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CONTENTS FOR AUGUST 1941

ARTICLES

MONTHLY SURVEY

STATISTICAL TABLES

REPORTS

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FEDERAL SAVINGS AND LOAN ASSOCIATIONS

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HOME OWNERS' LOAN CORPORATION

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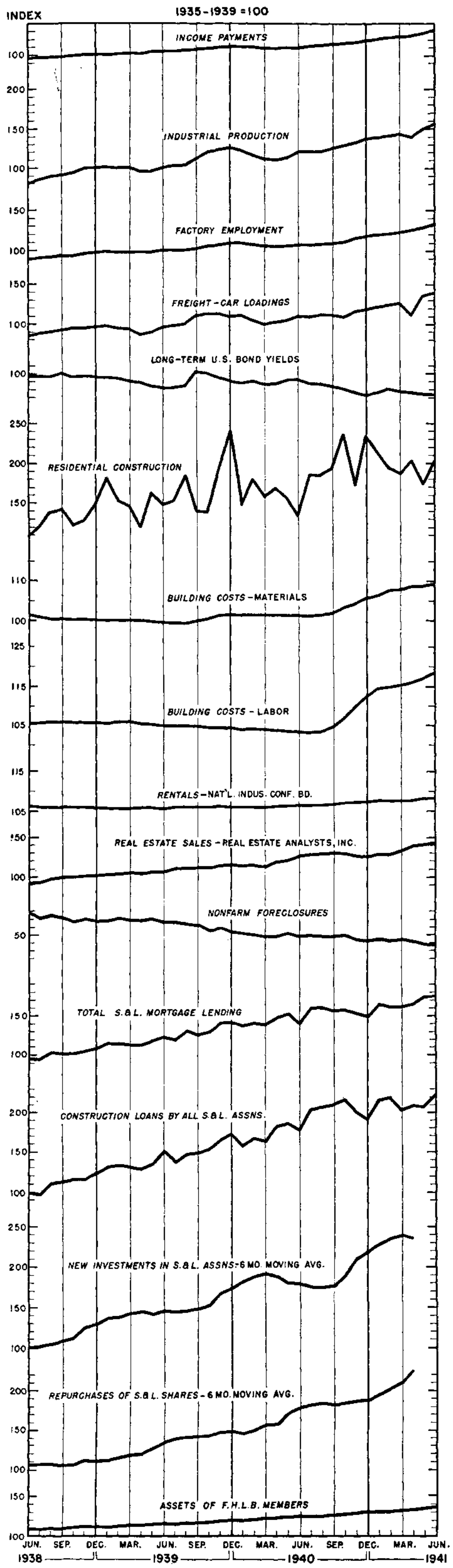
MIDWAY IN 1941



INCOME PAYMENTS: Under the stimulus of defense production and general business recovery, income payments in the United States during the first half of 1941 surpassed even the prosperity levels of 1929. Each month from January through June exceeded the corresponding period of 1940.

INDUSTRIAL PRODUCTION: In contrast to the 3-month decline and 3-month recovery which featured industrial production during the first half of 1940, the trend this year has been steadily upward, except for a small decline during April; and a new all-time high was set in June.

FACTORY EMPLOYMENT: In line with the extremely high rate of industrial production, the number of employed workers is now greater than at any other time in our history. More than 3,000,000 new workers have been added to pay rolls during the past 12 months.

FREIGHT-CAR LOADINGS: The impact of expanding business volume is especially reflected in greater demands on existing transportation facilities. By the end of June, weekly loadings reached a total of 900,000 cars. Fall seasonal peaks will accentuate the transportation problem.

BOND YIELDS: Except for a brief 10-week period of rising yields at the beginning of the year, the return on long-term U. S. Government bonds has remained relatively stable and within striking distance of the record lows established in December 1940.

RESIDENTIAL CONSTRUCTION: A 43-percent increase in public housing projects and a 17-percent gain in private residential construction were registered during the first half of this year over corresponding 1940 totals. Priorities for certain materials add uncertainty to future building prospects.

BUILDING COSTS—MATERIALS: By the end of June, both retail prices (shown on chart) and wholesale quotations were approximately 10 percent above the same 1940 month. Lumber prices have shown the greatest increase but have remained almost unchanged since the beginning of 1941.

BUILDING COSTS—LABOR: Increased demands for virtually all types of labor have brought about substantial increases in the charges for labor used in residential construction. At the half-way mark in 1941, the FHLBB index of labor costs stood 15 percent above the same point in 1940.

RENTALS: Although rental indexes, such as the NICB index included here, do indicate some gains during the past several months, over-all measuring sticks cannot adequately reflect the acute situations which prevail in specific communities vitally affected by the defense program.

REAL-ESTATE SALES: The volume of real-estate sales has mounted steadily throughout the first six months of this year, and reached a new post-depression high level. Activity so far in 1941 exceeded the comparable period for 1940 by more than 15 percent.

FORECLOSURES: With the exception of March, the seasonally adjusted index of foreclosures has registered a lower rate of activity in each successive month so far this year. Cases for the first six months of this year were 25 percent below the number of actions for the same period last year.

MORTGAGE-LENDING ACTIVITY: The seasonally adjusted index of total savings and loan lending activity reached a new peak in June and 6-month totals indicated a 17-percent increase over the first half of 1940: (1941—$653,000,000; 1940—$558,000,000).

CONSTRUCTION LOANS: In the wake of a 22-percent increase in construction loans during the first half of 1941, the ratio of construction loans to total loans increased from 30.9 to 32.2 percent. June loans of $44,200,000 for this purpose were the highest monthly volume in recent years.

SHARE INVESTMENTS: The flow of new investments into insured savings and loan associations has now more than doubled the rate for the base period. The index based on a six months' moving average registered a 25-percent increase from the first quarter of 1940 to the first quarter of this year.

SHARE REPURCHASES: Although the upward movement of the index of repurchases has not been at quite the same pace as the rise in the investment index, comparison of the first quarters of 1940 and 1941 disclosed a 34-percent increase in repurchases during this period.

MEMBER ASSETS: Total assets of all member savings and loan associations were approximately $4,600,000,000 at the end of June. This represented a 4-percent rise over the December year-end figure, and almost a 9-percent gain over the corresponding month of 1940.

WHITHER RESIDENTIAL CONSTRUCTION?

As the 1941 building season is in full swing, the home-construction industry faces new problems raised by the announcement of priority plans for certain building materials and scattered reports of supply difficulties. This is an opportune moment to take stock of the progress made thus far and to evaluate the prospects for the future.

THE "honeymoon months" of the defense boom are about ended, warned the Price Control Administrator, Leon Henderson, in a recent speech in which he discussed the impact of the armament program on the average American home—supply stringencies in the face of growing consumer demand, the danger of drastic price increases, and even the threat of idle men and machines in consumer industries because of shortages in certain materials on which armament producers have first claim.

Several danger signals that sounded during the past few weeks may make the savings and loan executive wonder whether the "honeymoon months" in home construction likewise are about to come to an end. Among these signals was the announcement that priority ratings will be introduced for certain building materials to assist in the concentration of housing on projects essential to the national defense program (July REVIEW, page 325). Reports of construction delays and of withdrawals of building plans on account of difficulties in the delivery of materials have become more numerous. Price increases have introduced a new factor of uncertainty.

Will the building season of 1941 mark a turning point in the residential construction cycle?

PROGRESS TO DATE

Until now the defense program has acted as a stimulus to residential building by virtue of higher consumer incomes and special housing needs in defense localities. Superimposed on a major upswing in residential construction activity, which is now in its seventh year, the defense housing demand pushed the volume of home building to new recovery highs. In the first six months of this year, residential construction in all urban areas was 20 percent above the level of the corresponding period in 1940. Private building was up 17 percent and public projects 43 percent.

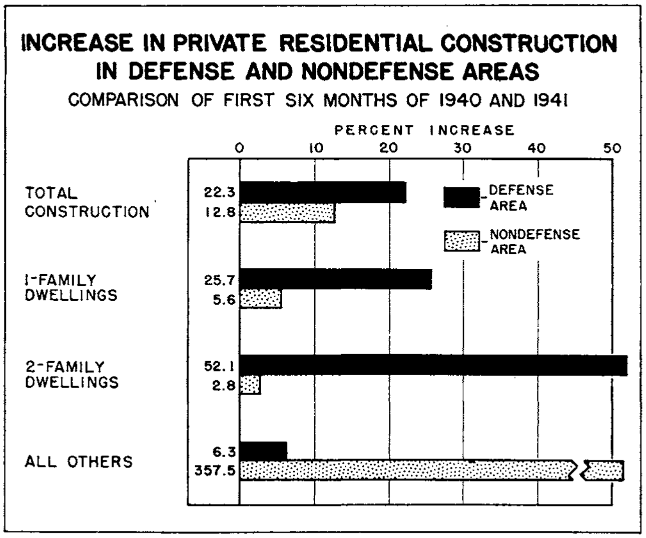
Naturally the additional volume of construction was concentrated in defense areas. This is true not only for publicly financed projects but also for private building, as will be seen in the chart on page 364. In the 6-month comparison of 1941 with 1940, private construction in defense localities,[1] which accounted for over three-quarters of all private residential building in incorporated places, expanded much more rapidly (22 percent) than activity in non-defense areas which showed only a moderate increase of 13 percent. These figures probably minimize the stimulation of home construction by the "defense boom" for they cover only areas within city and town limits while it is a matter of common knowledge that numerous defense housing projects are located outside these areas. It will be some time before more comprehensive current statistics become available.

At its present rate, residential building in 1941 will probably be far in excess of the 1929 rate of construction although considerably below the peak years in the 20's. Current estimates place the total volume of residential construction this year at 625,000 family dwelling units for all nonfarm areas.

Another noteworthy feature of recent residential building activity is revealed by a geographic analysis (see the map on page 365) which indicates unusual regional differences in construction trends. If the first six months of this year are compared with the same period in 1940, *total* residential building, including privately as well as publicly financed structures of all types, scored the highest percentage gains in the Boston, Pittsburgh, and Chicago Federal Home Loan Bank Districts, with increases varying from 83 to 44 percent. In contrast, the Little Rock region registered an actual decline from the 1940 volume of total construction, and the New York area showed no change whatever.

Privately financed construction of 1- and 2-family dwellings showed the greatest improvement (40 per-

[1] "Defense housing areas" include those localities for which public housing funds have either been allocated or where allocation is definitely under consideration as well as those which have been designated for FHA-insured mortgages under the new Title VI of the National Housing Act.



This chart indicates the trends of private residential construction in defense and non-defense areas by comparing data for the first six months of 1941 with those for the same period in 1940. Permits for the building of 1- and 2-family structures in defense localities show a much greater gain over last year than permits taken out in non-defense communities. The opposite trend prevails in privately financed multifamily structures. Total private construction in defense localities increased at a rate almost twice as fast as in the rest of the country. The data underlying the chart are based on reports for incorporated places only.

cent or more) in the Indianapolis, Pittsburgh, and Cincinnati Districts while the Des Moines and Little Rock areas recorded only insignificant changes from last year. These data give at least some indication of the dislocations caused by the defense program.

The Prospects: Demand and Supply

Reviewing the prospects from the point of view of housing demand, all indices point toward further expansion of home-building activity. A rapid increase in the marriage rate, rising employment and incomes, and resumed population movements from farm to city create housing demands of the first order, and for the country as a whole, any possible unfavorable effects of emigration from non-defense areas are more than offset by the concentrated needs in defense localities. The imminent restriction of automobile production and other obstacles to consumer purchases of durable goods in the future may even release a greater purchasing power for residences, directed toward new as well as existing dwellings. In brief, as far as the housing demand is concerned, there is no reason to believe that the upswing in residential construction has run its course.

However, the same defense program that has given a fresh impetus to the building of homes has, at the same time, generated forces which may put a brake on new construction. For one reason, the demand for building materials and building labor has been multiplied by Army and Navy construction and by the great expansion in factory building, but more serious perhaps is the fact that armament needs are in direct competition for some materials used in residential building.

Generally, according to the best estimates available, there is a sufficient supply of the basic structural materials going into the typical 1- or 2-family house. With the exception of special types and grades, no serious stringencies are reported in the delivery of lumber and brick. However, shortages are noted in materials ordinarily used in the standard equipment of a modern home, mainly for heating and plumbing. At the present moment this is true, for instance, for copper, zinc, and galvanized iron and steel.

What Priorities Will Mean

The official announcement on the introduction of priorities for building materials indicated that priority assistance will generally be given *only* in especially designated defense areas and then only for structures the selling price of which does not exceed $6,000 including land (or, in the case of rental projects, for units renting at $50 per month or less). Another requirement is that the accommodations are suitable for defense workers and that builders give reasonable preference in occupancy to them.

The $6,000-limit is an over-all ceiling for the country as a whole although exceptions may be made in the case of defense housing upon the recommendation of the Defense Housing Coordinator. Naturally, the over-all price limit, if rigidly applied, would tend to restrict private construction more seriously in New York, for example, than in South Carolina or California because of regional differences in construction requirements and building costs.

It is difficult to predict the effect of this restriction on the total volume of residential construction, for priority ratings do not preclude the building of higher priced structures if they do not draw on any of the critical materials. It has been roughly estimated that in 1940 about two-fifths of all new single-family dwellings were priced in excess of $6,000. This in itself indicates that a substantial proportion of total new residential construction may be in the "danger zone" as far as the installment of standard equipment produced from war-essential materials is concerned.

