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SURVEY OF HOUSING AND MORTGAGE FINANCE

Major trends of importance to home-financing institutions during the fiscal year 1939 are discussed in the Seventh Annual Report of the Federal Home Loan Bank Board. Some problems ahead are pointed out.

■ THE past fiscal year ending June 30, 1939, witnessed substantial progress in housing and mortgage finance: the amount of money seeking mortgage investment increased rapidly, interest rates continued to decline, home designs were simplified, costs and sales prices of dwellings were lowered, and the volume of residential construction was much larger than in the preceding year. For the period from July 1938 through June 1939, building permits indicate that construction was begun on 429,352 dwelling units, a rate of construction equal to the 1929 volume and almost large enough to meet demands created by normal replacements and increases in the number of families. The building rate increased 56.8 percent over the preceding year when building permits for 273,742 residential units were issued.

To a large extent this building recovery has taken place in small communities. The prevailing type of dwelling built in these towns is the 1-family house, primarily designed for owner-occupancy.

Since 1936 average building costs per residential unit have been lowered from \$4,044 to \$3,611, or a reduction of 10.7 percent. This reduction is mostly a result of private endeavor to reach the mass housing market, but was made possible largely through the growing willingness of buyers to accept smaller and more simply designed dwellings.

Despite many successes in the sale of housing in the low price range, too many new homes are still being built to sell for \$5,000 or more. Through the reconditioning and sale of its repossessed houses the Home Owners' Loan Corporation is providing satisfactory housing in sound, used structures for many low-income families. In many localities, moreover, low-cost homes are being built and sold at a profit.

The home-mortgage market has been supported by a steady flow of savings into mortgage-financing institutions. Individual long-term savings increased \$7,764,000,000 in the three years from 1936 through 1938 to a total of \$51,698,000,000 at the end of 1938. Home-mortgage interest rates have been lowered in some areas to as low as 4 percent and 4½ percent and amortization periods extended, in some cases, to 25 years. All of these factors have played an important part in the improvement of real estate activity throughout the country.

The forthcoming Seventh Annual Report of the Federal Home Loan Bank Board,[1] from which these facts and figures are taken, states that in the 1939 fiscal year the foreclosure rate dropped to the 1928 level of six per 1,000 nonfarm dwellings, or only about half the rate that prevailed from 1932 to 1935. Increased sales of second-hand properties, together with a drop in the number of foreclosures, brought about a reduction in the real estate overhang. Nevertheless, real estate on hand remains a major problem for many mortgage-lending institutions.

Real Estate Overhang

The holdings of 1- to 4-family dwellings owned by private lending institutions, including savings and loan associations, mutual savings banks, commercial banks, and life insurance companies, decreased 6.6 percent from an estimated total of \$1,860,000,000 at the end of 1937 to \$1,737,000,000 at the end of 1938. However, the rise from \$331,006,820 to \$488,997,499 in the book value of properties owned by the Home Owners' Loan Corporation more than offset the decline in private holdings. Despite the reduction in the real estate owned by private financial institutions, this situation is still serious enough to cause deep concern since repossessed properties are equal to about 20 percent of their total home-mortgage portfolios.

In the following table the figures represent the overhang for all residential properties, including apartment houses as well as 1- to 4-family dwellings, as of December 31, 1938:

[1] As soon as the report is printed, copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 35 cents each.

Table 1.—**Estimated overhang of residential properties held by selected financial institutions, Dec. 31, 1938**

Type of lending institution	Amount
Savings and loan associations [1]	$950, 000, 000
Mutual savings banks [2]	500, 000, 000
Commercial banks [2]	315, 000, 000
Life insurance companies [3]	576, 282, 000
Home Owners' Loan Corporation	488, 997, 499
Total	2, 830, 279, 499

[1] Estimate based on reports received by the Federal Home Loan Bank Board.
[2] Estimates based on the reports of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.
[3] Estimate of the Federal Home Loan Bank Board based on a questionnaire survey of the largest life insurance companies.

It must be remembered that the above totals represent only a portion of the overhang in the country. Real estate involuntarily owned by individuals, closed banks and savings and loan associations, mortgage companies or trustees of mortgage or real estate bond companies, trust departments of commercial banks, and properties acquired by municipalities through tax sales, are not included. Estimates place the total repossessed residential real estate, held by both institutions and individuals, at more than $4,000,000,000. This huge overhang presents one of the foremost tasks which financial institutions must face in the future, since it greatly retards recovery of the real estate and home-mortgage markets. Many of the repossessed properties represent non-earning assets and financial institutions that have a large portion of their resources frozen in real estate can contribute little to new mortgage lending.

Disposition of this property is mainly a regional problem. New York, New Jersey, and Pennsylvania account for almost one-half of the total overhang of the entire country. Naturally the problem in these States is much more serious than it is elsewhere, and institutions in this area must work out methods of relief not necessary in certain other parts of the country.

Sales Activity by Price Range

While the overhang of residential properties presents a difficult problem, it is by no means the only impediment to full recovery of the real estate market. A second problem is that of adjusting prices to the consumers' ability to pay. During the past few years the building industry has had considerable success in lowering prices on new homes. From 1936 to the first half of 1939 there was a decline of more than 10 percent in the average cost of all types of new dwelling units constructed (see Table 2). Since the volume of Government-financed housing during the period was comparatively small, this reduction reflects attempts of the private construction industry to provide less expensive homes.

Further progress in lowering the costs of new homes is essential if the mass market is to be tapped. Since building permits cover only one part of the final sales price, it is clear that most newly built homes sell for over $5,000. Many studies have proved that only a small fraction of families can afford houses in the upper price ranges, that the mass market will be reached only when satisfactory homes are provided for less than $5,000.

Of course, a large portion of the population cannot look to new construction for satisfaction of its housing needs. From the standpoint of space and other facilities, large families of low income can often obtain more satisfactory quarters in old but sound units than in small and inadequate structures which have the sole advantage of being new.

Low-priced homes repossessed by financial institutions provide an important opportunity for housing the lower income groups on an ownership basis. The belief that sales of institutionally held properties may help to meet the mass demand for low-cost housing is well supported by the experience of the Home Owners' Loan Corporation. Over 28 percent of its total sales have been in the price class below $2,000, and more than half have represented units priced below $3,000, which are generally within the reach of families with less than $1,500 annual income.

Table 2.—**Average cost of new dwelling units in cities of 2,500 population and over, by type of dwelling [1]**

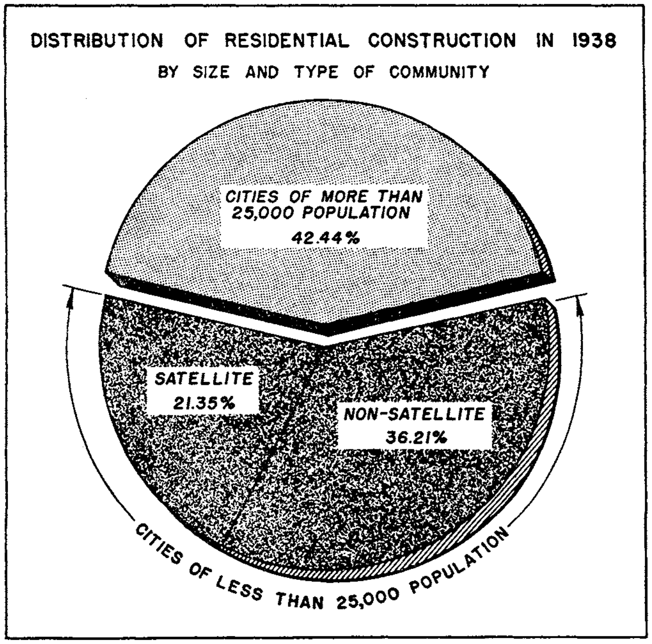
Calendar year	Total residential	1-family	2-family	3- and more family
1936	$4, 044	$4, 363	$2, 763	$3, 639
1937	3, 995	4, 307	2, 834	3, 524
1938	3, 645	3, 971	2, 625	3, 224
1939 [2]	3, 611	3, 961	2, 552	3, 194

[1] Based on building permit data of the Bureau of Labor Statistics. Although permit valuations do not reflect the final cost, their movement from year to year may be held to be indicative of the general direction of costs.
[2] January to June 1939.

Distribution of Construction by Size of Community

In recent years the rate of construction activity has been comparatively high in the smaller communities. For example, during 1938 approximately 58 percent of new nonfarm dwellings were built in communities of 25,000 population or less. According to the 1930 Census, these communities represent only 46.6 percent of the nonfarm population.

Most of the residential construction in cities of 25,000 or less takes place in independent communities. The following chart shows that during 1938 home building in independent cities of this size was much greater than in the suburban or satellite communities located within metropolitan areas.



It is in these small communities that the proportion of 1- and 2-family homes to the total residential construction is greatest. It is here also that home-financing institutions of the savings and loan type are most numerous.

Regional classification of residential building shows the Los Angeles District to be the most active in new home construction. The Little Rock District, where rapid industrialization has created a demand for new housing, shows the second highest building rate. The Winston-Salem District, where the conditions are much the same as in the Little Rock area, is third in the rate of residential construction. The New York District is fourth. These four regions accounted for approximately 70 percent of the total building activity during 1938 and the first half of 1939. On the other hand, the construction rate in the Boston, Pittsburgh, Cincinnati, Chicago, and Des Moines Districts was far below the average for the entire country.

Savings

Accumulated long-term savings reached an all-time high at the end of 1938 when they exceeded $50,000,000,000. The largest increase in savings in any recent year came in 1937 when the net increase was almost $3,000,000,000.

Table 3.—Changes in selected types of individual long-term savings [1]

[Millions of dollars]

Calendar year	Amount of accumulated savings	Increase or decrease during year
1929	$44, 958	----------
1930	46, 059	+$1, 101
1931	45, 954	−105
1932	42, 829	−3, 125
1933	39, 909	−2, 920
1934	41, 653	+1, 744
1935	43, 934	+2, 281
1936	46, 517	+2, 583
1937	49, 515	+2, 998
1938	51, 698	+2, 183

[1] Savings in life insurance companies, mutual savings banks, all other banks, savings and loan associations, postal savings, 2½-percent postal savings bonds, and United States savings bonds.

For the most part, these savings are the accumulated cash reserves of our middle and lower income groups. Approximately 115,000,000 accounts are represented in the more than $50,000,000,000 of long-term savings in this country. In 1938 the average surrender value of life insurance policies was $300 and the average private investment in savings and loan associations was $780. Savings accounts in mutual savings banks averaged $832 and in national banks $421.

Federal savings and loan associations showed the largest rate of increase in individual long-term savings in home-financing institutions during 1938—21.3 percent for an identical group of 1,309 institutions. Insured State-chartered associations ranked next with a gain of 6.4 percent for an identical number of 547 associations. The amount of private funds invested in 901 identical non-insured member associations of the Federal Home Loan Bank System increased by 0.5 percent. All together, private investments in member associations of the Federal Home Loan Bank System rose 10.3 percent.[1]

COMPETITION

As a result of competition caused by the growth of savings and the lack of other profitable investment opportunities, costs of home financing have been substantially reduced. Particularly in the Northeast and in large cities throughout the country, nominal interest rates for new home-mortgage loans have fallen to 5 percent. In the spring of 1939 some savings banks in New York City, where interest rates have been regularly lower than in the rest of the country, reduced to 4¼ percent their rates for selected home mortgages insured by the Federal Housing Administration. Through a February 3, 1938 amendment to the National Housing Act, the maximum nominal interest rate, including insurance premium, for home mortgages insured by F. H. A. was reduced to 5½ percent. During the past summer a further reduction to a maximum nominal interest rate of 4½ percent was announced for all home-mortgage loans insured after August 1, 1939, under Section 203 of the Act; in addition, an annual charge of one-half of 1 percent must be paid by all borrowers for mortgage insurance premium.

Amortization periods have been increased to as long as 25 years and under certain conditions the maximum loan limit has been raised from 80 percent to 90 percent of the appraised value of the property. Financial institutions have also begun to assume many of the costs incident to mortgage loans, thus further reducing effective interest charges. Moreover, many thrift and home-financing institutions are adopting the plan of lending at variable interest rates. Instead of making all loans at a uniform rate of interest, associations following this practice set an appropriate rate for each loan based on the risks involved.

Since home building is a highly localized activity and the average house involves a comparatively small amount of money, the significance of this industry to the national economy has long been obscured. Its actual importance is shown clearly when compared with the amount of corporate securities issued by railroads, utilities, and all other corporations. In 1937 and 1938 the annual average volume of these corporate offerings, including new securities as well as those issued for refunding purposes, was $2,255,000,000. The volume of home-mortgage loans on 1- to 4-family dwellings was somewhat higher in each of these years, amounting to approximately $2,500,000,000.

PROBLEMS AHEAD

Recovery in home building and mortgage finance has been widespread but is by no means complete. Problems facing agencies in these fields have not ceased to exist but rather have changed in nature and often appear as wholly new problems.

Already some evidence of jerry-building, utilization of poor methods of construction, has appeared, as is somewhat to be expected during a period of rapid expansion of construction activity. Both the value of ownership and the safety of funds invested in mortgages are threatened by such practices. Financial institutions have more at stake than ever before in the structural soundness of the properties taken as security for their loans, since the ratio of the amount of the loan to value of the property is higher, and since loans are being made for longer periods than in the past. The Annual Report points out that the Federal Home Building Service Plan is intended primarily as a safeguard against such unsound construction, especially in the low-cost field.

Prevention of sudden rises in building costs is necessary. It is true, of course, that as long as unemployed labor and unutilized building material plants are drawn upon to meet the increases in construction activity the danger of sudden price rises will be relatively slight. Nevertheless, shortages in skilled building labor are already becoming apparent in some localities. During the depression years comparatively few new workers entered the industry. At the same time many building workers changed to more profitable occupations. Many have died. Others are past the age where they can be employed at the site.

In order that dangerous upturns in prices may be avoided, the Annual Report recommends: (1) close cooperation between the various public agencies engaged in building; (2) national, regional, and local studies of the productive capacity of the industry; and (3) the adoption of measures to meet effective demand by transfer of unutilized facilities from other regions.

(*Continued on p. 82*)

[1] Because of the increase in number of Federal savings and loan associations and insured State-chartered associations during the year, identical groups of associations operating throughout the year provide a more equitable basis of comparison.


Where Thousands Insure Their Savings
CALL ON THE FEDERAL NEAREST YOU
Or Mail Coupon
GERMANTOWN
There is a Federal Savings and Loan Association near you, a convenient place and a safe place for your savings.
PHILADELPHIA
Build that new home
...and pay for it like rent
IF YOU contemplate building a home—or remodeling one—your local Federal Savings and Loan Association can help you. Lowest rates are now available—and by making one monthly payment you can *include* your principal, interest, taxes and insurance.
Your local Federal Savings and Loan Association is primarily a local institution locally managed and directed by responsible business men in its community.
Your local Federal knows local conditions—local values. Appraisals are promptly made; hence, no delays for you in procuring funds.
Your mortgage can run as long as 15 years—to make it easy for you to keep within your means. And . . your mortgage held by your local Federal means that you will *not* be bothered with recurring brokerage or refinancing charge
For an easier, better way to ho ownership—see *your* Federal S ings & Loan Association tomo
FEDERAL SAVINGS & LOAN ASSOCIATIONS of
KLAMATH FALLS
First Federal S.&L.A. of Klamath Falls
MARSHFIELD
West Coast Federal S.&L.A.
OREGON CITY
First Federal S.&L.A. of Oregon City
PORTLAND
Benj. Franklin Federal S.&L.A. of Portland
First Federal S.&L.A. of Portland
Portland Federal S.&L.A.
PENDLETON
First Federal S.&L.A. of Pendleton
INSURED SAVINGS, BUILDING & LOAN ASSOCIATIONS of BERGEN COUNTY
Participating Associations
MONEY AVAILABLE
You can have a brand new HOME for CHRISTMAS
for what it costs you to rent!
Wouldn't you like to spend this Christmas in a home of your own? Don't let lack of cash stand in your way. Other than for the small down payment required, you can borrow the balance and repay in easy monthly installments.
Briefly, all you need is a personalized home loan, obtainable through any Little Rock Federal Savings and Loan Association. These loans, tailor-made to your individual requirements, eliminate red tape, third parties and delays. The interest rate is low. Easy monthly payments are just like rent—often less than rent—and take care of interest, principal, taxes and insurance.
for as little as $1.00
YOU CAN BEGIN TODAY TO Save SAFELY FOR THE FUTURE
Seems like a small amount, but the important thing is to start . . . and $1.00 is all you need.
The habit of saving regularly at regular times is the "Magic Key" which provides "quick money" for the home you've dreamed about, for the education of your children, or for your future independence.
You can acquire that habit for $1.00 . . . and you'll be surprised to see how quickly your reserve fund will grow to a sizable amount with the addition of the attractive extra earnings of our various Savings Plans.
And, of course, this is a logical time of the year to invest larger amounts.
REMEMBER THESE THREE
1. INSURED SAFETY
2. LIBERAL RATE
3. AVAILABILITY
PLANNING TO BUILD?

SAVINGS AND LOAN COOPERATIVE ADVERTISING—PART 1

First in a series of two articles discussing the extent of savings and loan cooperative advertising during recent months and the essentials of organizing a successful campaign.

