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HOME OWNERS' LOAN CORPORATION

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NEW TECHNIQUES IN LOAN SERVICE—PART 2

A two-way classification of borrowers' accounts by the Loan Service Division of the H. O. L. C. is the basis for its successful methods of restoring delinquent accounts to a satisfactory standing. Many of the techniques H. O. L. C. is using deserve careful study by private mortgage-lending institutions.

THE operations of the Home Owners' Loan Corporation in the home-mortgage field are not comparable with the operations of private mortgage-lending institutions. There are two factors which, by themselves, would set H. O. L. C. apart: first, it has dealt exclusively with problem cases; second, with more than 1,000,000 accounts of this nature on its books, H. O. L. C. operations have necessarily been conducted on a much larger scale. Nevertheless, in spite of such fundamental differences, private lending institutions are deeply interested in the experience of H. O. L. C. in handling its home-mortgage problems.

Experience of the H. O. L. C. with the servicing of loans has been that individual case analysis, not bulk treatment, is essential for successful operation in dealing with delinquent borrowers. Through personal interviews, designed as a cooperative effort to find a solution to this problem of delinquency, the facts in each individual case are ascertained, permitting the Loan Service Division to make temporary arrangements with the mortgagor which will assist him in restoring his account to satisfactory standing.

To help H. O. L. C. borrowers protect their equities, the Loan Service Division has developed a number of general cures. These remedies have accompanied and been largely responsible for the Division's success in bringing delinquent accounts into current status.

Representatives of the Loan Service Division, however, make it clear that underlying the working of these different cures is a current inventory of borrowers—a classification system which shows at all times the status of different groups of H. O. L. C. mortgagors, according to their ability to live up to the terms of existing mortgage contracts, as well as

shows where it exists. (See facing page, Exhibit A.) Current status of accounts is shown in the vertical columns, while the horizontal columns classify the accounts according to the general remedies which will solve the difficulties of the borrowers. For example, a glance down the second column will reveal the number of accounts delinquent from three to eleven months, divided among the ten different classifications. Running across the page, the number of accounts not requiring service, or of liquidating accounts, and their ratio to all active accounts, are shown, together with the classification of these accounts, as "not in default", "delinquent three to eleven months", and so on.

Exhibit A gives a brief description of the type of accounts grouped under each of these classifications, and an outline of the H. O. L. C. loan service procedure based upon this inventory. Those mortgagors who pay promptly upon the receipt of the monthly billing are found in the first classification, and require no service. The other nine classifications cover delinquent borrowers in various degrees of difficulty. With the exception of those mortgagors in the "Letter Servicing" and "Pending" categories at the head of the list, and those in the "Insoluble" grouping at the bottom, field representatives of the Loan Service Division are continuously working with all these delinquent borrowers to restore them to a current or liquidating basis.

Time Versus Dollar Delinquency

Reduced to its simplest terms, H. O. L. C. loan service procedure is based upon a personal and sympathetic approach to the borrower's problem, a joint shouldering of the common problem by mortgagor and mortgagee. It is this individual case

Exhibit A

A CLASSIFICATION OF ACTIVE LOAN ACCOUNTS

<table>
<tr><th rowspan="2">Classification</th><th rowspan="2">Accounts not in default</th><th colspan="6">Accounts in default—age in installments</th></tr>
<tr><th>3-11 months</th><th>12-17 months</th><th>18-23 months</th><th>24 months and up</th><th>Totals</th><th>Percent of total</th></tr>
<tr><td>1. ACCOUNTS NOT REQUIRING SERVICE—INCLUDING CURRENT ACCOUNTS</td><td colspan="7">For two out of every three H. O. L. C. borrowers, the rendering of a monthly bill is all that is necessary. These borrowers are current in their payments as to interest and principal, and with them the Loan Service Division maintains only a routine contact.</td></tr>
<tr><td>2. LETTER SERVICING</td><td colspan="7">Accounts delinquent and being serviced by letter, pending development of another classification or reference to the field. When a mortgagor misses a second successive monthly payment, an examination of his loan history is made and a personally dictated letter goes out from the Regional Office to him, asking him to make his payment, or if he is unable to do so, to explain the circumstances.</td></tr>
<tr><td>3. PENDING</td><td colspan="7">Accounts referred to the field for new or subsequent report, when letter servicing proves ineffective. Usually no later than 60 days after the first payment is missed, a field representative makes a personal call upon the borrower. He ascertains the facts about the borrower's position, arranges a satisfactory schedule of payments for the elimination of the delinquency if possible, and makes a detailed report summarizing the situation and recommending action that might be taken to solve the problem.</td></tr>
<tr><td>4. LIQUIDATING</td><td colspan="7">If arrangements are successfully worked out to remove the delinquency, by increasing the regular monthly payment, the account remains in this classification until: (1) it reaches current status through the schedule of payments promised by the owner; or (2) the mortgagor stops liquidating his delinquency, making necessary a re-classification.</td></tr>
<tr><td>5. EMPLOYMENT</td><td colspan="7">Where the interviewer cannot arrange for liquidation of the delinquency, but the mortgagor is behind in his payments simply because he is out of work or not working full time. The field representative investigates his past working experience, ascertains whether he can still be classed as "employable", sees that he is properly registered with the employment service. The account is classified in this category if it is probable that the mortgagor will be able to make satisfactory payment when work is found.</td></tr>
<tr><td>6. WELFARE</td><td colspan="7">In this group are found those borrowers who by reason of their advanced age or physical infirmity are unemployable and are therefore unable to meet their H. O. L. C. obligations, but who are eligible to receive assistance from some public agency which will permit the regular payment of at least current interest.</td></tr>
<tr><td>7. REAL ESTATE</td><td colspan="7">Where the home owner has no present or prospective ability to make satisfactory payment, but where the equity in the property, or its rental value, offers a solution to the problem. These mortgagors are simply over-housed. Frank discussion of the difficulty with the borrower often leads to an agreement acceptable to the mortgagor and to the H. O. L. C. for the sale or rental of the home. When a sale can be made under such conditions, the H. O. L. C. relieves a family of the obligation of housing accommodations beyond their means, and makes it possible for this family to obtain adequate shelter within their means, and at the same time strengthens its mortgage portfolio by substituting a better credit risk for an inferior one.</td></tr>
<tr><td>8. SUSPENSE</td><td colspan="7">Where some condition makes further immediate action impossible or undesirable, and where some definite future event will permit the satisfactory adjustment of the delinquency. Common cases under this classification: an H. O. L. C. mortgagor awaits definite income dependent upon the settlement of a divorce suit; a reasonably certain inheritance for a borrower must wait upon the conclusion of court proceedings; a borrower awaits the proceeds of a sale of goods; a fruit grower dependent upon a seasonal income falls behind temporarily in the months before the crop is ripe for picking.</td></tr>
<tr><td>9. UNCLASSIFIABLE</td><td colspan="7">Accounts in this group represent cases in which the home owner has been interviewed, and it is found that he can make current monthly payments but cannot arrange his affairs in such a way as to reduce the arrears.</td></tr>
<tr><td>10. INSOLUBLE</td><td colspan="7">This represents a small number of mortgagors who do not fall into any of the other classifications, for whom no avenue seems open to avoid foreclosure or the acceptance of a voluntary conveyance.</td></tr>
<tr><td>Totals</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Percent of total</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

The relationship of time to dollar delinquency is a basic and vitally important consideration. When no payments are being received from the mortgagor the delinquency mounts so rapidly that there is often no adequate opportunity to try the different cures. For example, if the mortgagor needs employment, the rate of decline of the curve may allow too little time for the mortgagor to make a thorough canvass of possibilities, or for local business conditions to improve and create new jobs.

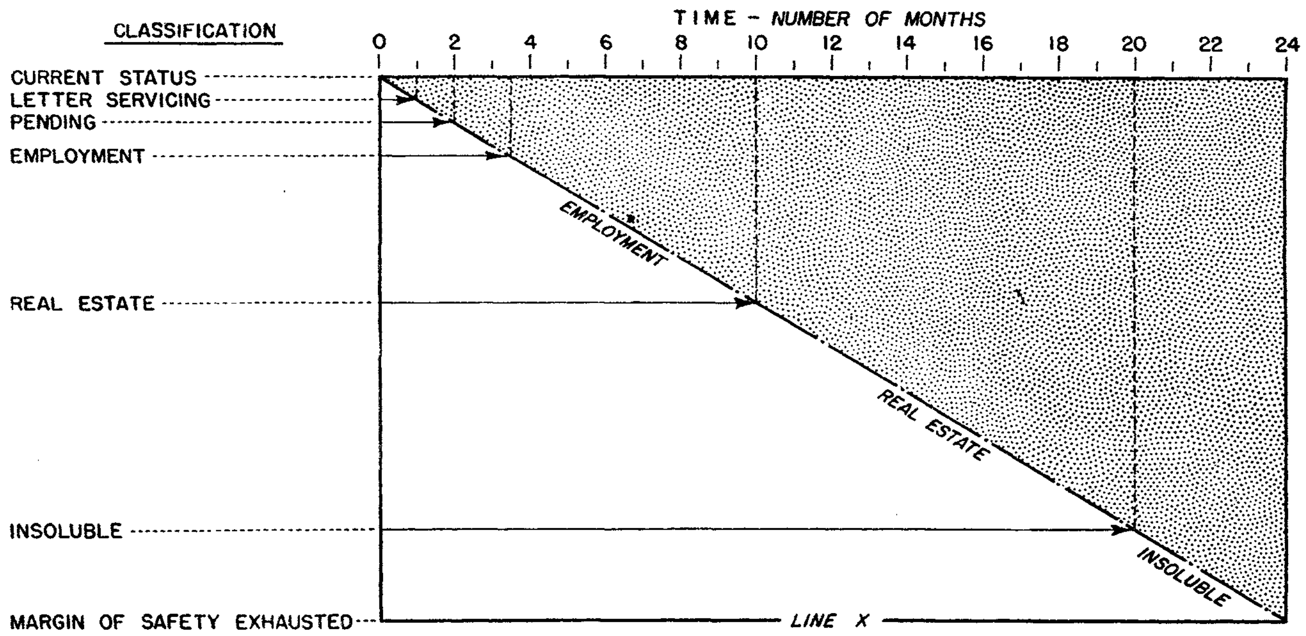
To make this point clear, let us draw a picture of a borrower's account (Chart I). As long as he makes his regular monthly payments, his account will be shown as a straight line—"Current Status." As soon as he misses a payment, however, the descending dash-and-dot line indicates the beginning of delinquency. His account is promptly transferred to the "Letter Servicing" category. If correspondence reveals no solution to his difficulties, the account is classified as "Pending" and a field representative calls upon him to attempt to find some answer to his problem.

In this hypothetical case, it is impossible to arrange for any payments at all from the borrower. It is probable that the borrower will be able to make satisfactory payment only when he finds work. The field representative investigates his past working experience, sees that he is properly registered with the employment service, and recommends that this account be classified as "Employment."

The borrower is now delinquent three months. Because he can make no payments of any kind, his delinquency is mounting precipitously. The shaded area of the chart, which represents the accumulated delinquency of interest and taxes, grows rapidly. The Loan Service Division realizes that after a few months, the delinquency will reach horizontal line X where the H. O. L. C.'s interests are seriously jeopardized. Therefore, all the possible cures must be tried *before* this point is reached and the H. O. L. C.'s margin of safety is completely exhausted.

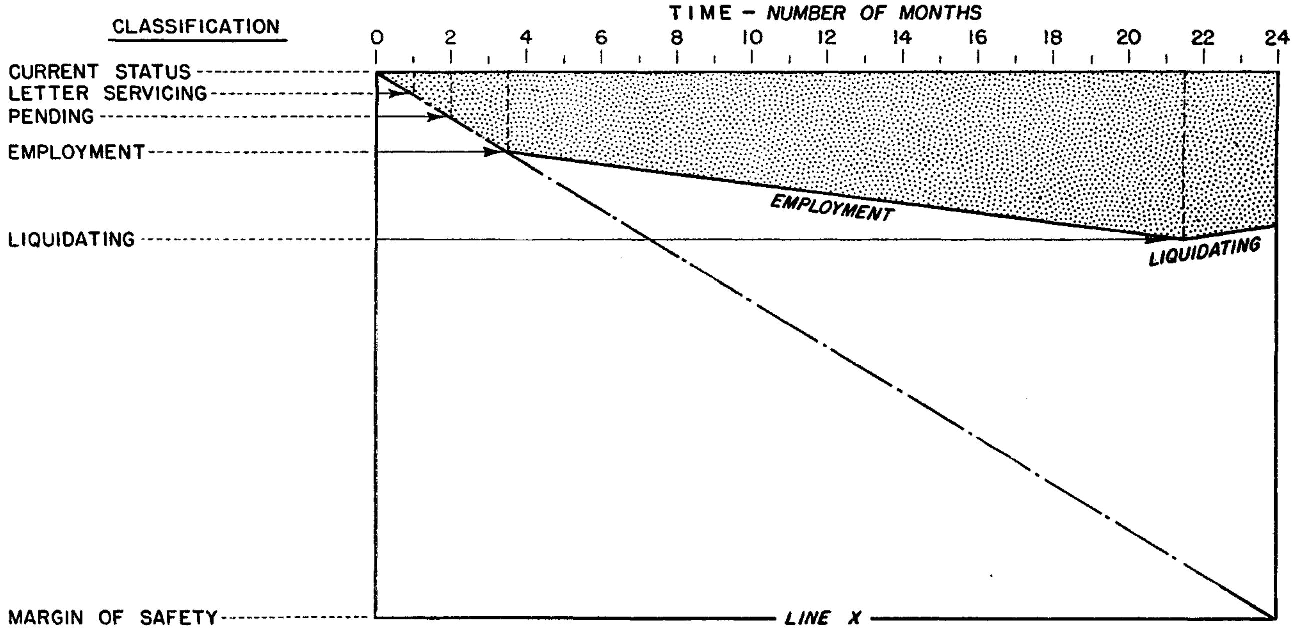
The point at which accumulated delinquency becomes so great that the mortgagee is threatened with serious loss varies in each individual case. It depends upon the percentage of loan to appraised

Chart I **PICTURE OF A BORROWER'S ACCOUNT WHEN NO PAYMENTS OF INTEREST AND TAXES ARE MADE**



The shaded area represents the accumulated delinquency of interest and taxes when no payments are made. Delinquency mounts so rapidly that the time available to try each cure is held to a minimum. (The point at which the mortgagee's interests are seriously endangered varies for each account, and each case is analyzed individually by the Loan Service Division to assure every borrower the maximum time necessary to solve his problem.)

Chart II **PICTURE OF A BORROWER'S ACCOUNT WHERE THE RATE OF INCREASE OF DELINQUENCY OF INTEREST AND TAXES HAS BEEN RETARDED BY SMALL MONTHLY PAYMENTS**



The shaded area represents the accumulated delinquency of interest and taxes. The loan service representative is able to arrange with the mortgagor for small monthly payments which prevent the delinquency from mounting precipitously thus affording sufficient time for the mortgagor to find work and to resume the liquidation of his loan. The —·——·— line shows what the increase in delinquency would be if no payments were made.

value, the costs of proceedings to obtain clear title to the property, and such other factors as the length of redemption period and the amount of unpaid taxes. In many States, a $3,000 loan for 80 percent of appraised value, if no payments were made, would show arrears of *interest and taxes alone* at the end of 24 months which would completely exhaust the mortgagee's margin of safety. If delinquency is allowed to increase beyond this point, the lender faces an almost certain loss of principal.

Chart I shows that it might be possible to leave the account in the "Employment" category for six months, if periodical reviews showed that there was still some chance that the mortgagor could find work and liquidate his arrears. At the end of that time, however, other solutions would have to be tried. If no assistance could be obtained for the mortgagor from a public agency on the grounds of advanced age or physical infirmity, and if no definite future event would permit satisfactory adjustment of the delinquency, it would become necessary to transfer the account to the "Real Estate" classification, and rely on the equity in the property, or its rental value, to offer a solution. This allows a period of only nine or ten months at most to attempt to aid the borrower in renting or selling the property. At the end of that time, the delinquency would be so great that the H. O. L. C.'s interest would be endangered, and apparently no avenue would be open to avoid foreclosure or the acceptance of a voluntary conveyance.