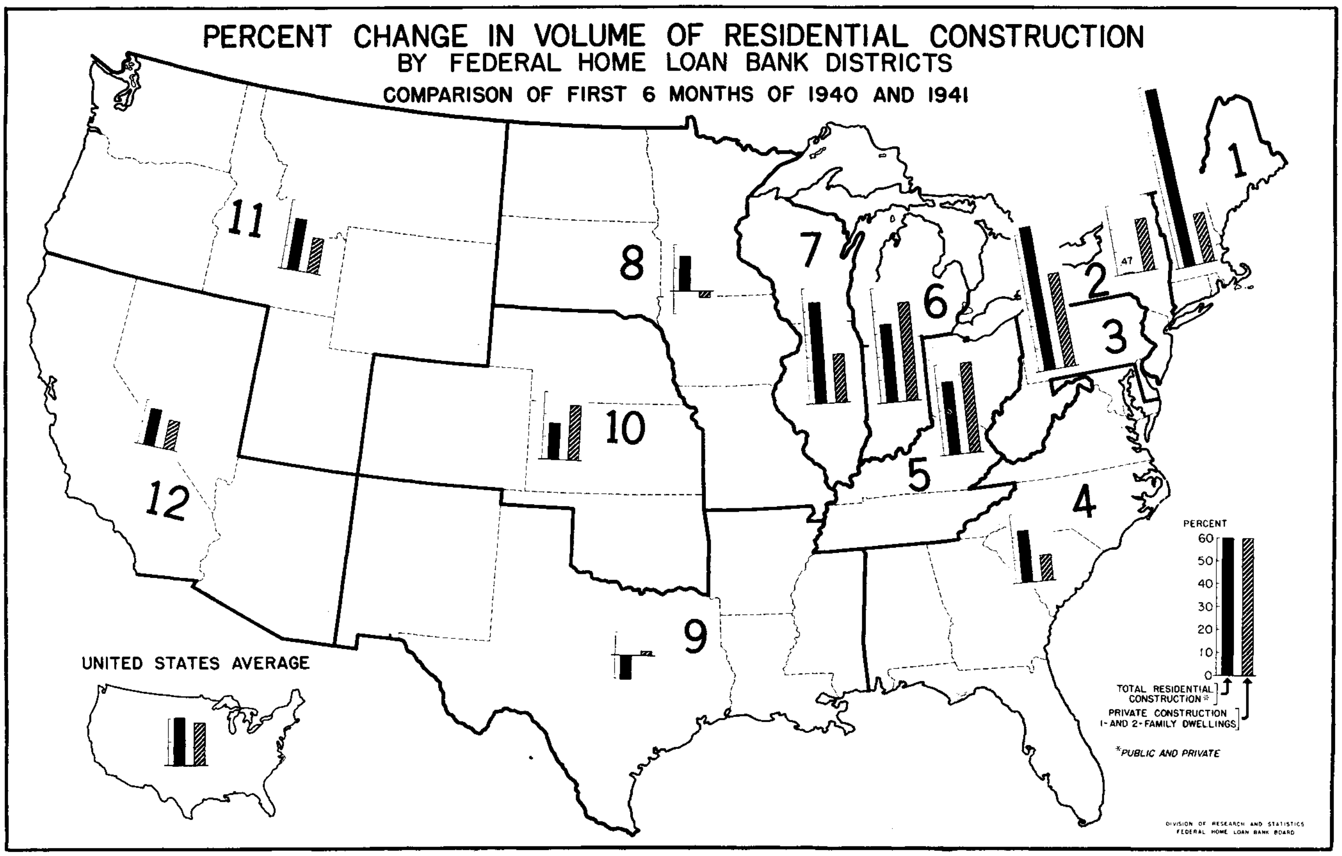
The Job Before the Building Industry

The concensus of analysts is that during the remainder of the year 1941 the favorable effects of the defense program on residential construction will still more than offset the factors which may ultimately work toward a contraction of home-building activity. Beyond that, however, the maintenance of a high volume of home construction will depend on the ability of the building industry to adjust itself rapidly to emergency conditions by the adoption of simple designs, new types of materials and new building methods, and by further concentration on low-priced homes, already in progress during the past few years. The job before all elements of the building industry is stupendous and will require a great deal of planning and cooperation in addition to radical changes in local building codes, labor practices, and construction standards set by home-mortgage lenders. In the end, however, the success of these adjustments will depend upon the consumers' acceptance of new standards which, although forced by the emergency, may in many instances involve no impairment in the usability and habitability of homes.

First of all, the establishment of priorities will eventually result in the elimination—as far as possible—of each of the following basic metals: aluminum, brass, bronze, copper, chromium, zinc, and all types of metal alloys. The use of cork, as an insulating material, will be greatly restricted. In addition, the conservative use of various kinds of plywood, steel, and galvanized and cast iron is earnestly recommended.

Possible Adjustments

Specific examples of adjustments which can be made to effect necessary economies in the use of these strategic materials are numerous. Inasmuch as heating and hot water equipment usually account for a substantial amount of the steel and iron tonnage in a typical dwelling, considerable savings might be obtained through the use of the new type, first-floor, circulating heaters in contrast to cellar furnaces. Properly handled by designing engineers, the use of



The above map illustrates the extraordinary regional variations in construction activity during the first six months of 1940. The bars in each Federal Home Loan Bank District show the percentage change from the same period in 1940. Changes in total construction volume, private and public, ranged from a gain of 83 percent for the Boston area to a decrease of 10 percent for the Little Rock District. Changes in privately financed construction of 1- and 2-family dwellings ranged from a 43-percent increase in the Indianapolis region to a 3-percent drop in the Des Moines District.

this equipment in new home construction should result in important savings of steel, iron pipe, and sheet metals.

Plumbing fixtures and fittings are also among those items which are most directly affected by shortages in basic materials. Copper and brass pipings are under severe pressure; and the substitution of stall showers, where possible, instead of full bathtubs, is suggested as one means of additional savings in equipment tonnage.

The installation of storm-windows and doors instead of the customary weather-stripping would help to stretch the scarce supply of zinc. The use of plastics instead of war-essential metals is recommended for hardware such as door-knobs and drawer pulls.

Not to be overlooked in the adoption of new building materials or new construction methods as substitutes for restricted products and accepted procedures are the limitations imposed by local building codes and customs. Recent studies have revealed that 20 percent of the existing building codes are more than 15 years old. In view of this, large-scale revisions along the lines of the most recent developments in building techniques may be necessary.

For example, the National Bureau of Standards has recently carried out extensive research in the methods and estimated loads in plumbing systems. This resulted in the drafting of a Federal Plumbing Code which established minimum plumbing standards for Federal construction projects. Already there is evidence of substantial savings in both materials and labor in the installation of plumbing facilities under the Federal Code. Additional research in other branches of the construction field, together with the modernization of building regulations to conform with present-day requirements, should produce similar economies in the use of materials needed for defense.

It would be unwise to expect wholesale economies through revisions in building codes or techniques, although definite benefits can be obtained in this manner. A recent publication of the Producers' Council and the American Institute of Architects aptly sums up the ultimate aim in this manner: "No outstanding savings in individual buildings are to be expected, but small savings multiplied many times will quite possibly insure the surplus above defense production requirements necessary to meet the needs of private construction."

Membership of the Federal Savings and Loan Advisory Council

■ THE Federal Home Loan Bank Board recently announced the new membership of the Advisory Council for the fiscal year 1941–1942. This Council, which confers with the Board on problems relative to thrift and home-financing, is composed of one member elected by each of the boards of directors of the Federal Home Loan Banks and of six members appointed by the Bank Board. The Federal Savings and Loan Advisory Council which was created by an amendment to the Federal Home Loan Bank Act usually holds two meetings during the year.

Bank Elections

Boston: Sumner W. Johnson, Cumberland Loan and Building Association, Portland, Maine.

New York: LeGrand W. Pellett, The Building and Loan Association of Newburgh, Newburgh, New York (re-elected).

Pittsburgh: James J. O'Malley, First Federal Savings and Loan Association of Wilkes-Barre, Wilkes-Barre, Pennsylvania (re-elected).

Winston-Salem: George W. West, First Federal Savings and Loan Association of Atlanta, Atlanta, Georgia (re-elected).

Cincinnati: Herman F. Cellarius, U. S. Savings and Loan League, Cincinnati, Ohio (re-elected).

Indianapolis: Fermor S. Cannon, Railroadmen's Federal Savings and Loan Association of Indianapolis, Indianapolis, Indiana (re-elected).

Chicago: William E. Hodnett, Lincoln Savings and Loan Association, Lincoln, Illinois (re-elected).

Des Moines: John F. Scott, Minnesota Federal Savings and Loan Association, St. Paul, Minnesota.

Little Rock: I. Friedlander, Gibraltar Savings and Building Association, Houston, Texas (re-elected).

Topeka: George E. McKinnis, First Federal Savings and Loan Association of Shawnee, Shawnee, Oklahoma (re-elected).

Portland: Ben H. Hazen, Benjamin Franklin Federal Savings and Loan Association of Portland, Portland, Oregon.

Los Angeles: Harold A. Noble, San Joaquin Building and Loan Association, Stockton, California.

Board Appointments

Lucius Root Eastman, Hills Brothers Company, New York, New York.

W. Waverly Taylor (real estate), Washington, D. C.

Richard Priest Deitzman (attorney-at-law), Louisville, Kentucky.

Henry G. Zander, Jr. (real estate), Chicago, Illinois.

Charles B. Robbins (life insurance), Chicago, Illinois.

Ben A. Perham, Perham Fruit Company, Yakima, Washington.

YEAR-END REPORTS PROVIDE NEW DATA ON ASSOCIATION OPERATIONS

A more complete coverage of member associations, together with the classification of reports by size groups, presents a new opportunity to study the operating characteristics of savings and loan associations. This information, and the combined balance sheet material published in July, yield basic data for the use of association officers and directors.

HOW do our operating expenses compare with those of other associations of similar size? Do larger associations have definite operating advantages simply as a result of their size?

Managers of savings and loan associations have asked themselves these questions or tried to answer them for their boards of directors, on innumerable occasions. The difficulty has been to secure sufficient information for a representative group of institutions which were approximately the same size. This year, for the first time, data of this type are available through a special analysis of the regular annual statements of income and expense submitted by savings and loan members of the Federal Home Loan Bank System at the close of the past year.

Operating statements for more than 3,500 member associations have been combined by the Division of Research and Statistics and the individual Federal Home Loan Banks into nine asset size classifications ranging from those institutions with resources of less than $50,000 to those with assets exceeding $10,000,000. The results presented later in this article should prove a useful contribution to the rapidly growing fund of knowledge concerning savings and loan operations.

The Over-all Picture During 1940

Changes in the amount and character of an association's assets and liabilities are mirrored by concomitant fluctuations in the pattern of its income and expenses. It is only logical, therefore, that the analysis of operating ratios presented in this article should be predicated largely upon the observations made in the July issue of the Review when the discussion centered on significant changes in the combined balance sheet of all member associations in the Bank System.

As might have been expected from the substantial rise in the mortgage investments of member associations during 1940, interest income from these loans accounted for an even greater share of association incomes in this period. Almost 87 cents out of every dollar of operating income was traceable to this source—an increase of 1 cent over the proportion for 1939.

Reflecting the larger dollar volume of real estate sold on contract at the end of the past year, interest income from this account was also somewhat higher during 1940 and contributed a little more than 4 cents to the make-up of the total income dollar.

The $77,000,000-decline in real-estate holdings of member associations in the past 12 months brought about a corresponding decline in the proportion of aggregate income received from these properties. Net receipts from the management of institutionally owned real estate now account for less than 3 cents out of every dollar of total income. In contrast to the reduction in this ratio, income from premiums, fees, and commissions displayed a small increase in line with the larger lending volume; but it still only accounted for approximately 3 cents of those remaining in our hypothetical dollar. The "all other operating income" classification (including such items as dividends on FHLB stock and income from office buildings) registered a small decrease and dropped from 4 cents to 3 cents in relation to the total gross operating income.

Variations by type of association from 1939 to 1940 were relatively small. Among Federals, the share of income from mortgage interest and from premiums, fees, and commissions increased; while that from the other accounts presented in Table 1 showed declines. Insured State-chartered associations registered a greater proportion of their income from interest on mortgage loans and also from real estate sold on contract. Smaller ratios were shown for each of the other classifications, and the drop in income from real estate owned was almost one and one-half percentage points. Uninsured State-chartered members had higher income ratios for real estate sold on contract, for their real estate owned, and for premiums, fees, and commissions.

What Became of the Income?

The ratio of operating expenses to operating income, which was virtually unchanged from 1938 to 1939, indicated a slight upward movement during the year ending December 31, 1940. This was accounted for by the rise in "other operating expenses," as the ratios for compensation, maintenance of office quarters, and advertising remained almost constant.

Of the total income received by associations in 1940, approximately 26 percent was used for the ordinary expenses involved in running a business: 12½ percent for the compensation of personnel; 2½ for maintenance of office quarters; 2 percent for advertising; and the remaining 9 percent for "other operating expenses." These include the depreciation of buildings and equipment, payment of insurance and bond premiums, examination fees, stationery, printing, postage, and communication charges.

Total operating expenses of Federal associations were somewhat lower in relation to total income during 1940 than they were in the previous year, while those for insured and uninsured State-chartered members were slightly higher.

Turning next to income and expense items of a non-recurring nature, we find that the net result of

Table 1.—Selected operating ratios for reporting savings and loan members of the Federal Home Loan Bank System

[Calendar years 1939 and 1940]

Item	All associations		Federals		Insured State-chartered		Uninsured State-chartered	
	1940	1939	1940	1939	1940	1939	1940	1939
Number of associations	3, 508	3, 110	1, 428	1, 384	772	642	1, 308	1, 084
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Interest income:								
On mortgage loans	86. 75	86. 22	88. 38	87. 26	84. 88	83. 20	85. 96	86. 97
On real estate sold on contract	4. 05	3. 79	3. 66	3. 81	5. 39	5. 29	3. 59	2. 76
Net income on real estate owned	2. 44	3. 00	1. 40	1. 99	3. 03	4. 41	3. 43	3. 29
Premiums, fees, commissions, etc	3. 45	3. 23	4. 15	4. 06	2. 85	2. 92	2. 93	2. 42
All other operating income	3. 31	3. 76	2. 41	2. 88	3. 85	4. 18	4. 09	4. 56
Total gross operating income	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00
Compensation	12. 60	12. 61	13. 00	13. 29	13. 69	13. 84	11. 16	10. 97
Maintenance of office quarters	2. 49	2. 49	2. 63	2. 80	2. 71	2. 57	2. 15	2. 06
Advertising	2. 12	2. 12	2. 92	3. 01	2. 15	2. 11	1. 03	1. 00
All other operating expense	8. 97	8. 71	9. 45	9. 32	11. 07	10. 85	6. 79	6. 47
Total operating expense	26. 18	25. 93	28. 17	28. 42	29. 62	29. 37	21. 13	20. 50
Total non-operating income	2. 34	2. 59	1. 98	2. 40	3. 08	3. 65	2. 29	2. 13
Total non-operating charges	2. 54	2. 46	2. 05	2. 28	3. 44	2. 61	2. 53	2. 59
Total expense for the year	26. 38	25. 80	28. 17	28. 30	29. 98	28. 33	21. 37	20. 96
Net income (before interest charges)	73. 62	74. 20	71. 83	71. 70	70. 02	71. 67.	78. 63	79. 04
	Distribution of net income							
Interest on FHLB advances and other borrowed money	3. 04	3. 61	4. 09	4. 92	3. 08	3. 64	1. 73	2. 12
Dividends (including interest on deposits and investment certificates)	72. 86	74. 48	69. 80	72. 43	75. 08	74. 63	75. 13	76. 71
Transfers to reserves	14. 09	13. 98	14. 46	13. 80	14. 90	14. 02	13. 12	14. 17
Balance to undivided profits	10. 01	7. 93	11. 65	8. 85	6. 94	7. 71	10. 02	7. 00
Net income (before interest charges)	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00

these operations during 1940 was just the opposite to that in the previous year. The total charges involved exceeded the income resulting from them. The fact that this was true for each of the three classes of associations may probably be explained by the continued high rate of disposition of their institutionally owned real estate.