COOPERATIVE advertising has won a definite place among the business building plans of savings and loan associations. This conclusion is based on an accumulation of experience which indicates the productive possibilities of this type of campaign when operating under favorable external and internal conditions.

To ascertain the extent to which these programs have been employed by groups of associations during recent months and to measure their success, the Public Relations Department, through the various Federal Home Loan Banks, has made a study of the more recent activities of this character among member institutions.

Comprehensive and reasonably comparable data were obtained for 16 different savings and loan cooperative campaigns. The advertising activities of these groups involved member institutions in nine of the 12 Federal Home Loan Bank Districts, in 14 States and in 73 cities and towns, varying in size from the three largest metropolitan centers to small towns in the States of California, New Jersey, Oregon, and Pennsylvania. Eight of the efforts were sponsored by Federal associations; six by insured groups; while two included all three savings and loan types of Bank membership. Together, these involved cooperative action and money expenditure on the part of 278 different savings and loan associations, of which 147 were Federals; 129, insured State-chartered; and two, uninsured State-chartered associations.

Organization of the Campaigns

It is not the purpose of this article to describe each of these 16 campaigns individually but rather to present a composite summary of them insofar as they are comparable. In practically all of the 16 campaigns in this survey, the procedures of organization and operation were quite similar. Special committees were selected, some having from three to five members and others consisting of one representative from each participating association. In approximately half of the campaigns an advertising specialist was employed to assist the association representatives in working out the details of the program. The entire responsibility for the conduct of one venture was entrusted to the advertising director of the savings and loan league which sponsored the campaign. In about one-third of the cases an executive of one of the participating associations assumed complete personal responsibility for the conduct of the campaign.

In most instances, these special committees held meetings at definite intervals, sometimes as frequently as once a week to review progress to date, to approve plans for subsequent advertising activity, and to prepare reports for the information of the different participating associations. By this method every association was kept continuously informed as to what was going on, and had an opportunity to express its views regarding this or that procedure, policy or expenditure for the guidance of the committee before it made definite commitments or incurred additional expense. This tended to sustain interest and cooperation throughout the entire progress of the campaign.

It is important to point out that only two of the 16 advertising programs studied made provisions for an adequate check on the quantity and quality of results *during the course of the campaign.* Lack of definite knowledge on the part of the committee, as money is being spent, of the comparative productiveness of the different media used and the relation of this productiveness to cost in each case opens wide opportunities for wasteful advertising expenditure and definitely adds to the cost of each dollar of new business obtained.

What Did These Campaigns Cost?

Any attempt to estimate the average or maximum cost for a cooperative advertising campaign for groups consisting of a varying number of associations is a difficult task. Even with two groups consisting of exactly the same number of associations following an identical plan of campaign but operating in two different localities, costs will vary widely.

In the particular campaigns under observation the minimum expenditure was $1,000 for an 8-week campaign. In this instance, the results were reported as "fair" with none of the five cooperating associations enthusiastic regarding further cooperative advertising in the future. There were two campaigns which equaled the maximum expenditure of $15,000. The first, which involved a group of 21 associations, represented the total cost of a 12-month series using newspapers solely. This attempt was definitely successful in the opinion of the sponsoring associations. The other was conducted by nine insured associations and extended over a 14-month period. This included the use not only of newspapers but also of illuminated outdoor billboard panels, and a 5-minute radio program five days a week. All newspaper advertisements and radio broadcasts were keyed with offers of a budget or cook book or copies of a house organ. Its results are best summarized in the words of the report:

"The cooperative campaign had as its goal the education of the public and complete reestablishment of confidence in savings and loan associations in ________________ as a group, rather than directing the public towards the doors of any particular association. . . . As a result of the various forms of advertising employed, withdrawals of investments have been minimized and more new investments have been received during 1938 than for any other year since 1927. In fact, the excessive amount of cash on hand in the insured savings and loan associations of ________________ is the biggest problem now facing these institutions. That the ________________ public is now fully educated as to the insurance of savings and loan investments is further evidenced by new applications for insurance by associations throughout the State."

In another cooperative advertising venture of 15 associations in a large city, which was in operation over a period of 2½ years, the total cost was $14,000, of which $12,000 was spent in newspapers, and $2,000 for radio advertising. The results, judged by the number of new accounts acquired by the participating associations, were eminently satisfactory, as indicated by the following quotation from the summary of this group:

"The consensus of most of the managers, however, was that the money ($14,000) had been well spent, the endeavor had been productive, and that sometime a revival would be desirable. The reason for the termination of the campaign was probably that the folks who took the leadership in organizing and carrying it along, felt that they could not continue to devote the necessary time to it."

In the remaining eight campaigns, the total amounts spent ranged from $2,175 to $6,000. In addition to newspapers, two of these groups used outdoor advertising; one chose radio; two others, car and bus cards; and in one instance, a joint exhibit was displayed at a sectional savings and loan convention.

Dividing the Costs of These Campaigns

The methods followed by the 16 different groups in dividing the total cost among the participating associations varied considerably, although in the great majority of cases the apportionment was based primarily on assets. In one State-wide campaign, the total expense was shared by the associations on the basis of $1.00 per $1,000 of assets for those associations in the main city of the State, and $.50 per $1,000 of assets for each of the up-State associations.

In another campaign, each participant contributed one-twentieth of 1 percent of its assets, while a different group affixed a minimum contribution of $100 to the percentage requirements. A joint program of 31 insured savings and loan institutions was financed by an assessment of 0.01 percent of their assets.

Still another method of splitting the cost of these combined advertising ventures, and one which has proved highly successful, divides the total expense into two parts: one distributed equally among the participating associations; the other apportioned in relation to the size of each institution. In the campaign of one group of insured associations, 60 percent of the total cost was divided on the basis of assets, while the remaining 40 percent was shared equally by the cooperators. The same method of handling campaign expenses was followed by a different group except that in this instance the percentage figures were reversed: 40 percent based on assets and 60 percent borne equally by the associations.

The Objectives

What were the objectives of these campaigns? The associations in this survey were requested to state the principal objectives of their campaigns; that is, whether the purpose was to obtain new funds through savings and investment accounts or increases in old accounts, to stimulate borrowings, to sell real estate, to educate the general public as to the functions and services of savings and loan

(*Continued on p. 83*)

BUILDING REGULATIONS AND THE HOUSING PROBLEM

***Recent publication of the results of studies of building codes by the National Bureau of Standards indicates effective ways in which home-financing institutions can help to improve them.*[1]**

■ WHEREVER men have lived under urban conditions, the need for regulating construction has been felt. We find traces of it as early as 2250 B. C. in a code dealing with conditions in Babylon. Through the ages, in early Rome, in London, and then in the American colonies, various laws governing building were in effect. Safety, protection against the hazards of fire and collapse, was the object of these early restrictions, and it was not until a much later date that attention was directed to health. Present-day control of building is designed to protect the morals and general welfare of persons in and about buildings, as well as to assure safety and health.

Like most restrictive legislation, building codes have always been the object of some criticism. In recent years this criticism has been intensified. As a result, study of deficiencies has increased, and great advances have been made. Although many difficulties still remain to be solved, existing building regulations are constantly being improved through study of casualties due to faulty building, tests of structural materials and building equipment, development of quality and performance standards, and finally the preparation of minimum requirements incorporating the best obtainable judgment.

Each year, in more than 100 cities and towns, local officials or committees undertake the preparation of a building code. They either revise a former document or prepare a completely new series of requirements. In either case, they must examine a great mass of basic material which is constantly growing. Experience has shown that the most productive results come from a comparatively small committee including representatives of the group which designs building, of those responsible for figuring stresses and strains, of those doing the actual building, and of those who finance the completed structure.

Home-financing institutions today have a real opportunity to perform a public service by drawing on their own experience to assist in improvement of local building codes. One result of the development of a highly competitive mortgage market has been even greater activity than in former years on the part of savings and loan associations in making construction loans and in offering a supervised construction service to the home owner. Greater participation in construction lending means that associations have an increased interest in securing better building regulations and in keeping them up to date.

A primary interest of home-financing institutions is that houses pledged as security for mortgage loans shall be soundly constructed. Their inspections and appraisals bring them constantly in touch with the practical effects of local building codes. Supplementing this is a wide experience with loans in unincorporated areas beyond the city limits where no building codes have been established. For these reasons, home-financing institutions appear to be a logical group to aid in the development of improved local building regulations.

How Savings and Loan Associations Can Aid

Although variations in codes are diminishing and although much the same problems occur in each community, there is still no general agreement on any one method of approach. There are at least three excellent ways in which savings and loan associations can help to improve building requirements in their own communities. First, by pooling their experience and by acting as a group, they can sponsor the creation of a representative committee to amend existing regulations. A program for action would include a study of other State and local laws, an analysis of their own experience, and consultation

[1] This article is based mainly upon two recent publications by George N. Thompson, Chief of the Building Codes Section, National Bureau of Standards, U. S. Department of Commerce. The first study, "Building Regulations and the Housing Problem", is contained in the National Resources Committee publication, "Land, Materials, and Labor Costs", and may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for 30 cents; "Preparation and Revision of Building Codes" by Mr. Thompson may be obtained from the Superintendent of Documents at a price of 15 cents.

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with architects and contractors with whom they work to find out their complaints and recommendations. Study chapters of the American Savings and Loan Institute or other professional home-financing organizations could well undertake this type of analysis as a definite project.

Second, and equally important, savings and loan associations can use their influence to see that adequate building standards are not only adopted but are also enforced. Adequate technical requirements are useless if not put into effect. Every municipality should appropriate funds sufficient to employ a force of trained men to check plans, make inspections, and detect violations. However, many do not. Home-financing institutions could do much to better this situation.

Third, home-financing institutions have the opportunity of educating the public in good building practices. Even a good code properly enforced will not necessarily assure proper housing. In addition, we must have well-designed and attractive structures if we are to stave off obsolescence and neighborhood deterioration. Savings and loan associations can do their part in educating the public through the standards they require for houses on which they lend money.

How Can We Get Good State and Local Regulations?

An ideal pattern has been suggested by men with long experience in the field, beginning with the development of basic national standards. Deviations from general requirements must be allowed for certain areas, however, because of the prevalence of earthquakes and tornadoes, the relative severity of climate, and other modifying conditions. Therefore, the next step calls for State legislation, setting up State boards to draw up adequate regulations for State-wide use, based on national requirements and modified by any special conditions that apply within that area. After adequate testing of new materials and methods of construction, the board would approve them for use within its jurisdiction.

To meet the needs of the particular community, any special features not in conflict with State requirements would be incorporated in the local code, and the combined program enforced by local officials. All fundamental revisions in the rulings of the State board resulting from new discoveries or changed conditions would automatically alter municipal provisions. All unincorporated areas would operate under the State authorities.

This arrangement is, of course, ideal and should be a goal for the future. At the present time, however, one definite step a lending institution can take in this direction is to test the adequacy of the code in its own community. Five common faults are: (1) age; (2) lack of clarity; (3) failure to take advantage of widely accepted standards; (4) failure to provide for the use of new materials and new methods of construction; and (5) careless draftsmanship.

A recent survey revealed that 20 percent of existing codes were more than 15 years old. Complete overhauling at least once every 10 years prevents certain provisions from becoming obsolete. Even if kept up to date by frequent amendments, thorough revision prevents the regulations from becoming difficult to understand.

Contents of the code should not only be clear and explicit but should be arranged so that all related subjects are grouped together in logical order. Such an arrangement permits easy reference and leaves no doubt as to what is actually demanded. Experience has shown that it is desirable to express these requirements in terms of strength, fire resistance, and similar items, rather than in terms of wall thicknesses or in specifying the material to be used. In this way, appropriate tests can determine what will do the job.

Certain ratings for quality of materials and of methods of construction have been widely accepted and adopted as national standards. An up-to-date code allows for the extensive use of these materials and modes of building as well as new products and techniques which have been approved.

Evidence of careless draftsmanship has been found frequently. In some cases, the term "feet" has been used for the term "inches", or "maximum" for "minimum". Although little harm is done by such obvious errors, they cast doubt upon the soundness of other provisions. In the past, obsolete requirements have been retained, leading to such absurdities as the specification of sperm-oil lamps for lighting. Sometimes local drafting has been modeled so closely after that of cities in other areas of the country that such requirements as "piles shall be cut off below sea level" have been incorporated in the building laws of a mountain town some 5,000 feet above sea level.

Application of these five tests that have been described to your building code will help to determine whether a new document should be prepared or whether a few well-selected amendments will accomplish all that is needed.

Building Codes and Building Costs

Modern industrialists have no objection to submitting their products to tests in disinterested laboratories because they understand that the public expects proof of the safety of new building materials. At the same time, they do object seriously to the unnecessary inconsistencies that are found in the legal framework which governs building. The variations in the requirements of different localities sometimes make it necessary to alter manufacturing processes to the extent that many of the advantages of mass production and standardization are lost. The cumulative effect of some 1,500 dissimilar sets of local regulations, together with a number of varying State codes, often stands in the way of legitimate economies.

Another objection is that new materials may be excluded from use by the existing regulations because the combination of local labor and material interests is sufficiently influential to control the amending process. Codes which do not provide for a systematic and impartial investigation of all new developments in construction should be altered as soon as possible. Both the general public and the industry itself suffer from such limitations: building costs may be increased or kept at artificially high levels by the limited choice of materials and the loss of the advantages of prefabrication; and the restrictions on the use of new products reduce the opportunities of business concerns to benefit from their enterprise.

It is not always true that improved building regulations produce economies. Savings gained in one way may be canceled by increased costs in another. For example, research in fireproofing has brought about a reduction in required thicknesses, depending upon the material used. On the other hand, the enclosed interior stairway is being required now in place of the iron fire escape permitted in older codes. In the first case, a saving is accomplished, but in the latter, a considerably greater expense is incurred because of more modern standards of safety.

That it is possible to benefit from a thorough analysis of existing building regulations has been demonstrated by the results of a similar proposal made about 15 years ago. A committee of experts made a number of definite recommendations which were widely used in the revising of local codes and brought about important savings. In view of the rapidly changing conditions in the construction industry, it is probable that additional improvements could be made now, although Mr. Thompson points out that the cost reduction resulting from such revisions is likely to be moderate. A thorough scrutiny of *all* building code requirements will be necessary to develop the maximum possible savings.

On the one hand, then, we have building codes which are primarily concerned with requirements for fire resistance, strength, exits, and certain features of sanitation. On the other hand, we have groups such as savings and loan associations interested in the development of sound construction for houses. They are not interested, however, in imposing unreasonable restrictions which would prevent economies that could be made by the use of new materials and methods of construction. The question is whether the local building code is a beneficial influence guiding the general course of construction in safe channels, or whether it tends to hamper the orderly growth of the community which it is supposed to protect.

Sources of Technical Information

Analysis of building code provisions will disclose that they are made up of two distinct parts: matters of fact and matters of opinion. For example, it is possible with laboratory equipment to measure exactly the quantity of light which reaches the interior of a house at a given time. The question of how much light is necessary for "satisfactory" illumination under average conditions is largely a matter of the opinions of experts. The conclusion, then, which Mr. Thompson draws, is that sound building code requirements are based upon *facts*, established by research, tests, and observation; and *judgment*, as embodied in a consensus of men possessing adequate training, experience, and discrimination.

Facts can be supplied by such research institutions as the National Bureau of Standards, the Underwriters Laboratories, State university laboratories, and other similar agencies; judgment, by the American Institute of Architects, the American Society of Civil Engineers, and other scientific and professional societies, as well as standardization bodies such as the American Society for Testing Materials, the American Standards Association, and the National Fire Protection Association.

By using these sources of technical information, basic requirements can be worked out that are free from biased or selfish proposals. The prime problem is to use this material in an orderly way to improve the 1,500 local building codes. Home-financing institutions are in a particularly favorable position to help in this improvement.

HOUSING COSTS—HOW THEY VARY

A recent study by the National Bureau of Economic Research, showing the dollar costs of existing housing to the users, reveals the sections of the country and types of cities where housing is cheapest, and examines some of the factors creating differentials in costs.

■ WHEN the national census of housing authorized by Congress in conjunction with the regular 1940 census is completed, we shall have reliable statistical information on the number, characteristics, and geographical distribution of dwellings in this country. If even a majority of the specific items listed for consideration by the Director of the Census are included in the final tabulation, mortgage-lending institutions will have a fund of facts to guide them in their lending policies, based upon a detailed picture of the quantity and quality of our housing.

Although there have been local housing surveys in recent years, no general picture of urban housing was developed until a short time ago when the National Bureau of Economic Research released the findings of its study of the ways in which housing costs vary widely with the location and character of residential properties. This study for the first time reveals the differentials which exist on a national scale.[1] Some of the conclusions advanced, for example, are that: homes in large cities, on the average, have values more than twice as great as homes in small towns; rents in Northeastern States run about double those in the South and West; values of owned homes tend to be one-third higher than values of rented homes.

To the average consumer, differentials in housing costs are perplexing because often they do not seem closely related to differences in other living costs. Some cities rank high in total cost of living, but low in housing cost. Examination of inter-city differences in the cost of living shows, for example, that New Orleans ranks first in cost of living among six West South Central cities but fourth in housing cost. Peoria, Illinois, on the other hand, has the highest housing cost but is sixth in respect of total cost of living among eight East North Central cities. In 59 cities the average ratios of housing cost to total cost of living ranged from a minimum of 13 percent in Portland, Oregon, to a high of 24 percent in Washington, D. C.