The picture is quite different, however, when it is possible to make arrangements for the borrower to continue regular monthly payments of some kind, even though they are temporarily much less than those called for in the contract. Chart II is a picture of such an account. The solid line which marks the boundary of the shaded area representing the accumulated delinquency of interest and taxes declines much more slowly. It is possible, on successive reviews of the case, to keep the mortgagor in the "Employment" category for a period of 18 months, instead of six. Experience shows that at the end of such a time, conditions often have so changed that he secures a job, and is able to resume monthly payments larger than the amount originally called for in his contract. The borrower thus begins the liquidation of arrears, with the upward trend of his payment curve foreshadowing a return of this account to current status.

How H. O. L. C. Loan Service Works

The H. O. L. C. field representatives have this relationship between time and dollar delinquency constantly in mind. They realize that what may be the solution to the problem in one case may be impractical in another because of lack of time, and for that reason they attempt to arrange a schedule that will permit some payments by the mortgagor. It is their job to arrange temporary payments which will slow up the increase in dollar delinquency pending new conditions which will enable the mortgagor to begin a schedule of payments which will liquidate the arrears.

The H. O. L. C. loan service operation might be compared to a fanning mill on a farm, separating the seed from the chaff by means of a blower and a series of successively smaller sieves. The only time that an H. O. L. C. account rests without action is when it is current or liquidating. The rest of the time the Loan Service Division is applying its series of general cures. The account of a delinquent borrower progresses through the different possible cures for his problem, within the limits permitted by the relationship of time to dollar delinquency, until one is found which reduces the delinquency by placing the account on a liquidating basis.

Accurate classification of delinquent accounts at all times, plus careful study of possible solutions to mortgagor problems, have made it possible to bring hundreds of thousands of accounts into satisfactory standing after long periods of serious delinquency. The entire H. O. L. C. operation has been a process of bringing into current status accounts which were in default to original mortgagees at the time the H. O. L. C. loans were made; the average was delinquent two years in both principal and interest and from two to three years in taxes.

No one can view the record of H. O. L. C. loan servicing without realizing that a true picture of a borrower's account cannot be drawn as a one-time operation. After a period of months, a mortgagor's account may be brought into current status, after patient analysis of possible remedies, and faithful completion of a schedule of liquidating payments. The next day, he may lose his job, illness may strike in the family, or any of a dozen common family crises may arise. Once again he is forced to fall behind in his payments, and the whole process of analysis and search for a solution must be repeated.

H. O. L. C. Techniques and Private Lending Institutions

The typical private mortgage-lending institution does not face the wide variety of problems that the H. O. L. C. Loan Service Division must deal with every day, but the techniques which H. O. L. C. is using are worthy of careful study by all mortgagees. Private lenders may well face new problems requiring intensified loan servicing in the future because of (1) the lower rates of interest at which mortgages are currently being written; (2) the higher ratios of loans to appraised value; and (3) the lengthened periods

(*Continued on p. 14*)

Appointment of Governor of the Federal Home Loan Bank System

The Federal Home Loan Bank Board has announced the appointment of James F. Twohy, of San Francisco, as Governor of the Federal Home Loan Bank System, to fill the vacancy caused when Preston Delano resigned to accept appointment as Comptroller of the Currency.

Following service in Washington as head of the Mortgagee Rehabilitation Division, Mr. Twohy has been Regional Manager of the Home Owners' Loan Corporation for the group of States on the Pacific Coast and the Pacific Northwest since 1935. He has had long experience in construction, real estate, financial and business operations through his former connections as Secretary-Treasurer of the Seattle North Pacific Ship Building Company, Vice President and Treasurer of the Pacific Car and Foundry Company, and Treasurer and later President of Twohy Brothers Company. He is a Public Interest Director, and serves as Vice Chairman of the Board of Directors, of the Federal Home Loan Bank of Los Angeles.

CHANGES: "The increasing trend toward better homes on the outskirts of our cities is very likely to bring unexpected changes in our housing development during the next 10 years."

John H. Fahey, Chairman, Federal Home Loan Bank Board, before the Temporary National Economic Committee.

RESERVES: "A truly correct and scientific reserve would not be computed as percentage of gross assets or mortgages but would consist of 100 percent of the amount by which each loan exceeded a certain and definitely safe percentage of the appraised value of the property."

W. H. Walker, Fifth District Quarterly, July 1939.

CAMPAIGN: "Savings and loan institutions, while they have been in existence for many years, apparently have never realized any great necessity for undertaking a really worthwhile campaign to inform their potential clientele actually in detail what they have to offer."

D. G. Davis, Building-Loan Journal of California, August 1939.

AMORTIZATION: "It takes *amortization of principal* to keep pace with depreciation and obsolescence . . . The relationship of mortgagor and mortgagee is a *partnership affair* and what is good for one is good for both . . . With amortized loans the mortgagee can minimize his trouble and, in turn, lessen the risk of the mortgagor, thereby performing, to a better degree, the *economic function* of debtor and creditor."

C. C. Van Patten, The Mortgage Banker, Sept. 1, 1939.

STANDARDIZATION: "Despite the odd sizes, shapes, and designs of rooms and exteriors of buildings, and especially of houses . . . every structure comprises many parts which are essentially standardized or could be made so. Among the items already showing the effect of simplification of sizes and mass production methods are doors, windows, kitchen sinks and cabinets, bathtubs, radiators, and hot-air registers. Even the comparatively recent development of metal casement windows has been achieved with due regard for the masonry units into which they must fit."

Lee E. Cooper, New York Times, Aug. 15, 1939.

Characteristics of new home properties . . . . .

A study of a sample of 90,000 new and existing single-family homes accepted for insurance by the Federal Housing Administration reveals a consistent decline in the average valuation of new home properties financed under the F. H. A. plan. Due almost as much to declines in land valuation as to declines in the valuation of physical improvements, new home valuations (including house and land) fell from an average of $6,450 in 1935 to $5,530 in 1938. In 1938, this $5,530 average valuation of a new home property accepted for insurance was made up of physical improvements amounting to $4,745 (85.8 percent) and land valued at $785 (14.2 percent).

"The typical new home purchased under the F. H. A. plan in 1938 contained five rooms, had a 1-car garage, and had an exterior finish other than wood. The typical existing home purchased under the plan contained six rooms, had a 1-car garage, and had a wood exterior."

Insured Mortgage Portfolio, August 1939.

Inventory trends . . . . .

The 12-month period ended July 1, 1939, appears to have been largely an era of caution in the management of inventory, such as might be expected of a business public with fingers still tender from 1937 inventory burns. Regardless of whether the contrast is drawn over a 6-month or a 12-month period, the maximum change in value of stocks held in any of the three broad fields of business—retailing, wholesaling, and manufacturing—is 5 percent.

Retail and wholesale dealer's inventories of lumber and building materials at mid-year were approximately at the levels of July 1, 1938. Stocks of manufacturers of these products, with the exception of lumber and planing mill products, were slightly below a year ago.

Trends of inventory indexes from the beginning of 1936 to the middle of 1939

[Jan. 1, 1936=100]

Type of business unit	Jan. 1, 1937	Jan. 1, 1938	July 1, 1938	Jan. 1, 1939	July 1, 1939
Retail trade:					
Lumber and building material	109	120	118	118	123
Hardware	106	115	116	113	116
Wholesale trade:					
Lumber and building material	115	141	136	136	138
Hardware	116	117	115	107	115
Manufacturing industry:					
Lumber and planing mill	108	127	121	126	123
Hardware	117	140	131	126	128
Clay and glass products	114	132	118	113	112
Stone and stone products	105	121	110	109	104
Paint, varnish and lacquer	110	128	119	113	117

Dun's Review, September 1939.

MODEL HOMES ATTRACT LOAN PROSPECTS

■ A UNIQUE and effective method of dramatizing the Federal Home Building Service Plan to attract prospects for home loans into the offices of the lending institution has been devised by Burl C. Howell, Secretary-Treasurer of the Peoples Federal Savings and Loan Association of Monroe, Michigan.

Miniature model houses were built to exact scale from 10 of the Federal Home Building Service Plan approved designs. These were arranged in a "subdivision", complete with grass and street lights, and placed on display in the lobby. The display was backed by a large panel outlining the salient points of the Federal Home Building Service Plan and flanked by design sheets.

Newspaper stories about this novel display attracted widespread attention, which Mr. Howell augmented by sending an inexpensive but attractive mailing piece to a selected list of 1,000 possible home prospects, inviting them to visit the Peoples' offices and see "these models . . . taken from plans by the Nation's best small-home architects." A copy of the Federal Home Building Service Plan folder, "Build a Better Home Under a Better Plan", was enclosed with the invitation.

"We tried to keep count of the spectators," Mr. Howell says, "but found it hard to do. However, I'm sure that we had 200 visitors last week.

"The models are a natural opening to an explanation of the Federal Home Building Service Plan. The prospect listens to what we have to say. What's more—he asks questions. We are finding a live interest now that other types of advertising just didn't arouse.

"I found that prospects (usually unfamiliar with even the simplest house plans) could not visualize the completed house. My theory was that, if a miniature model home with removable roof and second story could be constructed to show the rooms partitioned in exact position, the prospect could easily follow. Once he got the idea, he could understand other plans in the portfolio for which no model was built. Without a doubt the idea has worked. I get a more enthusiastic reaction from my prospects.

"We even get criticisms on the floor plans of some of the houses. However, we like these objections. It shows that the prospect is thinking and applying the plan to his own needs—the very thing we want him to do.

"A large sign on the easel explains at a glance the salient points of the Service. In addition, it provides an excellent outline for the prospect to follow during the explanation. Time and again he will ask questions about certain points on the sign.

"Incidentally, we have an effective way to answer any objections by a practical illustration. We took one layout that was criticized to our architect, and he re-arranged it. Now we show both the original and the revised sketch. It brings out quite pointedly the value of an architect on the job and the advantages of the Federal Home Building Service Plan. In this way we turn an objection into a good sales point."

The miniature homes are built to a scale of a quarter-inch to a foot. The roofs may be lifted and the second floor may also be removed. Every interior wall is in place showing the relative size of rooms, closets, stairways, and other features. The small doors swing open, and some of the houses have glass in the windows. The entire "subdivision" is mounted on a board 49 by 61 inches, and the homes are styled for 50-foot lots. Each has a garage with doors that open and shut. A total of 3,467 pieces of balsa wood and 12 ounces of model cement went into their construction. Trees are made of wreaths; flowers are from millinery decorations; shrubs are sponges, and grass is sweeping compound. The street is complete with light standards and fire-plugs.

The invitation mailing piece said, among other things, "Have you ever noticed the difference between two homes although each cost the same to build? And then, have you wondered why one family got so much more for its money than the other?

"Usually you will find that the difference lies in better planning, design, and construction. That is why you will want to know more about the Federal Home Building Service Plan. . . . This means that you will have an approved architect to help you. . . . From the drawing of the plans through supervising construction to the completed house, he represents you. The cost is less than half the former charge.

"Now, for the first time home builders in the $5,000 class—with the help of the Federal Home Building Service Plan—can have an architect to help them build a home that will bring long years of happiness and satisfaction."


BUILD A BETTER HOME
UNDER A BETTER PLAN
FEDERAL HOME BUILDING SERVICE PROVIDES:
1. One Financing Plan
2. Architects Supervision
3. A Certified Home
OLD WAY
CONTRACTOR
REALTOR
ARCHITECT
NEW WAY
LENDING INSTITUTION

HOW TO USE STATISTICS IN THE FEDERAL HOME LOAN BANK REVIEW—PART 4

Mortgage lending is the life-line of the savings and loan industry. Complete and reliable estimates of the volume of mortgage loans being made throughout the country are essential to the progressive management of even the smallest association.

■ NATIONAL estimates of mortgage lending are as important to the savings and loan industry, and to each individual association, as the national totals of commercial loans are to the banking fraternity, and freight carloadings to the railroad industry. The volume of mortgages made by savings and loan associations is one of the most important indications of the business activity of these institutions. An increase or decrease in the national total from month to month is a reflection of the changes which take place in the activity of more than 8,300 associations throughout the country.

From the viewpoint of a manager and board of directors whose responsibilities involve the formation of association operating policies, a knowledge of the lending pattern of all savings and loan institutions is essential in comparing the progress of an individual association with that of the industry as a whole. For example, is an association overlooking potential loan business if it is only lending 3 or 4 percent of its money for reconditioning purposes, when the estimates for all savings and loan reconditioning loans equal 6 percent of the total loans? Would this also be true of an association which discovered its construction loan volume to be substantially below the 29.4-percent ratio which the industry maintained during the first six months of this year?

Again it is demonstrated that savings and loan associations are beyond the stage of independent functioning. No longer do associations operate as individual units affected only by changes within the bounds of a city or community. Today they exist as an integral part of a country-wide system, and the opportunity which these statistics offer to measure local conditions against a background of national trends is the outstanding purpose for which this material may be used.

Every association executive is vitally interested in the progress of his institution, yet many are misled into thinking that because an association lends more money in a given period than it did in the preceding one, that is sufficient. Genuine progress must be measured in relative terms.

To take a specific example, the "A" Association made $100,000 in new mortgage loans during the first eight months of 1938. This year during the corresponding period, its lending activity totaled $110,000—a 10-percent increase. Stopping at this point, the board of directors and the manager of this institution might easily be satisfied with this improvement and consider their work well done.

By going one step farther and studying Table 4, "The estimated volume of new lending activity of savings and loan associations, classified by Districts and by type of association," it may be seen that the increase of Association "A" was only half as large as the gain registered by all associations. During the first eight months of this year the total amount of new loans made by these institutions was $634,000,000 as against $525,000,000 during the January–August period of 1938—an increase of 20.7 percent. If this association is a Federal, its gain is even less significant in view of the fact that all Federal associations had a 38-percent rise in lending activity.

There is still another comparison which Association "A" can make. As there are considerable variations in the activity of different geographic areas, its lending activity should also be measured in relation to that of the rest of the associations in its own Federal Home Loan Bank District. To illustrate these differences, it may be pointed out that the Indianapolis District reported the greatest increase over last year with a gain of 32.9 percent through August, while the Los Angeles District indicated an improvement of only 12.4 percent. Regardless of the type of association, or its location, these figures on the estimates of total savings and loan mortgage lending may be used as a yardstick in measuring the progress of an individual institution.