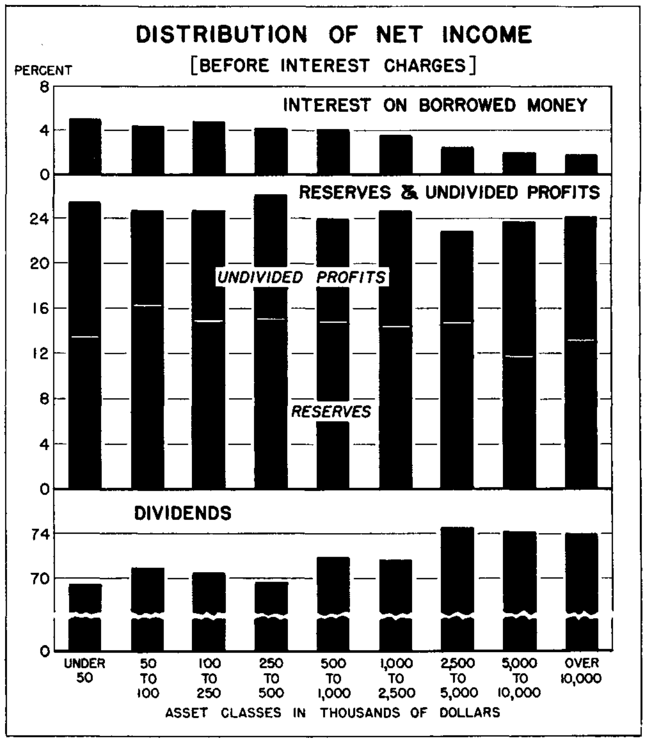
To determine the total expense for the year, expressed as a percentage of gross operating income, it is necessary to add the excess of non-operating charges over non-operating income (0.20 percent) to the total operating expense for the year (26.18 percent)—or a total of 26.38 percent. Subtracting this amount from the gross operating income (100.00 percent), the *net* income before interest charges is equal to 73.62 percent—slightly lower than the 74.20 ratio for the year 1939.

Disposition of Net Income by Member Associations

Analysis of the distribution of the net income is shown in the lower section of Table 1, and from a comparison with 1939 figures it is evident that in the past year member associations were increasing their emphasis on the accumulation of an adequate safety margin of reserves and undivided profits. The proportion of net income used for dividend payments continued to decline as more and more associations reduced their dividend rates in line with present-day trends in the money markets.

In 1940, dividend payments (including interest on deposit and investment certificates) absorbed 73 percent of the associations' combined net income. This compares with 75 percent in the previous year and 77 percent in 1938. Payments of interest on borrowed money—90 percent of which is in the form of advances from the 12 Federal Home Loan Banks—also continued to decline in relation to the total net income. These accounted for 3 percent of net income in 1940, as against 3.6 percent in the preceding year and 4.7 percent in 1938.

As mentioned above, accumulations for reserve and undivided profit accounts showed the opposite trend. Almost one-fourth (24.1 percent) of the income remaining after payment of expenses for the past year has been held in these accounts. The more general adoption of this policy by association management is indicated by the fact that in 1938 the ratios of net income set aside in reserves and undivided profits was only 18.7 percent, and in 1939, it had reached 21.9 percent.



The distribution of income remaining after the payment of all operating and non-operating expenses is indicated in the chart above for each of the nine asset size-groups: the total of the three sections equaling 100 percent.

From this graphic presentation, three observations may be made: (1) payment of interest charges becomes less important as associations increase in size; (2) variations in the amounts set aside in undivided profits or reserve accounts are slight; (3) the proportion of net income going into dividend payments tends to be greater among the larger institutions.

The Effect of Size on Association Operations

To find specific answers to the questions which were posed at the beginning of this article, let us turn to the second part of the annual report on the operations of member associations during 1940: that part which groups the 3,508 member statements on the basis of nine asset-size classifications.

Heretofore, basic data on the effect of size on association operations have been relatively scarce. Some information has been available during the past two years for Federal associations;[1] but in the light of the material produced by this new study, it now appears that the varying conditions under which new, merged, and converted Federal associations operate definitely limit the drawing of general conclusions from their statistics. Representation in the sample of current reports ranges from 88 to 100 percent of all the member associations in each size group, and consequently the results may be considered more indicative of the industry as a whole.

[1] See Federal Home Loan Bank Review, August 1940, p. 363; and November 1939, p. 37.

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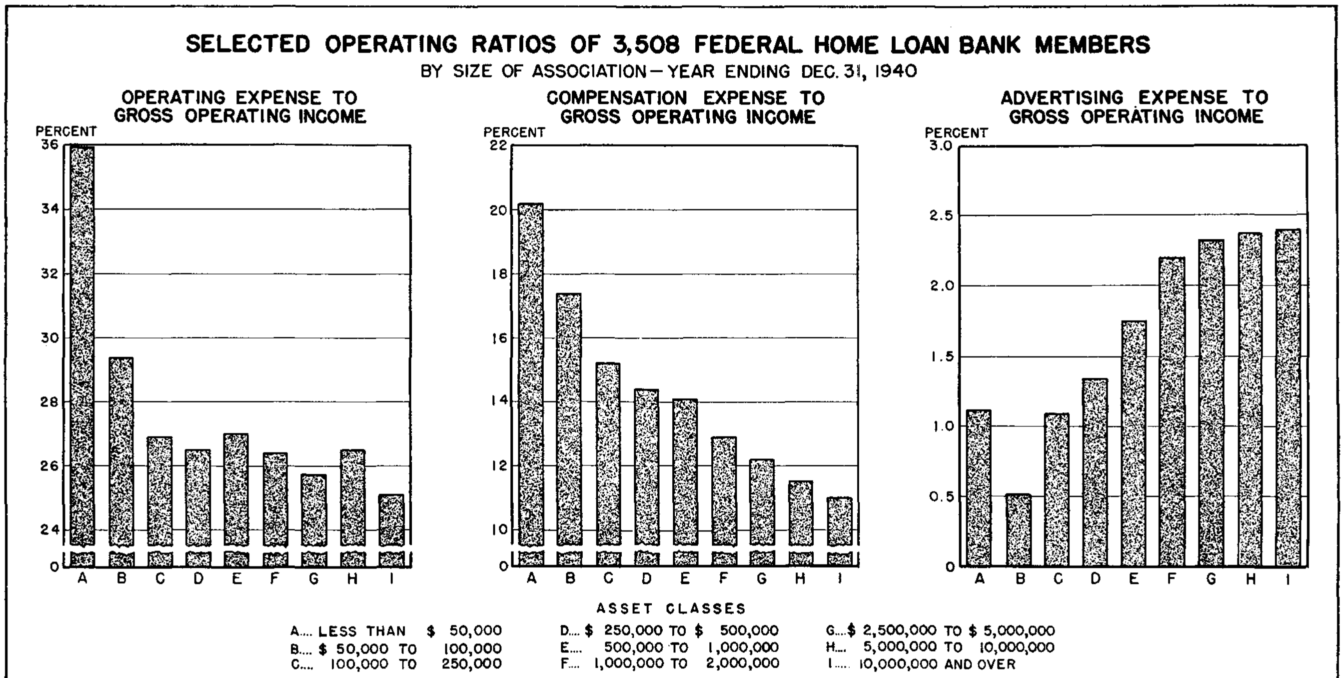


The three charts which make up this illustration highlight the effect of association size on some of the basic operating ratios. The ratio of operating expense to gross operating income shown on the left indicates that there is a general tendency for expenses of larger associations to absorb less of their operating income, thus freeing additional funds for dividend payments and the accumulation of reserves and undivided profits.

The middle chart demonstrates the fact that the expense of personnel compensation declines steadily as a proportion of gross operating income as institutions grow. On the other hand, the right-hand chart points out that this is partially offset by an increased emphasis on advertising and business promotion efforts.

Income and Expense Ratios

In the first place, it does seem to be true that associations are able to operate more efficiently as they increase in size. This is another way of saying that operating expenses tend to absorb a smaller and smaller proportion of the total operating income of an association as the institution increases in size.

In view of the fact that the average return on invested assets usually declines as associations increase in size, the lower ratios of operating expense to operating income among the larger institutions assume added significance. The lower average return for larger associations is partially explained by lower money rates prevailing in the metropolitan areas in which these institutions are usually located.

The ratio of total operating expense to total operating income is shown in the accompanying chart, and from this it may be seen that although the trend is not unbroken, the bars on the chart show a definite downward tendency. This is particularly true for associations under $500,000 as indicated by the first four points plotted. The lowest ratio of operating expense to operating income is found in the group of largest institutions (over $10,000,000) which use only a little over one-fourth of their total income for the payment of the normal cost of doing business.

In studying individual items of expense, the compensation of management and personnel ranks first because, as we have seen, approximately one-half of the total operating expenses are found in this account. Here the effect of association size is even more pronounced than in the over-all totals for expense. Without exception the proportion of gross operating income which was used for compensation purposes showed a steady decline as the institutions increased in size. This is all the more significant as a number of these smaller institutions operate under part-time management.

The smallest decline between groups is shown in the $500,000–$1,000,000 classification. It is conceivable that institutions in this size group are in one of the transitional "growth" stages in the development of an association where it becomes necessary to take on additional personnel which cannot be fully utilized until the association expands still more.

The pattern for ratios of advertising expense to gross operating income is in direct contrast to the trend of the compensation ratios discussed above. Although at a much lower level in relation to total operating income, the ratio of advertising expense tends to increase along with an association's growth in size.

The exception to this observation is in the group of smallest associations—those with less than $50,000 in assets—and this may be partially explained by the relatively few institutions in this classification. Also of interest is the fact that the rate of increase for advertising expenditures slows down noticeably after associations attain assets of more than $1,000,000. The ratio of advertising expense to total gross operating income ranged from 0.5 percent in the $50,000–$100,000 size group to 2.4 percent for associations with more than $10,000,000 in assets.

Variations in the cost of maintaining office quarters constitute the remaining aspect of the expense ledgers to be considered. This is the only item which does not appear to show some definite relationship to the size of association. In fact, except for the smallest associations, the cost of office maintenance does not deviate more than one percentage point either way from the 2.5 percent ratio which was the average for all of the 3,508 associations.

The Effect of Size on the Distribution of Net Income

The most pronounced variation in the distribution of an association's *net* income is evident in the proportion which is used to pay interest on borrowed money. The ratio drops from approximately 5 percent of net income for the smallest associations to less than 2 percent for those associations in the more-than-$10,000,000 asset-group. This pattern reflects

Table 2.—Selected operating ratios for 3,508 savings and loan members of the Federal Home Loan Bank System

[For the year ending December 31, 1940, by size of association]

Item	Total	Less than $50,000	$50,000–$99,999	$100,000–$249,999	$250,000–$499,999	$500,000–$999,999	$1,000,000–$2,499,999	$2,500,000–$4,499,999	$5,000,000–$9,999,999	Over $10,000,000
Number of associations	3,508	39	173	732	747	757	670	256	92	42
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Interest income:										
On mortgage loans	86.75	85.40	87.87	87.01	86.78	86.54	87.25	86.64	85.81	86.98
On real estate sold on contract	4.05	4.49	1.53	2.95	3.30	4.39	4.11	3.32	5.04	4.37
Net income on real estate owned	2.44	2.25	4.47	3.68	3.82	3.34	2.58	2.18	2.15	1.23
Premiums, fees, commissions etc	3.45	3.37	4.98	4.44	3.74	3.42	3.43	4.26	2.63	2.80
All other operating income	3.31	4.49	1.15	1.92	2.36	2.31	2.63	3.60	4.37	4.62
Total gross operating income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Compensation	12.60	20.23	17.37	15.18	14.43	14.14	12.85	12.22	11.49	10.98
Maintenance of office quarters	2.49	5.62	2.55	2.44	2.34	2.47	2.45	2.01	2.95	2.84
Advertising	2.12	1.12	0.51	1.10	1.34	1.75	2.19	2.32	2.37	2.40
All other operating expense	8.97	8.99	8.94	8.21	8.36	8.60	8.89	9.19	9.70	8.90
Total operating expense	26.18	35.96	29.37	26.93	26.47	26.96	26.38	25.74	26.51	25.12
Total non-operating income	2.34	2.25	2.68	2.12	2.44	1.96	2.23	2.45	2.51	2.55
Total non-operating charges	2.54	------	1.79	2.97	1.70	1.80	1.78	3.76	3.22	2.44
Total expense for the year	26.38	33.71	28.48	27.78	25.73	26.80	25.93	27.05	27.22	25.01
Net income before interest charges	73.62	66.29	71.52	72.22	74.27	73.20	74.07	72.95	72.78	74.99
	Distribution of net income									
Total transfers to reserves	14.09	13.56	16.25	14.95	15.10	14.86	14.46	14.78	11.92	13.30
Dividends (including interest on deposits and investment certificates)	72.86	69.49	70.89	70.51	69.68	71.92	71.68	74.57	74.18	74.00
Interest on FHLB advances and borrowed money	3.04	5.09	4.47	4.82	4.25	4.09	3.67	2.58	2.00	1.81
Balance to undivided profits	10.01	11.86	8.39	9.72	10.97	9.13	10.19	8.07	11.90	10.89
Net income before interest charges	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

the variations in the relationship of borrowed money to total assets which was demonstrated last month. The distribution of asset accounts by size of association indicated that the borrowings of the smaller institutions were somewhat greater in proportion to total assets than were those for the bigger institutions.

Transfers to reserves and undivided profits varied in direct contrast to the amount set aside for dividend payments. In general there was a tendency for the larger associations to distribute a slightly larger proportion of their net income in the form of dividend payments to investors, while the smaller institutions retained a greater share in the reserve and undivided profit accounts.

