | 5 | | | | | |
| Ohio | 5 | | 10 | | | | | |
| Oklahoma | 5 | | 5 | | | | | |
| Oregon | | [9] 5 | | [10] 5 | | | | |
| Pennsylvania | [2] 5 | | 5 | | | 5–10 | | |
| (Puerto Rico)[1] | | | | | | | | |
| Rhode Island | 2 | | 5 | | | 5–15 | | |
| South Carolina [1] | | | | | | | | |
| South Dakota | 5 | | 5 | | | | | |
| Tennessee [1] | | | | | | | | |
| Texas | 1 | | | | 5 | | | |
| Utah | 5 | | | 10 | | | | |
| Vermont [1] | | | | | | | | |
| Virginia | [2] 2 | | 3 | | | 3–10 | | |
| Washington | 5 | | [11] 15 | | | | | |
| West Virginia [1] | | | | | | [12] 8 | | |
| Wisconsin | 5 | | | | 5 | | | |
| Wyoming | 5 | | | 5 | | | 5–15 | |

[1] No mandatory requirements. (For West Virginia, see footnote 12 and text, page 37.)
[2] For maximum transfer see text, page 59.
[3] Five percent of share capital in excess of $3,000,000 in share capital.
[4] Ten percent of gross amount invested in mortgage loans and in real estate.
[5] Five percent of loans and real estate.
[6] Of total liabilities.
[7] Or 50 percent of book value of real estate, whichever is larger.
[8] Exclusive of cash on hand.
[9] Five percent of interest income.
[10] Up to $20,000,000 and 2½ percent of all paid-in capital in excess of $20,000,000.
[11] Minus undivided profits.
[12] No expressed minimum measure of periodic transfers and no expressed minimum ultimate reserve requirement.

association's real estate, excluding real estate held for office purposes or sold on land contract.

Of the remaining four States, three establish gross profits as the basis for the computation of such transfers. Florida requires the transfer of 4 percent of gross profits and adds the provision that any excess of undivided profits over 4 percent (that is, apparently, over 4 percent of share liability) after declaration of dividends and deduction of expenses also shall be credited to reserves. Indiana's statute stipulates the transfer of 3 percent of gross profits each year. In Kentucky, 1 percent of gross profits must be transferred each year, provided that no association shall be forced to reduce its dividend below 5 percent for this purpose. Oregon deviates from the general pattern by requiring mutual associations to set aside 5 percent of interest income.

As may be seen in detail in the exhibit, 31 States base their mandatory transfers to reserves upon a *fixed* percentage. There are five States and Hawaii which establish minimum and maximum measures of the amounts which may be transferred. The lower limits vary from 1 percent to 5 percent of net earnings, and the maximum limits range from 5 percent to 20 percent of net earnings. The following percentages of net earnings must be transferred periodically to reserves in the jurisdictions establishing varying measures: in Hawaii, not less than 3 percent nor more than 20 percent; in Illinois, 5 percent to 10 percent; in Maine, 3 percent to 10 percent; in Massachusetts, 1 percent to 5 percent; in Pennsylvania, 5 percent to 15 percent; and in Virginia, 2 percent to 10 percent.

### Ultimate Reserves Required

The exhibit shows that the various States have adopted two main bases for the computation of ultimate reserve requirements. However, there is not as great a uniformity with respect to State requirements for ultimate reserves as was found to exist in the statutes regulating transfers to reserves. The greatest number of States (20) compute the ultimate reserve which must be built up on the basis of the assets of the association. The second ranking method (used in 13 States and Hawaii) is based upon the share investments or share capital of an association. A third group of three States employs a percentage of outstanding loans to set the ultimate reserve requirements.

Twelve out of the 20 States employing assets as the measure of reserves favor an eventual reserve ratio of 5 percent of assets. (The preceding analysis shows that 21 States favor a ratio of 5 percent of *net earnings* when transfers to reserves are in question.) One State requires 15 percent of assets after deducting undivided profits, four States require 10 percent of assets, one requires 7½ percent of assets, and two stipulate that 3 percent of assets shall constitute the ultimate reserve of an association. Of these States, however, Michigan provides the alternative that an association must eventually build up a reserve fund equivalent to 5 percent of assets or 50 percent of the book value of real estate owned, whichever is larger. New Jersey associations, in addition to their real estate reserve accounts, must build up a reserve against losses equal to 7½ percent of assets.

Thirteen States and Hawaii provide that associations shall accumulate their ultimate reserves on a basis of the share capital invested. Again, 5 percent is the most favored ratio, with six States and Hawaii stipulating this percentage. Arizona's law calls for an eventual reserve equal to 50 percent of share accounts. Utah, New York, and Georgia require 10 percent of share capital; Illinois, 7½ percent; and Colorado, 3 percent. Both Colorado and Oregon establish a different rate for computation of reserves in larger associations. Colorado, where the basic ratio is 3 percent of share capital up to $3,000,000, requires that 5 percent of any amount in excess of $3,000,000 eventually shall be accumulated as a reserve. Oregon, on the other hand, requires 5 percent of paid-in capital up to $20,000,000 but only 2½ percent of paid-in capital in excess of this amount. In New York, an alternative requirement is that the ultimate reserve shall equal 50 percent of the book value of the real estate owned when that amount is greater than the reserve fund which would be established if computed upon the share capital of the association.

A third statutory requirement is found in three States which base the ultimate reserve upon loans. California requires 5 percent of the unpaid principal of an association's loans, and Texas and Wisconsin require 5 percent of an association's outstanding loans.

It is notable that out of these 36 States and Hawaii which set by law a minimum ultimate reserve requirement, there are 10 which also limit the accumulation of ultimate reserves. (Although there are five States which set minimum and maximum ratios for periodical *transfers* to reserves, Pennsyl-

*(Continued on p. 59)*

# The Insurance Corporation and the Emergency in New England

THE hurricane, flood, and tidal wave which unexpectedly struck New England in late September found home owners unprepared and unprotected. Damage to privately owned homes was enormous with many houses totally demolished and even land lost as coast lines shifted. Within several hours more than six hundred were killed, nine thousand homes were destroyed, and total loss exceeded half a billion dollars.

Hard hit were many individuals, and suffering with them were some lending institutions which had made mortgage loans on properties damaged or destroyed by the flood. Reports reaching Washington after the hurricane indicated that several insured associations had sustained losses and that one recently established association found six mortgagors' homes totally demolished. It was evident that some impairment might develop in this comparatively new association, which had not been in existence long enough to build adequate reserves, if it were obliged to absorb unforeseen heavy losses at this time.

Upon receipt of this information, the General Manager of the Federal Savings and Loan Insurance Corporation wired the following to the President of the Federal Home Loan Bank of Boston:

> The Insurance Corporation stands ready as always to fulfill its contract without delay or equivocation. We will promptly determine with your help the impairment and make good the amount in cash.

As soon as the examination has been completed and the impairment has been definitely determined, the Corporation plans to make an outright contribution as it has in certain cases of impairment in the past.

The emergency in New England and the prompt cooperation offered by the Insurance Corporation illustrate vividly a major purpose of the Corporation: to prevent default. The Corporation can act swiftly in emergencies, because it has the power to restore to normal operation insured associations which are threatened with default, when this action is warranted. By a cash contribution, by a loan, or by a purchase of assets, the Corporation enables such insured associations which have become impaired to continue their services to their communities.

The records of the Insurance Corporation show that from the beginning of operations to the present time only seventeen insured institutions have actually been liquidated. In each case every private investor, large or small, has received his total investment in cash within a short time.

" . . . nine thousand homes were destroyed . . . "

" . . . found home owners unprepared and unprotected . . . "

" . . . mortgagors' homes totally demolished . . . "

All Photos – Wide World Photos, Inc.

# HOUSES THAT GROW

■ THE house shown on the opposite page is one of a series of designs prepared by architects of Cleveland who are cooperating in the Federal Home Building Service Plan. Building to meet immediate needs and later meeting the demands of expanding family requirements by additions to the original structure has long been a common practice among people of limited income. Along the Eastern Shore of Maryland and New England, particularly on Cape Cod, houses that were built a section at a time are a familiar and charming sight. Such structures, obviously the result of expanding need for space, are not, as they might at first appear, testimonials to their builders' shortsightedness.

The most efficient and economical method of providing for family growth is to make additions as they are needed. Most efficient, because additions can be planned to conform exactly to family needs. Most economical, because savings in taxes, interest and amortization, insurance and maintenance, as well as housekeeping labor, during the interval between the building of the first unit and the subsequent addition, are much greater than any additional total construction costs that may result.

Although it is not necessary in planning the future addition to predetermine minute details, it is most important that the future addition be planned as an integral part of the complete structure in order to avoid extensive alteration of the original unit. Few houses are planned to accomplish this, and fewer still when they are placed on the usual narrow urban lot where the only space for addition is at the rear of the existing structure.

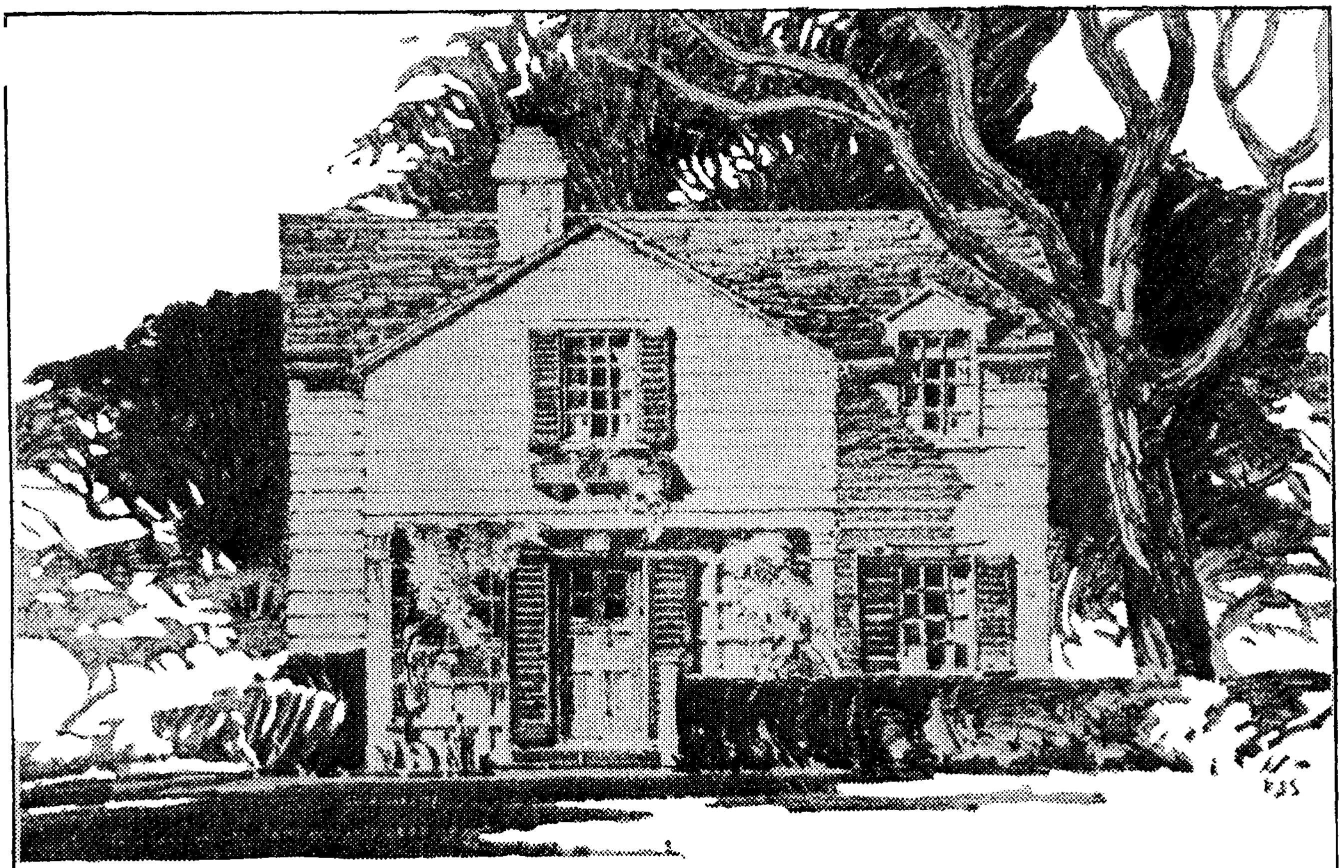
Extra space in the form of rooms that will be little used, or which are primarily for future use, must necessarily be avoided in economical small-house planning. The need for space for occasional use can frequently be solved by planning dual purpose rooms such as combined living and dining room, study and bedroom, or guest accommodations combined with the living room couch.