[1] "Differentials in Housing Costs", by David L. Wickens, is Bulletin 75 of the National Bureau of Economic Research, and may be obtained at a price of 25 cents from their offices at 1819 Broadway, New York City.

The measurement of the extent of these differentials and the analysis of important factors creating the differences are some of the results of Mr. Wickens' study. Based largely upon special tabulations of material from the 1930 "Census of Population" and the 1934 "Financial Survey of Urban Housing", the bulletin estimates the dollar costs of existing housing to users. This approach to the problem of housing costs contrasts with the usual one. Ordinarily we discuss housing chiefly in terms of the cost of new dwellings, although only a small proportion of all standing houses is built in any one year. Even during the great building development of 1920–1929 there were built only slightly more than 7,000,000 out of the 24,400,000 nonfarm dwellings standing in 1930.

In this study, housing costs are described mainly by measuring the costs of existing housing. In the judgment of the National Bureau of Economic Research, the quantitative measures of differentials, although based primarily on housing existing in 1930, are indicative also of current differentials.

Values of Existing Housing

In 1939, residential values are estimated to be about one-fourth lower than those for 1930, although probably not as low as in 1934. Considering all houses throughout the country, whether owned or rented, the most expensive residential area is the Middle Atlantic States—New York, New Jersey, and Pennsylvania. Here nonfarm residential values in 1930 averaged $7,200—44 percent more than the national average of $5,022. The shaded map of the United States shows that the East South Central States had the lowest average residential values, and that the predominantly agricultural West North Central States, the Mountain and Southern States were also grouped in the lower range of the scale.

The same general geographical contrasts are found both for rented and owner-occupied houses. Owned houses, however, were valued at an average of $5,833 in 1930, and exceeded rented houses in value by about one-third.

In all parts of the country, residential values are lower in small towns and on farms than in cities. "Aside from exclusive residential suburbs where special restrictions and requirements make for expensive dwellings, housing becomes progressively less costly the smaller the town", is one conclusion of the study. To illustrate this difference, let us assume that the average value of dwellings in all cities with a population greater than 2,500 is taken as 100 percent. The average value in cities of 100,000 or more in population would be one-third above the average at 133 percent, but the average value of dwellings in towns of 2,500 or less in population would be only 54 percent of the average

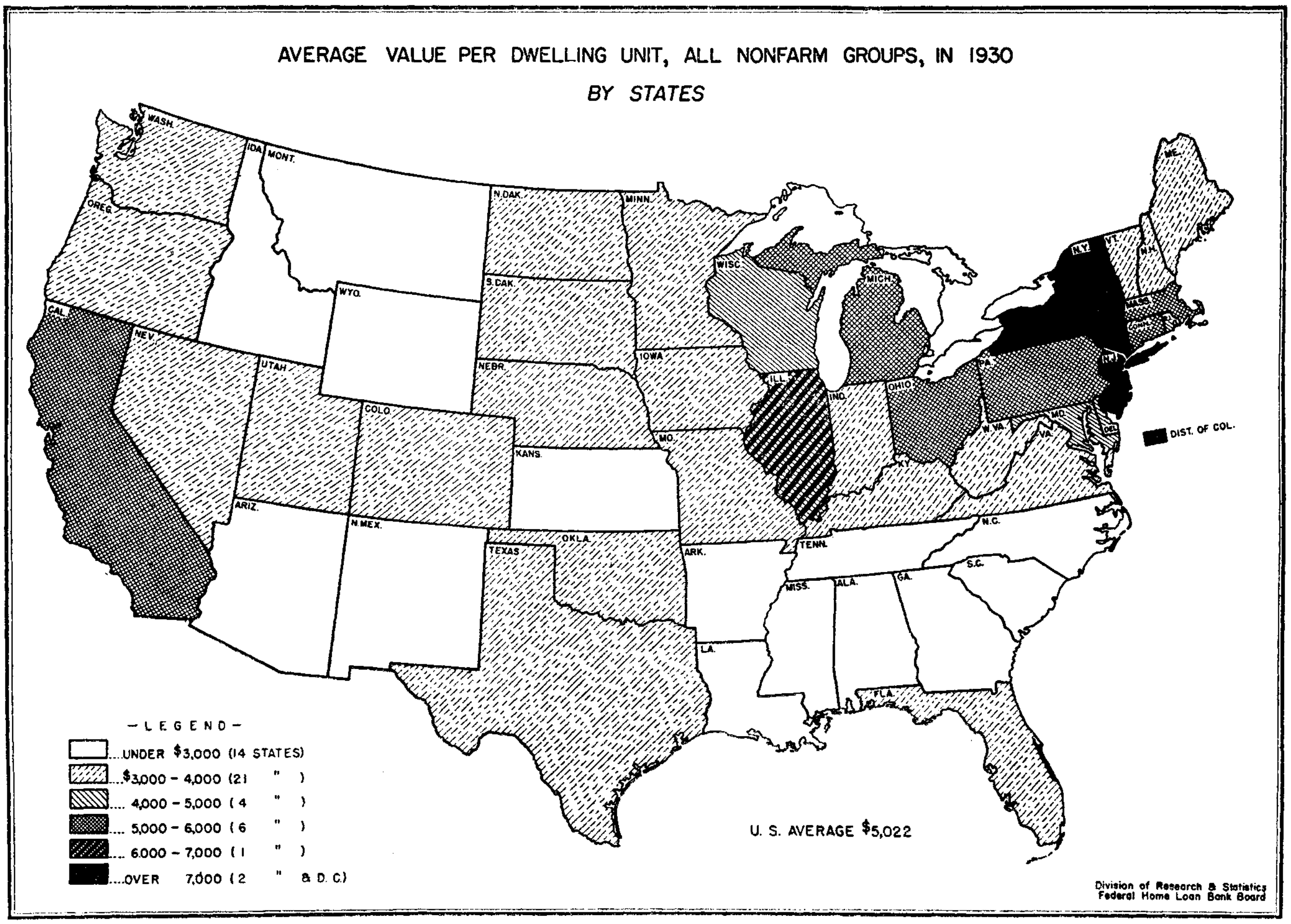
Of prime interest to all institutions holding involuntarily acquired real estate is the fact that age of structure is one of the most important factors responsible for the differences in cost at which housing may be purchased or rented. The following tabulation shows that new dwellings of all types

Ages and values[1] of houses, 22 cities, January 1934

[Source: "Financial Survey of Urban Housing, 1934"]

Date of construction	Average value (in dollars)	Index of values (1930–1933=100)
1930–1933 (4 years)	$5, 656	100
1920–1929	4, 781	85
1910–1919	4, 152	73
1900–1909	3, 559	63
1890–1899	3, 288	58

[1] Average values are unweighted and include 75,831 houses, both owner-occupied and rented, in 22 cities.



Considering all houses throughout the country, whether owned or rented, the most expensive area is the Middle Atlantic States where nonfarm residential values averaged $7,200 in 1930. Ranking next are the industrial States of the East North Central area, followed by New England and the Pacific Coast. The East South Central States had the lowest regional average, $2,700.

The same general geographical contrasts appear both for houses that are occupied by their owners and those that are rented, although there is a much wider percentage variation in the values of the former. For the United States as a whole, owned houses were valued at an average of $5,833 in 1930, about one-third more than rented, which averaged $4,347.

built during 1930–1933 when construction costs were relatively low were currently valued at 40 percent more than those built in 1890–1899, and nearly 20 percent more than those built in the 1920's, when construction costs were higher than in the early depression years. The contrast would be even greater if costs of buildings constructed in 1939 were compared with average values of all houses now standing.

A second trend of interest is that the value of the land on which new nonfarm properties stand represents a smaller percentage of total property value than in the past—15 percent for new dwellings as compared with 20-percent site value for older properties, after allowance is made for depreciation of the structures. (A further extension of this trend is noted in examination of the new homes financed under the Federal Housing Administration program of mortgage insurance during 1938.)

Rents and Rented Houses

Slightly over half of American families rent their homes. The general pattern of geographical differentials in rents is similar to that of property values. Study of rents shows that over a period, values of rented properties tend to approximate the capitalization of their earning power in the form of rents. In 1930, for example, rents for all types of dwellings averaged approximately $364 per year for the country as a whole. This was equivalent to an 8.4-percent gross return on the average value of all rented properties. Average monthly rents of 1-family houses ranged from $34 in large cities to $14 in small towns, and, as the following table shows, the average annual rent represented approximately 8 percent of average value in each community group. (By 1934 rents had declined about one-third from the 1930 level. In representative cities the 1938 average was 75 percent of the April 1930 figure.)

Comparison of average value and average monthly rent of 1-family nonfarm dwelling units in 1930

Item	Population group						
	All groups	100,000 and over	25,000–100,000	10,000–25,000	5,000–10,000	2,500–5,000	Under 2,500
Average value	$3,596	$5,101	$4,475	$3,940	$3,409	$2,924	$2,048
Average annual rent	$289.80	$408.12	$358.92	$314.04	$275.16	$239.04	$168.48
Ratio of rent to value	8.06%	8.01%	8.02%	7.97%	8.07%	8.18%	8.23%

It is estimated that about 9 percent of the gross rent of 1-family dwellings was a charge for facilities, with water and garage the charges most commonly included in rent.

Some Factors Influencing Differentials in Housing Costs

Although all types of dwellings are characterized by large regional differentials in costs and by differences created by areas of varying population density, additional variations are introduced by a number of other important factors. These include the ratio of site value to property value, the type of structure, materials used in construction, the facilities and conveniences which go with the property, the age of the structure, and the services and improvements provided by the community.

Part of the difference in the values of houses in various localities is due to the fact that where financing machinery is designed to provide maximum convenience and service to prospective builders and purchasers, there is usually a tendency to build or buy houses costing the maximum value that may be carried with the means available. For this reason, it is felt that "lower interest rates and more favorable terms are conducive to more expensive houses."

The precise importance of each factor and its relationships are not discussed because of the limited scope of the bulletin. However, greater detail is promised in a forthcoming volume, "Residential Real Estate", with data relating primarily to value, rent, income, financing, and construction.

Survey

(*Continued from p. 73*)

Often in competition for mortgage loans, lending agencies fail to insist on accurate and sound appraisals. Inflated values are apt to result. To prevent these malpractices, it is suggested that, as building gathers momentum, consideration be given to more conservative lending practices, larger down payments, and shorter maturities.

In line with the downward trend of interest rates on home mortgages and the general downward movement of yields on long-term investments in the last few years, dividends paid by savings and loan associations have been gradually reduced. The average annual dividend paid by Federal savings and loan associations decreased from 3.69 percent in

1935 to 3.50 percent in 1937. In 1938 dividend rates decreased further in 23 of the 46 States for which comparable data are available. It will probably be desirable for some institutions to make further reductions. Because of competitive conditions today it is impossible to maintain high dividend rates and at the same time continue to accept only sound mortgage loans.

It is significant in this connection that United States savings bonds return a maximum of 2.9 percent to the investor. Commercial banks insured by the Federal Deposit Insurance Corporation are permitted to pay maximum rates of 2.5 percent on savings deposits and most pay less than this maximum. During the fiscal year 1939, several legal reserve life insurance companies reduced the return guaranteed on new policies to 2.5 percent. A reduction of dividend rates by home-financing institutions to 3 percent or 3.5 percent, depending on local conditions, would still maintain the traditional margin above the rate paid on other types of savings.

The report points out also that a gradual removal of mortgage moratorium laws appears to be warranted. These laws were introduced at the bottom of the depression when incomes were at an extremely low level and it was practically impossible to refinance mortgages through private lenders. To stem the tide of foreclosures and prevent dispossession of hundreds of thousands of defaulting home owners, moratorium laws were then justified. Now, however, the national income is much larger and there is a plentiful supply of money seeking mortgage investment, so that no real hardship to home owners is expected if moratoria are gradually lifted. Repeal of the moratorium laws would help to restore normal conditions in the mortgage and real estate markets. During the last few years moratorium laws have been removed in a number of States. However, 13 States still had such laws in force on June 30, 1939.

Another obstacle to full recovery is the inadequacy of the market mechanisms of construction and of mortgage lending. During recent years considerable progress has been made in integrating the building industry and mortgage lending on a more orderly basis.

Antiquated and expensive real estate and mortgage laws retard further progress. Cumbersome foreclosure laws place the financing of home building at a great disadvantage as compared with the financing of other types of products where rapid, simple, and inexpensive legal methods are available. There is also need for uniform laws on land title registration.

Savings and Loan Cooperative Advertising

(*Continued from p. 76*)

associations, or to identify the local participating associations with some phase of current or established community interest.

Fully two-thirds of the replies showed that the main objective was to secure new funds and in one instance to stimulate loans as well. Approximately half the campaigns sought lump-sum investments as well as savings accounts. There was but one program in which the main advertising appeal was directed solely to borrowers, and it is interesting to note that this group consisted of one Federal, two insured, and two uninsured State-chartered associations. Two-thirds of the replies listed among their objectives the general education of the public as to the principles of savings and loan operations, and in one instance this appeared to be the sole objective. Three of the undertakings were linked with projects of current community interest.

One of the cooperators, discussing the objectives and results of the campaign carried on by a group of 39 associations, writes as follows:

"There was a very favorable public reaction and although we cannot point to any one association getting direct results from the project, we do know that many people received an answer to the question, 'What is a building and loan?' . . . It seems to me that one of the most important things that we have to do is to educate the public to know the answer to that question."

Another individual who participated in two cooperative advertising campaigns has this to say regarding the need for the educational type of cooperative savings and loan advertising:

"I believe greater progress could be made if we would all join hands on this matter of educating the savings public to the outstanding advantages of our Federal Home Loan Bank and Federal Savings and Loan Insurance Systems."

Using this material and other information as a background, the second in this series of articles, to appear in the January issue of the Review, will outline the fundamental conditions under which a savings and loan cooperative advertising campaign appears to be justified. Then, having determined the justification for such a program, the article will discuss certain procedures which, if followed, may contribute materially to the success of this type of joint activity.

Counsel's Opinion

SOCIAL SECURITY ACT AMENDMENTS OF 1939

■ WITH the passage by the 76th Congress of a bill amending the Social Security Act and related Acts, all provisions of the Social Security Act will become applicable on January 1, 1940, to savings, building and loan associations and cooperative banks, both Federal and State-chartered. This is part of the general movement to broaden as far as possible the Social Security coverage.

Because of the differences in coverage and taxes of the two major phases involved—Federal Old Age and Survivors' Insurance Benefits, and Unemployment Compensation—it is important for each association to study carefully the regulations of its own State regarding Social Security as well as the amendments to the Federal Regulations in order to determine exactly what its responsibilities are.

The opinion of the General Counsel of the Federal Home Loan Bank Board follows:

On January 1, 1940, by virtue of Social Security Act Amendments of 1939, all Federal Home Loan Bank members, and their employees, will be subject to the Social Security Act and the taxes imposed in connection therewith by Sections 1400, 1410, and 1600 of the Internal Revenue Code.

Members which are Federal savings and loan associations are made subject to such Act by reason of the amendment to Section 5 (h) of the Home Owners' Loan Act of 1933. (Section 909 of the Social Security Act Amendments of 1939.)

State-chartered members are made subject to the Act by reason of the new definition, effective January 1, 1940, of the term "employment" contained therein. Sections 606 and 614 of the Amendments of 1939 (amending Sections 1426 and 1607, respectively, of the Internal Revenue Code) define "employment" to exclude services performed in the employ of an instrumentality of the United States if such instrumentality is wholly owned by the United States or is exempt from the taxes imposed by Sections 1410 and 1600 of the Internal Revenue Code by virtue of any other provision of law. Since State-chartered Federal Home Loan Bank members are neither wholly owned by the United States nor exempt from such taxes by any other provision of law, they are subject to the above Act.

Federal Home Loan Banks and their employees remain exempt from the provisions of the Social Security Act and from the taxes imposed in connection therewith. Section 13 of the Federal Home Loan Bank Act provides that such Banks shall be exempt from all taxation now or hereafter imposed by the United States. Services performed in the employ of such institutions, therefore, are not "employment" as defined in the above Amendments. Thus, Federal Home Loan Banks and their employees are not subject to the above Act.

Since they are neither wholly owned institutions of the United States nor exempt from the taxes imposed by Section 1600 of the Internal Revenue Code, Federal Home Loan Bank members and their employees, under Section 613 of the Amendments of 1939 (amending Section 1606 (b) of the Internal Revenue Code), may be required by State legislatures to contribute to a State unemployment fund under a State unemployment compensation law approved by the Social Security Board.

Federal Home Loan Banks may not be required to contribute to such funds since they are exempt from the tax imposed by Section 1600 of the Internal Revenue Code.

Resolution of the Board

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, ELIMINATING REQUIREMENT THAT INSURED INSTITUTIONS OBTAIN APPROVAL OF THE CORPORATION AS TO THE ACQUISITION OF BULK ASSETS THROUGH THE USE OF BORROWED MONEYS: Adopted November 15, 1939; effective November 16, 1939.

The Board of Trustees of the Federal Savings and Loan Insurance Corporation amended Section 301.17 of the Rules and Regulations for Insurance of Accounts by striking "and/or its creditor obligations" from the first sentence.

Directory of Member, Federal, and Insured Institutions

Added during October–November

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

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

DISTRICT NO. 2

NEW JERSEY:
South Orange:
South Mountain Building & Loan Association, 11 South Orange Avenue.