Lending Classified According to Purpose

Under present operating conditions, savings and loan associations lend approximately $2.00 on new

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 change, July 1939 to August 1939	New loans, August 1938	Percent change, August 1938 to August 1939	Cumulative new loans (eight months)		
	August 1939	July 1939				1939	1938	Percent change
United States: Total	$95, 038	$85, 172	+11. 6	$74, 709	+27. 2	$634, 166	$525, 414	+20. 7
Federal	40, 645	34, 055	+19. 4	26, 858	+51. 3	256, 555	185, 476	+38. 3
State member	37, 340	34, 146	+9. 4	29, 506	+26. 6	253, 325	221, 050	+14. 6
Nonmember	17, 053	16, 971	+0. 5	18, 345	−7. 0	124, 286	118, 888	+4. 5
District No. 1: Total	9, 302	8, 759	+6. 2	7, 128	+30. 5	56, 089	49, 216	+14. 0
Federal	2, 905	2, 649	+9. 7	2, 003	+45. 0	17, 376	13, 688	+26. 9
State member	4, 858	4, 088	+18. 8	3, 312	+46. 7	26, 369	23, 629	+11. 6
Nonmember	1, 539	2, 022	−23. 9	1, 813	−15. 1	12, 344	11, 899	+3. 7
District No. 2: Total	10, 026	8, 699	+15. 3	7, 381	+35. 8	61, 937	49, 709	+24. 6
Federal	4, 484	3, 354	+33. 7	2, 096	+113. 9	24, 019	14, 126	+70. 0
State member	2, 213	1, 884	+17. 5	1, 838	+20. 4	14, 062	13, 126	+7. 1
Nonmember	3, 329	3, 461	−3. 8	3, 447	−3. 4	23, 856	22, 457	+6. 2
District No. 3: Total	6, 805	6, 753	+0. 8	5, 281	+28. 9	52, 314	41, 436	+26. 3
Federal	2, 128	1, 770	+20. 2	1, 115	+90. 9	13, 644	8, 339	+63. 6
State member	1, 645	1, 970	−16. 5	1, 404	+17. 2	13, 860	12, 258	+13. 1
Nonmember	3, 032	3, 013	+0. 6	2, 762	+9. 8	24, 810	20, 839	+19. 1
District No. 4: Total	12, 728	12, 167	+4. 6	11, 366	+12. 0	85, 650	73, 287	+16. 9
Federal	5, 730	5, 179	+10. 6	3, 615	+58. 5	35, 121	24, 857	+41. 3
State member	4, 988	5, 075	−1. 7	4, 555	+9. 5	36, 717	34, 647	+6. 0
Nonmember	2, 010	1, 913	+5. 1	3, 196	−37. 1	13, 812	13, 783	+0. 2
District No. 5: Total	14, 691	13, 005	+13. 0	11, 546	+27. 2	99, 702	80, 367	+24. 1
Federal	6, 701	5, 113	+31. 1	4, 603	+45. 6	40, 563	31, 107	+30. 4
State member	6, 577	6, 370	+3. 2	5, 144	+27. 9	47, 520	36, 078	+31. 7
Nonmember	1, 413	1, 522	−7. 2	1, 799	−21. 5	11, 619	13, 182	−11. 9
District No. 6: Total	5, 090	3, 913	+30. 1	3, 616	+40. 8	30, 198	22, 715	+32. 9
Federal	2, 236	1, 832	+22. 1	1, 768	+26. 5	14, 024	10, 622	+32. 0
State member	2, 423	1, 822	+33. 0	1, 569	+54. 4	14, 010	10, 359	+35. 2
Nonmember	431	259	+66. 4	279	+54. 5	2, 164	1, 734	+24. 8
District No. 7: Total	10, 332	8, 288	+24. 7	7, 413	+39. 4	63, 598	52, 505	+21. 1
Federal	3, 533	3, 158	+11. 9	2, 511	+40. 7	21, 776	17, 755	+22. 6
State member	4, 298	3, 665	+17. 3	2, 904	+48. 0	27, 379	22, 809	+20. 0
Nonmember	2, 501	1, 465	+70. 7	1, 998	+25. 2	14, 443	11, 941	+21. 0
District No. 8: Total	6, 521	5, 444	+19. 8	4, 739	+37. 6	39, 317	31, 178	+26. 1
Federal	3, 179	2, 579	+23. 3	1, 958	+62. 4	18, 570	12, 751	+45. 6
State member	2, 010	1, 641	+22. 5	1, 529	+31. 5	11, 785	10, 302	+14. 4
Nonmember	1, 332	1, 224	+8. 8	1, 252	+6. 4	8, 962	8, 125	+10. 3
District No. 9: Total	5, 126	4, 575	+12. 0	4, 105	+24. 9	38, 692	32, 220	+20. 1
Federal	1, 947	1, 638	+18. 9	1, 544	+26. 1	15, 758	12, 427	+26. 8
State member	3, 037	2, 724	+11. 5	2, 419	+25. 5	21, 397	18, 223	+17. 4
Nonmember	142	213	−33. 3	142	0. 0	1, 537	1, 570	−2. 1
District No. 10: Total	4, 471	3, 955	+13. 0	3, 302	+35. 4	31, 279	26, 899	+16. 3
Federal	2, 129	1, 871	+13. 8	1, 463	+45. 5	15, 392	11, 574	+33. 0
State member	1, 238	1, 023	+21. 0	956	+29. 5	8, 201	8, 259	−0. 7
Nonmember	1, 104	1, 061	+4. 1	883	+25. 0	7, 686	7, 066	+8. 8
District No. 11: Total	3, 149	3, 270	−3. 7	2, 699	+16. 7	22, 526	18, 836	+19. 6
Federal	1, 975	1, 855	+6. 5	1, 485	+33. 0	13, 545	10, 311	+31. 4
State member	1, 086	1, 166	−6. 9	871	+24. 7	7, 833	6, 427	+21. 9
Nonmember	88	249	−64. 7	343	−74. 3	1, 148	2, 098	−45. 3
District No. 12: Total	6, 797	6, 344	+7. 1	6, 133	+10. 8	52, 864	47, 046	+12. 4
Federal	3, 698	3, 057	+21. 0	2, 697	+37. 1	26, 767	17, 919	+49. 4
State member	2, 967	2, 718	+9. 2	3, 005	−1. 3	24, 192	24, 933	−3. 0
Nonmember	132	569	−76. 8	431	−69. 4	1, 905	4, 194	−54. 6

construction and the purchase of existing dwellings for every $1.00 for refinancing, reconditioning, and other purposes. A study of the lending activity of these associations shows the steady improvement which has been made in this ratio during the last three and one-half years.

In January 1936, only 49.1 percent of the lending activity of these institutions consisted of construction and home-purchase loans, while statistics for the first six months of this year reveal that this percentage had increased to 63.6 percent of the total volume, and in August the ratio was 65.4 percent or almost the two-to-one relationship. This improvement parallels the general recovery of the real estate market and the increase in residential construction during this period. Construction loans have shown the most consistent upward trend, rising from 18.1 percent of all loans made during February 1936 to a high of 31.8 percent in June of this year.

An individual association manager, or an employee study group, can make similar studies based on the lending statistics of their own institutions and make comparisons currently with these national totals. If the comparison is not favorable, it is important that steps be taken to analyze the factors contributing to this condition. It may be that an association is not meeting the competition for new mortgage loans either by reducing interest rates, by lengthening loan terms, or by offering adequate construction loan service. Whatever the reason, a study of this type will bring the situation to the attention of management and corrective measures may be initiated.

In an earlier article in this series, it was noted that statistics on building permits could be used to point out additional opportunities for mortgage lending. The statement was made that savings and loan associations have apparently been paying less attention in recent months to the reconditioning of existing properties. What are the actual facts? What can be learned from studying the tables of mortgage lending which appear in the statistical section of the REVIEW each month?

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

[Amounts are shown in thousands of dollars]

Period	Purpose of loans					Total loans	Type of association		
	Mortgage loans on homes				Loans for all other purposes		Federals	State members	Non-members
	Construction	Home purchase	Refinancing	Reconditioning					
1937	$234, 102	$326, 629	$180, 804	$62, 143	$92, 901	$896, 579	$307, 278	$379, 286	$210, 015
January–August	162, 116	226, 038	126, 698	41, 938	61, 420	618, 210	215, 683	262, 240	140, 287
August	21, 082	28, 011	15, 362	5, 147	7, 415	77, 017	26, 768	32, 334	17, 915
1938	220, 458	265, 485	160, 167	58, 623	93, 263	797, 996	286, 899	333, 470	177, 627
January–August	139, 562	173, 079	109, 851	39, 259	63, 663	525, 414	185, 476	221, 050	118, 888
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
October	22, 099	24, 677	12, 913	5, 727	7, 515	72, 931	26, 534	30, 546	15, 851
November	18, 627	21, 205	12, 182	4, 821	7, 235	64, 070	24, 220	26, 115	13, 735
December	19, 152	20, 826	12, 805	4, 025	7, 126	63, 934	25, 019	26, 504	12, 411
1939 January–August	190, 400	216, 666	119, 723	39, 080	68, 297	634, 166	256, 555	253, 325	124, 286
January	16, 099	17, 503	11, 749	3, 389	6, 827	55, 567	20, 894	23, 071	11, 602
February	16, 027	19, 118	12, 551	3, 593	7, 020	58, 309	22, 298	24, 191	11, 820
March	21, 254	24, 705	14, 871	4, 211	8, 337	73, 378	29, 811	30, 124	13, 443
April	23, 727	29, 903	15, 384	4, 974	9, 437	83, 425	33, 400	32, 562	17, 463
May	26, 646	31, 289	15, 687	6, 069	9, 432	89, 123	36, 358	35, 426	17, 339
June	29, 919	32, 228	17, 123	5, 802	9, 082	94, 154	39, 094	36, 465	18, 595
July	26, 865	29, 638	15, 353	5, 133	8, 183	85, 172	34, 055	34, 146	16, 971
August	29, 863	32, 282	17, 005	5, 909	9, 979	95, 038	40, 645	37, 340	17, 053

Figures compiled by the U. S. Department of Labor for the first half of this year indicate an increase of more than 8 percent over the same period of last year in the total permits issued for additions, alterations, and repairs. Contrast this with the trend of savings and loan lending for reconditioning purposes. In spite of a 19-percent rise in the total loans, reconditioning loans decreased almost $300,000 and the ratio of these loans to the total volume declined from 7.3 to 6.2 percent.

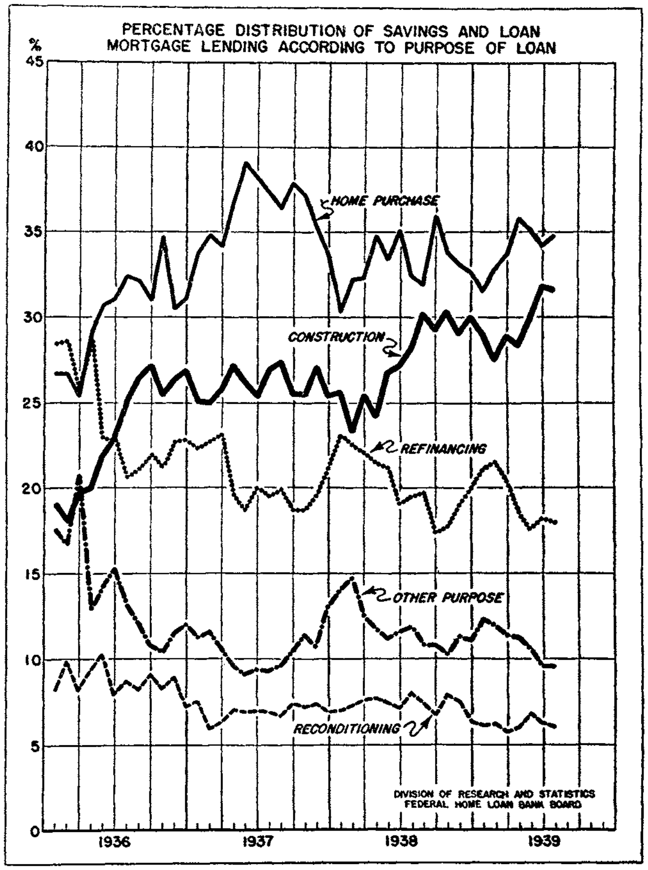
Although not all of the addition, alteration, and repair permits reported to the Department of Labor would apply to residential properties, nevertheless the substantial rise in all types of residential construction during the current year would lend emphasis to this increase in reconditioning operations. There should be possibilities of expanding this type of lending activity in every community, and each association may evaluate the potential market for reconditioning loans within its own area.

Mortgage-Lending Estimates and Mortgage-Recording Figures

Since the beginning of this year, the Division of Research and Statistics of the Federal Home Loan Bank Board has prepared two series of figures to record the activity of savings and loan associations in financing homes: (1) monthly estimates of the volume of new mortgage lending *by all savings and loan institutions* (Tables 4 and 5); and (2) summary of nonfarm mortgage recordings of $20,000 and less *by all types of mortgagees* (Tables 12 and 13).

There should be no confusion between these two statistical series as they serve entirely different purposes. The monthly estimate of new mortgage loans made by all savings and loan associations furnishes a complete breakdown by geographic location, by type of association, and by the purpose for which the loan was made. The estimates of mortgage recordings, on the other hand, fulfill a broader purpose. These figures include not only the activity of the savings and loan industry, but also that of all other types of lenders in the home-financing field. It is the only available study which provides a comprehensive State and national summary of nonfarm mortgage activity by type of mortgagee.

There are certain factors which eliminate the possibility of a direct comparison between the two series. For example, according to Tables 4 and 5 the total savings and loan new mortgage lending in August was slightly above $95,000,000, whereas the estimated total of mortgages recorded by these institutions during the same month as revealed by Tables 12 and 13 was $112,500,000: a difference of approximately $17,500,000.



This chart illustrates graphically the increasing proportion of savings and loan lending which may be attributed to construction and home-purchase loans. In July, the last month shown, the combined volume of these classifications was 66.4 percent of the total activity.

The primary reason for this difference is found in the treatment of an association's own mortgages which are refinanced (recast). Suppose that an association has a loan on its books for $1,500 and the mortgagor decides he would like to borrow an additional $500 to make a few repairs and changes which are necessary. He would then assume a mortgage of $2,000. When this transaction is included in the regular monthly report upon which the estimates of new mortgage *lending* are based, it would be shown as a $500 refinancing loan, or in other words only that portion which represented an increase in the amount of the outstanding mortgage would be reported. Since this transaction results in the recording of a new mortgage, the mortgage *recording* report prepared from the county records would show this as a $2,000 mortgage—$1,500 more than the actual amount of new money involved.

More than $17,000,000 was loaned by savings and loan associations during August for refinancing purposes. In spite of the fact that not all of this represents the refinancing (recasting) of an association's own instruments, it is believed that this is the most important factor in accounting for the difference between new mortgage-lending and mortgage-recording statistics. It is also noted that lending statistics are reported as of the date of loan commitment, while recording figures reflect the actual date of mortgage registration, and further, that any alteration in the terms of an existing contract necessitates a new registration although it may not involve the loaning of any additional funds.

From these facts it may be seen that the mortgage-recording statistics will usually indicate a slightly higher volume of activity than the mortgage-lending totals. This difference does not invalidate their use as individual series for, as pointed out earlier, they serve different ends.

Summary

National statistics on mortgage-lending activity should be used as a gauge against which the progress of one association may be measured in the light of the general advance made by other associations of a similar type in its own region or throughout the country. They offer an opportunity to study the purpose for which loans are being made by the industry as a whole and a chance to compare this lending pattern with that of an individual association. If an association does not compare favorably in studies made on a relative basis, it is imperative that the factors contributing to this unsatisfactory condition be analyzed and corrected.

If, on the basis of mortgage-recording statistics, it is revealed that other lenders are obtaining the greater portion of loan business in a particular area, there must be definite reasons for this trend. It may be necessary to lower an institution's interest rates, to lengthen the periods of loan amortization, or to arrange for more effective servicing of loans to meet this competition.

One of the primary functions of the savings and loan industry is to lend money for the construction of new homes, the purchase of existing dwellings, and to assist present owners to keep homes which they already occupy. Any changes which may be made to enable associations to carry out this function more effectively should be put into operation at the earliest possible moment.

Loan Service Techniques

(Continued from p. 6)

of amortization of the loans. There are four major phases of H. O. L. C. loan service procedure which interest every lender:

First, the approach made by the Loan Service Division to the problem of delinquency is basically the assumption that the real cause must be ascertained and a solution worked out cooperatively by mortgagor and mortgagee. Determination of the proper course of action in an individual case depends upon accurate knowledge of the cause of the mortgagor's delinquency; this applies to private lenders as well as to the H. O. L. C.

Second, careful investigation of the facts in each individual case spotlights the real problem and permits accurate classification of delinquent loan accounts. This gives the broad picture of delinquencies which is essential for the formulation of policy by any lending institution.

Third, since the original mortgagor will make a far more determined effort to liquidate the larger amount represented by the unpaid principal of the loan and the delinquencies than some disinterested third party, it is to the advantage of the mortgagee in every instance to induce the borrower to make some payment. This not only assures the mortgagee a maximum return, but also affords the mortgagor more time to find a solution to his problem. Even if the payments are small, the longer the delinquency curve can be retarded, the more favorable are the prospects for eventual liquidation of arrears.