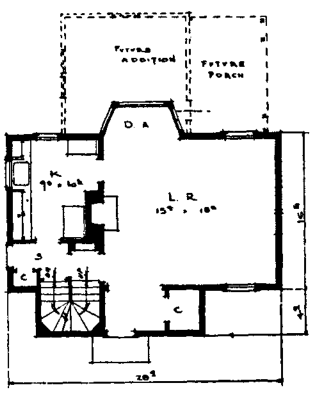
A bedroom or similar small addition is expensive in relation to the increase in usable space. Thus as sleeping space is expanded, it may be desirable to increase other living space at the same time. The addition of a secondary living room or combined study and guest room can be planned to coincide with an expansion of sleeping space. If it is desired to increase the living room space without dividing it, a larger living room may be built as the new addition, and the original living room divided to provide another bedroom, closets, and possibly hall space or bath. Or, as illustrated by the accompanying design, the space used for dining in the original structure automatically becomes additional living room space as a dining room and porch are added to the first floor and a bedroom above.

In a program such as the Federal Home Building Service Plan, where several houses will be built under varying conditions from the same design, greater flexibility should be incorporated in the original design for possible future additions than when the specific requirements of an individual family alone are to be considered.

Many individuals disregard their personal preferences and build houses that are smaller or with rooms which are smaller than they would choose, in order to avoid indefinite delay in attaining home ownership. This frequently results unsatisfactorily as it is imperative that room dimensions be adequate in relation to such architectural elements and household accessories as doors, stairs, and furniture, all of which must conform to human dimensions. It is reasonable to believe that it would be decidedly more satisfactory procedure to plan larger double purpose rooms with a future addition in view. There can be no question that it would be much more economical in the end to follow this method rather than to make extensive alterations in order to enlarge rooms, or to adopt the only other alternative: to sell and build a larger house.

The house illustrated on the opposite page is an example of the use of larger double purpose rooms which permits the building of subsequent additions as an integral part of the original structure. The 4-room house may be expanded by the addition of a dining room and porch downstairs, and another bedroom upstairs. Total cubage, which includes a full basement, is 14,553 cubic feet (house—10,465 cubic feet. basement—4,088 cubic feet).

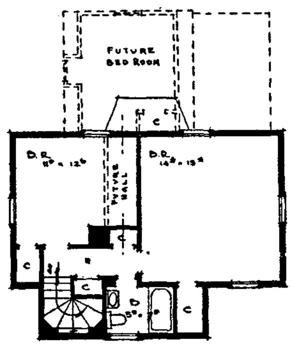




FIRST FLOOR

# A FOUR ROOM HOUSE THAT GROWS

CONSTRUCTION . . . . . . . . . . . . . . . Frame
EXTERIOR FINISH . . . . . . Wide Wood Siding
CEILING HEIGHTS 1st Fl. 8' 0"; 2nd Fl. 7' 10"



SECOND FLOOR

Here the architect has successfully produced a house that grows gracefully. The original unit provides a very large living room with a pleasant bay for dining, and two comfortable bedrooms upstairs. Plans for future expansion call for a dining room and porch downstairs and another bedroom upstairs. Both in plan and exterior composition the architectural handling of this charming, "to-be-added-to" house avoids any suggestion of "stuck-on-as-an-afterthought" usual in such structures. The addition requires minimum alteration of the original structure. The house has the added virtue of fitting neatly on a narrow lot. The winding stairway is an interesting and attractive feature. Cubage includes a full basement.

*Approved for use under the Federal Home Building Service Plan*

*Designed by Small, Smith & Reeb—Architects—Cleveland, Ohio*

# SUMMARY OF MOST SIGNIFICANT POINTS IN RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

*I. General business activity continued to expand during September, in contrast to sharp declines of the autumn of 1937.*

*II. Residential construction index, after continued gains for nearly a year with only a minor reaction in the spring, by September had doubled the recession low levels of October 1937.*

*A. More than seasonal increase in September index of residential construction due to large volume of multifamily units.*

*B. Current recovery continues general: in each Bank District more new residential building in September 1938 than in September 1937.*

*C. Rise of 30,000 residential units provided in cities of 10,000 population and over during the first nine months of 1938. (1938: 162,000 units. 1937: 132,000 units.) Increased 1938 building activity concentrated west of Mississippi River.*

*D. Yet: Residential construction now only 40 percent of 1926 average.*

*III. Building costs: Most reporting communities indicate October costs lower than a year ago but higher than October 1936.*

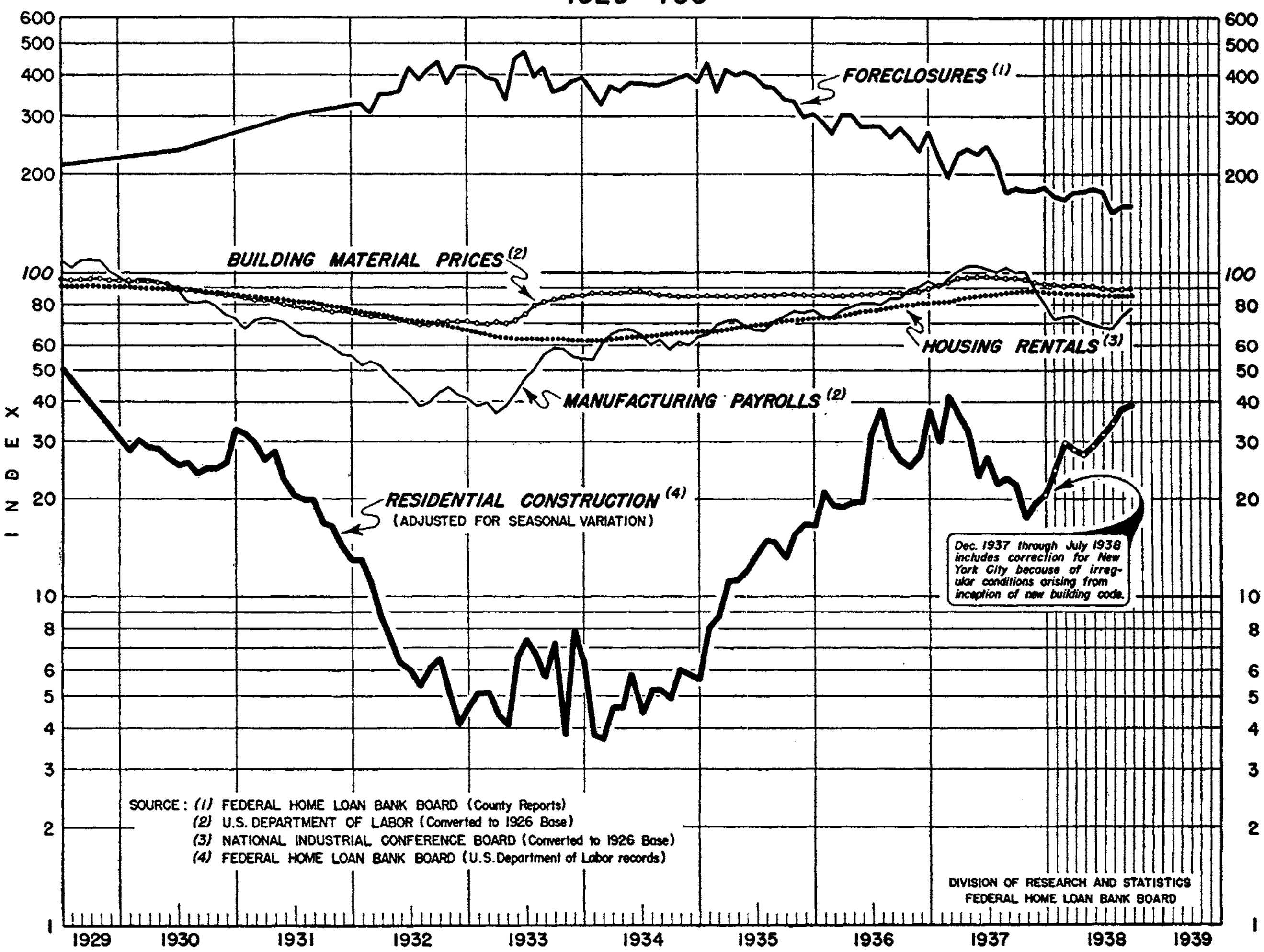
*A. Wholesale building material prices, declining since May 1937, recorded fractional increases in August and September.*

*B. Retail building material prices have halted their declines. Labor costs continued their slightly upward trend.*

*IV. Mortgage lending activity of savings and loan associations slackened during September. Only home-purchase loans continued the contraseasonal recovery started in August.*

*A. New mortgage loans $100,000,000 less during first nine months of 1938 than in 1937, with home-purchase loans leading the decline, despite the recent upturn.*

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
*1926 = 100*



# RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ SAVINGS, building and loan institutions during the first three-quarters of 1938 loaned 14 percent less on mortgage security than in the same period of last year. Home-purchase loans led in this recession—cumulative totals for the January–September period being 22 percent below the first nine months of last year.

Four of the five Federal Home Loan Bank Districts located west of the Mississippi River had more building activity during the January-September period of this year than in the same 1937 months, while all of the Eastern Districts, with the exception of New York, declined from a year ago. The Topeka District also had less building this year than last.