DISTRICT NO. 5

KENTUCKY:
Lebanon:
Marion County Savings & Building Association, Citizens National Bank Building.

DISTRICT NO. 7

ILLINOIS:
Wood River:
Standard Building & Loan Association.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN OCTOBER 16 AND NOVEMBER 15, 1939

CALIFORNIA:
Modesto:
El Portal Building-Loan Association, 927 Eleventh Street (merger with, and transfer of 30 shares of Bank stock to, Turlock Guarantee Building-Loan Association, Turlock, California).

MARYLAND:
Baltimore:
Venable Building & Savings Association, Incorporated, 3409 Greenmount Avenue (removal from membership).

MISSOURI:
Kansas City:
Gateway Savings & Loan Association, 1822 Main Street (voluntary withdrawal).

NEBRASKA:
Wymore:
Wymore Building & Loan Association, 113 West F Street (voluntary withdrawal).

(Continued on p. 104)

MIGRATION: "If urban growth depended entirely upon natural increase, it would shortly cease. It is estimated that without the aid of migration the urban population in 1960 would be about the same size as in 1930. It seems clear, therefore, that the future expansion of cities must be based largely upon the extent of rural-urban migration."

Rural Migration in the United States, Works Progress Administration.

FORECAST: "Judging from the available information, I believe we may count on a total construction volume next year approximately equal to that of 1939. It seems to me the odds are considerably in favor of moderately increased private construction. Private residential building should equal or possibly better this year's record."

Thomas S. Holden, *Real Estate Record*, Nov. 4, 1939.

NEUTRALITY: "If we can make any one clear deduction from the experience of the past, in my opinion it is this: That as long as we remain a neutral nation, real estate activity will probably at least remain on an even keel, and in some localities where activities related to war commerce center, it may increase substantially. . . . "

Holman D. Pettibone, *Freehold*, Nov. 1, 1939.

AMORTIZATION: " . . . is probably the most important single loss-control factor affecting safe loan performance. It is loan insurance without a premium. . . . Skillful loan servicing, therefore, is just as important to amortization as amortization is to safe lending. Neither is complete without the other."

Fritz T. Lehman, *Fifth District Quarterly*, Federal Home Loan Bank of Cincinnati, October 1939.

OFFICE QUARTERS: "Today the investing public is . . . susceptible to impressions. . . . He (an investor) may be so discouraged from physical appearances of the office, he may not go further and check up on the financial condition of the institution and the type of men operating it, which of course he should do . . . . There is no better time than right now to formulate plans for a creditable place of business."

Bankchat, Federal Home Loan Bank of Winston-Salem, Oct. 16, 1939.

1940 housing census . . . . .

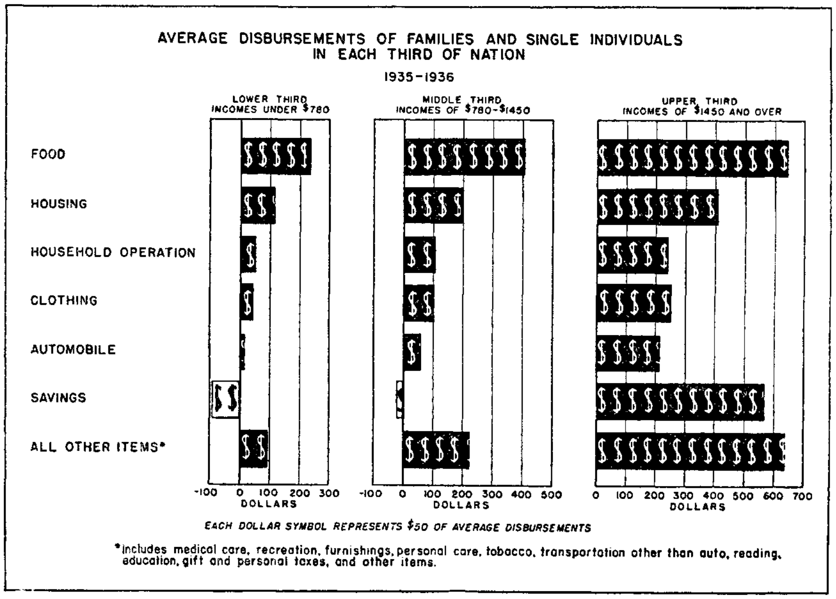
"Basic facts will be provided as to the adequacy or inadequacy of housing facilities, thus indicating areas in which private and public construction is most needed. The age and condition of structures will be included; also major repairs needed and the presence or absence of modern facilities. The direct and indirect business benefits of such information are immediately manifest . . . . Data will be available on the extent to which homes are mortgaged, the amount of mortgage indebtedness, interest charges, and arrangements for amortization. The usefulness of data of this type, supplemented by rental value and income statistics, is self-evident."

Vergil D. Reed, *Domestic Commerce*, Oct. 20, 1939.

Savings and spending . . . . .

Of the estimated $59.3 billion total volume of income flowing into the hands of the Nation's families and individual consumers during 1935–1936, $6 billion or 10 percent was saved. Gifts and taxes accounted for $3.1 billion. The remaining $50.2 billion, or about 85 percent, was used for current living expenses.

"Food claimed by far the largest share of the outlay . . . $17 billion, or 29 percent of the total income. Housing came second . . . taking $9.5 billion, or 16 percent. . . . When we add the $1.4 billion expenditure for furnishings to the outlays for housing and for household operation, we find that the total share of shelter in the Nation's consumption pattern came to a little over $16 billion—almost as much as the amount devoted to food."



This chart shows that the average income of two-thirds of the Nation's consumer units was not sufficient to cover outlays for current consumption, gifts, and taxes. Those in the upper third were able, on the average, to save 19 percent of their income.

Consumer Expenditures in the United States, National Resources Committee.

192783—39——3

PRINCIPAL FEDERAL AGENCIES

Issued by the Office of Government Reports from data clarify the differences in authorization and functioning

AGENCY	FUNCTIONS	LIMITATIONS	APPLICATIONS—AUTHORITY
UNDER DEPT. OF AGRICULTURE FARM CREDIT ADMINISTRATION F. C. A.	Provides a cooperative credit system for agriculture, and incidentally makes loans available for the construction and improvement of farm houses. Within the system are: (1) the Federal Land Banks, which make long-term farm-mortgage loans; (2) Production Credit Associations, which, by discounting loans with or borrowing from the Federal Intermediate Credit Banks, provide short-term credit; and (3) Banks for Cooperatives, which make loans to farmers' business cooperatives. Makes Land Bank Commissioner loans to a higher percentage of the value of farm property than Land Bank loans. Commissioner loans constitute emergency activity to be discontinued in 1940.	*Does not:* (1) Build houses, lend to anyone not engaged in agriculture. (2) Make Land Bank loans for more than 50 percent of value of land plus 20 percent of value of improvement acceptable as security. (3) Make Land Bank Commissioner loans for more than 75 percent of appraised value of property, nor more than $7,500 to one farmer.	*Applications:* (1) For Land Bank and Land Bank Commissioner loans, to Land Banks, or through a National Farm Loan Association; (2) For Production Credit loans, to Production Credit Associations. *Authority:* Federal Farm Loan Act of 1916 and Amendments; Executive Order 6084; Farm Credit Act of 1933, 1935, and 1937.
FARM SECURITY ADMINISTRATION F. S. A.	Makes loans to competent farm tenants, sharecroppers, and farm laborers, if citizens of the United States, to enable them to become farm owners, as authorized under the Bankhead-Jones Farm Tenant Act; makes rehabilitation loans and provides supervised credit to low-income farmers, on or near relief, for the purchase of farm supplies, equipment, and livestock, makes grants for bare subsistence in cases of extreme distress in farm areas devastated by drought, flood, and similar catastrophes; completes and operates about 140 rural community projects begun by Resettlement Administration and other prior agencies.	*Does not:* (1) Make loans to other than farm tenants, farm laborers, sharecroppers, or others who obtain or who recently obtained the major portion of their income from farming operations. (2) Make loans for rural rehabilitation to anyone who can obtain reasonable credit from any other source. (3) Insure mortgages. (4) Build houses except under the Resettlement and Farm Purchase programs.	*Applications:* May be submitted to local County Rural Rehabilitation Supervisors. *Authority:* Memorandum No. 732, dated September 1, 1937, of the Secretary of Agriculture; Bankhead-Jones Farm Tenant Act. *Note:* Administrative responsibility for the Resettlement Land Utilization program has been transferred to (a) Soil Conservation Service on all work dealing with projects; and (b) Bureau of Agricultural Economics on all land-use planning activities.
UNDER FEDERAL LOAN AGENCY FEDERAL HOME LOAN BANK BOARD F. H. L. B. B. Administers the Following Three Agencies	Supervises three separate governmental agencies operating in the field of home-mortgage finance. Major function is to encourage and assist private capital in making available on an economical basis an adequate volume of long-term home-mortgage credit, and in providing at the same time means for sound investment of small savings.	*Does not* undertake public housing or slum-clearance projects. Housing activities are designed primarily to facilitate construction, purchase, refinancing, and improvements of nonfarm homes through loans by private thrift and home-lending institutions.	*Authority:* Federal Home Loan Bank Act, 1932, As Amended; Home Owners' Loan Act of 1933, As Amended; National Housing Act, 1934, As Amended. Made part of the Federal Loan Agency created under the President's Reorganization Plan, effective July 1, 1939.
FEDERAL HOME LOAN BANK SYSTEM With 12 Regional Banks ① F. H. L. B. S.	Serves as a credit reserve system through which member home-financing institutions (savings, building and loan associations, cooperative banks, homestead associations, insurance companies, and savings banks) may obtain short- or long-term advances, as needed, on the security of approved home-mortgage collateral. The Federal Home Loan Bank Board charters and supervises privately managed local mutual thrift and home-financing institutions known as *Federal savings and loan associations*, and assists in establishing sound mortgage-lending practices favorable to home ownership. All Federal savings and loan associations are required to be members of the Federal Home Loan Bank System. Grants Federal charters to such State-chartered institutions as apply and qualify for them.	*Does not* make direct loans to individuals. New Federal associations are chartered *only* in communities not adequately served by existing institutions.	*Applications:* (Membership) To Washington or regional Federal Home Loan Bank. *Authority:* Federal Home Loan Bank Act, As Amended. *Applications:* (Charters) To Washington or regional Federal Home Loan Bank. *Authority:* Home Owners' Loan Act of 1933, As Amended.
FEDERAL SAVINGS AND LOAN INSURANCE CORP. ② F. S. L. I. C.	Insures against loss up to $5,000 the accounts of individual investors in all Federal savings and loan associations and State-chartered institutions of the savings and loan type which apply and are approved for insurance.	*Does not* guarantee the liquidity of accounts in insured institutions. Insures up to $5,000 the safety of individual investments in such institutions.	*Applications:* (Insurance) To Washington or regional Federal Home Loan Bank. *Authority:* National Housing Act, As Amended.
HOME OWNERS' LOAN CORPORATION ③ H. O. L. C.	Relieved distress during the emergency by refinancing on long-term basis at moderate interest the home-mortgage indebtedness of individuals faced with loss of their homes through foreclosure or tax sale. Now engaged in servicing its loans and management and sale of its acquired properties.	*Does not* accept further applications for loans. Lending operations ceased altogether on June 12, 1936.	*Applications:* (Loans) No applications accepted after June 27, 1935. *Authority:* Home Owners' Loan Act of 1933, As Amended.

[*Copies of this chart may be obtained from the U. S. Information*

CONCERNED WITH HOUSING

assembled by the Central Housing Committee to

of Federal agencies concerned with housing

AGENCY	FUNCTIONS	LIMITATIONS	APPLICATIONS—AUTHORITY
UNDER FEDERAL LOAN AGENCY (Continued) FEDERAL HOUSING ADMINISTRATION F. H. A.	*Under Title I.* Insures private financial institutions against loss up to 10 percent of their total modernization loans for amounts up to $2,500 for: *Class 1.* Repairs, alterations, or improvement of existing structures. *Class 2.* The erection of a new structure not used for residential purposes. *Class 3.* The erection of a new structure used wholly or in part for residential purposes. *Under Title II.* Insures first-mortgage amortized loans (up to $16,000) made by approved financial institutions on home property that meets FHA standards. Terms up to 20 years and amounts up to 80 percent of the appraised value. On mortgages of $5,400 or less on newly constructed, owner-occupied, single-family homes, terms may be up to 25 years and amounts up to 90 percent of the appraised value. Insures first-mortgage amortized loans made by approved financial institutions (up to $5,000,000) to finance the construction of large-scale housing projects that meet FHA standards. Mortgage not to exceed the estimated cost of physical improvements, or 80 percent of the appraised value, whichever is lower.	*Does not:* (1) lend money; (2) clear slums; or, (3) build houses.	*Applications:* May be submitted to any private financial institutions qualified for insurance by the FHA against loss on modernization loans or approved by the FHA for making mortgage loans. *Authority:* National Housing Act of 1934 and Amendments of 1935, 1936, 1938, and 1939. Made part of the Federal Loan Agency under the President's Reorganization Plan, effective July 1, 1939.
FEDERAL NATIONAL MORTGAGE ASSOCIATION F. N. M. A.	Purchases FHA-insured mortgages on new homes and rental housing projects. May finance FHA mortgages on large-scale projects.	*Does not* purchase FHA-insured mortgages on dwellings, construction of which was commenced prior to January 1, 1936.	*Applications:* May be submitted to agent serving territory in which property is located. *Authority:* Established February 10, 1938. Title III, National Housing Act and Amendments. Made part of the Federal Loan Agency under the President's Reorganization Plan, effective July 1, 1939.
THE RFC MORTGAGE COMPANY RFC M. CO.	Refinances existing mortgages and makes loans in connection with new construction where there is economic need to aid in establishment of a normal market for sound mortgages on urban income-producing property; purchases at par mortgages on properties on which dwellings were erected prior to January 1, 1936, and insured under Title II of the National Housing Act. Considers applications for loans to distressed holders of first-mortgage real-estate bonds and certificates.	*Does not:* (1) Refinance or lend on urban income-producing properties when credit is otherwise available from private capital or other Federal agencies; or, (2) refinance or lend on residence buildings with less than five apartments.	*Authority:* Public Act No. 1, 74th Congress, under which the RFC subscribed to $25,000,000 of the capital stock of The RFC Mortgage Company, organized under the laws of Maryland on March 14, 1935. Made part of the Federal Loan Agency under the President's Reorganization Plan, effective July 1, 1939.
UNDER FEDERAL WORKS AGENCY UNITED STATES HOUSING AUTHORITY U. S. H. A.	Provides financial assistance to legally constituted public housing agencies (usually local housing authorities) to assist in development of low-rent housing and slum-clearance projects which local authorities design, build, and operate on a rental basis. Financial assistance provided consists of: (1) repayable loans which may equal 90 percent of total development cost; (2) annual grants-in-aid designed to bring rents within reach of families in the lowest income group now living in slums. Exercises supervision to ensure: (1) that projects will reach low-income families living under substandard conditions; (2) that an equivalent number of substandard dwellings will be demolished; (3) that at least 10 percent of the development cost is raised from sources other than the Government; (4) that the locality matches the annual Federal contribution on the basis of at least one to five; (5) that costs are within statutory limitations of the United States Housing Act; and that all other provisions of the Act are observed.	*Does not:* (1) buy land; (2) construct projects; or, (3) assist private builders.	*Applications:* Must be submitted directly to USHA in Washington. All contracts for loans or grants are subject to approval by the President. *Authority:* The United States Housing Act of 1937, As Amended. (Wagner-Steagall Act.) Made part of the Federal Works Agency, under the President's Reorganization Plan, effective July 1, 1939.

Service, 1405 G Street, Northwest, Washington, D. C.]

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. Industrial production continues spectacular gains in October, but advances less rapidly in November. Orders on hand assure high rate of output for rest of year.

A. Although consumer purchasing advances, production has increased more rapidly than consumption by individuals.

II. Declining rate of foreclosures continues to reflect the general improvement of business conditions.

A. The index of foreclosures in metropolitan communities dropped for the fifth consecutive month to a new post-depression low: 120 percent of the average month of 1926.

III. The seasonally adjusted index of residential construction declined 9 percent from September to October in spite of an increase of more than 2,000 single-family dwellings.

A. The substantial drop in multifamily units provided during the last two months has had a decided influence on this index. August: 12,257; September: 7,469; October: 4,905.

IV. October nonfarm mortgage recordings of $20,000 and under increased 5 percent from September to a total of $333,079,000.

A. Banks and trust companies and "other" mortgagees showed substantial gains over their September recordings.

B. Savings and loan associations held their position as the leading source of home-mortgage funds with 34.6 percent of the total number and 31.6 percent of the dollar volume.

V. Building material prices, after rising sharply during September and October, remained unchanged during early November and declined slightly during the third week.