It should be remembered that the presentation of these ratios does not in any way constitute a recommendation or approval of the existing relationships between the accounts analyzed in this article. The ratios are intended only to reflect the actual result of operations during the past year, and to provide new basic information for savings and loan executives and boards of directors with which they can measure the operations of their own institutions.

This initial step in the preparation of income and expense statistics for all Bank System members, by size of association, has produced a new tool for savings and loan research. Continuation of this procedure in future year-end summaries should reveal additional data of vital importance for the entire industry.

Directory of Member Institutions

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JUNE 16 AND JULY 15, 1941

DISTRICT NO. 1

CONNECTICUT:
Meriden:
Meriden Savings Bank.

DISTRICT NO. 3

PENNSYLVANIA:
Hatboro:
Hatboro Federal Savings & Loan Association, 39 South York Road.
Philadelphia:
Integrity Building Association, 1523 Girard Avenue.

DISTRICT NO. 4

VIRGINIA:
Roanoke:
Peoples Perpetual Loan & Building Association of Roanoke, Virginia.

DISTRICT NO. 6

MICHIGAN:
New Buffalo:
New Buffalo Savings & Loan Association.

DISTRICT NO. 8

MISSOURI:
Perryville:
Perry County Savings & Loan Association.

DISTRICT NO. 12

CALIFORNIA:
Pasadena:
Pasadena Building & Loan Association, 38 North Marengo Avenue

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JUNE 16 AND JULY 15, 1941

ILLINOIS:
Centralia:
City Building & Loan Association, City National Bank Building (member's request).
Cicero:
Suburban Building & Loan Association, 5015 West Cermak Road (merger with, and transfer of 25 shares of Bank stock to, Fairfield Savings & Loan Association, Chicago, Illinois).

MISSOURI:
St. Louis:
Gas & Electric Building & Loan Association of St. Louis, Missouri (merger with, and transfer of 45 shares of Bank stock to, Columbia Federal Savings & Loan Association).

NEW JERSEY:
Camden:
Cooper Building & Loan Association of Camden, New Jersey, 105 North Seventh Street (member's request).

OHIO:
Cambridge:
The County Savings & Loan Company, 647 Wheeling Avenue (liquidation).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JUNE 16 AND JULY 15, 1941

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Integrity Federal Savings & Loan Association, 1523 Girard Avenue (converted from Integrity Building Association).
Public Federal Savings & Loan Association, 705 Chestnut Street (converted from Public Ledger Company Building & Loan Association).

DISTRICT NO. 4

GEORGIA:
Decatur:
DeKalb County Federal Savings & Loan Association (new association).

MARYLAND:
Annapolis:
First Federal Savings & Loan Association of Annapolis (converted from Annapolis and EastportBuilding Association of the City of Annapolis).

DISTRICT NO. 8

MISSOURI:
St. Louis:
Conservative Federal Savings & Loan Association, 722 Chestnut Street (converted from Conservative Savings & Loan Association).

CANCELATION OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTER BETWEEN JUNE 16 AND JULY 15, 1941

OREGON:
Tigard:
Tualatin Valley Federal Savings & Loan Association (merger with the Washington Federal Savings & Loan Association, Hillsboro, Oregon).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN JUNE 16 AND JULY 15, 1941

DISTRICT NO. 3

PENNSYLVANIA:
Bellevue:
First Federal Savings & Loan Association of Bellevue, 577 Lincoln Avenue.
Hatboro:
Hatboro Federal Savings & Loan Association, 39 South York Road.

DISTRICT NO. 7

ILLINOIS:
Chicago:
Jugoslav Savings & Loan Association, 2634 South Lawndale Avenue.

DISTRICT NO. 8

MISSOURI:
St. Louis:
Conservative Federal Savings & Loan Association, 722 Chestnut Street.

DISTRICT NO. 10

OKLAHOMA:
Ponca City:
The Ponca City Building & Loan Company, Masonic Building.

DISTRICT NO. 12

CALIFORNIA:
Carmel:
Carmel Building & Loan Association, Ocean Avenue.
Pasadena:
Pasadena Building & Loan Association, 38 Marengo Avenue.

THE GROWTH OF CITY SUBURBS

As further results of the Decennial Census of 1940 are released, the basic pattern of population growth becomes increasingly clear. Large gains in suburban areas during the past decade are in sharp contrast to the more static trend in city population. Likewise, the rapid increase of our "rural nonfarm" population confirms prevailing tendencies toward decentralization.

■ IN 1940, almost 63,000,000 people, or 48 percent of the total population of the United States, lived in "metropolitan districts"—in those densely populated areas in and around the larger cities which form the nerve centers of our commercial and industrial life. Within the metropolitan districts, the suburban element has been growing rapidly in importance until in 1940 we had one suburban dweller outside the city limits for every two city dwellers. In absolute numbers, 42,800,000 people were living in the central cities which constitute the nuclei of metropolitan districts, and almost 20,200,000 resided outside the city boundaries.

It appears as if the old distinction between the "urban" and the "rural" way of life no longer holds and that a new way of living is in the making, characterized by the rapid growth of suburbs on the rim of cities, the widening extent of "commuting," and a better balance between the nervous tension of factory or office work and relaxation at home in healthier surroundings.

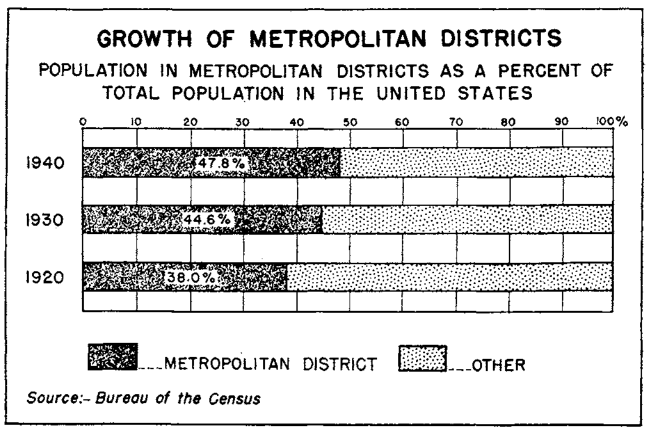
Significance of Urban Decentralization

In addition to many other implications, this change has, of course, profound effects on real estate, home financing, residential construction activity, and city planning. On the one hand, the movement toward suburbs offers a great opportunity for the maintenance and extension of home ownership among all classes of our population, and for developing the vital services which thrift and home-financing institutions provide. It also indicates the general direction in which an increasingly large number of prospects for new home-mortgage lending are to be found. On the other hand, this process creates serious problems for the central urban districts which are threatened by depopulation, blight, and decay.

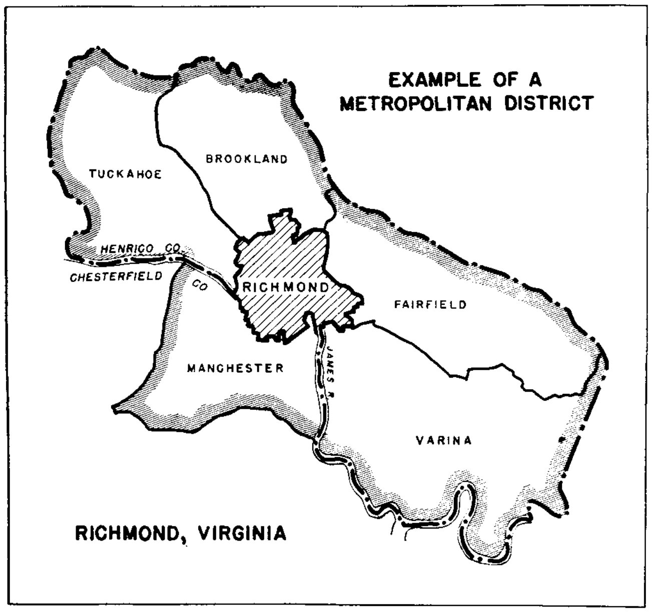
Urban decentralization affects not only the stability of property values and mortgage holdings in the central city districts, but endangers also the full utilization of existing city services, utilities, transportation facilities, and shopping centers. Its ramifications reach into real estate taxes which usually are light in outlying areas and heavy in central cities. Differentials in property taxation alone are, in fact, frequently an incentive for home owners to move to suburbs, and this makes it at the same time more difficult to reduce the per capita tax burden in central cities in the face of fixed overhead costs of local governments. All this is accentuated by the fact that the transformation of central residential neighborhoods into business use, once the "life saver" of these neighborhoods, has more or less come to a halt as industry itself seeks locations beyond city lines.

Growth of Metropolitan Districts

The release of new 1940 Census data enables us to study in greater detail the quantitative changes involved in the population gains of metropolitan districts and in the movement toward city suburbs. In 1930, approximately 55,000,000 people, or close to 45 percent of the total population, lived in metropolitan districts. The 63,000,000 listed for 1940 represent



In 1940, almost 48 percent of the total population lived in metropolitan districts as against 38 percent in 1920 and over 44 percent in 1930. Although partly the result of a redefinition of metropolitan districts by the Bureau of the Census, the growth of these districts is one of the outstanding features in population trends during the past few decades.



The above map of Richmond, Virginia, illustrates the make-up of a metropolitan district. In addition to the city of Richmond, this metropolitan area includes the Manchester district of Chesterfield County and the entire Henrico County consisting of the Tuckahoe, Brookland, Fairfield, and Varina districts.

an increase of 15 percent during the past decade, compared with a total population growth of only a little over 7 percent. However, this is due in part to the addition of new metropolitan districts on the Census list which in 1940 included 140 such districts against 96 in 1930 and 85 in 1920. Metropolitan districts are set up by the Census Bureau to include all cities of 50,000 or more inhabitants and all adjacent and contiguous minor civil divisions, such as townships, having a population of 150 or more per square mile. In 1930, such districts were set up only if their entire population within and without the central city aggregated 100,000 or more. For the past Census year this latter requirement was dropped, which explains in part the unusually large increase in the number of metropolitan districts from 1930 to 1940.

Table 1.—Population of all metropolitan districts, inside and outside central cities, 1920–1940

Year	Number of metropolitan districts	Population in metropolitan districts	In central cities		Outside central cities	
			Number	Percent of total	Number	Percent of total
1920	85	40,057,307	28,940,288	72.2	11,117,019	27.8
1930	96	54,753,645	37,814,610	69.1	16,939,035	30.9
1940	140	62,958,703	42,796,170	68.0	20,162,533	32.0

Table 1 shows the distribution of the total population in metropolitan districts over central cities and areas outside city limits for the past two decades.

A more significant picture is perhaps obtained by measuring the population growth in *comparable* metropolitan districts. A comparison for the decade from 1930 to 1940, which is possible in 133 districts, [1] reveals that the population outside central cities was growing much faster than the population within city limits. The outlying areas gained by over 2,700,000 people while the central cities added only 2,000,000 to their population. In terms of percent increase, the population growth in the suburbs was more than three times as large as that in central cities.

These national figures conceal, of course, widely varying conditions in individual areas. In some metropolitan districts we find extreme situations of actual population decline in the central city, accompanied by sizable gains outside the city limits. This is true, for example, for Flint (minus 3 percent in central city, plus 58 percent outside); Rochester (minus 1 percent in central city, plus 23 percent outside); St. Louis (minus 1 percent in central city, plus 17 percent outside); and Akron, Ohio (minus 4 percent in central city, plus 14 percent outside). In other cases, the outlying area as well as the central city indicates a more or less static population. This holds, for instance, for Boston, Worcester, and Atlantic City. The most frequent situation, however, is a small population gain in the central city hand-in-hand with a fast growth outside the city limits.

Table 2.—Population of 133 comparable metropolitan districts, inside and outside central cities, 1930–1940

Location	Total population		Increase, 1930–1940	
	1940	1930	Number	Percent
In central cities	42,350,996	40,343,442	2,007,554	5.0
Outside central cities	19,985,686	17,259,423	2,726,263	15.8
Total	62,336,682	57,602,865	4,733,817	8.2

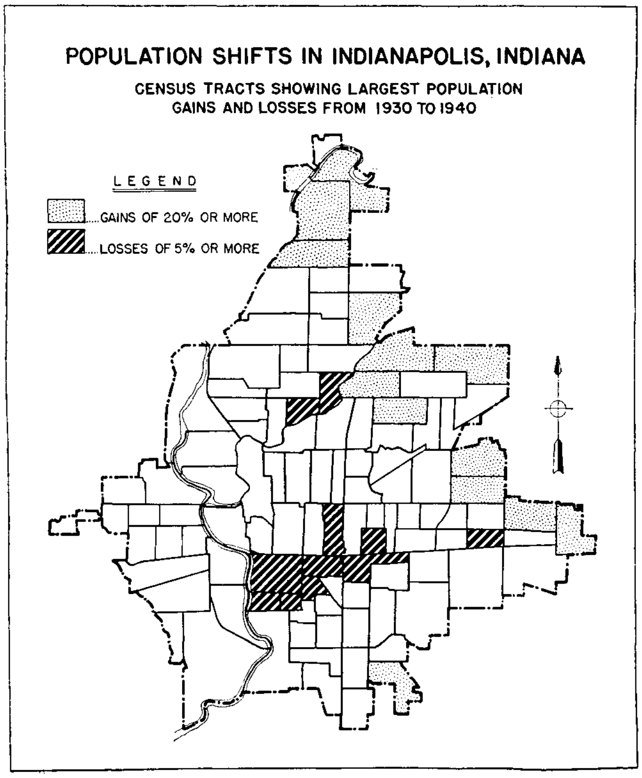
Outward Movement Within Cities

The differentials between central city and outside areas do not tell the whole story. Within city limits, a similar movement away from the center can be dis-

[1] The comparison is based on all 96 metropolitan districts set up in the 1930 Census and on 37 additional districts for which the Bureau of the Census has released comparable figures.

covered by study of Census tract figures, likewise compiled by the Bureau of the Census.

The accompanying map of Indianapolis shows a typical example. Most of the Census tracts in Indianapolis that have lost 5 percent or more in population during the past decade are situated in or near the center of the city. On the other hand, almost



This map shows the Census tracts in the city of Indianapolis, Indiana. In this city, eight of the 11 tracts which have lost 5 percent or more in population during the past decade are located near the center of the city. On the other hand, almost all of the Census tracts which have gained 20 percent or more in population are situated near the northeastern boundaries of the city.

all tracts that have gained 20 percent or more in population are located on the periphery of the city, close to the metropolitan suburbs. In brief, the movement toward outlying areas is noticeable within city limits as well as in suburban areas outside. This makes the threat to the inner urban districts real and widely spread, the more so since quantitative changes in population are often accompanied by qualitative changes in the desirability of neighborhoods, which have an important bearing upon their economic stability.