Fourth, perhaps the cardinal point in loan servicing today is the realization that the problem of the mortgagor automatically becomes the problem of the mortgagee. Any lender making long-term, high-percentage amortized loans must be ready to assist its borrowers to keep their homes. This is not philanthropy; it is good business, for the only profitable procedure for a mortgage-lending institution under existing conditions is to keep the majority of its borrowers in their homes on an economically sound basis. Often the borrower does not understand what avenues are open to him to help in solving his problem. Thus, the H. O. L. C. experience on a large-scale basis confirms what private lending institutions already know: that the technical advice of a trained specialist in the loan service field can be invaluable to the average borrower.

REINVESTMENT OF MATURITIES

Experience shows that investors in installment share accounts are not informed of the benefits which they can derive by reinvesting these funds at maturity in income shares. Managers and boards of directors have an opportunity to serve both their investors and their communities by encouraging the reinvestment of these maturities.

■ AN investor who has been saving regularly each month over a period of years during the life of an installment share account is one of the best customers a savings and loan association can develop. In addition to acquiring the habit of thrift, such a person must have become thoroughly convinced of the soundness of the institution and have developed confidence in its management. In spite of this, the history of savings and loan operations shows that a considerable portion of installment share maturities is invested elsewhere more or less as a matter of course, rather than profitably reinvested in the association. Today, there is an unusual opportunity for associations to offer a real service to investors. Anyone who has money to invest at the present time faces a particularly difficult problem with the yields on all types of high-grade investments at low levels.

Undoubtedly many investors had definite uses in mind for these funds when the installments were started, but circumstances may have altered these plans by the time they mature: the construction or purchase of a home delayed as a result of unfavorable conditions in the real estate market; a trip to Europe canceled because of the political situation on the Continent; the son's college education already taken care of by a rich uncle. Perhaps, some of the shareholders were saving for a rainy day that never came, and consequently have no immediate need for the money.

The extent to which these factors apply is problematical, but the experience of associations, which have made definite attempts to inform their investors of the advantages of leaving these funds with the institution, has been that from 50 to 75 percent of the *free* maturing funds are not withdrawn. Where associations use the sinking-fund mortgage plan, an installment series will include both free and pledged shares. The maturing of pledged shares involves only an offsetting bookkeeping entry in the mortgage-loan account.

A study of a number of associations reveals that there is a considerable variance in the degree of effectiveness with which the problem of securing the reinvestment of free installment shares is met. Several associations which have been notably successful were asked to describe the methods they use, and excerpts from the replies of three of these institutions form the basis for this article.

Association No. 1

Until September of last year, this association merely sent a letter requesting the shareholder to call for his check on the date of maturity and gave the subject of conversion into income shares but little thought. "In an endeavor to secure reinvestment of our last maturing shares in September 1938 into income shares and subscription for new installment shares," writes the Secretary, ". . . we reversed the approach, featuring conversion and making the cash withdrawal of funds a secondary consideration. This proved to be much more effective. About three weeks before maturity, we sent out a carefully prepared letter, a copy of which is enclosed."

[Exhibit A]

Dear Shareholder:

You will be happy to learn that your Certificate and Pass Book No. __________ for __________ shares in the __________ Series will mature on Monday _____________________.

On that day you may convert this $__________ maturity into an insured full paid Income Share Certificate, thus keeping your money safely invested with us without interruption of earnings and providing a regular income. Dividends on this class of shares are payable semiannually on June 30th and December 31st, and the rate for the past three years has been __________ per centum per annum. They may be withdrawn in the same manner as Installment Saving Shares. Or you may wish to have the full sum in cash, or take part in cash and retain the balance in an insured Income Share Certificate. In any case please advise us of your wishes soon and present your maturing certificate and pass book on the date mentioned.

We also take this opportunity to congratulate you upon the completion of this stage of your systematic saving plan.

You now have a substantial "nest egg" that should give you a real sense of security, as well as of pride, and we assume that you intend to go right on with your saving plan by subscribing for at least an equal number of Installment Saving Shares to replace those now maturing. A subscription blank is enclosed.

As you already know the savings of each member in this Association are now insured up to $5,000.00 by the Federal Savings and Loan Insurance Corporation. Your affiliation and contact with this 30-year old institution must long since have convinced you of the soundness of its management and financial standing, and we sincerely look forward to your continued membership for many years to come. We are here to serve you and wish you to feel free to ask us any questions regarding your account or the Association at any time.

With all good wishes,

Sincerely yours,

He continues, "In addition to sending this letter we talked with the various shareholders at the window as they were making their final payments of dues on their shares, stressing the safety of their investment by insurance and the advantages that would accrue to them by converting the maturity value of their installment shares, or a part thereof, into income shares, thereby assuring uninterrupted dividends."

The results of this revised approach were highly satisfactory. About 72 percent of the maturing members retained some investment in the association. Half of these individuals subscribed for installment shares in the new series opened at that time. Almost $15,000 was converted into income shares—a distinct improvement over preceding maturity dates.

Association No. 2

The second association under survey also uses personal correspondence as the means of influencing members to purchase income shares with the money saved in periodical payments. The president of this institution outlines its plan in these words: "From experience, we have found that the most important thing is to convince the persons whose shares are maturing of the safety of the principal if left with the association. This we try to do by mailing to them in advance of the maturity, literature regarding the insurance of shares. Then, about a month before the maturity, we write them a personal letter stating that their next payment of dues will be the last necessary to mature the shares. In this letter we also ask them to bring in their pass books, which gives us an opportunity to talk with them." Here is the letter:

[Exhibit B]

Dear Shareholder:

We are pleased to inform you that the payment of January dues on your shares in the 42nd series matures them at $---------- per share.

Most people having shares mature prefer to leave the funds with the association on Income Shares, the reasons being:

1. They are absolutely insured against loss up to $5,000 by the Federal Savings and Loan Insurance Corporation, an instrumentality of the United States Government.

2. The rate of dividends paid in comparison with other investments offering equal security. The January 1, 1939, dividend was at the rate of ---------- percent.

3. Dividends start from the day your shares mature and continue until the date of withdrawal.

4. Dividends are declared semiannually and are paid by check January 1st and July 1st.

5. Income Shares are readily converted into cash in accordance with our constitution.

While we can not guarantee any definite rate of dividend, we can point with pride to our 52-year record of unbroken dividend payments at good rates as your best assurance for future dividends.

When you make your January payment, please leave your book with the association; and if you desire part, or all, of the amount in cash, so advise us. If you would like more information regarding Income Shares feel free to ask any of the officers or employees for this information.

Very truly yours,

"We have found that those who actually need their cash are very prompt in their response; but a large percentage of those who have no immediate need for cash and do not quite know what to do with the cash if they do take it, are slow in their response. For this latter group, we make out income shares and write them an appropriate letter (Exhibit C). The first time we used this method we retained about 65 percent of our maturity. This may be a coincidence, but it was certainly very gratifying."

[Exhibit C]

Dear Mr. Doe:

Not having been definitely informed as to your desire of wanting cash or Insured Income Shares for the maturity of your shares in the ---------- series, we have issued to you an Income Share Certificate.

If you desire all, or part, in cash you may call for it at any time. In the meantime, these funds are earning dividends at the current rate from this date to the day they are withdrawn. We would appreciate your leaving the book covering these shares at our office the first time you are downtown.

Very truly yours,

"For the limited number of investors who desire cash, we have prepared another letter which we send with the check for the maturity value of the account." A draft of this letter is shown in Exhibit D.

[Exhibit D]

Dear Shareholder:

The enclosed check represents the maturity value of your shares in the ---------- series.

It is possible that you may not have immediate use for the entire amount. If such is the case, you would do well to give serious consideration to investing a portion in INSURED Income Shares of your association. The last dividend paid was at the rate of ---------- percent, which compares favorably with that received on almost any other investment where equal security of principal is offered.

Why not subscribe for the same number of new shares and continue to make the same monthly payment and, a few years from now, receive another check similar to the one enclosed?

Very truly yours,

According to the reports from this executive, the percentage of maturities reinvested with the association has been increasing steadily since February 1938, or shortly after this association was granted an insurance certificate. Insurance of accounts, plus a personalized effort to encourage its members to reinvest their funds, have been responsible for the improved ratio of this association.

Association No. 3

"Personal contact with the investor prior to the maturity is a most successful way of retaining the investment," is the opinion of the Secretary of the third association which was approached for this information. "In this contact," he says, "emphasis must be placed on the safety of all accounts and also on the comparison of the dividends declared by the association with the return from other savings media. In addition to the personal contact, we mail out a letter similar to the one shown (Exhibit E). However, the former method seems to me to be the most important and reliable." This letter is similar to Exhibit A, but varies in its opening approach.

[Exhibit E]

Dear Member:

We are happy to inform you that on January 4, 1939, the ---------- shares in this Association, for which you hold certificate #------ will mature with a value of $----------. Allow us to congratulate you upon the completion of this stage of your systematic saving program and point out that this maturity represents an average annual dividend of ---------- percent.

On or after January 4, 1939, you may convert your maturity into full-paid insured income shares of this Association. They are fully protected against loss up to $5,000 by the Federal Savings and Loan Insurance Corporation, an instrumentality of the United States Government. By so doing you may keep your money safely invested with us without interruption of earnings. Dividends on insured income shares are paid semiannually in cash on March 31 and September 30.

As an alternative you may wish to invest only a part of this maturity in the insured income shares of this Association and realize the balance in cash. This may readily be done and, of course, if you wish you may have the full amount of your maturity in cash. In any case please advise us of your wishes soon and present your certificate and pass book for conversion.

Etc. . . .

Sincerely yours,

Summary

The experience of these three associations points to a program which other institutions might adopt to inform their investors of the advantages to be gained through the reinvestment of maturing installment share accounts. The effectiveness of these efforts will depend upon the ability of an institution to establish *personal* contacts with each individual investor through correspondence and interviews.

The success of these associations in dealing with this problem may be taken as an indication of the factors which other associations can emphasize: (1) the safety of the investment through insurance of accounts; (2) the favorable comparison which may be made between the dividend rates of savings and loan accounts and the return received from other long-term investments offering equal security; and (3) the soundness of management policies and financial structure as an assurance of future dividends.

The "Town of Tomorrow"

■ THE 15 houses comprising the "Town of Tomorrow" at the World's Fair in New York were discussed in the July issue of the *Architectural Forum*. Of the 15, six are modern and the remaining nine, nearly all Colonial are traditional. The 5,000 people who visit the Town every day represent a good cross-section of the U. S. public opinion. A sample of their reaction, revealed that (1) more than 40 percent favor modern architecture, and (2) the Town's most popular house is one of modern design.

Outstanding features of these homes include: growing emphasis on living space at the sacrifice of dining space; 12 of the houses have kitchens on the side or front, in contrast to traditional rear location; garages, like kitchens, are moving toward the front of the house; natural, unpainted woods are increasing in importance; glass is becoming a more important building material; "dry finish" is replacing lath and plaster for interior walls; and, the increasing use of corner windows and larger-than-average windows.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. Declaration of war results in falling bond prices, generally rising prices for stocks and commodities, and a sharp acceleration in industrial activity, which had been gaining since May.

II. Index of wholesale building material prices declined fractionally during August, but early September reports indicate rising prices.

III. Mortgage lending by savings and loan associations during August reached a new high monthly level for the present decade at $95,000,000.

A. Total loan volume of savings and loan associations for first eight months is 21 percent greater than last year. 1939: $634,-000,000. 1938: $525,000,000.

IV. Mortgages recorded by all types of mortgagees in August totaled $346,000,000—up 5 percent from July.

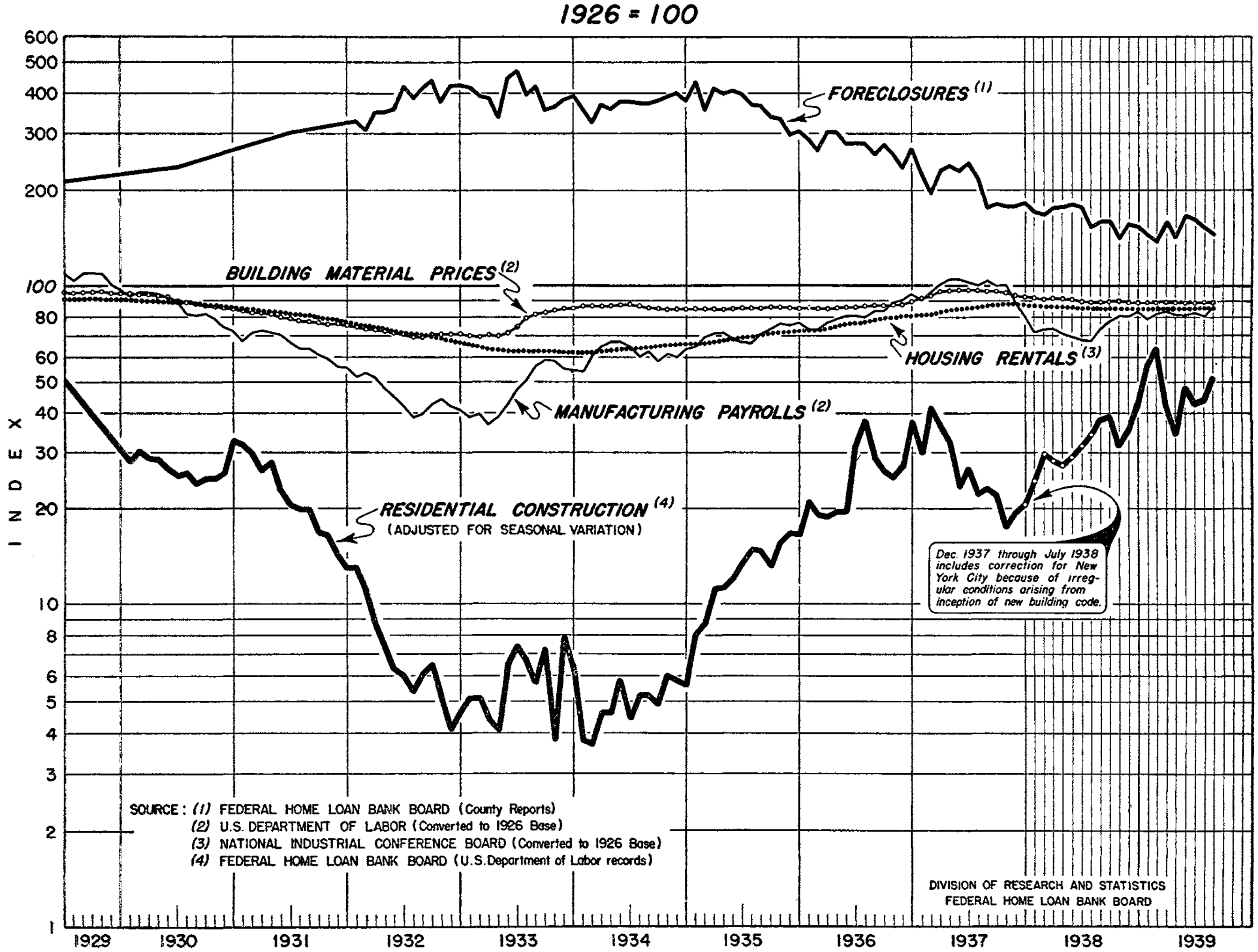
A. Savings and loan associations registered their highest proportion of the total volume of nonfarm mortgages recorded in any single month: 32.6 percent.

B. Improvement in total volume general throughout the country, with marked gains in Cincinnati and Los Angeles Bank Districts.

V. Seasonally adjusted index of residential construction reached highest monthly level since February, due largely to renewed activity by U. S. Housing Authority during August.

A. Total number of residential units provided in all cities of 10,000 population and over during first eight months of 1939—194,000, an increase of 38 percent over the 140,000 total for 1938.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

THROUGHOUT the period of the last 12 to 15 months, our national economy and especially the home-financing field have shown favorable trends. This improvement has been the subject of much optimistic comment on the part of economic analysts. The general consensus of these experts is that having weathered the 1938 recession, our economic system is now in a better condition than at any time in the past decade, and that we have now recovered the greater part of the losses sustained in the depression which occurred in the early 1930's.