A. October reports on the index of wholesale building material prices indicated a 2-percent rise from September.

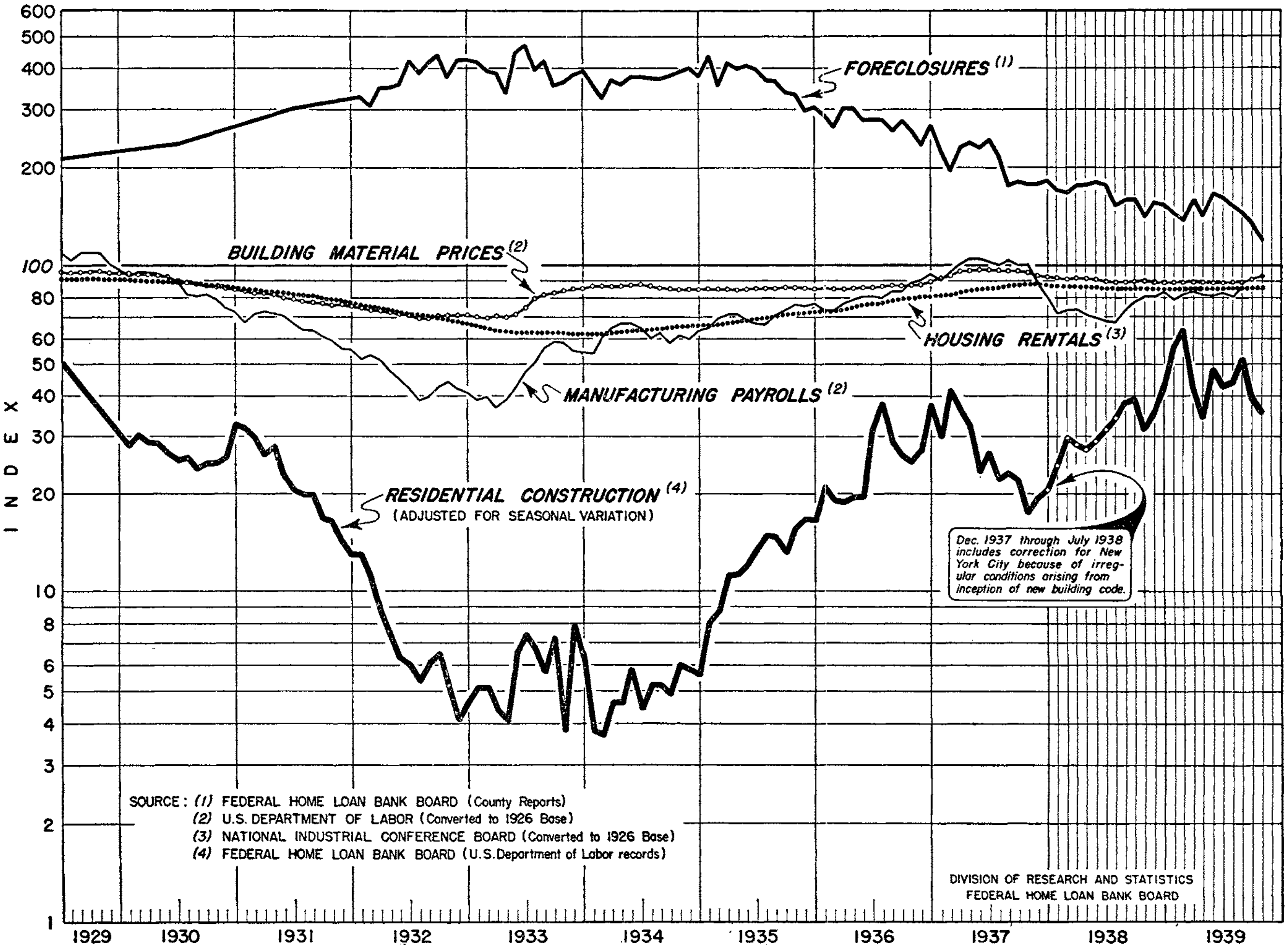
B. Dealers' costs for material used in the construction of the standard house have not as yet reflected the full force of the wholesale price increases.

VI. More than $93,000,000 was loaned by savings and loan associations during October: 4 percent more than in September, and 28 percent more than in October of last year.

A. Reports from a substantial group of insured institutions continue to reveal that demands for mortgage funds are exceeding the flow of new investment. This is reflected in increased F. H. L. B. borrowings.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

IN the face of adverse trends in home-building costs, there was a greater volume of 1- and 2-family structures built in October than in the preceding month. This improvement was more than offset by a sharp curtailment in the construction of multifamily accommodations, which brought the seasonally adjusted index of total residential building down 9 percent from September to a level equal to 36 percent of the 1926 average.

Although relatively constant rental levels which have prevailed during the past two years continued into October, while building costs rose, the principal cause of decreased multifamily construction was the further slackening of U. S. Housing Authority projects.

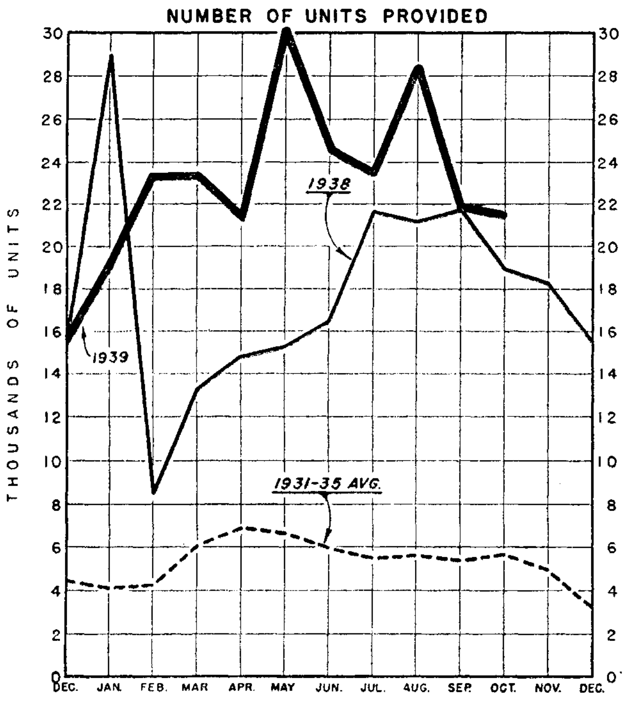
Foreclosures on real estate in metropolitan centers subsided to a new post-depression low level. This series has continued now for five consecutive months to reflect an improved situation, not only for mortgagors who would otherwise lose their homes, but for the real estate market as a whole which is being relieved of some of the stagnation caused by an abnormal supply of repossessed properties facing disposal, often at sacrifice prices.

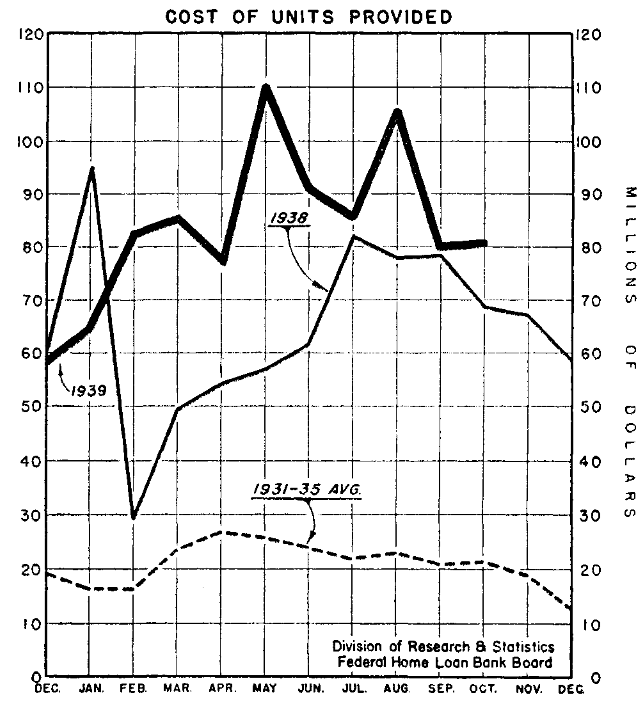
Demand for savings and loan association funds in the form of mortgage loans is now exceeding the supply of new capital, according to reports received from insured institutions. This is a reversal of the situation in the opening months of the year when such associations were receiving funds in quantities greater than those which they were lending. This may represent in part a diversion of private funds from savings and loan associations to more speculative fields due to the current European war. Whatever the cause for this situation, borrowing is being increased in order to provide the necessary funds for lending. Members of the Federal Home Loan Bank System increased their advances outstanding by over $9,000,000 during the two months of September and October.

New mortgage-lending activity of savings and loan associations rose in October after showing a decline during the preceding month. Loans for the purchase of existing homes and for construction ac-

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)





counted for over two-thirds of the total lending volume of savings and loan associations, and were responsible for the bulk of the October rise.

Although savings and loan associations increased their relative share of total home-financing business during the first three quarters of this year, they received a minor setback in October, due principally to accelerated mortgage-recording activity by banks and trust companies as well as miscellaneous lenders. Recordings of savings and loan associations, while increasing over September, did not equal the spurt registered by these other mortgagees.

[1926=100]

Type of index	Oct. 1939	Sept. 1939	Percent change	Oct. 1938	Percent change
Residential construction [1]	35.5	39.1	−9.2	31.3	+13.4
Foreclosures (metro. cities)	120.0	136.0	−11.8	142.0	−15.5
Rental index (N. I. C. B.)	85.5	85.4	+0.1	85.5	0.0
Building material prices	92.8	90.9	+2.1	89.8	+3.3
Industrial production [1]	111.2	102.9	+8.1	89.0	+24.9
Manufacturing employment	101.6	98.4	+3.3	90.9	+11.8
Manufacturing pay rolls	97.2	89.8	+8.2	80.8	+20.3
Average wage per employee	95.7	91.3	+4.8	88.9	+7.6

[1] Corrected for normal seasonal variation.

General Business Conditions

■ PRODUCTION of manufactured goods climbed to new high levels in October, when the index of industrial production exceeded the 1926 level by 11 percent. Although spectacular gains were not continued, income, production, and employment are expected to have shown further improvement in November. The current level is higher than the average rate of the first half of 1937, a period of the greatest industrial activity since 1929. The seasonally adjusted index of industrial production for November rose to 116 percent of the 1926 average.

Although the flow of new orders has been lower during November, it is generally believed that the volume of business on hand will assure a continuation of the high rate of output for the rest of the year. Production of highly fabricated goods has not yet shown the advance recorded by basic industries, and as a result the aggregate manufacturing index remains below the level of 1937.

Although consumer purchasing has shown material gains during the past two months and general merchandise trade has been restored to 1937 levels if allowance is made for price changes, the *Federal Reserve Bulletin* warns that consumption by individuals has increased much less rapidly than production. Unless increased production can be absorbed more rapidly through outlays for capital goods, through commodity exports and through increased consumption by individuals, "the accumulation of inventories which is now under way is likely to reach substantial proportions."

Encouraging signs include the 14-percent increase in export trade in October, bringing the total volume 18 percent above the same 1938 month. Scandinavian countries received considerably more of our exports than in September, and have doubled the value of goods purchased from us in October of last year. Latin American countries have also contributed heavily to the increased volume of our international trade, probably because of the European blockades which have seriously hampered shipping from that continent.

An indication of increased purchasing power on the part of consumers is the fact that expansions in factory pay rolls paralleled closely the trend in volume of goods produced, both as compared with September 1939 and with October of last year. Average wages per employee increased 5 percent over September, while the number of employees was 3 percent higher. This probably indicates not only increased employment and more liberal wage scales, but steadier work together with some overtime for regular workers. In spite of these gains, the Department of Labor reported that factory employment was almost 10 percent smaller in mid-October than at the 1937 peak.

Commodity Prices

According to the Bureau of Labor Statistics, the sharp rise in wholesale commodity prices has given way to a general leveling movement with minor fluctuations. After remaining unchanged during the first two weeks in November, the price index of all commodities dropped slightly in the third and fourth weeks. Wholesale prices of building materials, which have risen since mid-August, remained unchanged during the first two weeks of November at 93 percent of the 1926 average, and decreased slightly during the third week.

The September rise in the prices of building materials was not as sharp as that of finished products and of raw materials in general. This rise, however, started from a relatively high level, the August figure being 89.6 percent of the 1926 level. Prices for other materials, on the other hand, had been declining for two years and stood at a low level; in August the general price level of raw materials stood at 66.5 percent and finished products at 79.1 percent of 1926. From August 26 through November 25, a 5.6-percent increase occurred in the index of all commodity prices. Finished products rose 3.8 percent, raw materials rose 9.2 percent, and industrial commodities rose 5 percent. The percentage increase in the wholesale price level of building materials was 3.6 percent.

Foreclosures

■ TRENDS in the acquisition of real estate by mortgagees under foreclosure action have shown definite improvement for more than four years, the index having dropped from approximately 400 (or four times the average month of 1926) in early 1935 to 120 in October of this year. This current figure represents the lowest level in this series since 1927 and, if no unusually adverse development occurs in the economic structure, the foreclosure index should continue downward to the 1926 level in the early months of next year.

Normally the seasonal movement between September and October is negligible. Hence, the 12-percent decline in October from the preceding month was particularly favorable. Further, foreclosure cases this October were 15 percent fewer than they were in October 1938.

Real estate foreclosure activity in these metropolitan communities during the first 10 months of this year was 12 percent below that for the same period of 1938.

Of the 83 communities reporting for October, 47 showed decreases and 31 increases, while five indicated no change in foreclosure activity from September.

Residential Construction

[*Tables 1 and 2*]

■ TOTAL number of residential dwelling units was down slightly from September in spite of a 2,000 unit increase in the number of single-family dwellings. This was due to a substantial reduction in the number of multifamily units provided by the U. S. Housing Authority as well as by private funds. Since there has usually been a rise in total residential building from September to October, an adjustment for the normal seasonal change resulted in a decrease of 9 percent in the final construction index.

October residential construction in communities of 10,000 population or over was 13 percent higher than in the same 1938 month, while cumulative totals for the first 10 months of this year indicate an increment of somewhat less than 40 percent over the same period of last year, even after allowance has been made for the inflation of building permit data in New York City in 1938.

The consensus of estimates made at the close of last year by leading analysts indicated an anticipated revival of from 40 to 60 percent for the year 1939 as compared with 1938. Hence, with the margin of improvement over corresponding periods of last year narrowing as this year approaches its closing months, it is probable that earlier estimates for 1939 as a whole will prove somewhat optimistic when complete statistics have been compiled.

Abated residential-building activity from September to October was caused by declines in the Boston, Winston-Salem, and Chicago Federal Home Loan Bank Districts, with each of the remaining nine regions showing rises or relatively little change during the month of October. New York was the only District to recede in October from the same period of 1938.

New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

■ A RISE of 4 percent from September was reported in new mortgage lending for all savings and loan institutions, bringing the October total to $93,300,000. This acceleration in activity compares favorably with the rise of only 2 percent during the September-to-October period of last year.

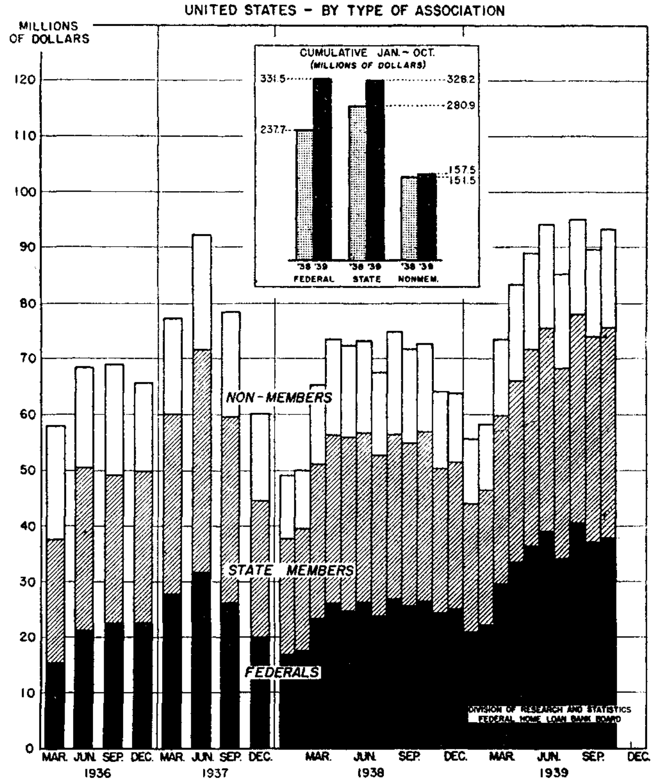
Refinancing loans comprised the only group to decline from September, as may be seen in the following table. Home-purchase loans led in the October

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Oct. 1939	Sept. 1939	Percent change	Oct. 1938	Percent change
Construction	$29, 255	$27, 854	+5. 0	$22, 099	+32. 4
Home purchase	33, 383	31, 367	+6. 4	24, 677	+35. 3
Refinancing	15, 835	16, 021	−1. 2	12, 913	+22. 6
Reconditioning	5, 784	5, 544	+4. 3	5, 727	+1. 0
Other purposes	9, 040	8, 946	+1. 1	7, 515	+20. 3
Total	93, 297	89, 732	+4. 0	72, 931	+27. 9

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



improvement in both dollar amount and percentage rises. Increased activity was shown in each of the loan classifications by purpose as compared with October of last year. Total loan volume in October 1939 was 28 percent above the same 1938 month.

Nonmember savings and loan institutions were responsible for the greater part of the estimated increase in October lending over the previous month, although Federals showed the greatest increase over October 1938.

Five Midwestern and Southwestern Federal Home Loan Bank Districts decreased from September contrary to the general rise, while only one (Los Angeles) had less activity this October than in the corresponding month of last year.