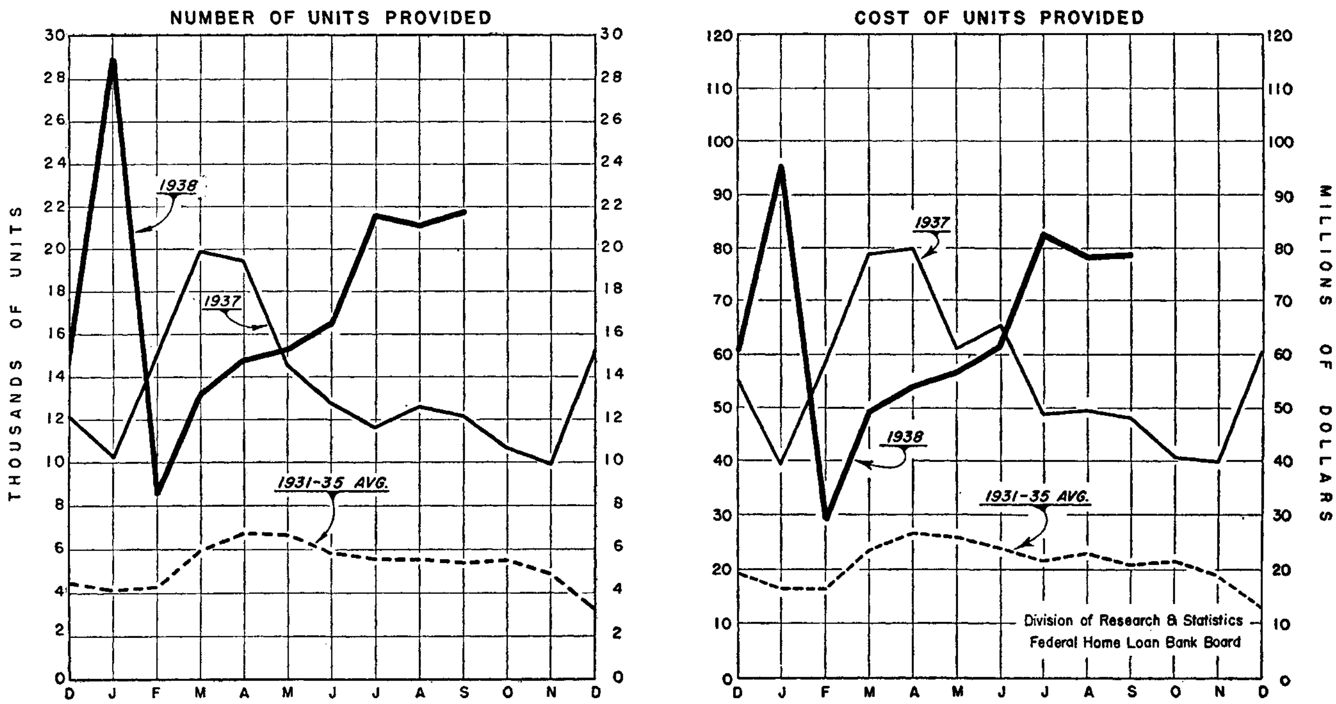
Wholesale building material prices, which had been falling since May 1937, have during the past two months indicated fractional increases. Dealers' prices for materials used in construction of a standard 6-room frame house have halted their declines and probably will rise in response to the wholesale trend. The cost of labor used for constructing this home has continued the slightly upward trend recorded this year.

Highly accelerated activity in manufacturing industry, as reflected by employment, pay rolls, production and other indexes in the past two months, together with a relatively constant cost of living, will result in more consumer purchasing power; this in turn may sustain the construction activity trend which has now been rising for a year's time. The trend of national income payments was upward during August, continuing the improvement first noted in July.

Trends in business activity during September were in marked contrast to those of a year ago. Rising volumes are now predominant in comparison with the sharply contracting figures of last fall. During

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)



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September the expansion in manufacturing and primary distribution continued, with durable goods industries showing the most prominent forward movement. Automobile production has expanded rapidly and steel mill activity has tended upward. Lumber production has been at the best rate in months. Department store sales showed a more than seasonal increase, as did freight car loadings.

[1926=100]

| | September 1938 | August 1938 | Percent change | September 1937 | Percent change |
|---|---|---|---|---|---|
| Residential construction [1] | 39.1 | 38.5 | +1.6 | 21.9 | +78.5 |
| Foreclosures (metro. cities) | 160.0 | 160.0 | 0.0 | 180.0 | −11.1 |
| Rental market (N. I. C. B.) | 85.5 | 85.5 | 0.0 | 87.4 | −2.2 |
| Building material prices | 89.5 | 89.4 | +0.1 | 96.2 | −7.0 |
| Manufacturing employment [2] | 87.5 | 84.3 | +3.8 | 107.2 | −18.4 |
| Manufacturing pay rolls [2] | 77.4 | 73.7 | +5.0 | 100.2 | −22.8 |
| Average wage per employee [2] | 88.5 | 87.4 | +1.3 | 93.5 | −5.3 |

[1] Corrected for normal seasonal variations.
[2] Revised series.

During October stock prices have already advanced to a high for the year and United States Government bond prices have closely approached the record levels of December 1936. Wholesale trade activity has increased, with notable improvement shown in sales of furniture and house furnishings, lumber and building materials, hardware, plumbing and heating supplies, and paint and varnish. During the first half of 1938, there has been an 8-percent decline in the dollar value of manufacturers' inventories. Declines have been greatest in the lines where inventories at the end of 1937 were most burdensome.

## Residential Construction

CONTINUED gains have now been recorded in the residential construction index for nearly a year, with but a minor reaction last spring. This index, which has been adjusted for normal seasonal variation, had doubled the October 1937 "recession low" level by September (see Chart on page 44). In this connection, however, it must be noted that residential construction, despite its encouraging recovery steps, is still at a level only 40 percent of the 1926 average.

The increase in the September index of residential construction was caused by the influx of a large volume of multifamily units. Over 8,300 apartments in structures housing three or more families were reported for September in communities of 10,000 population or over, as compared with 6,800 in August. This rise of 1,500 units far outweighed the decline of 875 homes in 1- and 2-family structures. The net increase in the total—over 625 units, or 3 percent—compares favorably with the normal September gain of 1½ percent.

Permits issued for the construction of residences showed a favorable rise of 23 percent during the first nine months of 1938, as compared with the same period of last year. Cumulative permits issued through September amounted to 162,000 units as compared with 132,000 in the corresponding nine months of 1937; multifamily permits accounted for 23,000 of this total rise of 30,000 units. Unusual conditions in New York City, as explained on page 52, account for the large 1938 volume of apartment construction.

During recent months, recovery in the volume of residential construction has been so strong throughout the country that in September each of the Federal Home Loan Bank Districts had more new residential building than in the same month of last year (Table 2, page 50); 35 States throughout the country shared in this revival.

## Indexes of Small-House Building Costs

[*Table 3*]

DEALERS' prices for materials used in the construction of a standard 6-room frame house have leveled off after a steady decline of 12 months. Materials used in building this house, which were priced in the peak month of August 1937 more than 10 percent above the average month of 1936, had fallen in cost by September of this year to a level 3 percent above the 1936 base. The greater part of this decrease in cost of materials was in lumber, which has receded steadily in price over the past year.

Wholesale building material prices, which are compiled by the United States Department of Labor, usually lead dealers' prices by several months in reflecting any significant change for the country as a whole. This lag in retail prices is largely due to the fact that dealers carry inventories for a period of time, and their prices do not immediately reflect changes in prices charged to them.

The cost of labor used in constructing the standard house continued in September the gradual increase reflected over the past year and now stands 12 percent above the 1936 level. The combined index of materials and labor, after declining for the past y , remained in September at the same level as in August.

Increases over last quarter in the total cost of constructing the standard house were reported by half of the 22 communities reporting both in July and October. In general, the total costs reported by communities were within $75 of those reported for July; however, a drop of over $300 was recorded for Spokane, Washington, in contrast to the $200 increase in Utica, New York, which is now reporting to the Federal Home Loan Bank Board.

Although there is little geographic uniformity in the distribution of increases and decreases in construction costs over quarterly periods, most of the reporting communities indicated October costs lower than a year ago, but higher than during the same month of 1936.

## Foreclosures

SEPTEMBER real estate foreclosures remained the same as in the previous month (160), according to the index for metropolitan communities. This lack of change compares favorably with the normal seasonal increase of 2.0 percent for this period.

The index declined 11.1 percent as compared with September of last year. During the first three-quarters of this year, metropolitan foreclosures decreased 21.6 percent from the same 1937 period.

Less foreclosure activity than in August was shown in 43 of the 80 reporting communities, while 32 indicated increases, and 5 no change.

## Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

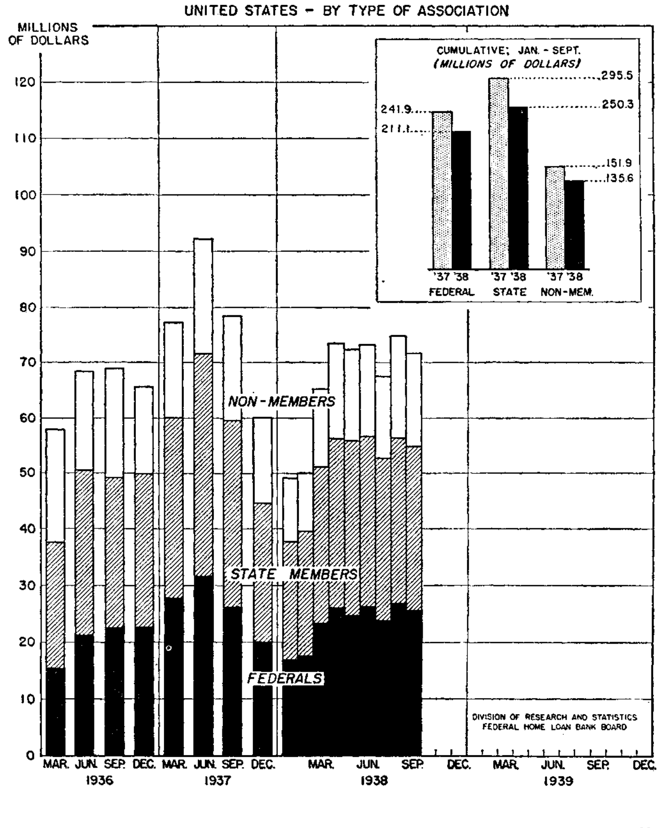
ALL types of associations have shared in the 1938 recession, as far as new mortgage loan business is concerned. During the first nine months of this year $600,000,000 was loaned on mortgage security—$100,000,000 less than during the same 1937 period; State members and nonmembers each suffered declines of 15 percent while Federals indicated a 13 percent retrenchment in lending activity.

During September, institutions in the savings and loan field experienced a slackening in the volume of new mortgage loans written. Approximately $71,600,000 was advanced during the month by all Federals, State-chartered members of the Federal Home Loan Bank System, and nonmember institutions combined, or $3,100,000 less than in August. Although lending activity has been below the volume of last year, mortgage financing by building and loan institutions has not receded to the 1936 level.

Only home purchase loans continued in September the contraseasonal recovery started last month, bringing the total for this purpose to a new high for the year. Each of the other loan-purpose classifications (Construction, Refinancing, Reconditioning, and "Other" loans) declined in volume after a rally during August.

Retrenchment in lending activity has been general throughout the country. Significant gains in September lending were made in only two Federal Home Loan Bank Districts (Topeka 8 percent, and Des Moines 6 percent) while lending activity in seven of the remaining Districts fell off more than 1 percent. State-member institutions showed more resistance to this decline than did the other association types. During the first three-quarters of this year, in each District, with the exception of Little Rock, loan volume was less than in the same period

TOTAL LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS
UNITED STATES – BY TYPE OF ASSOCIATION



of 1937. The increase of 5 percent in new loans in the Little Rock area was due to activity of Federal and State-chartered member institutions.

## Federal Savings and Loan System

[*Table 7*]

■ PRIVATE repurchasable capital increased 9 percent during the first half of the year in a group of 1,298 identical reporting Federal savings and loan associations, according to a recent survey. Those Federals originally organized by the subscription of shares (628 new Federals), had 29 percent more private capital at the end of June than at the close of last year, while 670 converted Federals had a net rise of 6 percent during this period. The net increase in private capital was approximately $30,000,000 in each group.

The increase in private capital has continued through September; in comparison with August, 1,296 comparable reporting Federals indicated a rise of $6,800,000, or 1 percent, in repurchasable funds. The Home Owners' Loan Corporation invested in these associations a net amount of over $200,000 during the month of September. A decline of $40,000 in Federal Home Loan Bank advances was more than offset by a rise of over $360,000 reported for borrowings from other sources.

### Progress in number and assets of Federal savings and loan associations

| | Number | | Approximate Assets | |
|---|---|---|---|---|
| | Aug. 31, 1938 | Sept. 30, 1938 | Aug. 31, 1938 | Sept. 30, 1938 |
| New | 640 | 640 | $315, 079, 000 | $320, 546, 000 |
| Converted | 713 | 723 | 918, 107, 000 | 938, 208, 000 |
| Total | 1, 353 | 1, 363 | 1,233,186,000 | 1,258,754,000 |

At the end of September, a total of 1,363 Federals had been approved for membership in the Bank System. These institutions had total assets of nearly $1,259,000,000 on September 30, after rising over $25,000,000 from August; over half of this increase was due to the acquisition of new Federal members.