During the early months of this year, industrial production, employment, and national income were fairly constant but, with the encouragement of a relatively stable price level, gathered momentum until by the third quarter they indicated definite improvement. In this same period, privately financed residential construction was increasing, influenced by such factors as reduced foreclosure activity, a gradually improving relationship between building costs and housing rentals, and better general economic conditions. Home-financing institutions were benefiting by a rising lending volume and an unusually plentiful supply of available capital.

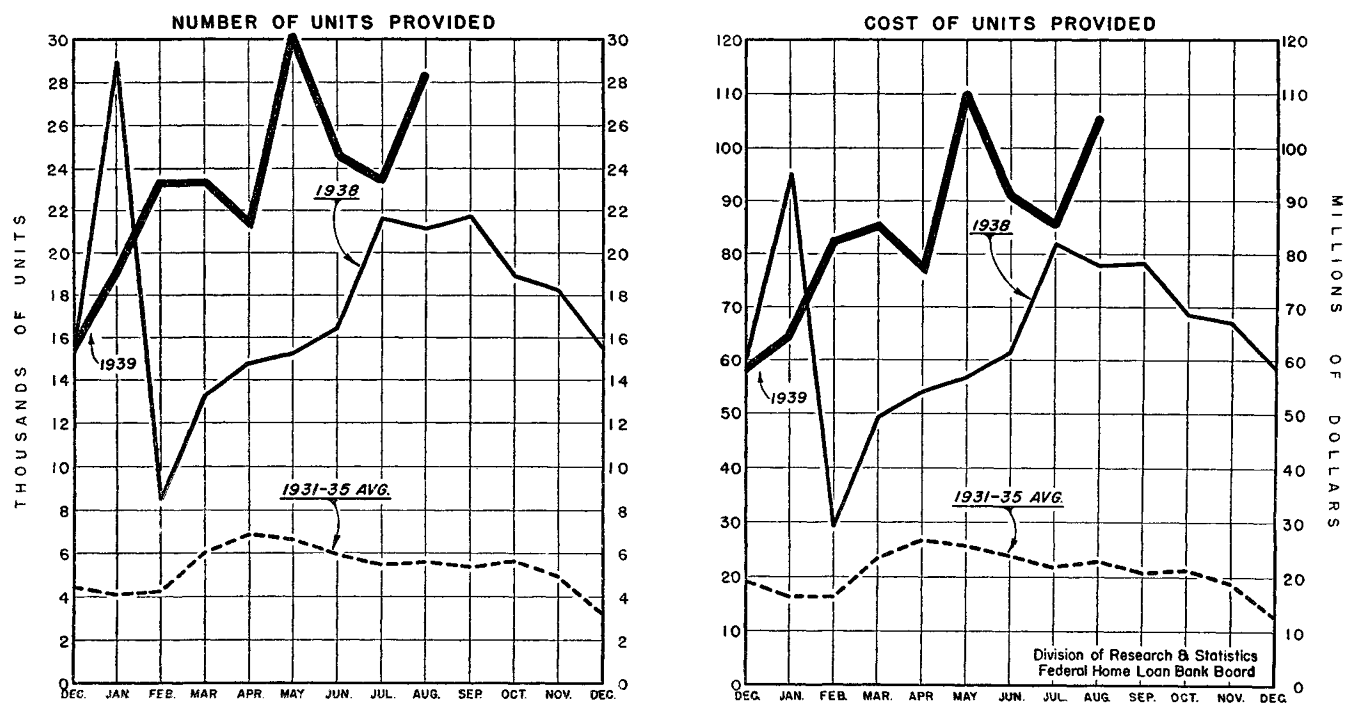
A sudden alteration in the political and economic horizons such as has been caused by the European war will be felt acutely throughout our whole business structure. Current statistics indicate that prices of building materials and other commodities are already rising to some extent and, if continued, threaten to disrupt the elements of equilibrium which have been so recently established.

War and the National Economy

WITH the declaration of war in Europe, several immediate effects were: falling bond prices, rising stock prices, and generally lifting commodity prices. Although the Federal Reserve System supported the U. S. Government securities market with purchases of $400,000,000 of bonds and notes in the first half of September, there was a substantial decline in prices of

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)



Government bonds. This is reflected in the increase in the average yield of U. S. Treasury long-term bonds from 2.17 percent on August 17 to 2.74 percent on September 30. High-grade corporate bonds also declined. The Dow-Jones average of the prices of a selected group of industrial stocks climbed sharply from a low of 127.51 on September 1 to new highs for the year above 157.

Accompanying these changes was a sharp acceleration in industrial activity. The Federal Reserve index of industrial production (1926=100) was estimated in a preliminary report at 94.5 for August on a seasonally adjusted basis, one point higher than the July average. The U. S. Department of Commerce reported that the rise in steel production during September stood out, but that "industrial activity is on the upgrade over a wide front. . . . The volume of manufacturing production for September will show a marked rise from the August total."

The Federal Reserve index of industrial production rose to a level of about 102 (1926=100) for the month of September, with a still higher level prevailing at the end of the month, according to the October *Federal Reserve Bulletin*. Employment and national income increased substantially.

What changes the war is likely to produce in the national economy were the subject of augmented research by public and private agencies. Research in the fields particularly affecting savings and loan associations and other types of home-financing institutions shows that during the World War, some associations experienced withdrawals of investments, as investment funds were diverted from peace-time capital uses to war industries.

Residential building suffered during the last war. For the five war years, 1914–1918, it is estimated that 360,000 nonfarm units were built on the average each year. For the 5-year period immediately preceding the war, the annual average was 508,000; for the five years, 1919–1923, the annual average was 536,000. During the first three years of the war, residential building continued to hold at levels above 400,000 units, but with the entry of the United States into the war in 1917 the annual total shrank first to 300,000, and then in 1918 to 200,000 units.

Rents, as measured by the National Industrial Conference Board index, remained stable in 1914 and 1915, turned upward in 1916 and 1917, and rose precipitously in 1918 and subsequent years. Building costs, which "in 1915 and prior years were roughly half of similar costs during the 1920 to 1930 decade and roughly two-thirds of the costs during the years 1932 to 1936 inclusive",[1] rose sharply after 1915, and spurted to a peak in the post-war period of the latter half of 1919 and the early part of 1920.

Economists and analysts emphasize the fact, however, that the situation today is far different from that existing in 1914, and warn against acceptance of the belief that the pattern of changes in the economy which occurred in the World War will be duplicated now. They point out that in general the different nations have been preparing for the eventuality of war. Most nations in 1914 were taken by surprise, and were far more dependent upon each other economically. Today many countries are more self-sufficient. In the United States, an extensive system of Governmental checks and balances has been developed, designed to protect industry, agriculture, and finance against disastrous shocks arising from the war.

A second major difference is the fact that in the summer of 1914, when war began in Europe, industrial activity had been falling since the end of 1912, and this mild business recession continued after the outbreak of hostilities until the end of 1914. This time, forces of recovery were already active when war was declared, and industrial activity has been quickly intensified. It is also significant that before the World War, this country was a debtor nation; today it is a creditor nation, with a tremendous base for credit expansion, and industrial plants and equipment far larger than they were 25 years ago.

Even weighing these differences in the balance, leading economists agree that the effect of the war upon the national economy will depend upon a number of factors of paramount importance which are still in doubt: the duration of the war itself, for example. Knowledge of whether it will be a short war or a long war is a prerequisite to analysis of its probable effects. Again, if the Neutrality Act and other restrictions which prevent belligerents from buying or borrowing in this country are changed, the situation will be radically altered.

[1926=100]

Type of index	Aug. 1939	July 1939	Percent change	Aug. 1938	Percent change
Residential construction [1]	51.7	43.9	+17.8	38.5	+34.3
Foreclosures (metro. cities)	146.0	152.0	−3.9	161.0	−9.3
Rental index (N. I. C. B.)	85.2	85.2	0.0	85.5	−0.4
Building material prices	89.6	89.7	−0.1	89.4	+0.2
Industrial production	94.5	93.6	+1.0	81.5	+16.0
Manufacturing employment	91.7	89.0	+3.0	84.3	+8.8
Manufacturing pay rolls	85.7	80.5	+6.5	73.7	+16.3
Average wage per employee	93.5	90.4	+3.4	87.4	+7.0

[1] Corrected for normal seasonal variation.

[1] "Residential Building", by Lowell J. Chawner, prepared for the National Resources Committee.

Residential Construction

[*Tables 1 and 2*]

■ RENEWED activity on the part of the U. S. Housing Authority, which started building nearly 8,000 dwelling units at a cost of $27,000,000 in August, was instrumental in raising the index of total residential construction 18 percent above July and to the highest level since February of this year.

Of the 28,300 units constructed by private and public funds in August, 16,100, or 57 percent, were classified as being in structures containing less than three families. In the Boston, New York, Winston-Salem, and Chicago Federal Home Loan Bank Districts the number of multifamily units built was greater than those in 1- and 2-family homes. (See Table 2, page 26.)

Although the home-building industry is essentially local in character, there are definite trends in the pattern of building which are regional and national in scope. The last four columns of Table 2 show residential building without the erratic influence of Government or privately financed apartment construction. These figures indicate a higher degree of uniformity among the various Districts and States than is shown by total residential building. In each of the 12 Districts and in most of the States, the number and cost of homes built during August was moderately higher than in the corresponding month of 1938, whereas multifamily activity was down in many Districts.

Total residential construction for the first eight months of this year amounted to 194,000 units in cities of 10,000 population and over—a gain of 54,000 units, or 38 percent, over the corresponding 1938 period. The estimated cost of these units was $701,000,000 in 1939; for the same period in 1938, total cost of units provided was $543,000,000.

Small-House Building Costs

[*Tables 3 and 14*]

■ DURING August, wholesale building material prices receded slightly due to fractional declines in four of the seven classifications while the costs of the remaining three groups were unchanged. Quotations as of the 16th of September indicate a rise of over 1 percent from the August average, due to a fairly general rise, particularly in the price of paint and paint materials.

Usually a rise or fall of the wholesale index precedes a similar action by the material index of the 6-room standard house. On the basis of past experience, if the trend of wholesale prices continues upward, it is possible that there will be an upturn in the near future in the cost of materials used in the construction of the standard house.

Although so far this year labor costs involved in building a standard house have remained fairly steady, it is probable that under war-time conditions demand for export goods will rise, thus increasing the demand for labor. It is not unreasonable to believe that this will bear directly upon the cost of labor used for home building.

Construction costs for the standard house

[Average month of 1936=100]

Element of cost	August 1939	July 1939	Percent change	August 1938	Percent change
Material	102. 3	102. 4	−0. 1	103. 4	−1. 1
Labor	111. 2	111. 3	−0. 1	112. 3	−1. 0
Total	105. 2	105. 3	−0. 1	106. 4	−1. 1

Mortgage Recordings

[*Tables 12 and 13*]

■ MORTGAGES recorded on home properties in August increased 5 percent over July, and established the third largest monthly volume of the year. The improvement was distributed generally throughout the country, with marked gains being shown in the Cincinnati and Los Angeles Bank Districts.

Each type of mortgage lender participated in the July-to-August advance with improvements ranging from slightly more than 1 percent for mutual savings banks and individuals, to more than 6 percent in the case of banks and trust companies and savings and loan associations. Savings and loan associations reported a larger dollar rise during the month than any other lender, and increased their proportionate share of the total home-financing business to 32.6 percent—the highest percentage of the total volume for the year.

Insurance companies reported a larger volume of mortgage recordings in August than in any other month this year. Individuals continued to play an active part in the mortgage market, accounting for

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from July	Percent of August amount	Cumulative recordings (eight months)	Percent of total recordings
Savings and loan associations	+6.3	32.6	$763,685	30.9
Insurance companies	+3.4	8.9	217,649	8.8
Banks and trust companies	+6.8	23.2	603,769	24.4
Mutual savings banks	+1.2	4.0	86,252	3.5
Individuals	+1.3	17.0	439,565	17.7
Others	+4.0	14.3	362,787	14.7
Total	+4.7	100.0	2,473,707	100.0

17 percent of the financing activity of the month, as well as 17.7 percent of the mortgages recorded for the year to date.

With complete figures for the first eight months of the year, the recordings of nonfarm mortgages of $20,000 and less total almost $2,500,000,000. Savings and loan associations have increased their share in this cumulative total each month since March and at the end of August accounted for 30.9 percent. While insurance companies, mutual savings banks, individuals, and miscellaneous lenders maintained relatively the same percentage of cumulative mortgage recordings, banks and trust companies show a decline in their share of mortgage-financing activity.

The rate of mortgage-financing activity amounted to $3.74 per person in August, with the highest rates being reported in the District of Columbia, California, and Florida.

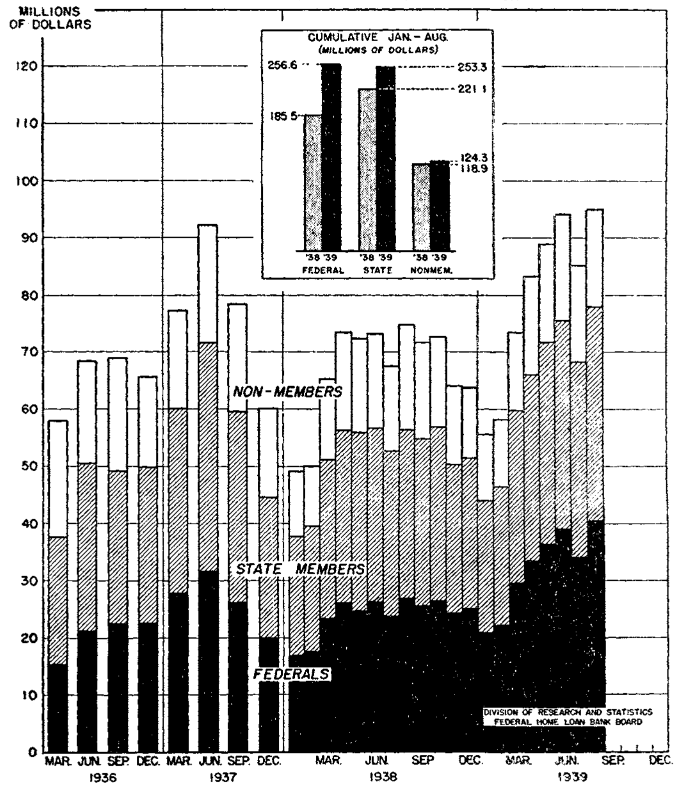
New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5; see pp. 11, 12*]

■ A NEW post-depression high level in mortgage-lending operations was reached by the savings and loan industry in August, when new loans totaled $95,000,000, a gain of $10,000,000 over July.

All types of loans shared in the August rise, both in comparison with the previous month and with August 1938. The miscellaneous loan classification showed the greatest improvement over July, but loans for the purchase and construction of homes led in the favorable change over August 1938.

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



Cumulative loans for the first eight months of this year amounted to $634,000,000—a 21-percent increase over activity during the same 1938 period. Federal associations led nonmembers and State-chartered members of the Federal Home Loan Bank System in this rise.

Practically all sections of the country participated in the July-to-August increase. Largest gains were registered in the Midwestern areas. Lending volume in the Portland District declined, contrary to the general trend. (See Table 4, which is included with the article, "How to Use Statistics in the FEDERAL HOME LOAN BANK REVIEW—Part 4," page 11.)

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Aug. 1939	July 1939	Percent change	Aug. 1938	Percent change
Construction	$29,863	$26,865	+11.2	$22,575	+32.3
Home purchase	32,282	29,638	+8.9	23,833	+35.5
Refinancing	17,005	15,353	+10.8	14,701	+15.7
Reconditioning	5,909	5,133	+5.1	5,528	+6.9
Other purposes	9,979	8,183	+21.9	8,072	+23.6
Total	95,038	85,172	+11.6	74,709	+27.2

Foreclosures

■ NORMALLY, the seasonal July-to-August change in real estate foreclosure activity in metropolitan communities is negligible. Hence, the 4-percent decrease reported for August of this year appears as a continuance of the general decline in real estate foreclosures which began in 1933. This current decrease brought the metropolitan index from 152 in July to 146. In relation to the same month of last year, foreclosures this August were 9 percent less.