The Trend Toward Rural Nonfarm Areas

The movement away from urban districts is confirmed by another set of Census data. These data

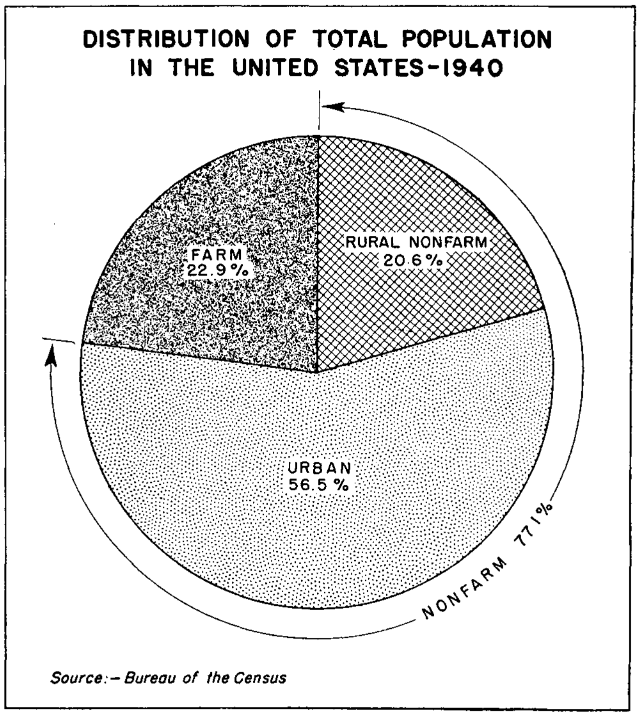
Table 3.—Urban, rural nonfarm, and farm population, 1920–1940

Class	1940 [1]	1930	1920	Percentage change	
				1930–1940 [1]	1920–1930
Urban	74,423,702	68,954,823	54,304,603	7.9	27.0
Rural nonfarm	27,094,497	23,662,710	20,047,377	14.5	18.0
Total nonfarm	101,518,199	92,617,533	74,351,980	9.6	24.6
Rural farm	30,151,076	30,157,513	31,358,640	------	−3.8
Grand total	131,669,275	122,775,046	105,710,620	7.2	16.1

[1] Preliminary; based on 5-percent sample.

show that the largest relative population increase from 1930 to 1940 took place in rural nonfarm areas, that is—generally speaking—in those communities of less than 2,500 inhabitants which are neither urban nor farm in character and which may or may not be part of a metropolitan district. The gain in rural nonfarm population during the past decade was over 3,400,000 or more than 14 percent, and accounted for almost two-fifths of the total increase of our population. Significantly, this gain was at a rate twice

(Continued on p. 387)



The above chart illustrates the distribution of our total population by the three major classifications: urban, farm, and rural-nonfarm. Combining the urban and rural-nonfarm groups, over 77 percent of the total population in 1940 lived in nonfarm areas. As thrift and home-financing institutions operate in both urban and rural-nonfarm communities, this characterizes the extent of their potential market.

A THREE-YEAR COMPARISON OF BUSINESS PROMOTION ACTIVITIES

How has the pattern of savings and loan business promotion expenditures changed during the past three years? A special study of the reports of all those associations participating in each of the past three annual Surveys provides enlightening answers to this question.

■ SAVINGS and loan associations have increased their aggregate expenditures for business promotion by approximately 18 percent during the past three years—as revealed by a recent study of schedules for the 1938, 1939, and 1940 business promotion surveys.

Heretofore, comparisons between the yearly summaries have been somewhat difficult because of the increasing number of responses to each questionnaire. To place all figures on a strictly comparable basis, this special analysis includes only those associations reporting in each of the 1938, 1939, and 1940 surveys. By this means it is now possible to study carefully some of the basic changes which have taken place in the pattern of savings and loan business promotion expenditures during this period.

Scope of the Sample

Approximately one out of every eight savings and loan members of the Bank System is represented in this current study. Specifically, there were 468 associations, consisting of 310 Federals, 126 insured State-chartered members, and 41 uninsured State members, for which complete information was available for the 3-year period. Although these institutions accounted for only 12.3 percent of the total association membership of the Bank System, their aggregate assets were equal to almost one-fourth (23.2 percent) of the combined assets of all member savings and loan associations at the close of the past year.

Examination of the schedules reveals that the associations were truly representative of the groups included in each of the annual surveys. It must be remembered, however, that these business promotion statistics may tend to overstate the extent of advertising activities of the industry as a whole for past experience has shown that those associations responding to these annual business-promotion-survey questionnaires tend to be among the more progressive institutions.

Association Growth Accompanies Increasing Business Promotion Expenditures

Annual business promotion expenditures of these associations rose from $1,200,000 in 1938 to almost $1,400,000 in the past year, or an increase of 17.6 percent. This amounted to an average additional outlay of approximately $450 for each of the 468 institutions. In the same period, the assets of these associations rose more than 23 percent from $830,000,000 at the end of 1938 to $1,025,000,000 on December 31, 1940. This gain is at a rate substantially above that shown by all member associations for the same period (+11.8 percent).

The increase in promotional expenditures from 1938 to 1939 was more than three times the 1939–1940 gain; but the pattern of asset growth was almost the opposite. The gain in total assets during 1940 was almost half again as large as the rise from 1938–1939. After taking into consideration the improved

Table 1.—Trend in advertising expenditures by individual media

[Note: Averages are based on figures for those associations actually using each medium]

Medium	Average amount spent			Number of associations using medium		
	1940	1939	1938	1940	1939	1938
Newspapers	$1, 254	$1, 202	$1, 163	451	456	457
Publications	183	173	------	255	197	----
Printed matter	373	356	271	291	298	334
Radio	1, 236	1, 201	767	130	120	114
Outdoor advertising	581	750	469	114	97	89
Illuminated signs	259	218	243	99	86	87
House organ	681	645	670	87	84	68
Office interior displays	185	163	146	263	283	275
Car, bus, and ferry cards	419	508	637	50	35	26
Motion pictures	171	88	138	29	35	30
Coin banks	316	537	------	152	131	30
Agency services	599	------	------	78	----	----
Miscellaneous	283	306	530	270	303	302

economic conditions prevailing during 1940, there is some reason to assume that the results of advertising and business promotion efforts do have a cumulative character and furthermore that there may be an indefinite time lag between a substantial expansion of business promotion activity and its reflection in the asset position of an association.

Changes in the Expenditure Pattern

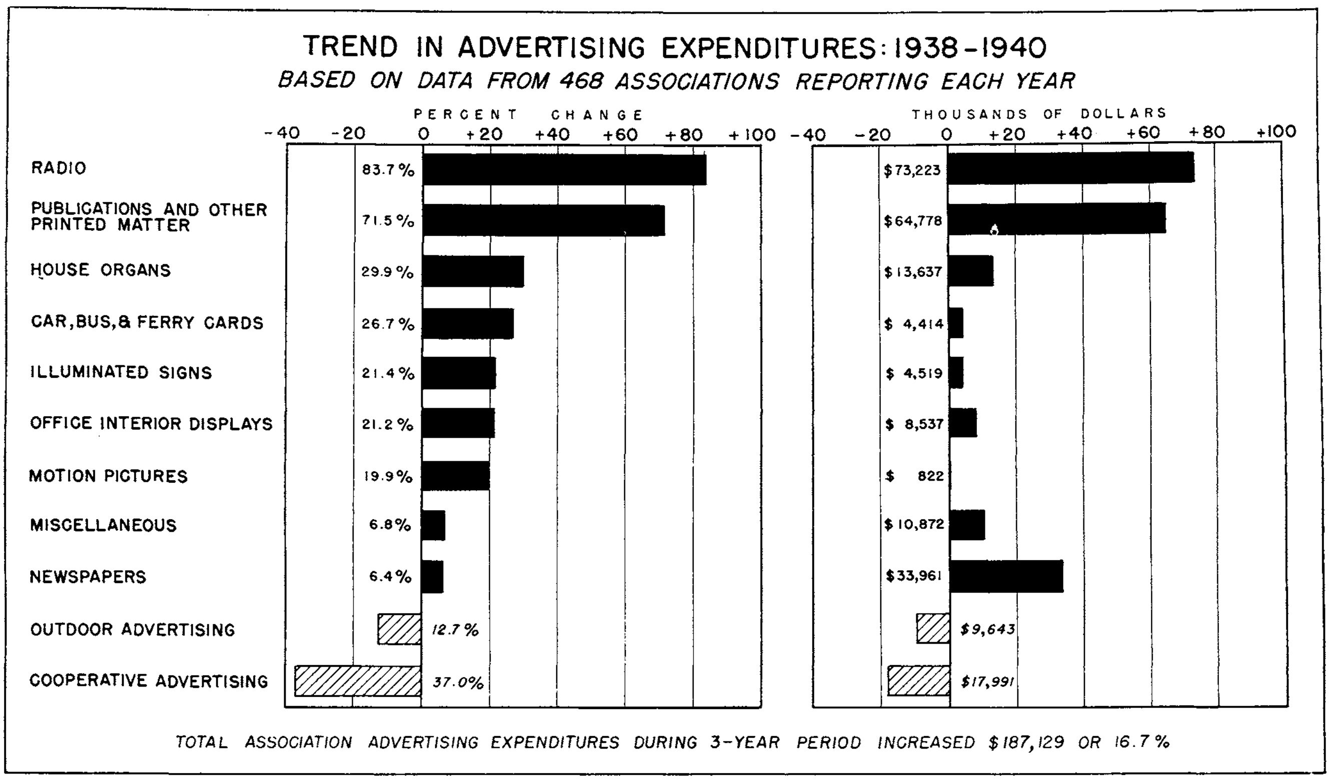
A 19-percent increase in the amount spent for *individual* advertising during the 3-year period was the principal cause of the over-all increase in business promotion outlays. *Cooperative* advertising expenditures, on the other hand, dropped 37 percent and more than offset a small 3-percent rise in the fees and commissions paid to solicitors.

An analysis of changes in the expenditures for individual advertising media is presented in Table 2 and in the chart on this page. From this it is clear that the largest percentage and dollar gains were shown by radio advertising and printed material. The amount of money spent for newspaper ads showed the third largest dollar increase, but on a percentage basis this rise was next to the lowest of the individual media. Outdoor advertising was the only classification to register a decline during the period.

Frequency of Use and Average Outlay for Each Medium

A study of the number of those associations using each medium indicates that, on the whole, savings and loan associations are tending to employ a greater number of media as they expand their advertising programs. In 1940, for example, 50 of the 468 associations reported expenditures for car, bus, and ferry cards; whereas in 1938 only 26 of the institutions reported using this class of media. Other outstanding examples are found in the increased use of radio advertising (114 associations in 1938, and 130 last year); house organs (68 associations in 1938, and 87 in 1940); and coin banks (131 associations in 1939, and 152 in 1940).

Following the procedure adopted in June of relating the amount of money spent for each medium to the number of associations actually using that advertising outlet, it is possible to observe in more



A graphic comparison of the 1938 and 1940 business promotion expenditures of the associations included in this special analysis is shown in the above chart. It is evident that the largest percentage and dollar gains during this period were registered by radio and publications and printed matter. Although newspapers showed a relatively small percentage increase, they received the third largest amount of additional funds.

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Table **2.—Summary of the business promotion programs of 468 identical savings and loan associations reporting expenditures for 1938, 1939, and 1940**

Medium	1940	1939	1938	Change: 1938–1940 Amount	Change: 1938–1940 Percent	Change: 1939–1940 Amount	Change: 1939–1940 Percent	Change: 1938–1939 Amount	Change: 1938–1939 Percent
Newspapers	$565, 674	$548, 225	$531, 713	$33, 961	6. 4	$17, 449	3. 2	$16, 512	3. 1
Publications	46, 734	34, 076	90, 540	64, 778	71. 5	12, 658	37. 1	49, 562	54. 7
Printed matter	108, 584	106, 026				2, 558	2. 4		
Radio	160, 676	144, 073	87, 453	73, 223	83. 7	16, 603	11. 5	56, 620	64. 7
Outdoor advertising	66, 260	72, 722	75, 903	−9, 643	−12. 7	−6, 462	−8. 9	−3, 181	−4. 2
Illuminated signs	25, 658	18, 723	21, 139	4, 519	21. 4	6, 935	37. 0	−2, 416	−11. 4
House organ	59, 213	54, 164	45, 576	13, 637	29. 9	5, 049	9. 3	8, 588	18. 8
Office interior displays	48, 742	46, 194	40, 205	8, 537	21. 2	2, 548	5. 5	5, 989	14. 9
Car, bus, and ferry cards	20, 964	17, 765	16, 550	4, 414	26. 7	3, 199	18. 0	1, 215	7. 3
Motion pictures	4, 962	3, 093	4, 140	822	19. 9	1, 869	60. 4	−1, 047	−25. 3
Coin banks [1]	48, 004	70, 380	----------	----------	-------	−22, 376	−31. 8	--------	-------
Agency services [1]	46, 690	----------	----------	----------	-------	----------	-------	--------	-------
Miscellaneous [1]	76, 336	92, 617	160, 158	10, 872	6. 8	−16, 281	−17. 6	2, 839	1. 8
Total association individual advertising	1, 278, 497	1, 208, 058	1, 073, 377	205, 120	19. 1	70, 439	5. 8	134, 681	12. 5
Cooperative advertising	30, 672	38, 978	48, 663	−17, 991	−37. 0	−8, 306	−21. 3	−9, 685	−19. 9
Total association advertising	1, 309, 169	1, 247, 036	1, 122, 040	187, 129	16. 7	62, 133	5. 0	124, 996	11. 1
Solicitors	62, 182	77, 193	60, 399	1, 783	3. 0	−15, 011	−19. 4	16, 794	27. 8
All other business promotion expenditures	19, 533	16, 452	----------	----------	-------	3, 081	18. 7	--------	-------
Total business promotion expenditures	1, 390, 884	1, 340, 681	1, 182, 439	208, 445	17. 6	50, 203	3. 7	158, 242	13. 4
Assets [2]	1, 025, 496	911, 017	830, 480	195, 016	23. 5	114, 479	12. 6	80, 537	9. 7
Gross operating income [2]	51, 833	46, 917	43, 838	7, 995	18. 2	4, 916	10. 5	3, 079	7. 0

[1] Data on expenditures for agency services were available only for 1940; for coin banks, only during 1939 and 1940. Amounts spent for these media during the unreported years are included in the miscellaneous classification.