## Federal Home Loan Bank System

[*Tables 9 and 10*]

■ A SLIGHT excess of advances over repayments during the month of September caused the total of advances outstanding by the Federal Home Loan Banks to rise to $189,550,000, the highest September 30 figure since the Bank System was established. Advances during September were more than 50 percent greater in amount than during August, but remained substantially below the total amounts advanced in September 1937 and September 1936. Repayments during the month of September were at a slightly lower level than during August, but exceeded the amount of repayments in September 1937 and September 1936 by more than one million dollars.

The cumulative total of advances for the first nine months of 1938 is still much less than the amount advanced during the same period in 1937, as Table 10 shows, and is slightly less than the cumulative total of advances for the same period in 1936. The cumulative total of repayments, in contrast, is approximately 12 million dollars greater than in 1937, and over 30 million dollars greater than during the first nine months of 1936.

All of the Federal Home Loan Banks, except those in the New York, Pittsburgh, and Topeka Districts, made a greater amount of advances during September than during August. Repayments to seven of the Banks were less during September than in August. As a result of advances which exceeded repayments during September, six of the Banks showed a net gain in the balance of advances outstanding. The greatest monetary and percentage increases in outstanding advances occurred in the Indianapolis and Des Moines Banks. The greatest monetary and percentage decreases in outstanding advances were recorded by the Cincinnati and Chicago Banks.

Secured advances outstanding on September 30 represented 85.7 percent of the total outstanding on that date. A year ago the secured advances represented 78.4 percent of the total.

On September 30, 1938, the Federal Home Loan Banks had advances outstanding to two out of every three members. The number of borrowing members constituted 66.3 percent of the 3,960 institutions which represented the total membership of the Federal Home Loan Bank System on that date.

# Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ AS OF September 30, 1938, the 2,055 insured savings and loan associations had total assets of $2,039,000,000. More than 2,000,000 investors had their savings of $1,378,000,000 protected in these institutions. At the end of September, total share and creditor liabilities approximated $1,836,000,000 and the potential risk of the Insurance Corporation in these institutions exceeded $1,438,000,000. During September, 15 institutions with assets of $16,773,000 were insured.

In September, applications were received for insurance from 29 savings and loan associations with assets of slightly more than $19,000,000. Twenty of these applications came from State-chartered institutions.

Comparable reports received from 1,909 insured associations revealed that total mortgage loans made were $1,500,000 less in September than in the previous month. The largest part of this recession was due to a marked decline in the volume of construction loans. During September a gain of slightly more than $7,000,000 was shown in private repurchasable capital. Each of the Federal Home Loan Bank Districts contributed to this advance.

At the end of September, total assets of the Insurance Corporation amounted to $115,366,615, a gain of $441,000 over the previous month. Total income earned from insurance premiums and admission fees ($189,965) was $46,000 greater than in September of last year. For the first quarter of the current fiscal year net income amounted to $1,338,317, a gain of more than $150,000 from the corresponding period of last year.

Total investments owned by the Corporation had a book value at the end of September of more than $113,400,000. The present market value of these investments ($119,620,197) exceeds the book value by more than $6,200,000, although the excess of market over book value was $250,000 less at the end of September than at the end of August.

# Directory of Member, Federal and Insured Institutions

Added during September–October

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

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

DISTRICT NO. 1

MAINE:
- Waldoboro:
  - Waldoboro Loan & Building Association.

DISTRICT NO. 3

PENNSYLVANIA:
- Cynwyd:
  - Bala-Cynwyd Building Association, Union Fire Hall.
- Norristown:
  - Town and Country Building & Loan Association, 60 East Penn Street.
  - West Norriton Building & Loan Association, 14 Orchard Lane.
- Philadelphia:
  - Emmet Building & Loan Association, Number Two, 2009 Spruce Street.
  - Holmesburg Building Association, 7930 Frankford Avenue.
  - Householders' Building & Loan Association, 606 Bailey Building.

DISTRICT NO. 4

MARYLAND:
- Baltimore:
  - Standard Permanent Building & Savings Association of Baltimore City, 1603 North Gay Street.

NORTH CAROLINA:
- Raleigh:
  - Durham Life Insurance Company, 324 Lafayette Street.

DISTRICT NO. 5

OHIO:
- Xenia:
  - Peoples Building & Savings Company.

DISTRICT NO. 7

ILLINOIS:
- Galesburg:
  - Mechanics Homestead & Loan Association, 58–62 South Cherry Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 16, 1938, AND OCTOBER 15, 1938

CALIFORNIA:
- Van Nuys:
  - Van Nuys Building & Loan Association, 6330 Van Nuys Boulevard (voluntary withdrawal).

ILLINOIS:
- Chicago:
  - Vysehrad Building & Loan Association, 1843 South Racine Avenue (voluntary withdrawal).

MARYLAND:
- Baltimore:
  - Woodlawn Heights Building & Loan Association, 1649 West North Avenue (voluntary withdrawal).

MICHIGAN:
- Jackson:
  - New Michigan Building & Loan Association, 100 Michigan Street (sale of assets to Security Savings and Loan Association, Jackson, Michigan).

MISSOURI:
- Sweet Springs:
  - Sweet Springs Building & Loan Association (voluntary withdrawal).

NEW JERSEY:
- Atlantic City:
  - Boardwalk Building & Loan Association of New Jersey, 25 South Virginia Avenue (voluntary withdrawal).
- Newark:
  - South Broad Building & Loan Association of Newark, New Jersey, 17 William Street (voluntary withdrawal).

NORTH CAROLINA:
- Salisbury:
  - Mutual Building & Loan Association, 118 West Innes Street (voluntary withdrawal).

*(Continued on p. 59)*

## *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]

[Amounts are shown in thousands of dollars]

| | Number of family units provided | | | | | Total cost of units | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Monthly totals | | | January–September totals | | Monthly totals | | | January–September totals | |
| | Sept. 1938 | Aug. 1938 | Sept. 1937 | 1938 | 1937 | Sept. 1938 | Aug. 1938 | Sept. 1937 | 1938 | 1937 |
| 1-family dwellings | 12, 550 | 13, 150 | 9, 078 | 93, 918 | 87, 644 | $47, 780. 1 | $52, 665. 2 | $37, 783. 6 | $368, 989. 0 | $381, 715. 4 |
| 2-family dwellings | 778 | 1, 044 | 896 | 7, 974 | 7, 452 | 2, 075. 6 | 2, 850. 1 | 2, 291. 7 | 20, 851. 8 | 20, 326. 9 |
| Joint home and business [2] | 107 | 116 | 113 | 734 | 854 | 381. 3 | 338. 8 | 404. 5 | 2, 571. 7 | 3, 143. 4 |
| 3- and more-family dwellings | 8, 324 | 6, 816 | 2, 075 | 59, 266 | 36, 103 | 28, 332. 1 | 22, 300. 3 | 7, 538. 0 | 193, 086. 4 | 123, 250. 7 |
| Total residential | 21, 759 | 21, 126 | 12, 162 | 161, 892 | 132, 053 | 78, 569. 1 | 78, 154. 4 | 48, 017. 8 | 585, 498. 9 | 528, 436. 4 |

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.
[2] Includes 1- and 2-family dwellings with business property attached.

## *Table 2.*—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in September 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 | |
| | Sept. 1938 | Sept. 1937 | Sept. 1938 | Sept. 1937 | Sept. 1938 | Sept. 1937 | Sept. 1938 | Sept. 1937 |
| UNITED STATES | 21, 759 | 12, 162 | $78, 569. 1 | $48, 017. 8 | 13, 435 | 10, 087 | $50, 237. 0 | $40, 479. 8 |
| No. 1—Boston | 678 | 590 | 2, 998. 3 | 2, 907. 8 | 627 | 573 | 2, 855. 3 | 2, 865. 0 |
| Connecticut | 224 | 154 | 944. 1 | 749. 8 | 173 | 147 | 801. 1 | 728. 0 |
| Maine | 44 | 18 | 148. 7 | 66. 1 | 44 | 18 | 148. 7 | 66. 1 |
| Massachusetts | 285 | 298 | 1, 453. 8 | 1, 567. 9 | 285 | 288 | 1, 453. 8 | 1, 546. 9 |
| New Hampshire | 31 | 26 | 89. 1 | 124. 4 | 31 | 26 | 89. 1 | 124. 4 |
| Rhode Island | 81 | 86 | 322. 1 | 367. 6 | 81 | 86 | 322. 1 | 367. 6 |
| Vermont | 13 | 8 | 40. 5 | 32. 0 | 13 | 8 | 40. 5 | 32. 0 |
| No. 2—New York | 8, 103 | 2, 279 | 28, 854. 4 | 10, 302. 3 | 1, 443 | 1, 143 | 5, 581. 0 | 5, 156. 5 |
| New Jersey | 598 | 232 | 2, 286. 7 | 1, 285. 7 | 240 | 183 | 1, 128. 6 | 1, 121. 4 |
| New York | 7, 505 | 2, 047 | 26, 567. 7 | 9, 016. 6 | 1, 203 | 960 | 4, 452. 4 | 4, 035. 1 |
| No. 3—Pittsburgh | 1, 237 | 618 | 4, 677. 1 | 3, 439. 6 | 1, 091 | 610 | 4, 271. 3 | 3, 424. 1 |
| Delaware | 0 | 6 | 0. 0 | 29. 3 | ------- | 6 | --------- | 29. 3 |
| Pennsylvania | 1, 149 | 500 | 4, 356. 4 | 3, 053. 9 | 1, 003 | 500 | 3, 950. 6 | 3, 053. 9 |
| West Virginia | 88 | 112 | 320. 7 | 356. 4 | 88 | 104 | 320. 7 | 340. 9 |