Real estate foreclosure activity in these communities during the first eight months of 1939 was 11 percent below that for the same period of the preceding year. This margin of improvement has narrowed during recent months, having been as much as 15 percent at the end of April.

Of the 83 communities reporting for August, 39 showed decreases and 42 increases, while two indicated no change in foreclosure activity from July.

Federal Savings and Loan Insurance Corporation

[*Tables 6 and 7*]

■ RAPID and sound growth which has taken place in the financial structure of insured savings and loan associations during the past five years continued into this year. Evidence of this progress is revealed by the recent survey of the Division of Research and Statistics of 1,882 identical institutions reporting in June 1938 and 1939. Assets of this group of associations rose nearly $200,000,000, or 11 percent from June of last year to a total of $2,068,000,000 as of June 30, 1939.

Both the supply and demand for insured associations' funds were well above the levels of a year ago. The volume of private repurchasable capital on the books of the 1,882 identical insured associations rose 17 percent during the year ending in June, a somewhat greater increase than was shown by outstanding first mortgages (see table at the top of the following column).

Particularly significant was the sharp decline in the amount of real estate owned by insured savings and loan associations studied during the 1939 fiscal year. Real estate involuntarily owned dropped 12 percent from June 1938 to June of this year. New Federals, contrary to the general trend, showed a

Percentage change in selected balance sheet items of 1,882 identical insured savings and loan associations from June 1938 through June 1939

Item	Total	State-chartered	New Federals	Converted Federals
Number of associations	1,882	596	615	671
	Percent	*Percent*	*Percent*	*Percent*
Total assets	+11	+4	+29	+10
First mortgages held	+14	+8	+28	+13
Real estate owned	−12	−13	+34	−12
Private investors	+15	+7	+37	+16
Private repurchasable capital	+17	+8	+59	+16
Government investment	−1	+3	−1	−2

rise in the real estate item, but this increase is of little consequence since their real estate holdings approximate only one-half of 1 percent of their total assets.

Reports received from a comparable group of 672 State-chartered savings and loan associations for the months of July and August reveal that lending activity was much higher in the latter month. Consequently, the balance of mortgage loans outstanding increased $6,600,000, whereas private repurchasable capital rose only $3,400,000 in August. Despite this current excess of the demand for funds over the supply of private capital, Government investment together with borrowings from the Federal Home Loan Banks and other sources receded during the month.

Federal Savings and Loan System

[*Table 6*]

■ IN the opening months of this year, Federal savings and loan associations repaid large amounts which had previously been borrowed from their respective Federal Home Loan Banks. Bank advances to Federals showed the usual seasonal June rise, but this was largely offset by a decline in July. First signs of renewed activity were shown in August when Bank advances rose 2 percent over the July volume in the 1,318 Federals that submitted comparable reports.

The reduction of Bank advances to Federals in the first half of the year was accounted for by their accumulation of share capital at a more rapid rate than their lending of funds on mortgage security.

This surplus of funds provided opportunities for many institutions to repay earlier borrowings. Conversely, the August rise in Bank advances may be attributed to the fact that the demand for funds for new mortgage loans far exceeded the new supply for the month.

Investments by the Government in the shares of the 1,318 comparable Federals remained practically unchanged in August. Large amounts were repaid by these associations to the U. S. Treasury and to the Home Owners' Loan Corporation in July, following the declaration of dividends.

Progress in number and assets of Federal savings and loan associations

Type of association	Number		Approximate assets	
	Aug. 31, 1939	July 31, 1939	Aug. 31, 1939	July 31, 1939
New	635	635	$408, 593, 000	$398, 338, 000
Converted	757	750	1, 064, 336, 000	1, 045, 327, 000
Total	1, 392	1, 385	1, 472, 929, 000	1, 443, 665, 000

The number of savings and loan associations operating under Federal charter increased by seven during the month to a total of 1,392 at the end of August, which had assets amounting to $1,473,000,000 at that time.

Federal Home Loan Bank System

[*Table 8*]

■ THE balance of advances outstanding again declined during the month of August. However, the decline of $2,117,000 was considerably less than the July reduction of $7,400,000. Total advances during August in the amount of $7,768,000 and total repayments in the amount of $9,885,000 resulted in reducing the balance of advances outstanding at the end of the month to $159,470,000, which constituted 84 percent of the average of monthly advances outstanding for the year 1938 ($189,700,000). This is only one point less than the percentage for July.

The amount of advances made during August 1939 was approximately $1,000,000 more than in July, while repayments received during this month were $4,000,000 less. Total advances and repayments for August 1939 were each about $3,000,000 greater than for the same month last year. Total advances for the period January-August 1939 were slightly greater than for the comparable period last year, while repayments were approximately $28,000,000 greater.

Four of the Federal Home Loan Banks reported advances greater than repayments for the month, resulting in increases in their advances outstanding. The Winston-Salem Bank's increase of more than $1,900,000 marked the fourth consecutive month that this Bank has reported a rising balance of advances. The Des Moines Bank's outstanding advances increased $342,000, and the Topeka and Portland Banks showed increases during the month of less than $50,000 each. All of the other Banks reported greater repayments than advances for the month, resulting in decreases in their advances outstanding ranging from $14,000 in the Boston Bank to $1,200,000 in the Chicago Bank. Five of the Banks reported greater total advances during the month than during July, while all but two Banks received a smaller volume of repayments.

During the month of August the membership of the Federal Home Loan Bank System dropped to 3,942—a decrease of six members from the preceding month. This decrease was caused by the admission of nine building and loan associations and one savings bank, the withdrawal of 10 members and the merger of six members with other members.

Interest Rates

The Federal Home Loan Bank of Pittsburgh has announced that, effective October 1, 1939, the effective interest rate on both long and short-term advances to member institutions was reduced from 3¼ to 3 percent. The effective interest rate of 3 percent applies to all advances outstanding on October 1, 1939, and to all advances written on and after that date.

Income Payments

■ INCOME payments to individuals in the United States during the first eight months of 1939 aggregated $44,767,000,000, an increase of 3.9 percent over the $43,076,000,000 of income received by individuals during the corresponding period of 1938, the Department of Commerce announced. The seasonally adjusted index of monthly income payments to individuals stood at 85.3 (1929=100) in August 1939. Income payments include wages, salaries, dividends, interest, entrepreneurial income, and relief payments.

Resolution of the Board

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, REQUIRING PROMPT FILING OF ANNUAL REPORTS BY MEMBER INSTITUTIONS: Adopted September 12, 1939; effective September 13, 1939.

The Federal Home Loan Bank Board amended Section 3.4 of the Rules and Regulations for the Federal Savings and Loan System to read as follows:

"3.4 *Reports.* Each member shall make an annual report of its affairs as of the end of its fiscal year upon forms prescribed by the Board. Two copies of such annual report shall be forwarded within 30 days after the end of such fiscal year to the member's Bank, one copy of which shall thereupon be transmitted by the Bank to the Governor of the Federal Home Loan Bank System.

Directory of Member, Federal, and Insured Institutions

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16 AND SEPTEMBER 15, 1939

DISTRICT NO. 1

MASSACHUSETTS:
Boston:
Volunteer Co-operative Bank, 260 Tremont Street.
Winthrop:
Winthrop Savings Bank.

DISTRICT NO. 2

NEW JERSEY:
Caldwell:
West Essex Building & Loan Association of Caldwell, New Jersey, 315 Bloomfield Avenue.
Garfield:
Spencer Building & Loan Association, Passaic Street & Spencer Avenue.
Hopewell:
Hopewell Building & Loan Association, Greenwood Avenue & Front Street.
Newark:
Carteret Building & Loan Association of Newark, N. J., 866 Broad Street.

DISTRICT NO. 4

NORTH CAROLINA:
Charlotte:
Mutual Building & Loan Association of Charlotte, N. C., 119 East Third Street.
Wadesboro:
Anson Building & Loan Association, 31 East Wade Street.
SOUTH CAROLINA:
Spartanburg:
First State Building & Loan Association of Spartanburg, S. C., Andrews Building.

DISTRICT NO. 6

INDIANA:
Greensburg:
Workingmen's Building & Loan Association of Greensburgh, Indiana.

DISTRICT NO. 8

IOWA:
Clarinda:
Page County Building & Loan Association, 110 East Washington Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16 AND SEPTEMBER 15, 1939

GEORGIA:
Atlanta:
First National Building & Loan Association, Hurt Building (voluntary withdrawal).
ILLINOIS:
Chicago:
Bohemian-Slavonian Building & Loan Association, 1858 South Throop Street (voluntary withdrawal—association liquidating).
Irving Park Savings, Building & Loan Association, 3714 Irving Park Boulevard (voluntary withdrawal).
KENTUCKY:
Covington:
Commonwealth Perpetual Building & Loan Association, 517 Madison Avenue (voluntary withdrawal).
LOUISIANA:
Alexandria:
Home Building & Loan Association, 907 Fourth Street (voluntary withdrawal—association liquidating).
NEW JERSEY:
Camden:
Camden Optional Building & Loan Association, 423 Market Street (reorganization and transfer of shares of stock to Fidelity Mutual Building & Loan Association).
Newark:
West End Building & Loan Association, 866-868 Broad Street (reorganization and transfer of certain assets to Carteret Building & Loan Association of Newark, N. J.)
Westfield:
Home Building & Loan Association of Westfield, 30 East Broad Street (merger with Westfield Building & Loan Association—name of the resulting association is now Westfield-Home Building & Loan Association).
Wildwood:
Anglesea Building & Loan Assoiation, 113 Central Avenue (merger with City of Wildwood Building & Loan Association).
PENNSYLVANIA:
McKeesport:
Peoples Building & Loan Association, 407 Ringgold Street (voluntary withdrawal).
Pittsburgh:
Croatian Building & Loan Association, 816 East Ohio Street, Northside (voluntary withdrawal—association liquidating).
Penn System Building & Loan Association, Pennsylvania Railroad Building (voluntary withdrawal).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN AUGUST 16 AND SEPTEMBER 15, 1939

DISTRICT NO. 3

PENNSYLVANIA:
Ambridge:
First Federal Savings & Loan Association of Ambridge, 828 Merchant Street (converted from Economy Savings & Loan Association).
Philadelphia:
Elmwood Federal Savings & Loan Association of Philadelphia, 6507 Woodland Avenue (converted from Mount Moriah Building & Loan Association of Philadelphia).
James W. Queen Federal Savings & Loan Association, 1311 South Thirty-third Street (converted from James W. Queen Building & Loan Association).
Lansdowne Avenue Federal Savings & Loan Association of Philadelphia, 6369 Woodbine Avenue (converted from Lansdowne Avenue Building & Loan Association).
Rutledge-Morton Federal Savings & Loan Association, Rutledge Fire Hall (converted from Rutledge-Morton Building & Loan Association).
Wharton Square Federal Savings & Loan Association, Twenty-ninth & Wilder Streets (converted from Wharton Square Building & Loan Association).

DISTRICT NO. 4

ALABAMA:
Tuscaloosa:
First Federal Savings & Loan Association of Tuscaloosa, 2312 Broad Street (converted from Tuscaloosa Building & Loan Association).
MARYLAND:
Baltimore:
Great Eastern Federal Savings & Loan Association, 741 North Central Avenue (converted from Great Eastern Permanent Building Association Number One of Baltimore City).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN AUGUST 16 AND SEPTEMBER 15, 1939

PENNSYLVANIA:
Philadelphia:
Emmet Federal Savings & Loan Association (merger with Abraham Lincoln Federal Savings & Loan Association, Philadelphia, Pennsylvania).
St. Gabriel Federal Savings & Loan Association (merger with Abraham Lincoln Federal Savings & Loan Association, Philadelphia, Pennsylvania).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN AUGUST 16 AND SEPTEMBER 15, 1939

DISTRICT NO. 2

NEW JERSEY:
Camden:
Fidelity Mutual Building & Loan Association, 423 Market Street.

DISTRICT NO. 4

ALABAMA:
Tuscaloosa:
First Federal Savings & Loan Association of Tuscaloosa, 2312 Broad Street.
SOUTH CAROLINA:
Spartanburg:
First State Building & Loan Association of Spartanburg, S. C., Andrews Building.

DISTRICT NO. 7

ILLINOIS:
Chicago:
Loomis Building & Loan Association, 1357 West Fifty-first Street.

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]

Type of dwelling	Number of family units provided					Total cost of units				
	Monthly totals			January–August totals		Monthly totals			January–August totals	
	Aug. 1939	July 1939	Aug. 1938	1939	1938	Aug. 1939	July 1939	Aug. 1938	1939	1938
1-family dwellings	14, 934	13, 789	13, 150	108, 537	81, 368	$58, 940. 7	$54, 011. 3	$52, 665. 2	$426, 537. 3	$321, 208. 9
2-family dwellings	1, 088	910	1, 044	7, 724	7, 196	2, 828. 3	2, 366. 8	2, 850. 1	19, 643. 8	18, 776. 2
Joint home and business [2]	63	76	116	514	627	268. 2	327. 8	338. 8	2, 212. 2	2, 190. 4
3-and-more family dwellings	12, 257	8, 704	6, 816	77, 153	50, 942	43, 454. 4	28, 904. 2	22, 300. 3	252, 767. 5	200, 754. 3
Total residential	28, 342	23, 479	21, 126	193, 928	140, 133	105, 491. 6	85, 610. 1	78, 154. 4	701, 160. 8	542, 929. 8

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

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

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in August 1939, 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 District and State	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	August 1939	August 1938	August 1939	August 1938	August 1939	August 1938	August 1939	August 1938
UNITED STATES	28, 342	21, 126	$105,491.6	$78, 154. 4	16, 085	14, 310	$62, 037. 2	$55, 854. 1
No. 1—Boston	1, 885	785	7, 233. 8	3, 255. 9	838	762	3, 717. 0	3, 187. 9
Connecticut	231	179	1, 055. 9	861. 9	225	179	1, 036. 9	861. 9
Maine	24	57	91. 3	142. 7	24	57	91. 3	142. 7
Massachusetts	1, 433	392	5, 266. 4	1, 695. 4	392	369	1, 768. 6	1, 627. 4
New Hampshire	45	42	139. 0	73. 6	45	42	139. 0	73. 6
Rhode Island	144	110	644. 4	459. 5	144	110	644. 4	459. 5
Vermont	8	5	36. 8	22. 8	8	5	36. 8	22. 8
No. 2—New York	5, 454	7, 057	22, 971. 5	26, 260. 1	1, 720	1, 682	7, 688. 8	7, 260. 1
New Jersey	1, 108	254	4, 199. 5	1, 375. 4	337	254	1, 465. 4	1, 375. 4
New York	4, 346	6, 803	18, 772. 0	24, 884. 7	1, 383	1, 428	6, 223. 4	5, 884. 7
No. 3—Pittsburgh	1, 405	789	5, 945. 4	3, 715. 7	1, 035	738	4, 687. 9	3, 543. 4
Delaware	16	5	76. 5	26. 0	16	5	76. 5	26. 0
Pennsylvania	986	665	4, 362. 1	3, 245. 1	920	614	4, 159. 5	3, 072. 8
West Virginia	403	119	1, 506. 8	444. 6	99	119	451. 9	444. 6

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in August 1939, by Federal Home Loan Bank Districts and by States—Contd.