[2] Amounts are shown in thousands of dollars for assets and gross operating income.

detail the changes during the past three years in individual association advertising programs.

Throughout the period the largest average expenditures were concentrated on newspaper and annual average outlays for this medium rose from $1,163 in 1938 to $1,254 in the past year. The largest gain in average amount spent for an individual medium, however, was registered by radio advertising. On the basis of those institutions actually using radio, the average expenditure jumped from $767 in the first year of this study to $1,201 in 1939 and $1,236 in 1940. The only other media to register average gains of more than $100 per association were printed matter and outdoor advertising.

In spite of the additional associations using car, bus, and ferry cards, the average amount spent for this medium dropped from $670 three years ago to $419 in the past year. It should be pointed out, however, that this is probably the result of small initial investments on the part of the new users of this medium rather than of decreased expenditures by those institutions which had previously employed car, bus, and ferry cards in their advertising programs.

Ratios of Expenditures to Gross Operating Income and to Assets Show Fractional Declines

Although the amount of money spent by these associations for promotional purposes has shown a steady increase during the past three years, this gain has barely been in proportion to the added operating income resulting from larger asset holdings. Except for a slightly higher ratio of spending in 1939, these associations showed no indication of pointing their promotion expenditures toward higher levels.

In 1938, business promotion expenditures of these 468 associations were equal to 2.70 percent of their gross operating income. During the following year, this ratio was raised to 2.86 percent, but in 1940 it had slipped back to 2.68 percent—the lowest point in the 3-year period. A similar pattern was observed for the ratio of business promotion expenditures to total year-end assets: a rise from 0.142 percent in 1938 to 0.147 percent in 1939; then, a drop to 0.136 percent during the past year.

For the first time a complete report of the business promotion survey will shortly be made available to each member institution. All of the data on advertising expenditures will be classified by size of association and size of the community in which it is located.

"If You Plan to Build or Buy a Home"

■ EARLY in July, all member institutions of the Federal Home Loan Bank System received copies of a new booklet, "If You Plan to Build or Buy a Home," authorized by the Bank Board and published through the Government Printing Office. The member institutions were notified that if they were interested in the republication of the booklet under their own imprints, arrangements would be made with a private printer for the job.

Within two weeks, more than 100 savings and loan associations indicated they would use at least 85,000 of the booklets. The letters received by the Public Relations Department were invariably enthusiastic and only a few contained suggestions for minor revisions.

Several private printing firms submitted bids. The low bidder offered the booklets in lots of 1,000 for $27.35, plus $2 for imprinting—or $29.35 for lots of 1,000, less than three cents per booklet. Only one dollar per thousand will be charged for imprinting on additional copies. The printer also agreed to make arrangements for orders of less than 1,000 at a reasonable price.

The imprints at these prices, it was understood, will be confined to a comparatively few lines of type. Additional messages can be arranged through agreement between lending institutions and the printer.

The printer was furnished with a list of the institutions which had shown interest in the booklet and also has available the entire membership list of the Bank System. Solicitation of orders and all other arrangements, however, will be made by the printer, without any responsibility on the part of the Bank Board.

Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS RELATIVE TO THE ADVERTISING OF MEMBERSHIP IN THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION: Adopted July 10, 1941; effective July 16, 1941.

On July 10, 1941, the Board of Trustees of the Federal Savings and Loan Insurance Corporation formally adopted the proposed amendment which permits an insured institution to advertise itself as member of the Federal Savings and Loan Insurance Corporation. (See June 1941 REVIEW, page 309.) This amendment was effected by relettering subsection "(f)" of Section 301.7 to read "(g)" and inserting a subsection "(f)" to read as follows:

(f) *Advertising of Insurance of Accounts.* An insured institution may advertise itself as a "member" of the Federal Savings and Loan Insurance Corporation.

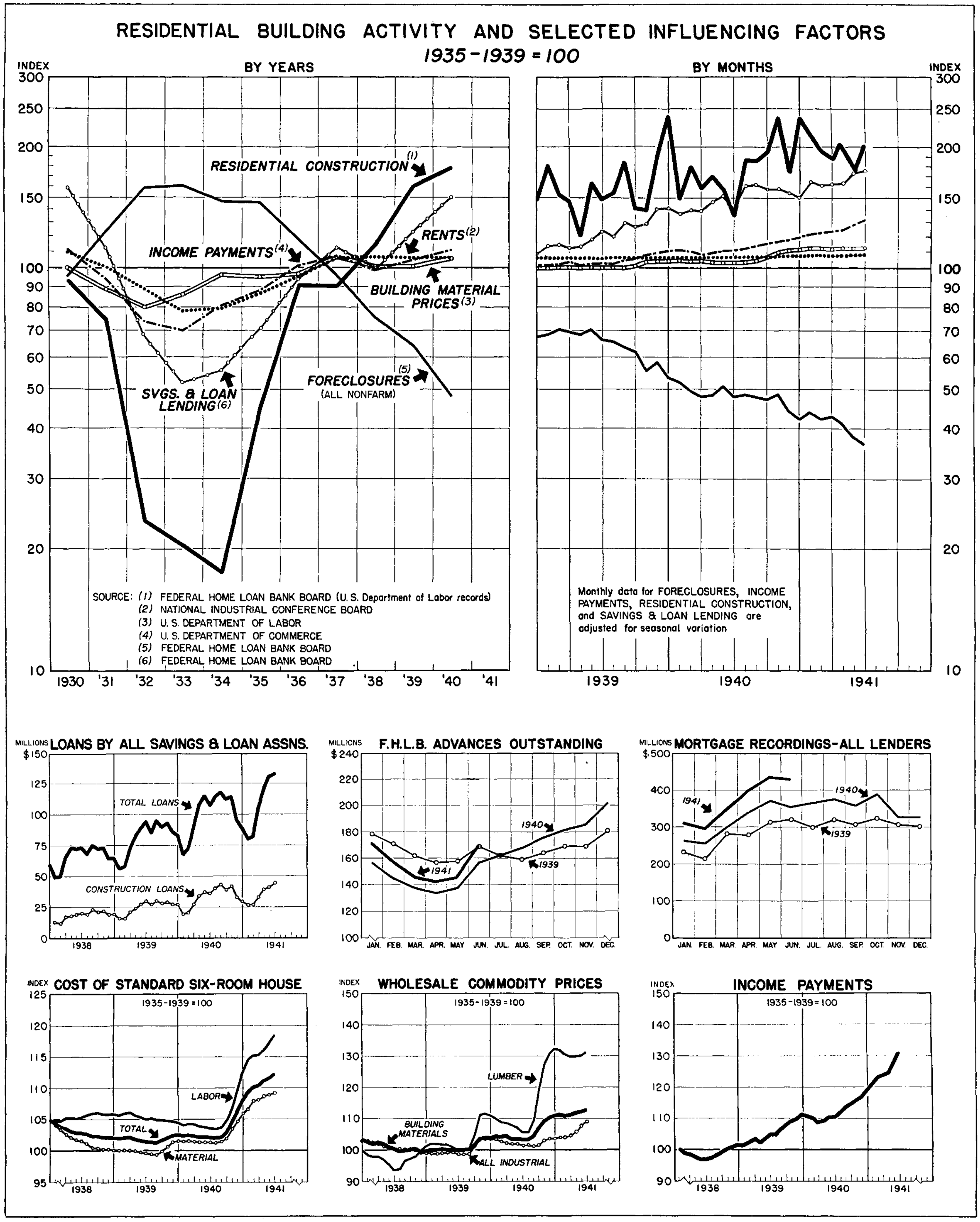
PROPOSED AMENDMENT

PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR THE FEDERAL HOME LOAN BANK SYSTEM, RELATING TO THE HOLDING OF POLITICAL OFFICE BY DIRECTORS OF FEDERAL HOME LOAN BANKS.

On July 10, 1941, the Federal Home Loan Bank Board proposed a resolution adding a new paragraph (d) to Section 2.4 (a) (14) of the Bank System Regulations. The proposed amendment would prohibit political activities on the part of persons who have been elected or appointed, and are serving in the capacity of, directors. Before this proposed amendment was added, the regulation provided that "to be eligible for election as director of a Bank, a candidate or director may not hold an active political office for which he receives compensation." This referred only to the eligibility of candidates for election but did not restrict the activities of persons already holding office as FHLB Directors. The proposed new amendment would apply to directors elected by member institutions as well as to Public Interest Directors appointed by the Federal Home Loan Bank Board, and would read as follows:

par. d. *Holding political office.* No person who holds an active political office for which he receives compensation shall hold office as a director of a Bank.

This proposed amendment will not be formally approved until 30 days after it was mailed to the Advisory Council and the Federal Home Loan Bank Presidents (July 21).


RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1935-1939 = 100
BY YEARS
BY MONTHS
INDEX
RESIDENTIAL CONSTRUCTION (1)
RENTS (2)
INCOME PAYMENTS (4)
BUILDING MATERIAL PRICES (3)
SVGS. & LOAN LENDING (6)
FORECLOSURES (5)
(ALL NONFARM)
SOURCE: (1) FEDERAL HOME LOAN BANK BOARD (U. S. Department of Labor records)
(2) NATIONAL INDUSTRIAL CONFERENCE BOARD
(3) U. S. DEPARTMENT OF LABOR
(4) U. S. DEPARTMENT OF COMMERCE
(5) FEDERAL HOME LOAN BANK BOARD
(6) FEDERAL HOME LOAN BANK BOARD
Monthly data for FORECLOSURES, INCOME PAYMENTS, RESIDENTIAL CONSTRUCTION, and SAVINGS & LOAN LENDING are adjusted for seasonal variation
1930 '31 '32 '33 '34 '35 '36 '37 '38 '39 '40 '41
1939 1940 1941
MILLIONS
LOANS BY ALL SAVINGS & LOAN ASSNS.
TOTAL LOANS
CONSTRUCTION LOANS
F.H.L.B. ADVANCES OUTSTANDING
1940
1941
1939
JAN. FEB. MAR. APR. MAY JUN. JUL. AUG. SEP. OCT. NOV. DEC.
MORTGAGE RECORDINGS-ALL LENDERS
COST OF STANDARD SIX-ROOM HOUSE
1935-1939 = 100
LABOR
TOTAL
MATERIAL
WHOLESALE COMMODITY PRICES
LUMBER
BUILDING MATERIALS
ALL INDUSTRIAL
INCOME PAYMENTS
1938 1939 1940 1941

« « « MONTHLY SURVEY » » »

Highlights

I. General economic activity expanded at an unabated pace, with "boom" conditions indicated in an increasing number of businesses.

A. The index of industrial production rose 29 percent during the first year of the defense program.

B. This increase in output was accompanied by a 15-percent rise in wholesale prices.

II. Contrary to the usual seasonal drop from May to June, the volume of residential building continued to increase.

A. With defense housing construction coming into full swing, more than twice as many publicly financed family dwelling units were started than last month.

B. Private residential building declined less than is usually expected at this time of the year.

III. Stimulated by the growing demand for new homes and by an increasing volume of real-estate transactions, home-financing activities were on a high level.

A. Home-mortgage loans made by savings and loan associations during June totaled $133,000,000—a new peak.

B. The volume of nonfarm mortgages of $20,000 or less recorded during June was only slightly less than the record established in May. Banks and trust companies and mutual savings banks registered small increases from May to June.

IV. Building costs, for both materials and labor, continued to rise. Charges for labor showed the greatest gain during June, but increases in wholesale quotations for material presage further upswings in this element too.

Summary

CONTRARY to the seasonal decline which usually begins in June, business activity reached new highs. At the same time, extensions of the priority system to new industries and products indicated growing shortages in critical raw materials and approaching bottlenecks which, analysts believe, will eventually tend to slow down the further expansion of industrial output as well as of construction.

Spurred on by the defense housing program, residential construction continued at a rapid pace and, although the supply of certain materials is reported to be slackening, no over-all curtailment of private building activity has as yet become apparent.

The real-estate market showed a high degree of activity, with foreclosures down, mortgage-lending transactions up, and property sales progressing rapidly. Rent reports for individual communities which experienced an unusual influx of defense workers revealed an upward tendency. Of the 34 cities covered by the Bureau of Labor Statistics' cost of living surveys, 29 indicated advances in average rents from March to June. In Baltimore, Philadelphia, Indianapolis, Jacksonville, the Norfolk area, and Seattle, the average increase to families whose rents changed between March and June varied from $2.50 to $3.50 a month. In these cities, the average increase in the entire rent bill, including rents which changed and those which did not, ranged from 1.9 to 2.5 percent.

Summaries of mortgage recording activity during the first half of this year indicate that the current year is beyond any doubt the best year for real-estate financing in more than a decade. Of interest is the fact that the average mortgage recorded during the first six months of this year ($2,848) was $110 larger than the same period last year and $150 larger than in 1939. This increase in the average real-estate loan is the outgrowth of several factors, the most important of which are (1) increased construction costs, (2) rising real-estate values, and (3) liberalized credit terms—smaller down payments required on home purchases.

Investments in new mortgage loans by operating savings and loan associations continued during June the steep upward movement begun last February, with the greatest relative gains reported in the Boston and New York Federal Home Loan Bank Districts.

1935–1939=100

Type of index	June 1941	May 1941	Percent change	June 1940	Percent change
Residential construction [1]	202.1	r 174.0	+16.1	134.8	+49.9
Foreclosures (nonfarm) [1]	36.7	38.3	−4.2	47.9	−23.4
Rental index (NICB)	108.1	107.9	+0.2	106.4	+1.6
Building material prices	112.8	112.1	+0.6	103.2	+9.3
Savings and loan lending [1]	174.7	173.2	+0.9	139.8	+25.0
Industrial production [1]	p 156.0	r 150.0	+4.0	121.0	+28.9
Manufacturing employment [1]	p 133.4	r 128.7	+3.7	107.8	+23.7
Manufacturing pay rolls [1]	p 180.6	r 166.6	+8.4	118.2	+52.8
Income payments [1]	p 130.7	r 128.0	+2.1	110.2	+18.6

p =preliminary. r=revised.

[1] Adjusted for normal seasonal variation.