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

[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 | |
| | Sept. 1938 | Sept. 1937 | Sept. 1938 | Sept. 1937 | Sept. 1938 | Sept. 1937 | Sept. 1938 | Sept. 1937 |
| No. 4—Winston-Salem | 1, 954 | 1, 603 | 6, 382. 7 | 5, 303. 1 | 1, 571 | 1, 319 | 5, 472. 3 | 4, 605. 3 |
| Alabama | 121 | 86 | 207. 3 | 198. 7 | 113 | 86 | 188. 6 | 198. 7 |
| District of Columbia | 346 | 383 | 1, 643. 3 | 1, 659. 2 | 248 | 171 | 1, 405. 8 | 1, 108. 2 |
| Florida | 434 | 381 | 1, 432. 5 | 1, 343. 8 | 411 | 361 | 1, 387. 8 | 1, 278. 3 |
| Georgia | 175 | 161 | 478. 5 | 337. 0 | 171 | 149 | 471. 5 | 332. 5 |
| Maryland | 338 | 188 | 1, 083. 7 | 626. 4 | 190 | 169 | 683. 7 | 603. 9 |
| North Carolina | 246 | 219 | 639. 9 | 482. 5 | 214 | 207 | 604. 0 | 454. 2 |
| South Carolina | 89 | 69 | 212. 4 | 188. 2 | 85 | 60 | 203. 0 | 162. 2 |
| Virginia | 205 | 116 | 685. 1 | 467. 3 | 139 | 116 | 527. 9 | 467. 3 |
| No. 5—Cincinnati | 934 | 788 | 4, 099. 8 | 3, 611. 7 | 753 | 755 | 3, 435. 8 | 3, 494. 3 |
| Kentucky | 99 | 130 | 301. 5 | 372. 3 | 99 | 130 | 301. 5 | 372. 3 |
| Ohio | 640 | 555 | 3, 180. 2 | 2, 981. 3 | 515 | 522 | 2, 716. 2 | 2, 863. 9 |
| Tennessee | 195 | 103 | 618. 1 | 258. 1 | 139 | 103 | 418. 1 | 258. 1 |
| No. 6—Indianapolis | 1, 246 | 1, 014 | 5, 647. 1 | 4, 210. 9 | 1, 242 | 1, 006 | 5, 637. 1 | 4, 182. 4 |
| Indiana | 250 | 268 | 939. 2 | 900. 5 | 246 | 264 | 929. 2 | 891. 5 |
| Michigan | 996 | 746 | 4, 707. 9 | 3, 310. 4 | 996 | 742 | 4, 707. 9 | 3, 290. 9 |
| No. 7—Chicago | 856 | 598 | 4, 098. 7 | 3, 039. 8 | 574 | 567 | 2, 807. 7 | 2, 913. 2 |
| Illinois | 643 | 339 | 3, 215. 9 | 1, 921. 3 | 369 | 308 | 1, 949. 9 | 1, 794. 7 |
| Wisconsin | 213 | 259 | 882. 8 | 1, 118. 5 | 205 | 259 | 857. 8 | 1, 118. 5 |
| No. 8—Des Moines | 752 | 666 | 2, 653. 9 | 2, 210. 8 | 708 | 583 | 2, 539. 5 | 2, 030. 8 |
| Iowa | 199 | 142 | 753. 4 | 497. 3 | 199 | 142 | 753. 4 | 497. 3 |
| Minnesota | 255 | 209 | 995. 2 | 751. 7 | 242 | 181 | 950. 8 | 691. 7 |
| Missouri | 229 | 237 | 755. 9 | 796. 3 | 198 | 193 | 685. 9 | 714. 3 |
| North Dakota | 19 | 25 | 61. 8 | 56. 2 | 19 | 22 | 61. 8 | 48. 2 |
| South Dakota | 50 | 53 | 87. 6 | 109. 3 | 50 | 45 | 87. 6 | 79. 3 |
| No. 9—Little Rock | 1, 748 | 1, 074 | 4, 581. 2 | 2, 901. 8 | 1, 693 | 1, 026 | 4, 432. 3 | 2, 788. 7 |
| Arkansas | 61 | 37 | 138. 8 | 89. 1 | 57 | 30 | 126. 3 | 82. 3 |
| Louisiana | 159 | 121 | 462. 5 | 378. 4 | 155 | 114 | 459. 6 | 356. 6 |
| Mississippi | 111 | 100 | 184. 7 | 128. 2 | 111 | 100 | 184. 7 | 128. 2 |
| New Mexico | 39 | 36 | 161. 7 | 86. 0 | 39 | 36 | 161. 7 | 86. 0 |
| Texas | 1, 378 | 780 | 3, 633. 5 | 2, 220. 1 | 1, 331 | 746 | 3, 500. 0 | 2, 135. 6 |
| No. 10—Topeka | 604 | 504 | 1, 806. 4 | 1, 545. 7 | 523 | 422 | 1, 642. 2 | 1, 420. 3 |
| Colorado | 177 | 121 | 528. 1 | 418. 5 | 112 | 93 | 402. 8 | 378. 5 |
| Kansas | 123 | 100 | 332. 6 | 241. 8 | 111 | 89 | 298. 7 | 234. 8 |
| Nebraska | 62 | 100 | 246. 4 | 254. 2 | 62 | 60 | 246. 4 | 185. 8 |
| Oklahoma | 242 | 183 | 699. 3 | 631. 2 | 238 | 180 | 694. 3 | 621. 2 |
| No. 11—Portland | 581 | 488 | 1, 859. 5 | 1, 359. 5 | 566 | 469 | 1, 822. 3 | 1, 317. 4 |
| Idaho | 18 | 32 | 57. 5 | 79. 5 | 18 | 28 | 57. 5 | 66. 5 |
| Montana | 52 | 55 | 121. 7 | 104. 5 | 49 | 55 | 110. 7 | 104. 5 |
| Oregon | 120 | 106 | 486. 9 | 361. 0 | 116 | 96 | 481. 1 | 336. 0 |
| Utah | 110 | 83 | 394. 5 | 262. 2 | 110 | 83 | 394. 5 | 262. 2 |
| Washington | 250 | 196 | 667. 6 | 501. 6 | 242 | 191 | 647. 2 | 497. 5 |
| Wyoming | 31 | 16 | 131. 3 | 50. 7 | 31 | 16 | 131. 3 | 50. 7 |
| No. 12—Los Angeles | 3, 066 | 1, 940 | 10, 910. 0 | 7, 184. 8 | 2, 644 | 1, 614 | 9, 740. 2 | 6, 281. 8 |
| Arizona | 39 | 37 | 153. 2 | 127. 1 | 39 | 33 | 153. 2 | 122. 1 |
| California | 3, 005 | 1, 888 | 10, 628. 9 | 6, 994. 1 | 2, 583 | 1, 566 | 9, 459. 1 | 6, 096. 1 |
| Nevada | 22 | 15 | 127. 9 | 63. 6 | 22 | 15 | 127. 9 | 63. 6 |

## *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 cost | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1938 Oct. | 1937 Oct. | 1936 Oct. | 1938 Oct. | 1938 July | 1938 April | 1938 Jan. | 1937 Oct. | 1936 Oct. |
| No. 2—New York: | | | | | | | | | |
| Atlantic City, N. J. | $0.242 | $0.254 | $0.238 | $5,812 | $5,838 | -------- | $5,905 | $6,086 | $5,701 |
| Camden, N. J. | .245 | .245 | .219 | 5,884 | 5,846 | $5,688 | 5,710 | 5,884 | 5,258 |
| Newark, N. J. | .231 | -------- | .213 | 5,537 | 5,479 | 5,427 | 5,363 | -------- | 5,117 |
| Albany, N. Y. | .244 | .256 | .222 | 5,847 | 5,957 | -------- | 6,200 | 6,155 | 5,328 |
| Buffalo, N. Y. | .263 | .271 | .238 | 6,303 | 6,149 | 6,073 | 6,260 | 6,496 | 5,706 |
| Utica, N. Y. | .251 | -------- | -------- | 6,018 | 5,826 | -------- | -------- | -------- | -------- |
| White Plains, N. Y. | .260 | .266 | .240 | 6,236 | -------- | 6,198 | 6,291 | 6,381 | 5,757 |
| No. 6—Indianapolis: | | | | | | | | | |
| Evansville, Ind. | .239 | -------- | .233 | 5,742 | -------- | 5,770 | 5,769 | -------- | 5,586 |
| Indianapolis, Ind. | .240 | -------- | .229 | 5,765 | 5,806 | 5,812 | 5,711 | -------- | 5,492 |
| South Bend, Ind. | .240 | -------- | .246 | 5,750 | 5,739 | 5,964 | 6,193 | -------- | 5,899 |
| Detroit, Mich. | .257 | .259 | .219 | 6,166 | 6,142 | 6,026 | 6,108 | 6,221 | 5,251 |
| Grand Rapids, Mich. | .245 | .243 | .216 | 5,871 | 5,914 | 5,911 | 5,908 | 5,829 | 5,189 |
| No. 8—Des Moines: | | | | | | | | | |
| Des Moines, Iowa | .257 | .269 | .256 | 6,164 | 6,117 | 6,139 | 6,264 | 6,463 | 6,140 |
| Duluth, Minn. | .258 | [2].262 | .240 | 6,186 | [2]6,199 | [2]6,195 | [2]6,248 | [2]6,279 | 5,765 |
| St. Paul, Minn. | .272 | [2].284 | [2].234 | 6,532 | [2]6,546 | [2]6,539 | -------- | [2]6,822 | [2]5,606 |
| St. Louis, Mo. | .250 | .268 | .254 | 5,989 | 6,027 | 6,122 | 6,207 | 6,437 | 6,102 |
| Fargo, N. Dak. | .243 | [2].249 | [2].233 | 5,832 | [2]5,843 | [2]5,868 | [2]5,957 | [2]5,975 | [2]5,586 |
| Sioux Falls, S. Dak. | .268 | .264 | .236 | 6,436 | 6,374 | 6,196 | 6,339 | 6,344 | 5,676 |
| No. 11—Portland: | | | | | | | | | |
| Boise, Idaho | .250 | .257 | [2].238 | 6,002 | 5,860 | 5,848 | 5,934 | 6,159 | [2]5,712 |
| Portland, Oregon | .227 | [2].251 | [2].223 | 5,455 | [2]5,397 | [2]5,391 | [2]5,563 | [2]6,032 | [2]5,353 |
| Salt Lake City, Utah | .245 | -------- | .237 | 5,880 | 5,911 | 5,961 | 6,039 | -------- | 5,694 |
| Seattle, Wash. | .261 | .272 | .250 | 6,259 | 6,256 | 6,428 | 6,503 | 6,532 | 6,009 |
| Spokane, Wash. | .262 | .285 | .257 | 6,286 | 6,620 | 6,545 | 6,548 | 6,851 | 6,175 |
| Casper, Wyo. | .235 | [2].248 | [2].237 | 5,644 | [2]5,661 | [2]5,718 | [2]5,799 | [2]5,951 | [2]5,690 |

[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.

[2] Revised.

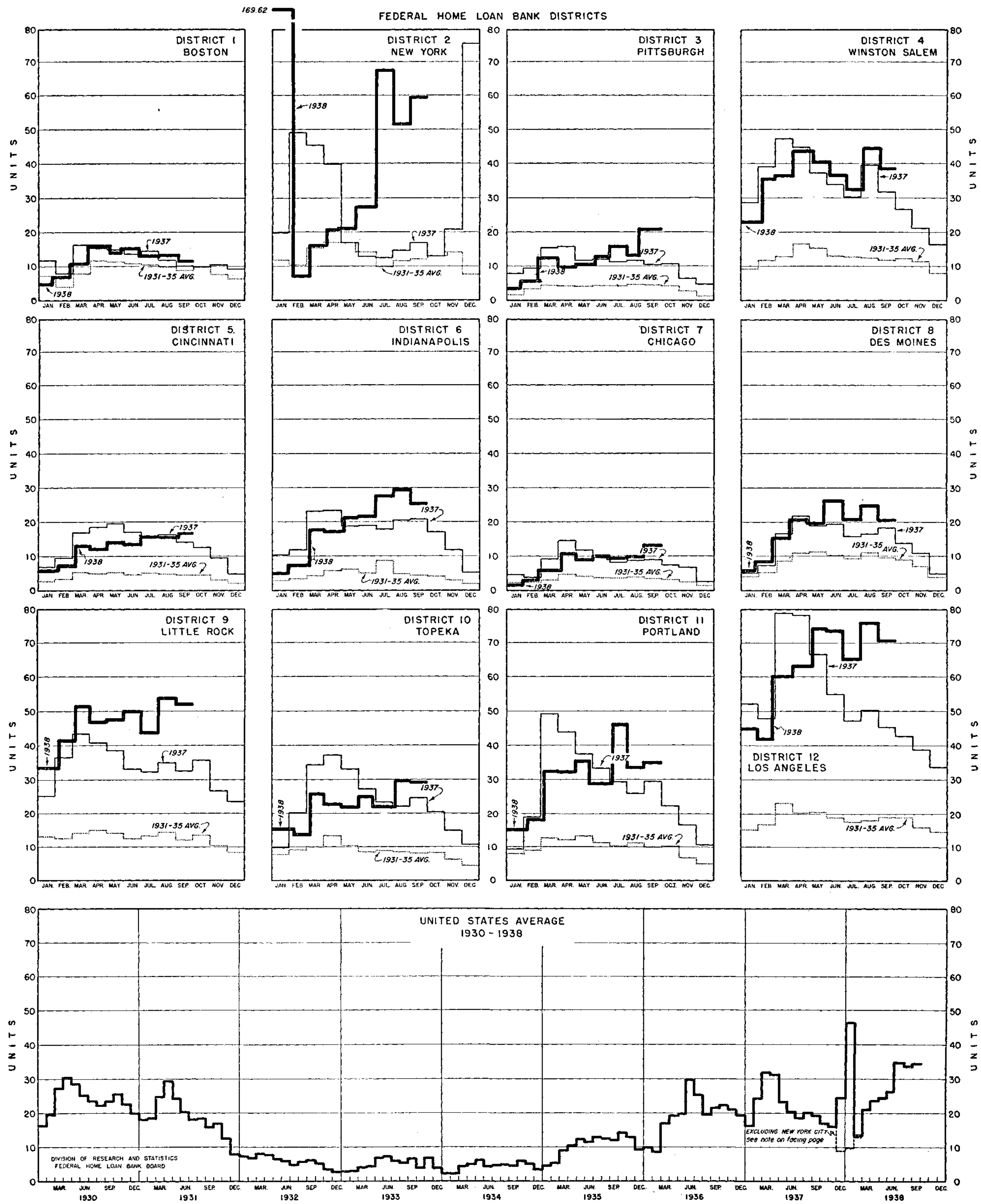
NOTE FOR CHART ON FACING PAGE:

A new building code in New York City, effective January 1938, caused an unusual spurt of applications for permits which threw the United States total out of balance. The dotted line shows that total excluding New York City for December 1937 and January and February 1938.