Small-House Building Costs

[*Tables 3 and 6*]

■ WHOLESALE building material prices continued at an accelerated pace in October the rise started in the preceding month. As may be seen from Table 6, page 99, lumber prices led the upswing which brought the combined material index to a level 2 percent above last month; while paint and paint materials, and lumber contributed the most drastic wholesale price increases from October 1938.

Dealers' costs for material used in building a standard 6-room frame house have not as yet reflected the full force of recent wholesale price rises. Supplies used for the standard house have increased slightly more than 1 percent since August according to the combined dealers' index; whereas, the wholesale index rose nearly 4 percent during this period. Experience shows that wholesale price changes usually precede variations in amounts charged by dealers.

Rates paid for labor in constructing the standard house receded slightly in October, continuing the gradual downward movement which started last spring.

Increases from slightly over $100 to nearly $400 in the total cost of building the standard house were reported by nine of the 25 cities which submitted estimates in August and again in November. Only two of this group of communities had declines of more than $100. Each of the seven reporting cities located in the Cincinnati Federal Home Loan Bank District showed increases in total cost during the past three months, with five ranging well above $100. Information about individual cities may be found in Table 3, page 96.

Construction costs for the standard house

[Average month of 1936=100]

Element of cost	Oct. 1939	Sept. 1939	Percent change	Oct. 1938	Percent change
Material	103. 6	102. 9	+0. 7	103. 3	+0. 3
Labor	111. 1	111. 2	−0. 1	112. 1	−0. 9
Total	106. 1	105. 7	+0. 4	106. 2	−0. 1

Mortgage Recordings

[*Tables 13 and 14*]

■ OCTOBER home-mortgage recordings increased 5 percent from September to $333,079,000, with each type of lender except mutual savings banks participating in the rise. The expansion was rather generally distributed with 29 States reporting more recordings than in September.

Among the various mortgagees, banks and trust companies showed the largest increase (13.5 percent) over last month, and raised their portion of the total mortgages recorded of $20,000 or less from 23.5 per-

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from September	Percent of October amount	Cumulative recordings (10 months)	Percent of total recordings
Savings and loan associations	+0.7	31.6	$973,462	31.2
Insurance companies	+1.5	8.6	274,238	8.8
Banks and trust companies	+13.5	25.4	763,024	24.4
Mutual savings banks	−3.7	3.9	112,688	3.6
Individuals	+1.7	16.2	546,492	17.5
Others	+10.0	14.3	454,038	14.5
Total	+5.0	100.0	3,123,942	100.0

cent in September to 25.4 percent this month. These institutions together with the "other" mortgagee classification were the only groups to register a higher percentage of the total volume than in the previous month.

Despite the reduction in their share of October recordings, savings and loan associations recorded $105,229,000, or 31.6 percent of all nonfarm mortgages of $20,000 and under—more than any other type of lender. Since their average mortgage is smaller than that of all other mortgagees except individuals, savings and loan associations accounted for a larger percentage (34.6 percent) of the number of mortgages recorded than of their dollar amount.

From the first summary report based on 337 county records, the coverage of this survey has increased to such an extent that the October report embodies mortgage records from 580 counties possessing 57 percent of the total nonfarm population in the United States.

Federal Home Loan Bank System

[*Table 9*]

■ FOLLOWING the upward trend begun in the preceding month, advances outstanding of the Federal Home Loan Banks again showed an increase during October, reaching the level of the end of the first semiannual period of 1939. Total advances in October in the amount of $9,600,000 and total repayments of $4,600,000 resulted in bringing the balance of advances outstanding at the end of the month up to $168,700,000—a net increase of $5,000,000 over September.

The volume of advances made by the Banks during October, although slightly less than for the preceding month, exceeded that of any prior October, and the volume of repayments received was less than that for any month since November 1937.

Advances outstanding at the end of the first 10 months of 1939 constituted approximately 89 percent of the average of monthly advances outstanding for the year 1938 ($189,700,000), which is approximately three percentage points higher than the figure for September.

Every Bank with the exception of Chicago reported advances in excess of repayments, resulting in increases in their advances outstanding. The largest monetary and percentage increase was again recorded by the New York Bank—$1,600,000 and 9.2 percent, respectively; while the Chicago Bank reported a reduction of $223,698, or 0.9 percent, in its advances outstanding. Only four Banks, however, made greater advances during this month than during the preceding month, while eight Banks received less repayments.

During the month of October, four institutions were added to the membership of the Bank System and eight were eliminated, resulting in a net decrease of four members and a total membership at the end of the month of 3,938.

Federal Savings and Loan System

[*Table 7*]

■ STEADY growth in assets of Federals since the inception of the System brought the total for the United States in excess of one and one-half billion dollars at the end of October. Of this amount over one billion was in institutions previously converted from State to Federal charter.

A number of mergers among Federal associations have taken place during this year, and there has been a slackening in the number of new charters issued. In October three more charters were issued to converted associations; however, two of the previously existing converted associations and one which had been formed by original subscription to shares were merged with other institutions, leaving the total number of Federals unchanged from September 30 to October 31 at 1,394.

Reporting Federal associations indicated that although the number of private shareholders and their total investment continued to grow in October,

(*Continued on p. 103*)

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–October totals		Monthly totals			January–October totals	
	Oct. 1939	Sept. 1939	Oct. 1938	1939	1938	Oct. 1939	Sept. 1939	Oct. 1938	1939	1938
1-family dwellings	15, 478	13, 252	12, 731	137, 267	106, 649	$61, 450. 1	$50, 608. 0	$49, 897. 4	$538, 595. 4	$418, 886. 4
2-family dwellings	980	932	984	9, 636	8, 958	2, 573. 4	2, 389. 5	2, 299. 9	24, 606. 7	23, 151. 7
Joint home and business [2]	85	87	72	686	806	385. 7	479. 8	261. 2	3, 077. 7	2, 832. 9
3-and-more family dwellings	4, 905	7, 469	5, 151	89, 527	64, 417	16, 033. 2	25, 859. 8	16, 236. 2	294, 660. 5	209, 322. 6
Total residential	21, 448	21, 740	18, 938	237, 116	180, 830	80, 442. 4	79, 337. 1	68, 694. 7	860, 940. 3	654, 193. 6

[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 October 1939, by Federal Home Loan Bank District and by State

[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	
	Oct. 1939	Oct. 1938	Oct. 1939	Oct. 1938	Oct. 1939	Oct. 1938	Oct. 1939	Oct. 1938
UNITED STATES	21, 448	18, 938	$80, 442. 4	$68, 694. 7	16, 543	13, 787	$64, 409. 2	$52, 458. 5
No. 1—Boston	1, 027	822	4, 561. 9	3, 466. 5	947	514	4, 265. 0	2, 389. 9
Connecticut	271	455	1, 292. 9	1, 828. 9	258	154	1, 259. 9	766. 9
Maine	38	43	117. 4	181. 3	38	36	117. 4	166. 7
Massachusetts	524	222	2, 385. 6	1, 057. 9	457	222	2, 121. 7	1, 057. 9
New Hampshire	53	31	160. 6	120. 6	53	31	160. 6	120. 6
Rhode Island	123	62	524. 7	241. 9	123	62	524. 7	241. 9
Vermont	18	9	80. 7	35. 9	18	9	80. 7	35. 9
No. 2—New York	4, 025	4, 980	16, 196. 7	17, 929. 9	1, 727	1, 469	7, 790. 7	6, 192. 5
New Jersey	682	313	2, 765. 1	1, 346. 5	383	280	1, 706. 0	1, 278. 8
New York	3, 343	4, 667	13, 431. 6	16, 583. 4	1, 344	1, 189	6, 084. 7	4, 913. 7
No. 3—Pittsburgh	1, 475	774	6, 558. 8	3, 412. 0	1, 209	670	5, 726. 7	3, 166. 4
Delaware	11	20	54. 4	161. 8	11	20	54. 4	161. 8
Pennsylvania	1, 326	651	6, 007. 6	2, 871. 5	1, 072	559	5, 205. 0	2, 661. 9
West Virginia	138	103	496. 8	378. 7	126	91	467. 3	342. 7

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

[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	
	Oct. 1939	Oct. 1938	Oct. 1939	Oct. 1938	Oct. 1939	Oct. 1938	Oct. 1939	Oct. 1938
No. 4—Winston-Salem	3, 093	2, 276	$9, 641. 9	$6, 648. 5	2, 017	1, 854	$6, 572. 4	$5, 728. 1
Alabama	148	147	261. 1	250. 2	148	147	261. 1	250. 2
District of Columbia	826	465	3, 279. 9	1, 497. 1	241	207	1, 351. 2	940. 1
Florida	579	530	2, 106. 4	1, 791. 3	538	491	1, 990. 8	1, 724. 1
Georgia	633	183	1, 368. 2	441. 3	243	183	442. 4	441. 3
Maryland	224	287	697. 1	920. 9	217	271	690. 3	904. 9
North Carolina	308	344	718. 8	767. 1	276	326	681. 2	736. 8
South Carolina	167	102	430. 8	247. 7	155	94	383. 8	231. 7
Virginia	208	218	779. 6	732. 9	199	135	771. 6	499. 0
No. 5—Cincinnati	1, 614	841	6, 721. 0	3, 628. 1	1, 074	773	4, 818. 6	3, 382. 6
Kentucky	534	145	1, 910. 5	362. 6	120	133	347. 4	339. 6
Ohio	926	564	4, 457. 3	2, 918. 6	803	511	4, 120. 7	2, 697. 1
Tennessee	154	132	353. 2	346. 9	151	129	350. 5	345. 9
No. 6—Indianapolis	1, 741	1, 722	7, 739. 9	7, 890. 6	1, 691	1, 578	7, 537. 5	7, 347. 2
Indiana	365	456	1, 368. 8	1, 648. 6	355	312	1, 336. 4	1, 105. 2
Michigan	1, 376	1, 266	6, 371. 1	6, 242. 0	1, 336	1, 266	6, 201. 1	6, 242. 0
No. 7—Chicago	922	716	4, 461. 9	3, 412. 0	874	656	4, 367. 8	3, 269. 3
Illinois	564	450	3, 013. 7	2, 337. 1	547	422	2, 972. 3	2, 235. 1
Wisconsin	358	266	1, 448. 2	1, 074. 9	327	234	1, 395. 5	1, 034. 2
No. 8—Des Moines	913	735	3, 318. 9	2, 642. 0	851	703	3, 193. 6	2, 553. 9
Iowa	293	210	1, 005. 4	744. 6	293	201	1, 005. 4	721. 4
Minnesota	304	225	1, 305. 0	920. 4	299	225	1, 294. 2	920. 4
Missouri	247	231	825. 1	821. 0	205	208	734. 6	756. 1
North Dakota	30	34	89. 9	92. 4	20	34	74. 9	92. 4
South Dakota	39	35	93. 5	63. 6	34	35	84. 5	63. 6
No. 9—Little Rock	1, 935	1, 723	5, 037. 1	4, 606. 1	1, 872	1, 660	4, 910. 1	4, 433. 3
Arkansas	107	92	278. 1	178. 4	104	88	269. 1	176. 4
Louisiana	254	185	627. 1	641. 2	249	177	620. 6	620. 3
Mississippi	181	130	241. 8	263. 7	162	130	222. 8	263. 7
New Mexico	38	19	135. 4	50. 0	38	19	135. 4	50. 0
Texas	1, 355	1, 297	3, 754. 7	3, 472. 8	1, 319	1, 246	3, 662. 2	3, 322. 9
No. 10—Topeka	736	562	2, 430. 5	1, 826. 1	712	555	2, 386. 2	1, 810. 3
Colorado	198	143	732. 6	461. 5	188	143	712. 6	461. 5
Kansas	140	106	401. 5	281. 7	140	106	401. 5	281. 7
Nebraska	120	67	437. 0	242. 8	111	64	415. 0	237. 0
Oklahoma	278	246	859. 4	840. 1	273	242	857. 1	830. 1
No. 11—Portland	757	532	2, 573. 9	1, 744. 2	702	498	2, 440. 6	1, 678. 7
Idaho	49	29	159. 5	102. 3	45	26	149. 5	93. 5
Montana	57	46	173. 1	107. 4	57	42	173. 1	100. 4
Oregon	187	96	637. 7	351. 6	159	83	564. 7	331. 6
Utah	122	76	419. 5	266. 9	122	76	419. 5	266. 9
Washington	323	260	1, 090. 8	803. 0	300	246	1, 040. 5	773. 3
Wyoming	19	25	93. 3	113. 0	19	25	93. 3	113. 0
No. 12—Los Angeles	3, 210	3, 255	11, 199. 9	11, 488. 7	2, 867	2, 857	10, 400. 0	10, 506. 3
Arizona	56	68	191. 4	224. 3	52	68	179. 4	224. 3
California	3, 132	3, 164	10, 875. 0	11, 171. 9	2, 793	2, 766	10, 087. 1	10, 189. 5
Nevada	22	23	133. 5	92. 5	22	23	133. 5	92. 5

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 Nov.	1938 Nov.	1939				1938 Nov.	1937 Nov.	1936 Nov.
			Nov.	Aug.	May	Feb.			
No. 3—Pittsburgh:									
Wilmington, Del	$0.225	$0.246	$5,389	$5,416	$5,593	$5,762	$5,898	$5,811	$5,342
Harrisburg, Pa	.254	.237	6,105	5,724	5,724	5,711	5,681	5,823	5,597
Philadelphia, Pa	.233	.224	5,583	5,485	5,422	5,392	5,379	5,755	5,077
Pittsburgh, Pa	.267	.267	6,398	6,440	6,415	6,458	6,409	6,719	6,104
Charleston, W. Va	.243	.245	5,843	5,813	5,848	5,864	5,886	6,240	5,630
Wheeling, W. Va	.264	.250	6,346	6,314	6,299	6,193	6,005	6,636	5,781
No. 5—Cincinnati:									
Lexington, Ky	.246	.228	5,912	[2] 5,715	5,650	5,671	5,474	5,604	5,236
Louisville, Ky	.225	.218	5,402	5,230	5,250	5,239	5,239	5,384	5,176
Cincinnati, Ohio	.242	.243	5,808	5,744	5,764	5,746	5,839	6,022	5,597
Cleveland, Ohio	.285	.267	6,836	6,492	6,477	6,426	6,416	6,863	6,213
Columbus, Ohio	.241	.239	5,774	5,618	5,645	5,684	5,726	6,097	5,675
Memphis, Tenn	.226	.224	5,415	5,269	5,339	5,451	5,367	5,463	5,051
Nashville, Tenn	.209	.213	5,022	4,956	4,995	5,082	5,116	5,476	5,117
No. 9—Little Rock:									
Little Rock, Ark	.216	.217	5,183	5,225	5,236	5,195	5,199	5,186	5,136
New Orleans, La	.244	.242	5,860	5,641	5,631	5,688	5,802	5,959	5,424
Jackson, Miss	.251	.253	6,015	5,894	5,911	6,017	6,064	5,968	5,452
Albuquerque, N. Mex	.263	.272	6,316	6,398	6,407	6,516	6,539	6,646	6,242
Dallas, Tex	.222	.239	5,335	5,431	5,464	5,628	5,748	6,068	5,634
Houston, Tex	.244	.246	5,866	5,882	5,910	5,903	5,915	6,143	5,744
San Antonio, Tex	.237	.247	5,688	5,867	5,878	5,882	5,929	6,228	5,541
No. 12—Los Angeles:									
Phoenix, Ariz	.259	.269	6,223	6,129	6,043	6,157	6,468	6,741	6,051
Los Angeles, Calif	.221	.228	5,303	5,231	5,287	5,410	5,469	5,926	5,473
San Diego, Calif	.228	.243	5,471	5,605	5,721	5,783	5,822	6,184	5,581
San Francisco, Calif	.263	.265	6,301	6,314	6,352	6,393	6,369	6,375	6,067
Reno, Nev	.279	.274	6,701	6,574	6,563	6,573	6,567	6,666	6,354

[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.