General Business Conditions

■ ALONG with another extension of the theater of war, the month of June brought a further intensification of the American effort to provide an arsenal and larder for the allied governments. This was reflected not only in a continued increase in business activity but also in growing dislocations caused by an accelerated shift of plant facilities from non-essential civilian production to armament output and by the spread of priorities over additional commodity groups.

The Federal Reserve Board's seasonally adjusted index of industrial production climbed from 150 in May to 156 in June (average of 1935–1939=100). In the past 12-month period which represents the first full year of the defense program designed after the collapse of France in June 1940, industrial output has increased as much as 30 percent—one of the fastest gains recorded for any annual period in the history of American industry.

Income payments as reported by the Commerce Department on a revised basis totaled $41,000,000,000 during the first six months of this year compared with $36,000,000,000 for the corresponding period of 1940 and are now estimated to be at an annual rate of more than $86,000,000,000—in excess of the previous record high established in 1929. Of course, statistics regarding national income, including as they do the results of increasing production for defense and making no allowance for mounting prices, become less of a definite criterion of living standards as prices increase and the output of civilian goods is supplanted by that of production for defense.

Non-residential construction continued to be among the most active business sectors. In the first six months of 1941 the volume of non-residential construction was twice as large as in the same period a year ago, increasing from $468,000,000 to $957,000,000, according to the reports from the F. W. Dodge Corporation. Most of this gain reflected the enlarged volume of factory construction caused by the huge demand for armament production. Almost one-half of this year's non-residential contracts represent factory building as against one-fourth for the first six months a year ago.

Continuing their upward movement which has gathered momentum since March, wholesale prices in the week ending July 26 were 1.3 percent higher than a month before and nearly 15 percent above the level of a year ago. The upward movement during the past year was quite general but varied in intensity, with farm products advancing over 31 percent, textile products over 20 percent, and building materials 10.8 percent.

Defense Savings Bonds

Total sales of defense savings bonds during the first three months of the campaign, according to the special report by the United States Treasury, amounted to over $1,000,000,000, with proceeds from the individual series as follows: E, $348,373,000; F, $94,052,000; G, $564,053,000.

The defense savings staff of the Treasury Department reported that 1,262 institutions of the savings and loan type had qualified on July 2 as issuing agents for defense savings bonds.

Residential Construction

[Tables 1 and 2]

■ THE decline in permits taken out for private construction from May to June was more than offset by a doubling of the volume of publicly financed building—almost all of which is now for defense housing purposes. As a result, the seasonally adjusted index of residential building increased 16 percent in June.

Private building activity in urban areas showed a decline from 38,072 family dwelling units in May to 36,264, a small drop compared with the customary trend at this time of the year. The decrease was almost entirely in the multifamily classification while permits for the construction of 1-family homes were almost in the same volume as during the preceding month.

Public construction in urban areas was begun for 6,693 family units as against 3,190 in May. Housing for defense workers and military personnel is now progressing at a rapid pace. According to the latest report of the Defense Housing Coordinator, 76,374 regular family dwelling units, 3,634 trailers, and 7,124 dormitories for single persons had been placed under construction contract by July 26 and 24,670 family units, 1,675 trailers, and 3,609 dormitories had been completed at that date.

As Federal authorities announced the preparation of priority rating machinery for certain materials used in residential construction, attention of the building industry during the past few weeks centered around the question how long the industry would be in a position to supply an increasing volume of new dwelling facilities. The factors to be considered in an answer to this question are discussed elsewhere in this issue (page 363).

Foreclosures

[*Table 10*]

■ NONFARM real-estate foreclosures numbered 5,047 during June, a reduction of 6 percent from the previous month. The reduction compares favorably with the customary May to June decline of 2 percent. Compared with June of last year, there were 1,550 fewer foreclosure cases, or a decrease of 24 percent.

In the first half of 1941, foreclosure activity was 18 percent below the level of the first six months of 1940. Geographically, all Federal Home Loan Bank Districts participated in this general downward movement, the declines ranging from 33 percent for the Boston District to 5 percent for the Chicago District. Only 10 scattered States showed increased foreclosure activity.

A special study undertaken by the Division of Research and Statistics reveals that the defense program is already having its effect on foreclosure activity. In "defense housing areas" in which a shortage of accommodations exists or impends, foreclosures dropped 20 percent in the 6-month comparison of 1941 with 1940. In the non-defense localities the average decline was only 12 percent. This indicates a definite improvement of the real-estate market in the defense areas where the housing need is most pressing, and a less marked recovery in the rest of the country. "Defense housing areas" include those localities for which public housing funds have either been allocated or where allocation is definitely under consideration as well as those which have been designated for FHA-insured mortgages under the new Title VI of the National Housing Act.

Building Costs

[*Tables 3, 4, and 5*]

■ BUILDING costs, for both materials and labor, continued to rise throughout the month of June. The Federal Home Loan Bank Board's index of costs for constructing a standard 6-room frame house rose almost 1 percent to a new high of 112.4. Charges for labor used in the construction of this house showed the greatest increase and now stand 15 percent above the level of one year ago. Material prices advanced fractionally, and the index for June was 8 percent higher than in the same month of 1940.

Changes in the total cost figures for individual communities during the period from April to July were mixed. Increases of more than $100 were registered in 10 cities with the gains in Utica, New York, and Newark, New Jersey amounting to almost $900. Eleven cities reported increases or decreases of less than $100, and four cities indicated declines of $100 or more.

Construction costs for the standard house

[Average month of 1935–1939=100]

Element of cost	June 1941	May 1941	Percent change	June 1940	Percent change
Material	109.2	108.8	+0.4	101.3	+7.8
Labor	118.6	117.0	+1.4	103.5	+14.6
Total	112.4	111.6	+0.7	102.1	+10.1

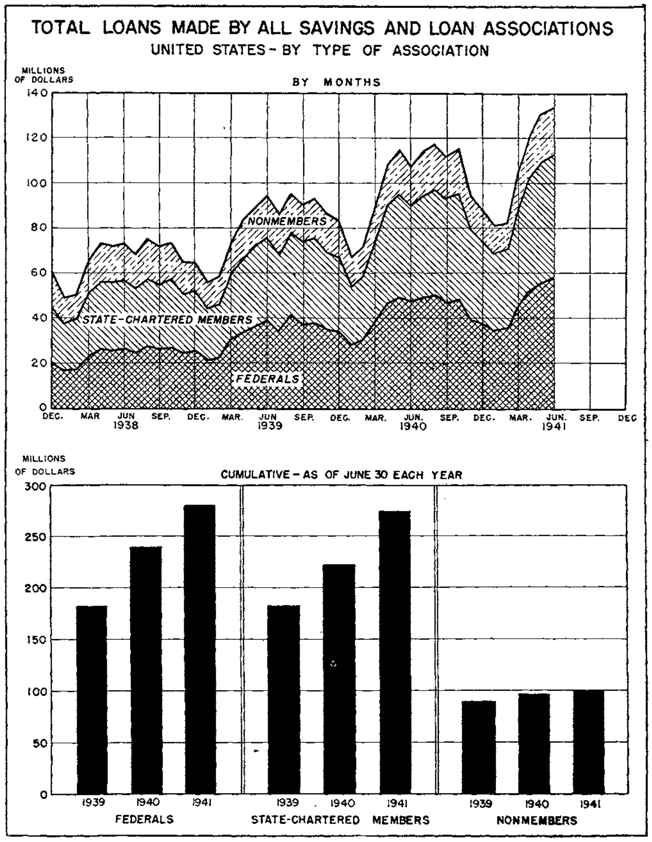
Continued rises in the wholesale prices of building materials, which usually precede changes in retail prices reflected in the standard house index above, were evident throughout June and July. Lumber quotations exceeded the high mark of last December, and in the week ending July 19 were 27.4 percent above the corresponding week of last year. Paint and paint materials have shown the second largest increase—a 9-percent gain during the same 12-month period.

New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 6 and 7*]

■ With new loans in the amount of $133,640,000, home-financing activity of savings and loan associations reached another high in June. The gain over the previous month was more than 2 percent and the increase from June of last year represented as much as 25 percent.

Reflecting the growing demand for new as well as existing dwelling facilities, construction loans (+7.9 percent) and home-purchase loans (+2.2 percent) were the only mortgage classifications to show advances over last month, while all other loan classifications registered declines. Compared with



June 1940, loans for new home construction were up 24 percent and home-purchase loans gained 46 percent.

During the first six months of 1941, total lending activity of savings and loan associations was 17 percent greater than in the same period last year. Of the $653,000,000 loaned by these institutions from January through June of this year, almost $470,000,000, or 72 percent, was for home construction and home purchase.

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	June 1941	May 1941	Percent change	June 1940	Percent change
Construction	$44, 207	$40, 975	+7. 9	$35, 523	+24. 4
Home purchase	55, 993	54, 781	+2. 2	38, 402	+45. 8
Refinancing	17, 891	18, 506	−3. 3	17, 147	+4. 3
Reconditioning	5, 633	5, 930	−5. 0	5, 691	−1. 0
Other purposes	9, 916	10, 761	−7. 9	10, 221	−3. 0
Total	133, 640	130, 953	+2. 1	106, 984	+24. 9

Mortgage Recordings

[*Tables 8 and 9*]

■ REAL-ESTATE financing by all mortgage lenders during the first six months of this year far surpassed the activity in any comparable period for more than a decade. Total nonfarm mortgages of $20,000 or less recorded during the January–June period of this year exceeded $2,200,000,000—an increase of 18 percent over the same 1940 period, and 35 percent above the volume of recordings for the first half of 1939.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from May 1941	Percent of June 1941 amount	Cumulative recordings (6 months)	Percent of total recordings
Savings and loan associations	−2. 9	32. 4	$707, 517	31. 9
Insurance companies	+4. 9	8. 7	184, 569	8. 3
Banks, trust companies	+0. 6	25. 1	552, 735	24. 9
Mutual savings banks	+4. 0	4. 8	95, 705	4. 3
Individuals	−3. 5	15. 6	368, 903	16. 7
Others	−4. 0	13. 4	308, 436	13. 9
Total	−1. 3	100. 0	2, 217, 865	100. 0

Comparison of the recording activity of each of the several types of mortgagees during the first six months of the last three years reveals some significant changes. Mutual savings banks, 97 percent of whose assets are located in the industrial northeastern section of the United States, evidenced the greatest relative 1939–1941 increase in financing activity—58 percent. The largest dollar increase—more than $225,000,000, or 47 percent—was registered by the savings and loan industry. The remaining classes of mortgage lenders evidenced gains ranging from 22 to 41 percent. Mutual savings banks, insurance companies, and savings and loan associations each have increased their participation in total mortgage recordings.

Activity during June dropped only slightly from the new peak established in May. Savings and loan associations, individuals, and "other" mortgagees registered declines of 3 to 4 percent while the remaining classes of lenders showed gains of 1 to 5 percent.

Federal Home Loan Bank System

[Table 13; Supplemental Tables A and B]

■ DURING the first six months of 1941, advances and repayments reported by the Federal Home Loan Banks followed their usual cyclical pattern for this period of the year. From January through April repayments were well in excess of new advances, reducing the balance of advances outstanding from the all-time peak of $201,492,000 at the end of last year to $141,828,000 on April 30, 1941. The month of May showed a small increase in advances outstanding, and June registered an unusual gain. All in all, gross advances for the six months amounted to $58,000,000, approximately $8,000,000 greater than for the same period last year, while gross repayments in the amount of $89,000,000 were about $16,000,000 greater than in 1940.

During June, the Banks advanced the largest amount loaned in any month since the inception of the Bank System—$29,300,000, and since the repayments received by them totaled only $4,600,000, this resulted in the largest increase in advances outstanding in any month—nearly $25,000,000. The balance of outstanding advances in the amount of $170,000,000 at the end of June was 8 percent greater than the amount outstanding at the end of June 1940.

All 12 of the Federal Home Loan Banks reported greater advances than repayments during June, and all but the New York, Des Moines, and Topeka Banks had larger advances outstanding at the end of June of this year than at the same date last year. The largest monetary gain during the month was recorded by the Winston-Salem Bank ($4,600,000), while the largest percentage gain was in the Portland and Los Angeles Banks (29.8 percent each).

During June, six associations were admitted to membership and six withdrew, which resulted in no change in the membership of the Bank System from the 3,839 reported last month. Since the beginning of the year there has been a net decrease of 25 in membership, due in part to mergers and purchases of assets within the membership in a further move-

Condensed consolidated statement of condition of the Federal Home Loan Banks as of June 30, 1941

ASSETS		
CASH	(19.62%)	$57, 203, 867. 77
Cash on hand and on deposit in the U. S. Treasury and commercial banks.		
CASH ON DEPOSIT IN SPECIAL ACCOUNT IN THE U. S. TREASURY	(0.12%)	335, 515. 54
To provide for retirement of $334,000 of matured consolidated debentures and $1,515.54 in interest coupons which have not been presented for payment.		
INVESTMENTS	(21.75%)	63, 407, 069. 89
Book value of obligations of the U. S. Government and securities fully guaranteed by it.		
ADVANCES OUTSTANDING	(58.28%)	169, 897, 389. 70
Advances made under provisions of the Federal Home Loan Bank Act to members.		
ACCRUED INTEREST RECEIVABLE	(0.15%)	440, 988. 24
Interest accrued but not due on investments and advances outstanding.		
DEFERRED CHARGES	(0.08%)	219, 337. 00
Prepaid expense items applicable to future operations.		
OTHER ASSETS	(0.00%)	7, 805. 09
Accounts receivable and miscellaneous assets.		
TOTAL ASSETS	(100.00%)	$291, 511, 973. 23

As of June 30, 1941, the Reconstruction Finance Corporation held 72.8 percent of the total capital stock in the Federal Home Loan Banks which represented an investment of $124,741,000. The capital stock of the Banks owned by members totaled $46,571,900, an increase of $2,016,600 or 4.5 percent over December 31, 1940. The members owed a balance of $29,700 on outstanding Bank stock.

The Surplus-Reserve and Undivided Profits accounts of the several Banks reflect an increase from $11,200,751.13 at the close of 1940 to $12,033,992.31 on June 30, 1941, which is a gain of 7.4 percent.