# 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 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 | | Percent increase Sept. 1938 over Aug. 1938 | New loans, Sept. 1937 | Percent increase Sept. 1938 over Sept. 1937 | Cumulative new loans (9 months) | | |
|---|---|---|---|---|---|---|---|---|
| | Sept. 1938 | Aug. 1938 | | | | 1938 | 1937 | Percent increase |
| United States:—Total | $71, 647 | $74, 709 | −4 | $78, 314 | −9 | $597, 061 | $696, 524 | −14 |
| Federal | 25, 650 | 26, 858 | −4 | 26, 189 | −2 | 211, 126 | 241, 872 | −13 |
| State member | 29, 255 | 29, 506 | −1 | 33, 307 | −12 | 250, 305 | 295, 547 | −15 |
| Nonmember | 16, 742 | 18, 345 | −9 | 18, 818 | −11 | 135, 630 | 159, 105 | −15 |
| District 1:—Total | 7, 064 | 7, 128 | −1 | 7, 524 | −6 | 56, 280 | 65, 064 | −14 |
| Federal | 1, 829 | 2, 003 | −9 | 1, 485 | +23 | 15, 517 | 16, 469 | −6 |
| State member | 3, 544 | 3, 312 | +7 | 3, 913 | −9 | 27, 173 | 28, 882 | −6 |
| Nonmember | 1, 691 | 1, 813 | −7 | 2, 126 | −20 | 13, 590 | 19, 713 | −31 |
| District 2:—Total | 7, 248 | 7, 381 | −2 | 7, 389 | −2 | 56, 957 | 63, 559 | −10 |
| Federal | 1, 822 | 2, 096 | −13 | 1, 770 | +3 | 15, 948 | 15, 784 | +1 |
| State member | 1, 789 | 1, 838 | −3 | 1, 938 | −8 | 14, 915 | 16, 785 | −11 |
| Nonmember | 3, 637 | 3, 447 | +6 | 3, 681 | −1 | 26, 094 | 30, 990 | −16 |
| District 3:—Total | 5, 323 | 5, 281 | +1 | 5, 398 | −1 | 46, 759 | 50, 522 | −7 |
| Federal | 1, 150 | 1, 115 | +3 | 1, 084 | +6 | 9, 489 | 9, 321 | +2 |
| State member | 1, 419 | 1, 404 | +1 | 1, 749 | −19 | 13, 677 | 14, 804 | −8 |
| Nonmember | 2, 754 | 2, 762 | 0 | 2, 565 | +7 | 23, 593 | 26, 397 | −11 |
| District 4:—Total | 9, 937 | 11, 366 | −13 | 9, 756 | +2 | 83, 224 | 85, 412 | −3 |
| Federal | 3, 823 | 3, 615 | +6 | 3, 495 | +9 | 28, 680 | 31, 354 | −9 |
| State member | 4, 224 | 4, 555 | −7 | 4, 315 | −2 | 38, 871 | 39, 816 | −2 |
| Nonmember | 1, 890 | 3, 196 | −41 | 1, 946 | −3 | 15, 673 | 14, 242 | +10 |
| District 5:—Total | 11, 253 | 11, 546 | −3 | 16, 143 | −30 | 91, 620 | 132, 311 | −31 |
| Federal | 4, 240 | 4, 603 | −8 | 5, 223 | −19 | 35, 347 | 45, 753 | −23 |
| State member | 5, 233 | 5, 144 | +2 | 7, 383 | −29 | 41, 311 | 64, 078 | −36 |
| Nonmember | 1, 780 | 1, 799 | −1 | 3, 537 | −50 | 14, 962 | 22, 480 | −33 |
| District 6:—Total | 3, 159 | 3, 616 | −13 | 3, 846 | −18 | 25, 874 | 31, 428 | −18 |
| Federal | 1, 309 | 1, 768 | −26 | 1, 678 | −22 | 11, 931 | 14, 400 | −17 |
| State member | 1, 485 | 1, 569 | −5 | 1, 788 | −17 | 11, 844 | 13, 885 | −15 |
| Nonmember | 365 | 279 | +31 | 380 | −4 | 2, 099 | 3, 143 | −33 |
| District 7:—Total | 6, 753 | 7, 413 | −9 | 7, 162 | −6 | 59, 258 | 73, 603 | −19 |
| Federal | 2, 206 | 2, 511 | −12 | 2, 511 | −12 | 19, 961 | 22, 189 | −10 |
| State member | 2, 633 | 2, 904 | −9 | 3, 335 | −21 | 25, 442 | 36, 459 | −30 |
| Nonmember | 1, 914 | 1, 998 | −4 | 1, 316 | +45 | 13, 855 | 14, 955 | −7 |
| District 8:—Total | 5, 046 | 4, 739 | +6 | 4, 746 | +6 | 36, 224 | 37, 504 | −3 |
| Federal | 2, 131 | 1, 958 | +9 | 2, 026 | +5 | 14, 882 | 16, 734 | −11 |
| State member | 1, 659 | 1, 529 | +9 | 1, 265 | +31 | 11, 961 | 11, 996 | 0 |
| Nonmember | 1, 256 | 1, 252 | 0 | 1, 455 | −14 | 9, 381 | 8, 774 | +7 |
| District 9:—Total | 4, 148 | 4, 105 | +1 | 4, 035 | +3 | 36, 368 | 34, 770 | +5 |
| Federal | 1, 469 | 1, 544 | −5 | 1, 304 | +13 | 13, 896 | 12, 654 | +10 |
| State member | 2, 495 | 2, 419 | +3 | 2, 461 | +1 | 20, 718 | 19, 654 | +5 |
| Nonmember | 184 | 142 | +30 | 270 | −32 | 1, 754 | 2, 462 | −29 |
| District 10:—Total | 3, 581 | 3, 302 | +8 | 4, 043 | −11 | 30, 480 | 35, 886 | −15 |
| Federal | 1, 572 | 1, 463 | +7 | 1, 690 | −7 | 13, 146 | 14, 909 | −12 |
| State member | 1, 113 | 956 | +16 | 1, 239 | −10 | 9, 372 | 9, 589 | −2 |
| Nonmember | 896 | 883 | +1 | 1, 114 | −20 | 7, 962 | 11, 388 | −30 |
| District 11:—Total | 2, 530 | 2, 699 | −6 | 2, 729 | −7 | 21, 366 | 27, 901 | −23 |
| Federal | 1, 411 | 1, 485 | −5 | 1, 494 | −6 | 11, 722 | 16, 425 | −29 |
| State member | 933 | 871 | +7 | 1, 003 | −7 | 7, 360 | 10, 080 | −27 |
| Nonmember | 186 | 343 | −46 | 232 | −20 | 2, 284 | 1, 396 | +64 |
| District 12:—Total | 5, 605 | 6, 133 | −9 | 5, 543 | +1 | 52, 651 | 58, 564 | −10 |
| Federal | 2, 688 | 2, 697 | 0 | 2, 429 | +11 | 20, 607 | 25, 880 | −20 |
| State member | 2, 728 | 3, 005 | −9 | 2, 918 | −7 | 27, 661 | 29, 519 | −6 |
| Nonmember | 189 | 431 | −56 | 196 | −4 | 4, 383 | 3, 165 | +38 |

## Table 5.—Estimated volume of new loans by all savings and loan associations, classified according to purpose and type of association [1]

[Amounts are shown in thousands of dollars]

| Period | Purpose | | | | | Total loans | Type of association | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mortgage loans on homes | | | | Loans for all other purposes | | Volume of loans | | |
| | Construction | Home purchase | Refinancing | Reconditioning | | | Federals | State members | Nonmembers |
| 1937 | $234, 102 | $326, 627 | $180, 804 | $62, 143 | $92, 901 | $896, 577 | $307, 278 | $379, 284 | $210, 015 |
| January–August | 162, 116 | 226, 038 | 126, 698 | 41, 938 | 61, 420 | 618, 210 | 215, 683 | 262, 240 | 140, 287 |
| September | 20, 003 | 29, 693 | 14, 643 | 5, 790 | 8, 185 | 78, 314 | 26, 189 | 33, 307 | 18, 818 |
| 1938—January–August | 139, 562 | 173, 079 | 109, 851 | 39, 259 | 63, 663 | 525, 414 | 185, 476 | 221, 050 | 118, 888 |
| January | 12, 572 | 14, 896 | 11, 334 | 3, 409 | 6, 891 | 49, 102 | 16, 781 | 20, 879 | 11, 442 |
| February | 11, 669 | 16, 117 | 11, 293 | 3, 662 | 7, 352 | 50, 093 | 17, 520 | 22, 073 | 10, 500 |
| March | 16, 648 | 21, 056 | 14, 391 | 4, 953 | 8, 170 | 65, 218 | 23, 356 | 27, 835 | 14, 027 |
| April | 17, 710 | 25, 494 | 15, 772 | 5, 683 | 8, 648 | 73, 307 | 26, 107 | 30, 238 | 16, 962 |
| May | 19, 400 | 24, 123 | 15, 281 | 5, 416 | 8, 059 | 72, 279 | 24, 721 | 31, 196 | 16, 362 |
| June | 19, 892 | 25, 636 | 13, 885 | 5, 211 | 8, 443 | 73, 067 | 26, 310 | 30, 350 | 16, 407 |
| July | 19, 096 | 21, 924 | 13, 194 | 5, 397 | 8, 028 | 67, 639 | 23, 823 | 28, 973 | 14, 843 |
| August | 22, 575 | 23, 833 | 14, 701 | 5, 528 | 8, 072 | 74, 709 | 26, 858 | 29, 506 | 18, 345 |
| September | 21, 018 | 25, 698 | 12, 416 | 4, 791 | 7, 724 | 71, 647 | 25, 650 | 29, 255 | 16, 742 |