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

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

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

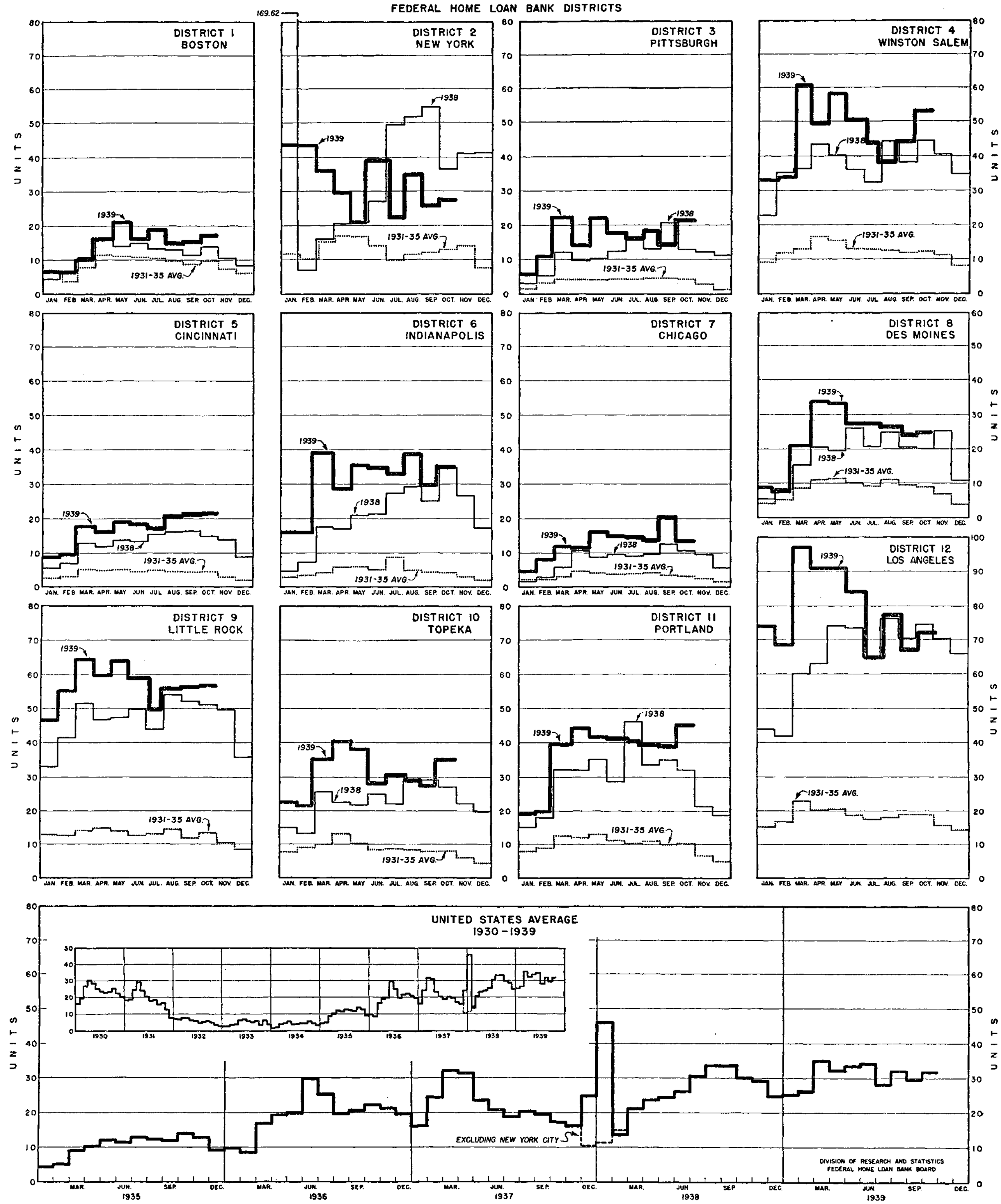


Table 4.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association		New loans: Oct. 1939	New loans: Sept. 1939	Percent change, Sept. 1939 to Oct. 1939	New loans, Oct. 1938	Percent change, Oct. 1938 to Oct. 1939	Cumulative new loans (10 months): 1939	Cumulative new loans (10 months): 1938	Cumulative new loans (10 months): Percent change
United States:	Total	$93, 297	$89, 732	+4. 0	$72, 931	+27. 9	$817, 195	$669, 992	+22. 0
	Federal	37, 854	37, 090	+2. 1	26, 534	+42. 7	331, 499	237, 660	+39. 5
	State member	37, 847	36, 989	+2. 3	30, 546	+23. 9	328, 161	280, 851	+16. 8
	Nonmember	17, 596	15, 653	+12. 4	15, 851	+11. 0	157, 535	151, 481	+4. 0
District No. 1:	Total	9, 496	8, 279	+14. 7	6, 610	+43. 7	73, 864	62, 890	+17. 4
	Federal	2, 882	2, 676	+7. 7	1, 875	+53. 7	22, 934	17, 392	+31. 9
	State member	4, 911	4, 037	+21. 6	3, 237	+51. 7	35, 317	30, 410	+16. 1
	Nonmember	1, 703	1, 566	+8. 7	1, 498	+13. 7	15, 613	15, 088	+3. 5
District No. 2:	Total	9, 400	8, 642	+8. 8	8, 090	+16. 2	79, 979	65, 047	+23. 0
	Federal	3, 628	3, 639	−0. 3	2, 314	+56. 8	31, 286	18, 262	+71. 3
	State member	2, 225	2, 353	−5. 4	1, 776	+25. 3	18, 640	16, 691	+11. 7
	Nonmember	3, 547	2, 650	+33. 8	4, 000	−11. 3	30, 053	30, 094	−0. 1
District No. 3:	Total	7, 551	6, 938	+8. 8	5, 642	+33. 8	66, 803	52, 401	+27. 5
	Federal	2, 599	2, 179	+19. 3	1, 073	+142. 2	18, 422	10, 562	+74. 4
	State member	2, 119	1, 573	+34. 7	1, 425	+48. 7	17, 552	15, 102	+16. 2
	Nonmember	2, 833	3, 186	−11. 1	3, 144	−9. 9	30, 829	26, 737	+15. 3
District No. 4:	Total	14, 766	12, 871	+14. 7	9, 938	+48. 6	113, 287	93, 162	+21. 6
	Federal	6, 159	5, 483	+12. 3	3, 730	+65. 1	46, 763	32, 410	+44. 3
	State member	6, 376	5, 569	+14. 5	4, 816	+32. 4	48, 662	43, 687	+11. 4
	Nonmember	2, 231	1, 819	+22. 6	1, 392	+60. 3	17, 862	17, 065	+4. 7
District No. 5:	Total	14, 980	14, 475	+3. 5	11, 449	+30. 8	129, 157	103, 069	+25. 3
	Federal	5, 835	5, 577	+4. 6	4, 493	+29. 9	51, 975	39, 840	+30. 5
	State member	7, 044	7, 197	−2. 1	5, 336	+32. 0	61, 761	46, 647	+32. 4
	Nonmember	2, 101	1, 701	+23. 5	1, 620	+29. 7	15, 421	16, 582	−7. 0
District No. 6:	Total	4, 663	4, 850	−3. 9	3, 488	+33. 7	39, 711	29, 362	+35. 2
	Federal	2, 165	2, 246	−3. 6	1, 566	+38. 3	18, 435	13, 497	+36. 6
	State member	2, 170	2, 259	−3. 9	1, 579	+37. 4	18, 439	13, 423	+37. 4
	Nonmember	328	345	−4. 9	343	−4. 4	2, 837	2, 442	+16. 2
District No. 7:	Total	8, 886	9, 564	−7. 1	6, 835	+30. 0	82, 048	66, 093	+24. 1
	Federal	3, 132	3, 250	−3. 6	2, 232	+40. 3	28, 158	22, 193	+26. 9
	State member	4, 225	4, 567	−7. 5	3, 283	+28. 7	36, 171	28, 725	+25. 9
	Nonmember	1, 529	1, 747	−12. 5	1, 320	+15. 8	17, 719	15, 175	+16. 8
District No. 8:	Total	5, 601	5, 823	−3. 8	4, 440	+26. 1	50, 741	40, 664	+24. 8
	Federal	2, 676	2, 742	−2. 4	1, 844	+45. 1	23, 988	16, 726	+43. 4
	State member	1, 526	1, 890	−19. 3	1, 549	−1. 5	15, 201	13, 510	+12. 5
	Nonmember	1, 399	1, 191	+17. 5	1, 047	+33. 6	11, 552	10, 428	+10. 8
District No. 9:	Total	4, 745	5, 005	−5. 2	4, 242	+11. 9	48, 442	40, 610	+19. 3
	Federal	1, 798	1, 994	−9. 8	1, 701	+5. 7	19, 550	15, 597	+25. 3
	State member	2, 758	2, 924	−5. 7	2, 403	+14. 8	27, 079	23, 121	+17. 1
	Nonmember	189	87	+117. 2	138	+37. 0	1, 813	1, 892	−4. 2
District No. 10:	Total	4, 116	4, 251	−3. 2	3, 633	+13. 3	39, 646	34, 113	+16. 2
	Federal	1, 960	2, 144	−8. 6	1, 712	+14. 5	19, 496	14, 858	+31. 2
	State member	1, 080	1, 076	+0. 4	953	+13. 3	10, 357	10, 325	+0. 3
	Nonmember	1, 076	1, 031	+4. 4	968	+11. 2	9, 793	8, 930	+9. 7
District No. 11:	Total	3, 286	3, 265	+0. 6	2, 426	+35. 4	29, 077	23, 792	+22. 2
	Federal	1, 908	1, 900	+0. 4	1, 433	+33. 1	17, 353	13, 155	+31. 9
	State member	1, 115	1, 191	−6. 4	785	+42. 0	10, 139	8, 145	+24. 5
	Nonmember	263	174	+51. 1	208	+26. 4	1, 585	2, 492	−36. 4
District No. 12:	Total	5, 807	5, 769	+0. 7	6, 138	−5. 4	64, 440	58, 789	+9. 6
	Federal	3, 112	3, 260	−4. 5	2, 561	+21. 5	33, 139	23, 168	+43. 0
	State member	2, 298	2, 353	−2. 3	3, 404	−32. 5	28, 843	31, 065	−7. 2
	Nonmember	397	156	+154. 5	173	+129. 5	2, 458	4, 556	−46. 0

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: Mortgage loans on homes: Construction	Purpose of loans: Mortgage loans on homes: Home purchase	Purpose of loans: Mortgage loans on homes: Refinancing	Purpose of loans: Mortgage loans on homes: Reconditioning	Purpose of loans: Loans for all other purposes	Total loans	Type of association: Federals	Type of association: State members	Type of association: Nonmembers
1937	$234, 102	$326, 629	$180, 804	$62, 143	$92, 901	$896, 579	$307, 278	$379, 286	$210, 015
January–October	201, 374	283, 765	155, 456	53, 172	78, 213	771, 980	266, 411	327, 651	177, 918
October	19, 255	28, 034	14, 115	5, 444	8, 608	75, 456	24, 539	32, 104	18, 813
1938	220, 458	265, 485	160, 167	58, 623	93, 263	797, 996	286, 899	333, 470	177, 627
January–October	182, 679	223, 454	135, 180	49, 777	78, 902	669, 992	237, 660	280, 851	151, 481
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–October	247, 509	281, 416	151, 579	50, 408	86, 283	817, 195	331, 499	328, 161	157, 535
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
September	27, 854	31, 367	16, 021	5, 544	8, 946	89, 732	37, 090	36, 989	15, 653
October	29, 255	33, 383	15, 835	5, 784	9, 040	93, 297	37, 854	37, 847	17, 596

Table 6.—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: October	95. 4	93. 4	88. 3	97. 3	84. 2	80. 6	114. 9	100. 2
1938: 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
September	90. 9	91. 0	91. 3	93. 7	84. 7	79. 3	107. 3	90. 3
October	92. 8	91. 5	91. 3	98. 0	85. 7	79. 3	107. 3	91. 9
Change:								
Oct. 1939–Sept. 1939	+2. 1%	+0. 5%	0. 0%	+4. 6%	+1. 2%	0. 0%	0. 0%	+1. 8%
Oct. 1939–Oct. 1938	+3. 3%	+0. 4%	+0. 7%	+8. 5%	+5. 7%	+1. 0%	0. 0%	+0. 2%

[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.

Table 7.—Monthly operations of 1,352 identical Federal and 719 identical insured State-chartered savings and loan associations reporting during September and October 1939

[Amounts are shown in thousands of dollars]

Type of operation	1,352 Federals			719 insured State members		
	October	September	Change September to October	October	September	Change September to October
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	1, 350, 776	1, 335, 746	+1. 1	900, 611	896, 252	+0. 5
Paid on private subscriptions	$1, 041, 246. 7	$1, 027, 388. 6	+1. 3	$646, 911. 1	$643, 879. 0	+0. 5
Treasury and H. O. L. C. subscriptions	205, 004. 7	205, 004. 7	0. 0	[1] 41, 354. 4	[1] 41, 304. 4	+0. 1
Total	1, 246, 251. 4	1, 232, 393. 3	+1. 1	688, 265. 5	685, 183. 4	+0. 4
Private share investments during month	27, 734. 9	24, 379. 8	+13. 8	12, 253. 0	11, 371. 5	+7. 8
Repurchases during month	14, 296. 4	17, 032. 8	−16. 1	9, 057. 4	11, 202. 7	−19. 1
Mortgage loans made during month:						
a. New construction	14, 117. 8	14, 219. 3	−0. 7	5, 416. 7	5, 038. 2	+7. 5
b. Purchase of homes	12, 072. 5	11, 376. 1	+6. 1	5, 225. 1	5, 400. 8	−3. 3
c. Refinancing	6, 544. 6	6, 377. 5	+2. 6	2, 716. 5	3, 058. 4	−11. 2
d. Reconditioning	1, 829. 7	1, 980. 2	−7. 6	888. 5	941. 0	−5. 6
e. Other purposes	2, 606. 6	2, 437. 1	+7. 0	1, 626. 3	1, 740. 5	−6. 6
Total	37, 171. 2	36, 390. 2	+2. 1	15, 873. 1	16, 178. 9	−1. 9
Mortgage loans outstanding end of month	1, 208, 476. 4	1, 188, 218. 3	+1. 7	624, 778. 0	619, 205. 1	+0. 9
Borrowed money as of end of month:						
From Federal Home Loan Banks	91, 510. 0	86, 520. 0	+5. 8	34, 713. 5	34, 956. 6	−0. 7
From other sources	3, 732. 1	3, 497. 4	+6. 7	3, 402. 2	3, 053. 9	+11. 4
Total	95, 242. 1	90, 017. 4	+5. 8	38, 115. 7	38, 010. 5	+0. 3
Total assets, end of month	1, 486, 309. 6	1, 465, 540. 0	+1. 4	860, 677. 8	855, 646. 7	+0. 6

[1] Includes only H. O. L. C. subscriptions.

Table 8.—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	Sept. 30, 1939	Oct. 31, 1939	Oct. 31, 1939	Oct. 31, 1939	Oct. 31, 1939
State-chartered associations	136	382	566	737	794	799	966, 900	$918, 877	$687, 901
Converted F. S. and L. A	406	560	672	[3] 723	[4] 751	[5] 755	1, 003, 300	1, 089, 613	801, 799
New F. S. and L. A	572	634	641	637	635	634	370, 000	423, 311	258, 070
Total	1, 114	1, 576	1, 879	2, 097	2, 180	2, 188	2, 340, 200	2, 431, 801	1, 747, 770

[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, 8 Federals with assets of $1,200,000 had been approved for conversion but had not been insured as of Sept. 30.

[5] In addition, 5 Federals with assets of $834,000 had been approved for conversion but had not been insured as of Oct. 31.

Table 9.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Federal Home Loan Bank	October 1939 Advances	October 1939 Repayments	September 1939 Advances	September 1939 Repayments	Advances outstanding at the end of the month
No. 1—Boston	$558	$77	$196	$222	$6,764
No. 2—New York	2,377	770	1,851	616	19,163
No. 3—Pittsburgh	938	568	1,000	496	16,388
No. 4—Winston-Salem	1,873	674	1,646	663	17,255
No. 5—Cincinnati	407	400	543	1,026	17,538
No. 6—Indianapolis	753	120	296	138	9,996
No. 7—Chicago	584	808	1,114	1,258	25,125
No. 8—Des Moines	655	190	1,223	313	16,494
No. 9—Little Rock	298	177	650	214	8,934
No. 10—Topeka	227	183	312	370	10,485
No. 11—Portland	259	208	268	120	5,392
No. 12—Los Angeles	676	463	1,053	499	15,120
Total	9,605	4,638	10,152	5,935	168,654
Jan.–Oct. 1939	70,230	100,418			
October 1938	4,736	5,066			189,220
Jan.–Oct. 1938	61,716	72,590			
October 1937	8,991	4,461			184,041
Jan.–Oct. 1937	98,659	60,019			

Table 10.—Government investments in savings and loan associations [1]

[Amounts are shown in thousands of dollars]

Type of operation	Treasury: Federals [2]	Home Owners' Loan Corporation: Federals	Home Owners' Loan Corporation: State members	Home Owners' Loan Corporation: Total
Oct. 1935–Oct. 1939:				
Applications:				
Number	1,862	4,572	968	5,540
Amount	$50,401	$199,252	$62,282	$261,534
Investments:				
Number	1,831	4,164	738	4,902
Amount	$49,300	$174,660	$45,216	$219,876
Repurchases	$9,621	$5,815	$2,627	$8,442
Net outstanding investments	$39,679	$168,845	$42,589	$211,434
October 1939:				
Applications:				
Number		2	1	3
Amount		$65	$25	$90
Investments:				
Number		0	4	4
Amount		0	$135	$135
Repurchases				

[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 11.—Reconditioning Division—Summary of all reconditioning operations of the H. O. L. C. through Oct. 31, 1939 [1]

Type of operation	June 1, 1934 through Sept. 30, 1939	Oct. 1, 1939 through Oct. 31, 1939	Cumulative through Oct. 31, 1939
Cases received [2]	1,096,835	8,683	1,105,518
Contracts awarded:			
Number	705,518	6,968	712,486
Amount	$141,342,824	$1,693,324	$143,036,148
Cases completed:			
Number	698,960	6,940	705,900
Amount	$138,100,972	$1,858,396	$139,959,368

[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 12.—Properties acquired by H. O. L. C. through foreclosure or 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: Jan. 1 through June 30	19,509
July	2,773
August	2,857
September	2,590
October	2,445
Grand total to Oct. 31, 1939	152,729