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings: Number of family dwelling units, August 1939	All residential dwellings: Number of family dwelling units, August 1938	All residential dwellings: Estimated cost, August 1939	All residential dwellings: Estimated cost, August 1938	All 1- and 2-family dwellings: Number of family dwelling units, August 1939	All 1- and 2-family dwellings: Number of family dwelling units, August 1938	All 1- and 2-family dwellings: Estimated cost, August 1939	All 1- and 2-family dwellings: Estimated cost, August 1938
No. 4—Winston-Salem	5, 303	2, 260	$16, 303. 9	$6, 899. 7	1, 902	1, 682	$6, 453. 2	$5, 793. 8
Alabama	1, 331	130	4, 168. 0	294. 3	173	125	347. 3	281. 8
District of Columbia	314	493	1, 698. 6	2, 054. 7	224	215	1, 330. 6	1, 257. 7
Florida	1, 364	497	3, 773. 0	1, 646. 1	517	463	1, 847. 0	1, 555. 7
Georgia	988	189	2, 554. 2	452. 0	232	181	498. 7	443. 2
Maryland	177	345	611. 8	694. 5	177	151	611. 8	585. 5
North Carolina	797	339	2, 330. 4	777. 4	264	304	716. 3	736. 1
South Carolina	124	90	332. 3	251. 2	117	87	290. 3	247. 2
Virginia	208	177	835. 6	729. 5	198	156	811. 2	686. 6
No. 5—Cincinnati	1, 500	915	6, 249. 3	4, 041. 8	1, 025	849	4, 621. 0	3, 824. 3
Kentucky	214	137	602. 0	440. 3	118	133	308. 9	432. 8
Ohio	1, 124	630	5, 115. 7	3, 101. 8	745	568	3, 839. 1	2, 891. 8
Tennessee	162	148	531. 6	499. 7	162	148	473. 0	499. 7
No. 6—Indianapolis	1, 938	1, 450	8, 369. 4	6, 754. 6	1, 732	1, 430	7, 513. 2	6, 687. 5
Indiana	453	292	1, 743. 4	1, 149. 8	450	283	1, 590. 3	1, 120. 2
Michigan	1, 485	1, 158	6, 626. 0	5, 604. 8	1, 282	1, 147	5, 922. 9	5, 567. 3
No. 7—Chicago	2, 602	665	11, 216. 2	3, 177. 8	917	641	4, 224. 2	3, 105. 3
Illinois	2, 247	387	9, 893. 7	1, 978. 4	585	376	2, 959. 7	1, 951. 9
Wisconsin	355	278	1, 322. 5	1, 199. 4	332	265	1, 264. 5	1, 153. 4
No. 8—Des Moines	972	911	3, 629. 3	3, 284. 6	927	873	3, 495. 7	3, 198. 0
Iowa	283	233	995. 1	884. 8	279	227	987. 5	870. 7
Minnesota	336	308	1, 377. 0	1, 209. 4	323	308	1, 332. 0	1, 209. 4
Missouri	278	286	1, 049. 1	1, 022. 2	250	254	968. 1	949. 7
North Dakota	30	24	110. 7	73. 1	30	24	110. 7	73. 1
South Dakota	45	60	97. 4	95. 1	45	60	97. 4	95. 1
No. 9—Little Rock	2, 593	1, 812	7, 615. 4	4, 953. 1	1, 842	1, 724	5, 017. 0	4, 736. 6
Arkansas	54	48	133. 1	116. 9	54	48	133. 1	116. 9
Louisiana	998	245	3, 445. 1	799. 3	297	237	929. 6	767. 1
Mississippi	122	149	297. 8	237. 2	122	100	297. 8	169. 9
New Mexico	58	45	178. 7	171. 4	44	45	158. 7	171. 4
Texas	1, 361	1, 325	3, 560. 7	3, 628. 3	1, 325	1, 294	3, 497. 8	3, 511. 3
No. 10—Topeka	608	612	1, 906. 7	1, 897. 3	578	574	1, 844. 4	1, 848. 5
Colorado	177	143	579. 2	507. 6	161	138	541. 9	492. 6
Kansas	112	143	295. 4	363. 5	108	113	290. 4	331. 8
Nebraska	95	81	369. 6	268. 1	95	81	369. 6	268. 1
Oklahoma	224	245	662. 5	758. 1	214	242	642. 5	756. 0
No. 11—Portland	660	557	2, 315. 3	1, 874. 8	640	539	2, 260. 8	1, 853. 2
Idaho	30	21	106. 0	56. 8	30	17	106. 0	54. 8
Montana	62	45	167. 1	135. 8	58	45	159. 1	135. 8
Oregon	170	138	628. 5	497. 3	160	132	588. 5	491. 3
Utah	103	92	361. 4	310. 4	103	92	361. 4	310. 4
Washington	279	232	986. 5	767. 6	273	224	980. 0	754. 0
Wyoming	16	29	65. 8	106. 9	16	29	65. 8	106. 9
No. 12—Los Angeles	3, 422	3, 313	11, 735. 4	12, 039. 0	2, 929	2, 816	10, 514. 0	10, 815. 5
Arizona	73	45	232. 5	264. 4	73	45	232. 5	264. 4
California	3, 333	3, 257	11, 425. 6	11, 726. 0	2, 840	2, 760	10, 204. 2	10, 502. 5
Nevada	16	11	77. 3	48. 6	16	11	77. 3	48. 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]

Federal Home Loan Bank District and city	Cubic-foot cost		Total cost						
	1939 Sept.	1938 Sept.	1939			1938		1937 Sept.	1936 Sept.
			Sept.	June	Mar.	Dec.	Sept.		
No. 1—Boston:									
Hartford, Conn.	$0.243	$0.242	$5,836	$5,842	$5,865	$5,877	$5,807	$6,346	$5,626
New Haven, Conn.	.236	.234	5,673	5,597	5,629	5,617	5,620	5,903	5,544
Portland, Me.	.219	.221	5,254	5,294	5,264	5,259	5,307	5,796	5,245
Boston, Mass.	.264	.262	6,336	6,286	6,377	6,384	6,298	6,667	5,984
Worcester, Mass.	.237	...	5,677	5,681	...	...	...	...	...
Manchester, N. H.	.222	.226	5,332	5,427	5,507	5,554	5,431	5,814	5,478
Providence, R. I.	.248	.246	5,949	5,996	5,938	5,893	5,910	5,929	5,577
Rutland, Vt.	.223	.231	5,354	5,427	5,472	5,472	5,547	5,844	5,359
No. 2—Winston-Salem:									
Birmingham, Ala.	.215	.244	5,150	5,310	5,663	5,668	5,857	6,068	5,566
Washington, D. C.	.239	.243	5,737	[2] 5,655	5,813	5,854	5,833	6,019	5,034
Tampa, Fla.	.232	.231	5,579	5,576	5,535	5,513	5,545	5,717	5,414
W. Palm Beach, Fla.	.238	.242	5,703	5,795	5,788	5,834	5,806	6,461	5,985
Atlanta, Ga.	.200	.211	4,792	4,822	4,876	5,006	5,063	5,458	4,957
Baltimore, Md.	.207	.206	4,970	5,009	4,916	4,922	4,955	5,386	5,185
Cumberland, Md.	.228	.230	5,477	5,539	5,529	5,443	5,511	5,696	5,482
Asheville, N. C.	.202	.212	4,855	4,872	5,085	5,074	5,090	...	...
Raleigh, N. C.	.202	.221	4,853	4,952	5,251	5,273	5,298	5,669	5,168
Salisbury, N. C.	.194	.198	4,645	4,670	4,719	4,741	4,744	4,718	...
Columbia, S. C.	.197	.203	4,721	[2] 4,783	4,838	4,888	4,868	4,874	4,698
Richmond, Va.	.208	.211	4,982	4,936	5,080	5,081	5,057	5,326	4,871
Roanoke, Va.	.224	.221	5,367	5,363	5,355	5,306	5,299	5,099	4,677
No. 7—Chicago:									
Chicago, Ill.	.282	.284	6,768	6,846	6,829	6,838	6,805	7,178	6,786
Peoria, Ill.	.277	.270	6,639	6,556	6,441	6,441	6,469	6,807	6,243
Springfield, Ill.	.282	.284	6,778	6,789	6,812	6,811	6,812	...	6,502
Milwaukee, Wis.	.248	.240	5,943	5,990	5,974	5,752	5,752	6,024	5,326
Oshkosh, Wis.	.246	.246	5,905	5,921	5,874	5,898	5,907	6,144	5,630
No. 10—Topeka:									
Denver, Colo.	.262	.274	6,276	6,376	6,353	6,431	6,569	6,762	6,084
Wichita, Kans.	.253	...	6,066	[2] 6,021	6,087	5,964	...	5,680	5,178
Omaha, Nebr.	.248	.242	5,942	5,778	5,787	5,717	5,808	6,111	5,568
Oklahoma City, Okla.	.246	.243	5,893	5,860	5,883	5,875	5,827	5,838	5,449

[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; three 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 three months from the same dealers, and current wage rates are obtained from the same reputable contractors and operative builders.

[2] Revised.

Tables 4 and 5.—Estimated lending activity of all savings and loan associations

(*These tables will be found on pp. 11 and 12*)

Table 6.—Monthly operations of 1,318 identical Federal and 672 identical insured State-chartered savings and loan associations reporting during July and August 1939

[Amounts are shown in thousands of dollars]

Type of operation	1,318 Federals			672 insured State members		
	August	July	Change July to August	August	July	Change July to August
Share liability at end of month:			Percent			Percent
Private share accounts (number)	1, 287, 866	1, 274, 846	+1. 0	857, 598	854, 345	+0. 4
Paid on private subscriptions	$993, 207. 3	$979, 800. 6	+1. 4	$611, 570. 4	$608, 125. 6	+0. 6
Treasury and H. O. L. C. subscriptions	201, 142. 4	201, 105. 8	(1)	[2] 38, 124. 2	[2] 38, 279. 2	−0. 4
Total	1, 194, 349. 7	1, 180, 906. 4	+1. 1	649, 694. 6	646, 404. 8	+0. 5
Private share investments during month	28, 987. 3	48, 638. 1	−40. 4	13, 427. 4	23, 677. 5	−43. 3
Repurchases during month	15, 688. 2	30, 858. 8	−49. 2	9, 999. 4	18, 868. 9	−47. 0
Mortgage loans made during month:						
a. New construction	14, 613. 5	13, 238. 6	+10. 4	4, 817. 1	4, 620. 1	+4. 3
b. Purchase of homes	11, 650. 2	9, 779. 2	+19. 1	5, 239. 8	4, 426. 2	+18. 4
c. Refinancing	7, 187. 8	6, 370. 2	+12. 8	3, 106. 1	2, 846. 3	+9. 1
d. Reconditioning	1, 889. 2	1, 598. 3	+18. 2	862. 9	744. 2	+16. 0
e. Other purposes	3, 789. 4	2, 465. 5	+53. 7	1, 506. 9	1, 433. 1	+5. 1
Total	39, 130. 1	33, 451. 8	+17. 0	15, 532. 8	14, 069. 9	+10. 4
Mortgage loans outstanding end of month	1, 141, 534. 1	1, 117, 989. 8	+2. 1	582, 469. 9	575, 902. 1	+1. 1
Borrowed money as of end of month:						
From Federal Home Loan Banks	80, 825. 2	79, 318. 3	+1. 9	32, 742. 0	34, 213. 8	−4. 3
From other sources	3, 170. 5	3, 175. 1	−0. 1	2, 780. 3	3, 031. 3	−8. 3
Total	83, 995. 7	82, 493. 4	+1. 8	35, 522. 3	37, 245. 1	−4. 6
Total assets, end of month	1, 414, 392. 7	1, 395, 186. 5	+1. 4	810, 660. 6	807, 030. 7	+0. 4

[1] Less than 0.1 percent. [2] Includes only H. O. L. C. subscriptions.

Table 7.—Institutions insured by the Federal Savings and Loan Insurance Corporation [1]

[Amounts are shown in thousands of dollars]

Type of association	Cumulative number at specified dates						Number of private investors in repurchasable shares [2]	Assets	Private repurchasable capital
	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	July 31, 1939	Aug. 31, 1939	Aug. 31, 1939	Aug. 31, 1939	Aug. 31, 1939
State-chartered associations	136	382	566	737	788	793	946, 400	$898, 486	$676, 317
Converted F. S. and L. A	406	560	672	[3] 723	[4] 747	[5] 749	977, 700	1, 063, 121	784, 446
New F. S. and L. A	572	634	641	637	635	635	358, 800	408, 593	248, 879
Total	1, 114	1, 576	1, 879	2, 097	2, 170	2, 177	2, 282, 900	2, 370, 200	1, 709, 642

[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] This series revised to agree with schedules submitted each month by insured institutions. Private investors in repurchasable shares in insured State-chartered members numbered 931,600 in June 1939: no other association type revised.

[3] In addition, 6 Federals with assets of $1,505,000 had been approved for conversion but had not been insured as of Dec. 31.

[4] In addition, 3 Federals with assets of $998,000 had been approved for conversion but had not been insured as of July 31.

[5] In addition, 8 Federals with assets of $1,215,000 had been approved for conversion but had not been insured as of Aug. 31.

Table 8.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Federal Home Loan Bank	August 1939		July 1939		Advances outstanding at the end of the month
	Advances	Repayments	Advances	Repayments	
No. 1—Boston	$153	$167	$324	$370	$6, 308
No. 2—New York	1, 385	2, 192	1, 512	1, 311	16, 321
No. 3—Pittsburgh	354	903	462	982	15, 514
No. 4—Winston-Salem	2, 444	523	1, 412	1, 212	15, 073
No. 5—Cincinnati	454	1, 401	654	1, 423	18, 013
No. 6—Indianapolis	245	642	275	1, 189	9, 205
No. 7—Chicago	320	1, 517	592	1, 322	25, 493
No. 8—Des Moines	751	409	143	839	15, 120
No. 9—Little Rock	354	590	142	708	8, 378
No. 10—Topeka	238	197	449	751	10, 499
No. 11—Portland	315	297	132	556	5, 193
No. 12—Los Angeles	755	1, 047	726	3, 535	14, 353
Total	7, 768	9, 885	6, 823	14, 198	159, 470
Jan.-Aug. 1939	50, 473	89, 845			
August 1938	4, 294	6, 768			189, 418
Jan.-Aug. 1938	50, 419	61, 096			
August 1937	11, 116	5, 080			175, 607
Jan.-Aug. 1937	80, 338	50, 131			

Table 9.—Government investments in savings and loan associations [1]

[Amounts are shown in thousands of dollars]

Type of operation	Treasury	Home Owners' Loan Corporation		
	Federals [2]	Federals	State members	Total
Oct. 1935–Aug. 1939:				
Applications:				
Number	1, 862	4, 569	962	5, 531
Amount	$50, 401	$199, 087	$61, 972	$261, 059
Investments:				
Number	1, 831	4, 162	732	4, 894
Amount	$49, 300	$174, 635	$44, 981	$219, 616
Repurchases	$9, 621	$5, 815	$2, 627	$8, 442
Net outstanding investments	$39, 679	$168, 820	$42, 354	$211, 174
August 1939:				
Applications:				
Number		3	4	7
Amount		$125	$250	$375
Investments:				
Number		1	2	3
Amount		$12	$100	$112
Repurchases	$3, 002	$2, 697	$635	$3, 332

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

[2] Investments in Federals by the Treasury were made between December 1933 and November 1935.