[1] Revised

## Table 6.—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 | 83. 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 |
| February | 91. 1 | 91. 5 | 95. 5 | 91. 0 | 79. 2 | 79. 6 | 114. 9 | 95. 3 |
| March | 91. 5 | 91. 1 | 95. 5 | 91. 3 | 82. 2 | 78. 9 | 114. 9 | 94. 8 |
| April | 91. 2 | 90. 4 | 95. 5 | 91. 1 | 81. 4 | 77. 2 | 114. 9 | 94. 8 |
| May | 90. 4 | 90. 5 | 95. 5 | 89. 3 | 80. 9 | 77. 2 | 114. 9 | 94. 1 |
| June | 89. 7 | 90. 6 | 95. 5 | 88. 7 | 80. 1 | 77. 2 | 113. 0 | 93. 3 |
| July | 89. 2 | 90. 7 | 95. 5 | 88. 8 | 80. 5 | 79. 5 | 107. 3 | 91. 2 |
| August | 89. 4 | 90. 6 | 95. 5 | 90. 2 | 80. 5 | 79. 2 | 107. 3 | 91. 3 |
| September | 89. 5 | 90. 9 | 95. 5 | 90. 4 | 80. 4 | 78. 5 | 107. 3 | 91. 3 |
| Change: | | | | | | | | |
| Sept. 1938–Aug. 1938 | +0. 1% | +0. 3% | 0. 0% | +0. 2% | −0. 1% | −0. 9% | 0. 0% | 0. 0% |
| Sept. 1938–Sept. 1937 | −7. 0% | −4. 3% | 0. 0% | −8. 7% | −5. 0% | −2. 6% | −6. 6% | −9. 4% |

## *Table 7.*—Monthly operations of 1,296 identical Federal savings and loan associations and 613 identical insured State-chartered savings and loan associations reporting during August and September 1938

[Amounts are shown in thousands of dollars]

| | 1,296 Federal | | | 613 insured State members | | |
|---|---|---|---|---|---|---|
| | August | September | Change August to September | August | September | Change August to September |
| Share liability at end of month: | | | *Percent* | | | *Percent* |
| Private share accounts (number) | 1, 044, 328 | 1, 056, 026 | +1. 1 | 763, 343 | 765, 702 | +0. 3 |
| Paid on private subscriptions | $773, 418. 9 | $780, 224. 1 | +0. 9 | $524, 691. 9 | $525, 029. 6 | +0. 1 |
| Treasury and H. O. L. C. subscriptions | 211, 773. 7 | 211, 988. 6 | +0. 1 | 37, 393. 8 | 37, 549. 6 | +0. 4 |
| Total | 985, 192. 6 | 992, 212. 7 | +0. 7 | 562, 085. 7 | 562, 579. 2 | +0. 1 |
| Private share investments during month | 19, 522. 2 | 17, 291. 7 | −11. 4 | 9, 359. 5 | 8, 590. 0 | −8. 2 |
| Repurchases during month | 11, 974. 9 | 10, 571. 5 | −11. 7 | 8, 362. 0 | 8, 140. 2 | −2. 7 |
| Mortgage loans made during month: | | | | | | |
| a. New construction | 9, 903. 0 | 8, 921. 7 | −9. 9 | 3, 860. 6 | 3, 376. 9 | −12. 5 |
| b. Purchase of homes | 7, 055. 9 | 7, 108. 4 | +0. 7 | 3, 402. 7 | 3, 806. 3 | +11. 9 |
| c. Refinancing | 5, 136. 0 | 5, 118. 5 | −0. 3 | 1, 906. 8 | 1, 839. 3 | −3. 5 |
| d. Reconditioning | 1, 593. 3 | 1, 392. 0 | −12. 6 | 725. 9 | 633. 4 | −12. 7 |
| e. Other purposes | 2, 235. 5 | 2, 292. 5 | +2. 5 | 1, 307. 0 | 1, 147. 9 | −12. 2 |
| Total | 25, 923. 7 | 24, 833. 1 | −4. 2 | 11, 203. 0 | 10, 803. 8 | −3. 6 |
| Mortgage loans outstanding end of month | 947, 287. 5 | 960, 096. 2 | +1. 4 | 507, 700. 6 | 510, 620. 3 | +0. 6 |
| Borrowed money as of end of month: | | | | | | |
| From Federal Home Loan Banks | 93, 900. 4 | 93, 860. 3 | (1) | 35, 230. 9 | 35, 309. 7 | +0. 2 |
| From other sources | 2, 682. 4 | 3, 047. 1 | +13. 6 | 3, 484. 7 | 3, 511. 2 | +0. 8 |
| Total | 96, 582. 8 | 96, 907. 4 | +0. 3 | 38, 715. 6 | 38, 820. 9 | +0. 3 |
| Total assets, end of month | 1, 200, 592. 0 | 1, 212, 568. 9 | +1. 0 | 719, 420. 1 | 722, 558. 2 | +0. 4 |

[1] Less than 0.1 percent.

## *Table 8.*—Institutions insured by the Federal Savings and Loan Insurance Corporation [1]

[Amounts are shown in thousands of dollars]

| | Cumulative number at specified dates | | | | | | Number of investors | Assets | Private repurchasable capital |
|---|---|---|---|---|---|---|---|---|---|
| | Dec. 31, 1934 | Dec. 31, 1935 | Dec. 31, 1936 | Dec. 31, 1937 | Aug. 31, 1938 | Sept. 30, 1938 | Sept. 30, 1938 | Sept. 30, 1938 | Sept. 30, 1938 |
| State-chartered associations | 4 | 136 | 382 | 566 | 699 | 705 | 918, 800 | 783, 551 | 569, 332 |
| Converted F. S. and L. A | 108 | 406 | 560 | 672 | [2] 702 | [3] 710 | 819, 100 | 934, 453 | 646, 299 |
| New F. S. and L. A | 339 | 572 | 634 | 641 | 640 | 640 | 274, 000 | 320, 546 | 161, 892 |
| Total | 451 | 1, 114 | 1, 576 | 1, 879 | 2, 041 | 2, 055 | 2, 011, 900 | 2, 038, 550 | 1, 377, 523 |

[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.
[2] In addition, 11 Federals with assets of $7,139,000 had been approved for conversion but had not been insured as of August 31.
[3] In addition, 13 Federals with assets of $3,755,000 had been approved for conversion but had not been insured as of September 30.

## *Table 9.*—Federal Home Loan Bank advances by Districts

[*Thousands of dollars*]

| Federal Home Loan Banks | Advances made during September 1938 | Advances made during August 1938 | Advances outstanding at end of September 1938 |
|---|---|---|---|
| No. 1—Boston | $262 | $128 | $8, 176 |
| No. 2—New York | 421 | 425 | 17, 245 |
| No. 3—Pittsburgh | 503 | 634 | 17, 422 |
| No. 4—Winston-Salem | 707 | 675 | 18, 018 |
| No. 5—Cincinnati | 457 | 257 | 25, 666 |
| No. 6—Indianapolis | 1, 261 | 152 | 12, 742 |
| No. 7—Chicago | 376 | 351 | 31, 837 |
| No. 8—Des Moines | 1, 096 | 359 | 15, 639 |
| No. 9—Little Rock | 318 | 268 | 10, 468 |
| No. 10—Topeka | 296 | 501 | 11, 508 |
| No. 11—Portland | 297 | 172 | 6, 604 |
| No. 12—Los Angeles | 567 | 372 | 14, 225 |
| Total | 6, 561 | 4, 294 | 189, 550 |

## *Table 10.*—Lending operations of the Federal Home Loan Banks

[*Thousands of dollars*]

| Period | Advances monthly | Repayments monthly | Balance outstanding at end of month |
|---|---|---|---|
| 1936 | | | |
| January–September | $63, 884 | $36, 911 | |
| September | 9, 576 | 5, 027 | $129, 767 |
| 1937 | | | |
| January–September | 89, 668 | 55, 558 | |
| September | 9, 330 | 5, 426 | 179, 511 |
| 1938 | | | |
| January–September | 56, 980 | 67, 525 | |
| September | 6, 561 | 6, 429 | 189, 550 |

## *Table 11.*—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, 875 |
| 1937: Jan. 1 through June 30 | 23, 225 |
| July 1 through Dec. 31 | 26, 981 |
| 1938: January | 4, 807 |
| February | 4, 339 |
| March | 4, 961 |
| April | 4, 851 |
| May | 4, 695 |
| June | 4, 733 |
| July | 4, 056 |
| August | 3, 886 |
| September | 3, 856 |
| Grand total to Sept. 30, 1938 | 111, 820 |

[1] Does not include 13,448 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 111,820 completed cases, 611 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 15,060 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

## *Table 12.*—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through September 30, 1938 [1]

| | June 1, 1938 through Aug. 31, 1938 | Sept. 1, 1938 through Sept. 30, 1938 | Cumulative through Sept. 31, 1938 |
|---|---|---|---|
| Cases received [2] | 967, 621 | 12, 035 | 979, 656 |
| Contracts awarded: | | | |
| Number | 598, 300 | 10, 831 | 609, 131 |
| Amount | $115, 569, 065 | $2, 530, 711 | $118, 099, 776 |
| Jobs completed: | | | |
| Number | 587, 764 | 10, 772 | 598, 486 |
| Amount | $111, 319, 788 | $2, 488, 038 | $113, 807, 826 |

[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.

**Table 13.—H. O. L. C. subscriptions to shares of savings and loan associations—Requests and subscriptions [1]**

| | Requests | | | | Subscriptions | | | |
|---|---|---|---|---|---|---|---|---|
| | Cumulative through Sept. 30 | | Month ended Sept. 30 | | Cumulative through Sept. 30 | | Month ended Sept. 30 | |
| | Number | Amount | Number | Amount | Number | Amount | Number | Amount |
| Uninsured State-chartered members of the F. H. L. B. System | 80 | $4, 731, 010 | 1 | $50, 000 | 23 | $1, 001, 000 | -------- | ---------- |
| Insured State-chartered associations | 821 | 51, 992, 620 | 7 | 269, 750 | 665 | 40, 691, 510 | 8 | $205, 700 |
| Federal savings and loan associations | 4, 451 | 192, 779, 900 | 6 | 117, 500 | 4, 078 | 171, 727, 300 | 5 | 175, 000 |

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

## Advertising Budget

(*Continued from p. 36*)

membered, however, that many more replies were received from Federal associations than from insured State-chartered institutions.

An impartial observer would be surprised at two principal facts revealed by the questionnaire. First of all, the volume of advertising expenditures by these 276 associations is significant. The average yearly expenditure in 1937 was $2,796 for each association. All associations together, representing but a small fraction of the number and assets of all savings and loan associations in the country, expended $771,603 for advertising in 1937.

The advertising expenditures by this sample of associations are not large in dollar amount, but they point to one significant conclusion. If 276 associations out of the thousands of savings and loan associations in the country are already spending nearly $800,000 a year for advertising, the total annual advertising expenditure of all associations must constitute a much heavier contribution to advertising revenues than has generally been assumed.

Paradoxically, the same questionnaire which reveals the extent to which associations are using advertising also discloses that their methods of investing these large sums in advertising are for the most part haphazard and unscientific.

The determination of the amount of the advertising expenditure is sometimes one of the hardest problems in the preparation of a budget in lines of business in which advertising is a major factor. This is true in the savings and loan industry. Apparently savings and loan associations' advertising cannot at this time be scientifically budgeted against the business it is to produce. Because advertising is cumulative in its effect, the new business recorded in any one period is often largely the result of the advertising effort carried on in preceding periods.

Analysis of the questionnaire, although it may provide some useful guides in determining advertising expenditure in a field where in the past there have been no standards, shows primarily that a major need is increased cooperative effort in the study of this problem. Individual associations, State and national organizations need to study the advertising methods of savings and loan associations, and the results of their promotional programs. The results of such studies should be analyzed and the facts widely distributed.

The analysis reveals that associations are in general agreed upon the value of an advertising budget, but that there is a dearth of material measuring actual results of advertising programs. Since this is the case, the actual average expenditures of successful associations during 1937 can do no more than supply a factual background for a manager's determination of his association's budget in the coming year. Attention is called to the June Review which described in detail the "Preparation and Adjustment of a Savings and Loan Association Budget".