[1] Does not include 10,003 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 152,729 completed cases, 845 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 21,061 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Table 13.—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during October 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	42,091	$105,229	5,636	$28,503	25,589	$84,678	3,718	$12,966	29,577	$53,309	15,195	$47,794	121,806	$333,079	$3.61
No. 1--Boston	3,702	11,124	297	1,555	1,010	3,746	1,942	6,478	2,162	4,595	1,057	3,023	10,170	30,521	
Connecticut	261	941	72	462	311	1,442	480	1,772	612	1,657	227	834	1,963	7,108	4.68
Maine	518	1,240	27	134	125	290	190	237	241	325	130	247	1,231	2,473	3.95
Massachusetts	2,466	7,555	170	819	339	1,251	1,009	3,638	970	1,983	558	1,509	5,512	16,755	4.06
New Hampshire	182	511	14	71	46	172	102	297	117	211	42	139	503	1,401	3.48
Rhode Island	220	740	7	32	82	290	110	383	103	192	74	225	596	1,862	2.77
Vermont	55	137	7	37	107	301	51	151	119	227	26	69	365	922	3.74
No. 2--New York	3,400	10,663	430	2,880	2,553	10,877	1,241	4,789	4,059	9,058	1,632	6,356	13,315	44,623	
New Jersey	1,010	3,327	188	1,150	1,235	5,353	87	439	1,303	3,391	665	2,422	4,488	16,082	4.11
New York	2,390	7,336	242	1,730	1,318	5,524	1,154	4,350	2,756	5,667	967	3,934	8,827	28,541	2.40
No. 3--Pittsburgh	2,763	7,292	276	1,470	2,048	6,821	201	752	1,908	3,926	970	3,271	8,166	23,532	
Delaware	67	176	36	196	64	306	30	110	119	227	25	132	341	1,147	5.98
Pennsylvania	2,083	5,592	222	1,200	1,639	5,674	158	637	1,503	3,225	779	2,918	6,384	19,246	2.19
West Virginia	613	1,524	18	74	345	841	13	5	286	474	166	221	1,441	3,139	2.45
No. 4--Winston-Salem	6,696	15,664	901	4,091	2,498	6,553	26	60	4,337	6,794	2,605	6,462	17,063	39,624	
Alabama	231	385	79	296	212	482	------	------	411	411	294	839	1,227	2,413	1.85
District of Columbia	551	2,479	57	339	101	626	------	------	228	599	308	1,291	1,245	5,334	10.97
Florida	781	2,459	256	1,020	376	1,145	------	------	816	1,687	604	1,524	2,833	7,835	6.59
Georgia	929	1,786	222	911	538	1,047	------	------	506	793	170	299	2,365	4,836	3.25
Maryland	1,043	2,491	24	137	287	934	26	60	274	682	179	451	1,833	4,755	3.41
North Carolina	1,635	2,585	94	403	199	359	------	------	634	525	435	801	2,997	4,673	2.98
South Carolina	419	886	58	265	257	359	------	------	552	426	356	503	1,642	2,439	2.97
Virginia	1,107	2,593	111	720	528	1,601	------	------	916	1,671	259	764	2,921	7,339	4.99
No. 5--Cincinnati	6,536	16,801	693	3,728	3,007	9,696	86	286	1,826	3,190	1,742	5,247	13,890	38,948	
Kentucky	1,016	2,195	158	711	493	1,549	------	------	211	259	86	438	1,964	5,152	3.58
Ohio	4,863	13,471	372	2,297	2,012	7,162	36	286	1,334	2,607	816	2,998	9,483	28,821	5.12
Tennessee	657	1,135	163	720	502	985	------	------	281	324	840	1,811	2,443	4,975	3.55
No. 6--Indianapolis	3,307	6,691	617	2,944	3,105	8,778	43	77	1,317	2,368	894	3,211	9,283	24,069	
Indiana	2,225	3,835	284	1,228	942	2,526	43	77	406	671	317	805	4,217	9,142	3.77
Michigan	1,082	2,856	333	1,716	2,163	6,252	------	------	911	1,697	577	2,406	5,066	14,927	3.63
No. 7--Chicago	3,200	8,346	307	1,548	1,499	4,656	9	8	1,731	3,790	1,072	4,516	7,818	22,864	
Illinois	2,124	5,497	186	1,044	813	2,637	------	------	722	1,693	837	3,729	4,682	14,600	2.20
Wisconsin	1,076	2,849	121	504	686	2,019	9	8	1,009	2,097	235	787	3,136	8,264	4.02
No. 8--Des Moines	2,885	6,096	504	2,183	1,719	3,601	45	147	2,421	3,661	1,095	2,774	8,669	18,462	
Iowa	689	1,328	103	416	569	1,225	------	------	442	708	206	558	2,009	4,235	2.84
Minnesota	1,082	2,593	248	1,031	588	1,163	44	142	759	1,246	268	751	2,989	6,931	4.15
Missouri	915	1,846	139	660	435	996	1	5	1,051	1,433	566	1,394	3,107	6,334	2.52
North Dakota	124	231	10	41	80	161	------	------	106	128	31	36	351	597	2.11
South Dakota	75	93	4	35	47	56	------	------	63	146	24	35	213	365	1.21
No. 9--Little Rock	3,222	7,586	742	3,533	970	2,702	------	------	2,389	4,154	1,492	4,125	8,815	22,100	
Arkansas	327	732	34	156	120	230	------	------	217	368	94	157	792	1,643	2.24
Louisiana	1,128	2,967	77	336	208	605	------	------	385	651	287	587	2,085	5,146	4.05
Mississippi	230	483	28	121	124	361	------	------	267	465	104	293	753	1,723	2.66
New Mexico	172	241	------	------	46	106	------	------	249	376	64	44	531	767	2.90
Texas	1,365	3,163	603	2,920	472	1,400	------	------	1,271	2,294	943	3,044	4,654	12,821	3.69
No. 10--Topeka	2,502	4,974	259	1,018	753	1,857	1	2	1,645	2,364	980	2,690	6,140	12,905	
Colorado	377	877	19	81	142	390	------	------	709	1,089	285	907	1,532	3,344	4.44
Kansas	715	1,267	115	360	284	658	1	2	274	328	177	445	1,566	3,060	2.61
Nebraska	555	1,057	74	354	63	172	------	------	185	278	118	303	995	2,164	2.73
Oklahoma	855	1,773	51	223	264	637	------	------	477	669	400	1,035	2,047	4,337	3.16
No. 11-Portland	1,637	3,799	213	801	1,267	3,320	124	367	1,164	1,715	783	2,484	5,188	12,486	
Idaho	88	214	12	35	148	462	------	------	148	199	117	319	513	1,229	4.79
Montana	195	503	15	83	60	253	------	------	117	202	24	107	411	1,148	3.45
Oregon	381	840	80	318	174	415	9	30	384	605	161	565	1,183	2,773	3.80
Utah	140	338	15	50	226	674	------	------	100	124	55	93	536	1,279	3.26
Washington	748	1,630	88	299	633	1,446	115	337	340	451	372	1,231	2,296	5,394	4.29
Wyoming	85	274	3	16	26	70	------	------	75	134	54	169	243	663	4.35
No. 12--Los Angeles	2,241	6,193	397	2,752	5,160	22,071	------	------	4,618	8,294	873	3,635	13,289	42,945	
Arizona	59	154	15	52	87	316	------	------	142	233	44	87	347	848	2.52
California	2,179	6,035	382	2,700	5,039	21,614	------	------	4,431	7,927	826	3,546	12,857	41,822	8.27
Nevada	3	4	------	------	34	141	------	------	45	128	3	2	85	275	3.69

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

Table 14.—Estimated volume of nonfarm mortgages recorded, by type of mortgagee

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations Total	Percent	Insurance companies Total	Percent	Banks and trust companies Total	Percent	Mutual savings banks Total	Percent	Individuals Total	Percent	Other mortgagees Total	Percent	All mortgagees 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
September	41, 946	35. 6	5, 352	4. 5	23, 627	20. 0	3, 924	3. 3	29, 055	24. 7	14, 009	11. 9	117, 913	100. 0
October	42, 091	34. 6	5, 636	4. 6	25, 589	21. 0	3, 718	3. 0	29, 577	24. 3	15, 195	12. 5	121, 806	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
September	104, 548	33. 0	28, 086	8. 9	74, 577	23. 5	13, 470	4. 2	53, 018	16. 7	43, 457	13. 7	317, 156	100. 0
October	105, 229	31. 6	28, 503	8. 6	84, 678	25. 4	12, 966	3. 9	53, 909	16. 2	47, 794	14. 3	333, 079	100. 0

Federal Savings and Loan System

(*Continued from p. 93*)

this growth was exceeded by the increase in mortgage loans outstanding. Borrowings from the respective Federal Home Loan Banks were accelerated by this relatively large increase in the demand for mortgage money.

Progress in number and assets of Federal savings and loan associations

Type of association	Number Oct. 31, 1939	Number Sept. 30, 1939	Approximate assets Oct. 31, 1939	Approximate assets Sept. 30, 1939
New	634	635	$423, 311, 000	$412, 926, 000
Converted	760	759	1, 090, 447, 000	1, 072, 486, 000
Total	1, 394	1, 394	1, 513, 758, 000	1, 485, 412, 000

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ OVER 2,300,000 investors had accounts in insured savings and loan institutions operating under Federal or State charter as of October 31; total savings of these investors amounted to nearly $1,750,000,000, or an average investment of nearly $760. State-chartered insured associations accounted for nearly one million of these investors who held accounts averaging approximately $710.

Advances outstanding from the various Federal Home Loan Banks to insured associations operating under State charter declined fractionally, but this was more than offset by borrowings from other sources according to reports received from 719 institutions of this type (Table 7, page 100). Mortgage loan balances rose by $5,600,000, or nearly double the increase shown for repurchasable capital during October of this year.

Directory

(Continued from p. 84)

NEW JERSEY:
 Haddon Heights:
  Victory Building & Loan Association of Haddon Heights, Station & Atlantic Avenues (merger with Haddon Heights Building & Loan Association under name of "Haddon Heights Victory Building & Loan Association").

NORTH DAKOTA:
 Jamestown:
  Jamestown Building & Loan Association, Citizens National Bank Building (voluntary withdrawal).

OHIO:
 Cincinnati:
  Bremen Street Loan & Building Company, 1633 Vine Street (removal from membership).

PENNSYLVANIA:
 Philadelphia:
  Turners Building Association, 1705 North Broad Street (merger with, and transfer of 15 shares of Bank stock to, Penn Treaty Building Association).

WEST VIRGINIA:
 Martinsburg:
  Martinsburg Building & Loan Association, West King Street (voluntary withdrawal).

WISCONSIN:
 Milwaukee:
  Washington Building & Loan Association, 3614 West North Avenue (voluntary withdrawal).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN OCTOBER 16 AND NOVEMBER 15, 1939

DISTRICT NO. 2

NEW JERSEY:
 Westfield:
  First Federal Savings & Loan Association of Westfield, 112 Elm Street (converted from Mutual Building & Loan Association of Westfield, New Jersey).

DISTRICT NO. 3

PENNSYLVANIA:
 Lansdowne:
  Lansdowne Federal Savings & Loan Association, 32 South Lansdowne Avenue (converted from Lansdowne Building & Loan Association).
 Phoenixville:
  Phoenixville Federal Savings & Loan Association (converted from Oaks Building & Loan Association).

DISTRICT NO. 4

DISTRICT OF COLUMBIA:
 Washington:
  Columbia Federal Savings & Loan Association, 716 Eleventh Street, Northwest (converted from Columbia Building Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN OCTOBER 16 AND NOVEMBER 15, 1939

MARYLAND:
 Baltimore:
  Great Eastern Federal Savings & Loan Association, 741 North Central Avenue (merger with Liberty Federal Savings & Loan Association, Baltimore, Maryland).

VIRGINIA:
 Covington:
  Covington Federal Savings & Loan Association, Main Street (merger with First Federal Savings & Loan Association of Roanoke, Roanoke, Virginia).

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

DISTRICT NO. 2

NEW JERSEY:
 South Orange:
  South Mountain Building & Loan Association, 11 South Orange Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
 Philadelphia:
  Public Ledger Company Building & Loan Association, 600 Chestnut Street.

DISTRICT NO. 5

OHIO:
 Elyria:
  Northern Savings & Loan Company, 206 Masonic Temple Building.

DISTRICT NO. 7

ILLINOIS:
 Collinsville:
  Home Building Association of Collinsville, 123 East Main Street.

DISTRICT NO. 10

COLORADO:
 Greeley:
  Northern Colorado Building & Loan Association, 202 Central Building.

NEBRASKA:
 Lincoln:
  Union Loan & Savings Association, 209 South Thirteenth Street.

What Does the Public Want for a Home?

■ AN analysis of all the new construction loans made by the Bell Savings, Building and Loan Association in the years 1937, 1938, and the first quarter of 1939 reveals some interesting facts about the wants of the home-buying public in Chicago. Originally written as five articles by the real estate editor of the *Chicago Daily News*, they have been reprinted in booklet form by the association.

Average cost of all homes was $7,625, with 77.6 percent ranging between $5,000 and $10,000. Only 8.4 percent were under $5,000. The typical house cost 509 percent of the value of the lot, with figures indicating that the trend is toward larger home sites. The average lot size was 51 feet in frontage.

Nearly half the homes lacked garages. Exactly 50 percent of all the homes analyzed had only two bedrooms, indicating that the spare room is passing from favor among Chicago families, and that they are providing bedroom space only for actual members.

Approximately 59 percent of the new homes were equipped for automatic heating and three-quarters of the houses contained some form of insulation in addition to "structural insulation."

"Pantries are replaced by kitchen cabinets, dining rooms are reduced in size, made a part of the living room or eliminated entirely. Breakfast nooks and built-in bookcases, cabinets, tables, benches, sleeping bunks, and the like are going strong."

The group of families with incomes between $2,500 and $3,600 a year built 61 percent of the homes financed by the Bell Savings. Next came the $3,700 to $6,000 group, which built 16 percent. Those in the $1,900 to $2,400 class built 10 percent of the homes, and families with incomes of $1,800 or less built only 4 percent of the new homes.

Judging from these loans, the family with an income up to $1,800 built a home which on the average had a total value, including land and building, of $5,620. The average loan was $3,025, which meant the ownership of a lot or cash or both amounting to $2,595.

In the income bracket that contained the greatest number of home builders, $2,500 to $3,600, the average value of house and lot was $8,461. The average loan was 68 percent, and this group put up $2,734 in cash and real estate as an equity. Its monthly payment, including principal, interest, taxes, and insurance, is $55.

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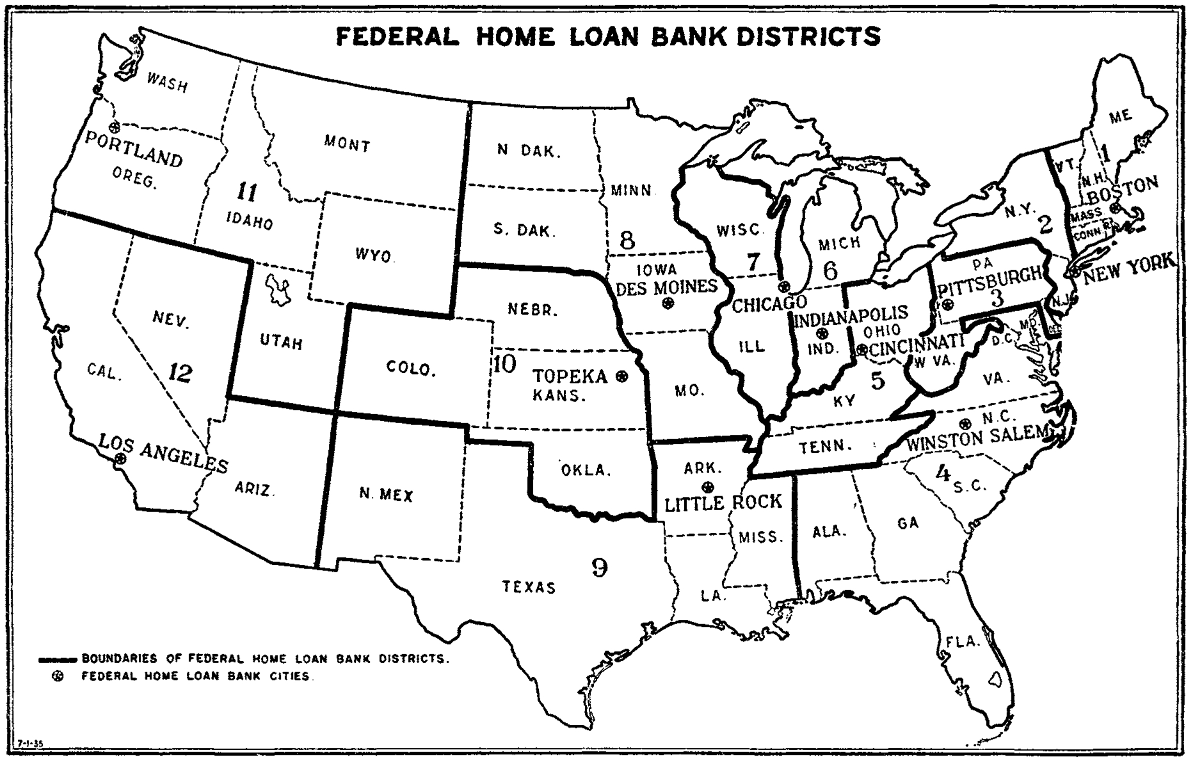

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