Table 10.—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through Aug. 31, 1939 [1]

Type of operation	June 1, 1934 through July 31, 1939	August 1, 1939 through August 31, 1939	Cumulative through August 31, 1939
Cases received [2]	1, 079, 101	8, 740	1, 087, 841
Contracts awarded:			
Number	692, 431	6, 894	699, 325
Amount	$137, 534, 404	$2, 171, 137	$139, 705, 541
Cases completed:			
Number	684, 944	7, 538	692, 482
Amount	$134, 417, 909	$1, 859, 871	$136, 277, 780

[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 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: Jan. 1 through June 30	28, 386
July 1 through Dec. 31	22, 533
1939: January	3, 400
February	2, 771
March	3, 410
April	2, 998
May	3, 506
June	3, 424
July	2, 773
August	2, 857
Grand total to Aug. 31, 1939	147, 694

[1] Does not include 9,831 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 147,694 completed cases, 807 properties were sold at foreclosure sale to parties other than the H. O L. C. and 19,960 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Table 12.—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during August 1939

(Amounts shown are in thousands of dollars)

Federal Home Loan Bank District and State	Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		Amount per capita (nonfarm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
United States	44,224	$112,516	6,014	$30,796	24,750	$80,049	3,908	$13,844	31,174	$58,826	15,339	$49,549	125,409	$345,580	$ 3.74
No. 1--Boston	3,758	11,137	58	403	986	3,793	1,956	6,550	2,955	6,632	472	1,485	10,186	30,000	
Connecticut	304	1,023	51	371	287	1,187	432	1,555	498	1,109	350	1,105	1,922	6,350	4.18
Maine	421	1,013	------	------	112	291	145	325	[2]340	[2]627	------	------	1,018	2,256	3.60
Massachusetts	2,514	7,566	------	------	319	1,281	962	3,061	[2]1,764	[2]4,239	------	------	5,559	16,147	3.91
New Hampshire	261	744	------	------	------	------	246	1,105	115	166	------	------	622	2,015	5.01
Rhode Island	209	705	7	32	95	348	134	452	140	265	122	380	707	2,182	3.25
Vermont	49	86	------	------	173	686	37	52	99	226	------	------	358	1,050	4.26
No. 2--New York	3,324	10,982	441	2,721	2,102	8,877	1,452	5,652	3,721	8,345	1,520	5,890	12,560	42,467	
New Jersey	974	3,335	182	979	951	3,855	75	286	1,066	2,671	641	2,231	3,889	13,357	3.42
New York	2,350	7,647	259	1,742	1,151	5,022	1,377	5,366	2,655	5,674	879	3,659	8,671	29,110	2.45
No. 3--Pittsburgh	2,602	7,023	375	2,435	2,079	7,398	176	592	1,787	4,384	1,069	4,166	8,088	25,998	
Delaware	50	134	21	123	61	256	28	106	67	142	42	109	269	870	4.53
Pennsylvania	2,010	5,554	309	2,129	1,699	6,307	144	484	1,452	3,731	876	3,728	6,490	21,933	2.50
West Virginia	542	1,335	45	183	319	835	4	2	268	511	151	329	1,329	3,195	2.50
No. 4--Winston-Salem	6,834	15,794	1,149	5,354	1,970	5,430	28	102	4,921	8,399	2,221	6,413	17,123	41,492	
Alabama	326	469	58	269	256	480	------	------	518	534	244	685	1,402	2,437	1.87
District of Columbia	491	2,275	50	323	75	425	------	------	315	900	267	1,312	1,198	5,235	10.76
Florida	604	2,226	300	1,224	289	927	------	------	540	1,246	690	2,124	2,423	7,747	6.51
Georgia	1,055	1,987	196	849	332	664	------	------	668	914	206	402	2,457	4,816	3.23
Maryland	919	2,218	41	232	234	848	28	102	512	1,240	139	310	1,873	4,950	3.55
North Carolina	2,067	3,368	90	473	189	506	------	------	614	508	307	620	3,267	5,475	3.49
South Carolina	488	927	77	476	223	445	------	------	574	459	171	317	1,533	2,624	3.19
Virginia	884	2,324	337	1,508	372	1,135	------	------	1,180	2,598	197	643	2,970	8,208	5.58
No. 5--Cincinnati	6,598	18,293	638	3,409	3,171	9,266	74	324	1,818	3,109	2,258	5,980	14,557	40,381	
Kentucky	1,175	2,822	173	786	409	1,436	------	------	185	255	66	353	2,008	5,652	3.93
Ohio	5,104	14,783	275	1,836	1,884	6,314	74	324	1,450	2,540	1,081	3,817	9,868	29,614	5.26
Tennessee	319	688	190	787	878	1,516	------	------	183	314	1,111	1,810	2,681	5,115	3.65
No. 6--Indianapolis	3,052	6,213	656	3,366	2,922	8,572	32	41	1,233	2,119	991	3,648	8,886	23,959	
Indiana	1,978	3,718	279	1,321	1,024	2,654	32	41	358	513	374	946	4,045	9,193	3.79
Michigan	1,074	2,495	377	2,045	1,898	5,918	------	------	875	1,606	617	2,702	4,841	14,766	3.64
No. 7--Chicago	3,011	7,852	270	1,546	1,533	5,270	27	73	1,682	3,723	1,207	5,205	7,730	23,669	
Illinois	1,929	5,263	231	1,352	915	3,488	4	7	732	1,763	970	4,282	4,781	16,155	2.44
Wisconsin	1,082	2,589	39	194	618	1,782	23	66	950	1,960	237	923	2,949	7,514	3.65
No. 8--Des Moines	3,567	8,724	592	2,700	1,625	3,701	53	174	2,507	3,955	959	2,651	9,303	21,905	
Iowa	959	2,070	126	507	647	1,480	------	------	402	677	284	907	2,418	5,641	3.78
Minnesota	1,185	3,106	306	1,338	353	824	51	169	668	1,364	128	526	2,691	7,327	4.39
Missouri	1,078	2,733	127	704	507	1,160	2	5	1,270	1,588	499	1,180	3,483	7,370	2.93
North Dakota	239	603	16	79	51	114	------	------	77	102	42	36	425	934	3.29
South Dakota	106	212	17	72	67	123	------	------	90	224	6	2	286	633	2.09
No. 9--Little Rock	3,861	9,553	912	4,237	1,070	2,955	------	------	2,579	4,310	1,918	5,493	10,340	26,548	
Arkansas	427	923	36	136	138	259	------	------	190	201	74	143	865	1,662	2.26
Louisiana	1,184	3,188	31	186	195	506	------	------	535	756	423	957	2,368	5,593	4.40
Mississippi	247	518	30	130	133	388	------	------	286	500	112	314	808	1,850	2.86
New Mexico	382	788	------	------	91	279	------	------	176	133	------	------	649	1,200	4.53
Texas	1,621	4,136	815	3,785	513	1,523	------	------	1,392	2,720	1,309	4,079	5,650	16,243	4.68
No. 10--Topeka	2,886	5,490	264	1,194	815	1,876	5	5	1,504	2,260	902	2,331	6,376	13,156	
Colorado	378	830	40	156	180	436	------	------	604	1,079	261	750	1,463	3,251	4.32
Kansas	658	1,103	48	190	296	624	------	------	218	291	192	445	1,412	2,653	2.26
Nebraska	897	1,656	110	526	42	151	5	5	225	328	60	184	1,339	2,850	3.60
Oklahoma	953	1,901	66	322	297	665	------	------	457	562	389	952	2,162	4,402	3.21
No. 11--Portland	1,815	3,665	207	754	1,260	3,225	105	331	1,059	1,679	741	2,173	5,187	11,827	
Idaho	253	435	24	106	138	448	------	------	163	243	78	187	656	1,419	5.53
Montana	203	475	54	200	58	183	------	------	148	366	24	43	487	1,267	3.80
Oregon	339	725	40	164	133	370	12	39	318	435	176	570	1,018	2,303	3.15
Utah	98	261	28	102	259	767	------	------	56	84	65	211	506	1,425	3.63
Washington	873	1,658	61	182	655	1,417	93	292	303	451	349	1,030	2,334	5,030	4.00
Wyoming	49	111	------	------	17	40	------	------	71	100	49	132	186	383	2.51
No. 12--Los Angeles	2,916	7,790	452	2,677	5,217	19,686	------	------	5,407	9,911	1,081	4,114	15,073	44,178	
Arizona	66	158	8	70	129	399	------	------	121	147	32	119	356	893	2.65
California	2,811	7,549	439	2,587	5,066	19,225	------	------	5,240	9,684	1,031	3,945	14,587	42,990	8.50
Nevada	39	83	5	20	22	62	------	------	46	80	18	50	130	295	3.95

[1]Based upon county reports submitted through the cooperation of savings and loan associations, the U. S. Building and Loan League, the Mortgage Bankers Association, and the American Title Association.

[2]Includes Insurance Companies and Other Mortgagees.

Table 13.—Estimated volume of nonfarm mortgages recorded, by type of mortgagee

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Combined total	Percent
Number:														
1938: December	32, 934	31. 9	5, 491	5. 3	21, 970	21. 2	3, 601	3. 5	25, 927	25. 1	13, 424	13. 0	103, 347	100. 0
1939: January	27, 283	30. 1	4, 866	5. 4	20, 003	22. 1	2, 143	2. 4	24, 974	27. 6	11, 286	12. 4	90, 555	100. 0
February	27, 666	32. 5	3, 688	4. 3	19, 138	22. 5	2, 059	2. 4	22, 903	26. 9	9, 706	11. 4	85, 160	100. 0
March	36, 008	32. 8	5, 547	5. 1	23, 764	21. 6	2, 895	2. 6	28, 729	26. 1	12, 930	11. 8	109, 873	100. 0
April	38, 167	34. 5	5, 240	4. 7	22, 768	20. 6	2, 978	2. 7	28, 441	25. 7	12, 976	11. 8	110, 570	100. 0
May	43, 648	34. 8	6, 009	4. 8	25, 658	20. 4	3, 825	3. 0	30, 904	24. 6	15, 560	12. 4	125, 604	100. 0
June	43, 655	34. 1	6, 335	4. 9	26, 779	20. 9	3, 524	2. 8	30, 710	24. 0	17, 002	13. 3	128, 005	100. 0
July	41, 048	34. 6	5, 946	5. 0	22, 860	19. 3	3, 909	3. 3	30, 209	25. 4	14, 693	12. 4	118, 665	100. 0
August	44, 224	35. 3	6, 014	4. 8	24, 750	19. 7	3, 908	3. 1	31, 174	24. 9	15, 339	12. 2	125, 409	100. 0
Amount:														
1938: December	$80, 838	29. 0	$27, 217	9. 8	$71, 061	25. 5	$10, 838	3. 9	$48, 582	17. 5	$39, 786	14. 3	$278, 322	100. 0
1939: January	66, 114	27. 1	22, 704	9. 3	62, 697	25. 7	7, 525	3. 1	49, 032	20. 1	35, 943	14. 7	244, 015	100. 0
February	68, 840	30. 3	19, 278	8. 5	57, 843	25. 5	7, 031	3. 1	42, 528	18. 7	31, 471	13. 9	226, 991	100. 0
March	92, 337	29. 5	28, 316	9. 1	79, 920	25. 6	9, 822	3. 1	57, 036	18. 3	45, 034	14. 4	312, 465	100. 0
April	94, 857	31. 2	26, 839	8. 8	73, 320	24. 1	10, 108	3. 3	55, 667	18. 3	43, 560	14. 3	304, 351	100. 0
May	109, 652	31. 4	29, 922	8. 6	85, 417	24. 4	12, 195	3. 5	59, 453	17. 0	52, 815	15. 1	349, 454	100. 0
June	113, 479	31. 5	30, 017	8. 3	89, 563	24. 8	12, 048	3. 3	58, 967	16. 4	56, 794	15. 7	360, 868	100. 0
July	105, 890	32. 1	29, 777	9. 0	74, 960	22. 7	13, 679	4. 2	58, 056	17. 6	47, 621	14. 4	329, 983	100. 0
August	112, 516	32. 6	30, 796	8. 9	80, 049	23. 2	13, 844	4. 0	58, 826	17. 0	49, 549	14. 3	345, 580	100. 0

Table 14.—Index of wholesale price of building materials in the United States

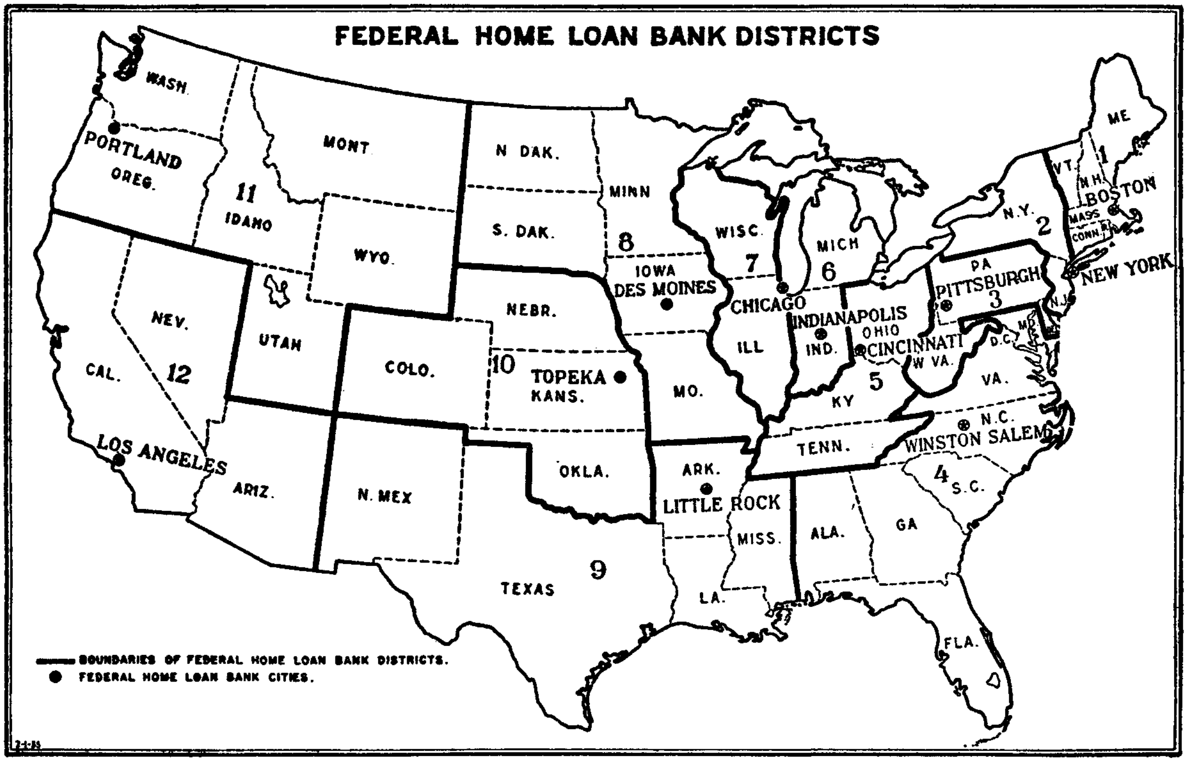
[1926=100]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement [1]	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1937: August	96. 3	95. 5	88. 8	99. 5	84. 1	78. 8	114. 9	101. 0
1938: August	89. 4	90. 6	91. 0	90. 2	80. 5	79. 2	107. 3	91. 3
September	89. 5	90. 9	90. 7	90. 4	80. 4	78. 5	107. 3	91. 3
October	89. 8	91. 1	90. 7	90. 3	81. 1	78. 5	107. 3	91. 7
November	89. 2	91. 5	90. 6	90. 2	80. 9	78. 7	107. 3	89. 7
December	89. 4	91. 5	90. 6	90. 9	81. 0	78. 7	107. 3	89. 7
1939: January	89. 5	92. 4	90. 6	91. 7	81. 0	78. 7	107. 3	89. 6
February	89. 6	92. 4	91. 2	92. 6	80. 5	79. 2	107. 3	89. 3
March	89. 8	92. 5	91. 5	92. 1	81. 5	79. 3	107. 3	89. 8
April	89. 6	93. 0	91. 5	91. 5	81. 3	79. 3	107. 3	89. 7
May	89. 5	91. 7	91. 5	91. 2	81. 6	79. 3	107. 3	89. 6
June	89. 5	91. 1	91. 5	90. 7	82. 4	79. 3	107. 3	89. 5
July	89. 7	90. 6	91. 5	91. 8	82. 2	79. 3	107. 3	89. 6
August	89. 6	90. 5	91. 3	91. 8	82. 1	79. 3	107. 3	89. 5
Change:								
Aug. 1939–July 1939	−0. 1%	−0. 1%	−0. 2%	0. 0%	−0. 1%	0. 0%	0. 0%	−0. 1%
Aug. 1939–Aug. 1938	+0. 2%	−0. 1%	+0. 3%	+1. 8%	+2. 0%	+0. 1%	0. 0%	−2. 0%

[1] Based on delivered prices at 48 cities and introduced into the calculation of the Bureau's general indexes of wholesale prices beginning with March 1939.

U. S. GOVERNMENT PRINTING OFFICE: 1939



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