In the December issue of the Review, the questionnaire will be analyzed in more detail to show the distribution of the advertising expenditures for this selected sample of associations among the different advertising media in general use.

## Reserve Requirements

(*Continued from p. 39*)

vania and Illinois are the only States out of these five which also limit the accumulation of ultimate reserves.) It is only in Hawaii and Nebraska that ultimate reserves must be limited to the minimum required by statute. Hawaii's law stipulates that any excess of reserve funds over and above the statutory requirement must be transferred to the general profits account. In Nebraska, however, with the approval of the Department of Trade and Commerce, the minimum ultimate reserve required may be doubled.

The maximum to which these States will permit reserves to be accumulated is 10 percent of assets in four States, 10 percent of total liabilities in one State, 15 percent of assets in one State, and 20 percent of assets in another. In one State the maximum is 10 percent of share capital, and in two States the maximum is set at 15 percent of share capital. The Colorado Department of Building and Loan Associations, in interpreting the statute, has ruled that general reserves, over and above any specific reserves for known or anticipated losses, must be limited to 10 percent of share capital.

### The Trend in State Reserve Requirements

This study of reserve requirements shows how the importance of the establishment of adequate reserves has been recognized more and more clearly in recent years. Today 36 States establish mandatory loss reserve requirements. Moreover, there is a growing uniformity among the various State statutes. More than half the States require that a fixed 5 percent of net earnings be transferred periodically to reserves. Likewise, more than half the States set a minimum measure for the accumulation of ultimate reserves at 5 percent of assets or share capital.

It is significant that during the past 20 years, there has been a marked tendency to strengthen existing reserve requirements or to introduce mandatory reserve requirements for the first time in many States. During the years 1931 to 1937, *one-half* of the 18 States which had established mandatory reserve requirements as early as 1918 strengthened these requirements. The other nine States have made no substantial changes in their mandatory requirements since 1919.

During the 20-year period, 1919 to 1938, an additional 18 States established mandatory reserve requirements for the first time. From 1919 to 1929, mandatory requirements were initiated by nine States and Hawaii. During the years 1931 to 1938, the first mandatory reserve requirements were established by statute in the remaining nine States.

The years 1931 to 1938 have been particularly noteworthy. Within these very recent years, nine States required for the first time that savings and loan associations set up reserves, and nine States in which reserves were mandatory as early as 1918 substantially strengthened existing requirements. In addition, two States which first required reserves against losses in 1919 and 1921 provided for substantial increases in requirements within the past five years.

During 1925 to 1927, and again during 1931 to 1933, interest in stronger reserves was particularly keen. In the earlier period, five States and Hawaii initiated mandatory reserve requirements, and three States strengthened existing statutes. From 1931 to 1933, six States established requirements for the first time, while seven States provided for a stronger reserve policy than that already in effect.

These trends show clearly that many States are placing increasing emphasis upon stronger reserves for savings and loan associations. The third article in this series will continue the discussion of reserve policies today in an analysis of the reserves required of savings and loan associations under Federal regulations.

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## Directory

(*Continued from p. 49*)

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN SEPTEMBER 16, 1938, AND OCTOBER 15, 1938

DISTRICT NO. 3

Delaware:
Wilmington:
First Federal Savings & Loan Association of New Castle County.

Pennsylvania:
Beaver Falls:
First Federal Savings & Loan Association of Beaver Falls, 713 Eleventh Street (converted from Dime Savings & Loan Association).
Dormont:
Potomac Federal Savings & Loan Association of Dormont, Potomac and Denmore Avenues (converted from Potomac Building & Loan Association).
Philadelphia:
North East Federal Savings & Loan Association, 1847 East Allegheny Avenue (converted from North East Square Building & Loan Association).

DISTRICT NO. 4

Maryland:
Baltimore:
Progress Federal Savings & Loan Association of Baltimore, 1640 East Chase Street (converted from Progress Building Association of Baltimore City).

DISTRICT NO. 5

OHIO:
Conneaut:
First Federal Savings & Loan Association of Conneaut, 209 Broad Street (converted from Home Savings & Loan Company).
Lorain:
First Federal Savings & Loan Association of Lorain, 1790 Broadway (converted from Lake Erie Savings & Loan Company).
Zanesville:
Mutual Federal Savings & Loan Association of Zanesville, 14 South Fourth Street (converted from Mutual Savings & Loan Association of Zanesville, Ohio).

DISTRICT NO. 10

KANSAS:
Osawatomie:
First Federal Savings & Loan Association of Osawatomie, 557 Main Street (converted from Consolidated Building & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN SEPTEMBER 16, 1938, AND OCTOBER 15, 1938

ALABAMA:
Mobile:
Mobile Federal Savings & Loan Association (merger with First Federal Savings & Loan Association of Mobile, Mobile, Alabama).
KENTUCKY:
Newport:
Third Ward Federal Savings & Loan Association of Newport (merger with Licking Valley Federal Savings & Loan Association of Newport, Newport, Kentucky).
MARYLAND:
Baltimore:
Raspeburg Federal Savings & Loan Association (merger with Acadia Federal Savings & Loan Association, Baltimore, Maryland).

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

DISTRICT NO. 2

NEW JERSEY:
Keansburg:
Keansburg Building & Loan Association, Keansburg National Bank.
Rockaway:
Rockaway Building & Loan Association, 31 Wall Street.
Paterson:
Lakeview Building & Loan Association, 1143 Main Street.
NEW YORK:
Rochester:
Columbia Banking, Saving & Loan Association, 220–222 Granite Building.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Alvin Progressive Federal Savings & Loan Association, 517 Perry Building.
South Philadelphia Building & Loan Association No. 2, 2101 South Nineteenth Street.

PENNSYLVANIA—Continued.
Shamokin:
Keystone Building & Loan Association of Shamokin .nnsylvania, 25 West Independence Street.

DISTRICT NO. 4

MARYLAND:
Baltimore:
Progress Federal Savings & Loan Association of Baltimore, 1640 East Chase Street.

DISTRICT NO. 5

OHIO:
Wadsworth:
Peoples Savings & Loan Company, 110 Main Street.

DISTRICT NO. 7

ILLINOIS:
Chicago:
First Croatian Building & Loan Association, 1829 South Throop Street.
Norwood Park Building & Loan Association, 6510 Milwaukee Avenue.
Radnice Building & Loan Association, 3919 West Twenty-sixth Street.
Slovan Building & Loan Association, 3205 West Cermak Road.
Vojta Naprstek Building & Loan Association of Chicago, Illinois, 3225 West Cermak Road.
Homewood:
Homewood Building & Loan Association, 2048 Ridge Road.
Lyons:
Lyons Loan & Building Association, 8011 Ogden Avenue.
Quincy:
Gem City Building & Loan Assocation, 300 North Sixth Avenue.
Quincy-Peoples Building & Loan Association, 613 Main Street.
Springfield:
Springfield Homestead Association, 402 Ridgely-Farmers Building.
WISCONSIN:
Shawano:
Shawano County Building & Loan Association, Shawano National Bank Building.

DISTRICT NO. 8

MISSOURI:
Columbia:
Boone National Savings & Loan Association of Columbia, Missouri, 204–06 Quitmar Building.
Hardin:
Home Building & Loan Association of Hardin, Box 69.

DISTRICT NO. 10

KANSAS:
Topeka:
Capitol Federal Savings & Loan Association, 534 Kansas Avenue.
OKLAHOMA:
Anadarko:
American Savings & Loan Association, 109 South Sixth Street.
Stillwater:
Stillwater Building & Loan Association, 113 East Eighth Street.

DISTRICT NO. 12

CALIFORNIA:
Pomona:
Pomona First Federal Savings & Loan Association, 260 South Thomas Street.

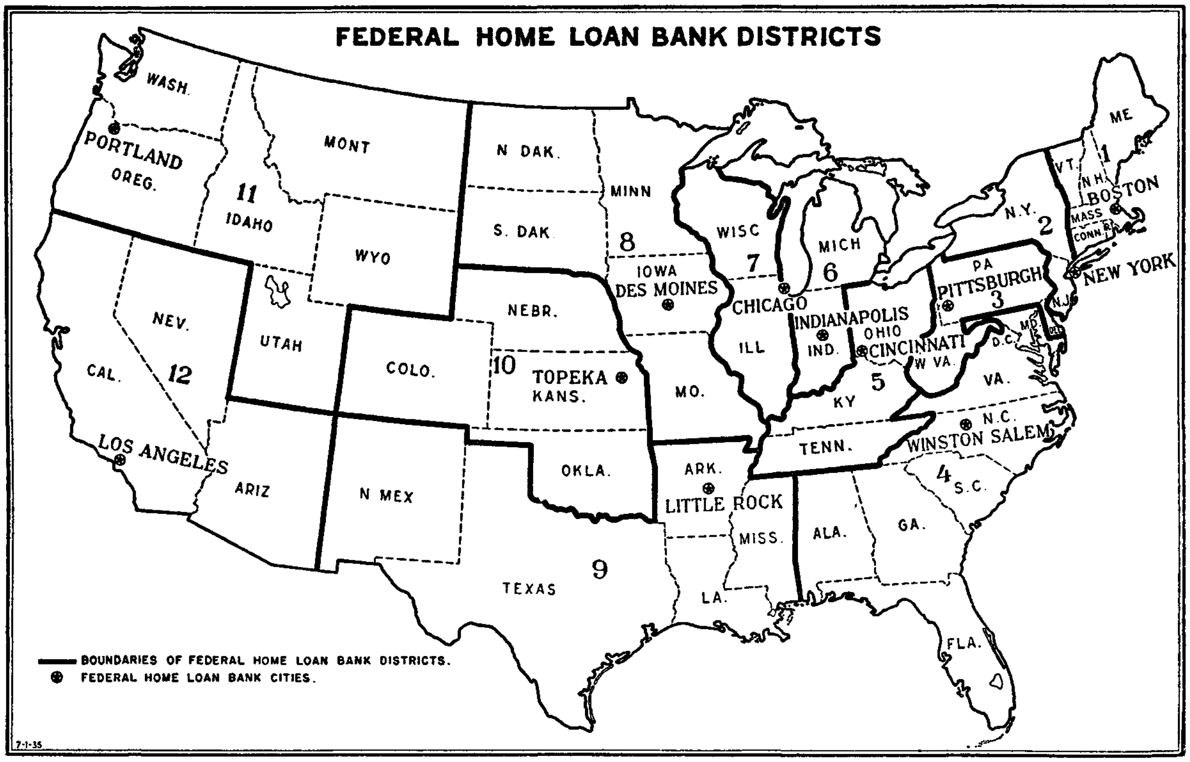
## Symposium on "Home Financing"

"HOME Financing" is the subject of a 150-page symposium of nine articles comprising the Autumn, 1938, issue of *Law and Contemporary Problems*, the Duke University Law School quarterly. The symposium is introduced by an article surveying relevant Federal legislation since 1932. This is followed by a consideration of shifts in sources of mortgage funds since that date. The third article discusses State mortgagor relief legislation, an appendix collating citations to all the State acts and to the leading cases on the subject. A fourth article reveals the costly defects of existing mortgage laws while the succeeding article presents a critique of the proposed new Uniform Mortgage Act. The case for a simplified mechanics' lien act applicable particularly to home construction is next discussed. There follow two articles dealing with economic and legal aspects of large scale rental construction. The final article discusses possibilities for adjusting the mortgagor's obligation to the business cycle.

Copies of this symposium, published this month, may be obtained from the Duke Law School, Durham, North Carolina, at 75 cents per copy, postpaid.



U. S. GOVERNMENT PRINTING OFFICE: 1938

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