LIABILITIES AND CAPITAL			
LIABILITIES			
DEPOSITS			$31, 444, 519. 50
Demand and time deposits of members totaled $31,306,869.50 and the deposits of applicants on stock subscribed in connection with membership applications, $137,650.			
ACCRUED INTEREST PAYABLE			215, 611. 53
Interest accrued but not due on members' time deposits, $16,861.48 and on consolidated debentures, $198,750.05.			
DIVIDENDS PAYABLE			561, 918. 32
Dividends payable in July 1941 on stock as of record June 30, 1941.			
ACCOUNTS PAYABLE			349, 757. 21
Debentures matured and interest accrued on certificates not presented for payment totaled $335,515.54, while miscellaneous items totaled $14,241.67.			
DEBENTURES OUTSTANDING			75, 500, 000. 00
Consolidated debentures outstanding which are the joint and several obligations of the Federal Home Loan Banks: Series D— 2% due 4-1-43—$23,500,000. Series G—¾% due 4-15-42—$52,000,000.			
PREMIUMS ON DEBENTURES			122, 974. 36
Unamortized portion of premiums received on sale of consolidated debentures.			
TOTAL LIABILITIES			$108, 194, 780. 92
CAPITAL			
CAPITAL STOCK:			
Fully paid issued and outstanding		$171, 261, 400. 00	
Subscribed for and partially paid	$51, 500. 00		
Less unpaid balance	29, 700. 00		
		21, 800. 00	
Total paid in		171, 283, 200. 00	
SURPLUS:			
Legal reserve (20% of net earnings to date)		5, 647, 910. 51	
Reserve for contingencies		1, 501, 456. 47	
Total surplus		7, 149, 366. 98	
UNDIVIDED PROFITS		4, 884, 625. 33	
TOTAL CAPITAL			183, 317, 192. 31
TOTAL LIABILITIES AND CAPITAL			$291, 511, 973. 23

ment toward consolidation in the savings and loan industry. However, the aggregate assets of member institutions continued to increase and at the end of June reached $5,287,175,000, an increase of $215,821,000 since the beginning of the year.

Dividends declared in June by the Federal Home Loan Banks on their capital stock brought the total amount of dividends paid since the establishment of the Bank System in 1932 to $16,200,000. On February 20, 1941, the Reconstruction Finance Corporation purchased from the United States Treasury the Federal Home Loan Bank stock owned by the latter and the Treasury waived claim to any dividends arising from earnings subsequent to January 1, 1941. At the time of sale, the Treasury had received over $12,000,000 in dividends on its stock holdings which accounts for three-fourths of the total dividends paid by the Banks, while member institutions have received $3,600,000.

Ten of the Banks declared dividends totaling $800,000 for the 6-month period ending June 30. Of this total, the Reconstruction Finance Corporation received approximately $600,000 on its holdings while member institutions received approximately $200,000. Seven of the Banks declared dividends at an annual rate of 1 percent, one Bank paid dividends at the rate of 1¼ percent, and two Banks, at 1½ percent. Further details on dividends for this 6-month period are set forth in the table below.

Dividends paid or declared by the Federal Home Loan Banks on June 30, 1941

Federal Home Loan Bank	Rate per annum	Members	Government [1]	Total
	Percent			
Boston	1	$22, 743. 96	$62, 337. 50	$85, 081. 46
New York	1	24, 615. 29	94, 816. 00	119, 431. 29
Pittsburgh [2]				
Winston-Salem [2]				
Cincinnati	1	40, 136. 49	63, 878. 50	104, 014. 99
Indianapolis	1½	24, 417. 49	49, 330. 50	73, 747. 99
Chicago	1½	37, 730. 08	106, 304. 25	144, 034. 33
Des Moines	1¼	17, 547. 23	46, 218. 13	63, 765. 36
Little Rock	1	11, 121. 94	43, 862. 00	54, 983. 94
Topeka	1	9, 209. 30	36, 668. 00	45, 877. 30
Portland	1	6, 490. 25	29, 800. 00	36, 290. 25
Los Angeles	1	16, 874. 75	49, 839. 50	66, 714. 25
Total		210, 886. 78	583, 054. 38	793, 941. 16

[1] On February 20, 1941, the Reconstruction Finance Corporation purchased the U. S. Treasury holdings of Federal Home Loan Bank stock as provided for by an Act of the Congress, approved June 25, 1940.

[2] These Banks declare dividends as of December 31.

Interest rates on advances to members [1]

Federal Home Loan Bank	Rate in effect, July 1, 1941	Type of advance
	Percent	
Boston	1½	All short-term advances amortized within one year.
	2½	All long-term advances.
New York	1½	All short-term advances amortized within one year.
	2½	All long-term advances.
Pittsburgh	3	All advances.
Winston-Salem	3	All advances.
Cincinnati	2½	All advances.
Indianapolis	2½	Short-term advances not exceeding 15% of members' share capital.
	3	All long-term advances.
Chicago	1½	All short-term advances amortized in equal monthly installments.[2]
	2¼	All short-term advances amortized by not less than 2½% of the principal amount quarterly.[2]
	3	All other advances.
Des Moines	3	All advances.
Little Rock	3	All advances.
Topeka	3	All advances.
Portland	3	All advances.
Los Angeles	2½	Advances made on and subsequent to May 1, 1941, where the proceeds are used solely for making FHA loans.
	3	All other advances.

[1] Banks are required to charge ½ to 1 percent additional on advances to nonmembers.

[2] Advances must not exceed 10 percent of members' assets.

Interest Rates

Interest rates on FHLB advances during this period ranged from 1½ percent to 3 percent on short-term advances and from 2½ percent to 3 percent on long-term advances. Changes during the period took place in the Los Angeles District where the 3-percent rate on all advances was altered to include a 2½ percent rate on advances, the proceeds of which would be used for FHA loans (effective May 1, 1941), and in the Indianapolis District where the limitation on short-term advances bearing a 2½ percent rate was raised from 10 percent to 15 percent of the borrowing member's share capital. Current interest rates for all Federal Home Loan Banks are shown in the above table.

The consolidated statement of condition of the 12 Federal Home Loan Banks as of June 30, 1941, and the consolidated statement of profit and loss for the 6-month period ending June 30, 1941, will be found on pages 388 and 390 (Supplemental Tables A and B).

Federal Savings and Loan Associations

[*Table 12*]

■ ANOTHER milestone in the operation of Federal savings and loan associations was passed during June when their total assets reached and exceeded the $2,000,000,000-mark. Aggregate resources of these institutions on June 30 were equal to $2,030,000,000—an increase of 8 percent during the first half of this year, and a 17-percent gain over the corresponding date in 1940.

Mortgage loans made by Federals during the first half of this year aggregated $280,000,000, or a 17-percent advance in activity over the same period last year. New private share investments received from January through June of this year totaled more than $300,000,000, or a net increase over the same months of 1940 of 23 percent.

The following business trends were in evidence during June: new private share investments and new mortgage loans increased contraseasonally, while repurchases of private capital were lower than in May.

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	June 30, 1941	May 31, 1941	June 30, 1941	May 31, 1941
New	639	638	$ 629,301	$608, 032
Converted	816	813	1,400,338	1, 370, 198
Total	1, 455	1, 451	2,029,639	1, 978, 230

Federal Savings and Loan Insurance Corporation

[*Table 12*]

■ PRIVATE savings in insured savings and loan associations continued to increase and reached $2,433,513,000 at the end of June. During the past 6-month period the private repurchasable capital held by these institutions gained at the rate of 10.5 percent compared with an 11.5 percent growth in the same period of 1940.

The protection afforded by the Federal Savings and Loan Insurance Corporation extends now to the savings of almost three million investors who have entrusted their funds to insured savings and loan associations. Although the average account per investor has shown some tendency to increase, it is still only little over $800—which indicates that the small saver remains the backbone of the savings and loan industry.

At the end of June, the number of associations insured by the Federal Savings and Loan Insurance Corporation totaled 2,310. These institutions held combined assets in the amount of $3,158,000,000.

Growth of City Suburbs

(*Continued from p. 375*)

as fast as the growth of our urban population. The total number of people in these rural nonfarm areas reached 27,000,000—trailing closely behind our aggregate farm population of about 30,000,000.

The chart on page 375 illustrates the distribution of the total population over urban, rural nonfarm, and farm areas as of April 1, 1940.

A New Form of Urbanization

In a way, all these figures serve to supplement previously released Census results which, on the basis of "urban areas," indicated a slowing-up in the progress of urbanization that had characterized our great industrial expansion in the past.[1] We are still in a vigorous process of urbanization but this process has taken different forms. The population growth in cities has slowed up but the expansion has jumped over boundaries of cities—which are political and administrative rather than economic and social units. More and more "cities" are being superseded by "metropolitan districts," including vast suburban areas which form integrated units with common economic and social interests.

The relatively rapid growth of our rural nonfarm population—whether resulting from internal migration or from a higher birth rate—typifies the same tendency toward decentralization. Savings and lending operations of home-financing institutions will necessarily follow this pattern which is likely to become even more pronounced as time goes on.

[1] See: "American Cities—Ten Years of Growth and Decline," p. 39, November 1940; and "Prospects and Retrospects in the Light of Census Results," p. 181, March 1941.

Balance sheet item	Consolidated	Combined	Boston	New York	Pittsburgh
ASSETS					
CASH:					
On Hand	$ 48,130.89	$ 48,130.89	$ 500.00	$ 500.00	$ 1,200.00
On Deposit with:					
U. S. Treasurer	42,615,549.95	42,615,549.95	3,401,345.46	1,749,859.98	1,478,549.16
U. S. Treasurer - Allocated for Securities	578,000.00	578,000.00	0	0	0
Commercial Banks	13,947,186.93	13,947,186.93	1,394,287.11	362,665.10(a)	1,514,413.39
FHL Bank of New York, Agent	15,000.00	15,000.00	1,250.00	1,250.00	1,250.00
Other Federal Home Loan Banks	0	2,500,000.00	0	0	0
Total Cash	57,203,867.77	59,703,867.77	4,797,382.57	2,114,275.08(a)	2,995,412.55
Deposit with U. S. Treasurer for Matured Obligations	335,515.54	0	0	0	0
INVESTMENTS:					
U. S. Government Obligations and Securities fully guaranteed by U. S.	63,407,069.89	63,407,069.89	8,125,538.41	8,415,806.78	5,380,402.33
ADVANCES OUTSTANDING - Members	169,897,389.70	169,897,389.70	7,531,990.12	17,407,556.59	15,232,544.19
ACCRUED INTEREST RECEIVABLE:					
Deposits - Other FHL Banks	0	191.78	0	0	0
Investments	205,749.02	205,749.02	25,843.52	27,052.50	23,009.73
Advances to Members	235,239.22	235,239.22	8,209.95	40,752.59	46,559.78
Total Accrued Interest Receivable	440,988.24	441,180.02	34,053.47	67,805.09	69,569.51
DEFERRED CHARGES:					
Prepaid Consolidated Debenture Expense	62,891.11	62,891.11	0	0	6,349.02
Prepaid Assessment - FHLB Board	150,000.00	150,000.00	9,188.92	14,901.36	14,044.24
Prepaid Surety Bond and Insurance Premiums	5,878.13	5,878.13	370.34	686.76	515.02
Other	567.76	567.76	0	0	0
Total Deferred Charges	219,337.00	219,337.00	9,559.26	15,588.12	20,908.28
OTHER ASSETS:					
Accounts Receivable	6,655.09	6,655.09	150.00	468.75	2,453.91
Miscellaneous	1,150.00	1,150.00	0	0	0
Total Other Assets	7,805.09	7,805.09	150.00	468.75	2,453.91
TOTAL ASSETS	$291,511,973.23	$293,676,649.47	$20,498,673.83	$28,021,500.41	$23,701,290.77
LIABILITIES AND CAPITAL					
LIABILITIES:					
DEPOSITS:					
Members - Time	$ 25,417,337.62	$ 25,417,337.62	$ 2,354,645.73	$ 2,223,842.02	$ 624,437.00
Members - Demand	5,889,531.88	5,889,531.88	300,000.00	612,603.40	63,630.71
Applicants	137,650.00	137,650.00	32,800.00	26,250.00	40,600.00
Other Federal Home Loan Banks	0	2,500,000.00	0	0	0
Total Deposits	31,444,519.50	33,944,519.50	2,687,445.73	2,862,695.42	728,667.71
ACCRUED INTEREST PAYABLE:					
Deposits - Members	16,861.48	16,861.48	5,589.97	37.82	1,299.65
Deposits - Other FHL Banks	0	191.78	0	0	0
Consolidated Debentures	198,750.05	198,750.05	0	0	25,468.75
Total Accrued Interest Payable	215,611.53	215,803.31	5,589.97	37.82	26,768.40
DIVIDENDS PAYABLE:					
Reconstruction Finance Corporation	401,730.88	401,730.88	62,337.50	0	0
Members	160,187.44	160,187.44	22,743.96	0	0
Total Dividends Payable	561,918.32	561,918.32	85,081.46	0	0
ACCOUNTS PAYABLE	14,241.67	14,241.67	0	0	14,044.24
PREMIUMS ON CONSOLIDATED DEBENTURES	122,974.36	122,974.36	0	0	8,277.16
*CONSOLIDATED DEBENTURES:					
2% Series D due April 1, 1943	23,500,000.00	23,500,000.00	0	0	4,000,000.00
¾% Series G due April 15, 1942	52,000,000.00	52,000,000.00	0	0	3,500,000.00
Total Consolidated Debentures	75,500,000.00	75,500,000.00	0	0	7,500,000.00
MATURED OBLIGATIONS:					
Consolidated Debentures	334,000.00	0	0	0	0
Interest on Consolidated Debentures	1,515.54	0	0	0	0
Total Matured Obligations	335,515.54	0	0	0	0
Total Liabilities	$108,194,780.92	$110,359,457.16	$ 2,778,117.16	$ 2,862,733.24	$ 8,277,757.51
CAPITAL					
CAPITAL STOCK (PAR):					
Members (fully paid)	$ 46,520,400.00	$ 46,520,400.00	$ 4,695,600.00	$ 4,995,400.00	$ 2,958,300.00
Members (partially paid)	51,500.00	51,500.00	0	500.00	7,100.00
Total	46,571,900.00	46,571,900.00	4,695,600.00	4,995,900.00	2,965,400.00
Less: Unpaid Subscriptions	29,700.00	29,700.00	0	375.00	2,650.00
	46,542,200.00	46,542,200.00	4,695,600.00	4,995,525.00	2,962,750.00
U. S. Govt. Sub.-now owned by RFC (fully paid)	124,741,000.00	124,741,000.00	12,467,500.00	18,963,200.00	11,146,300.00
Total paid in on Capital Stock	171,283,200.00	171,283,200.00	17,163,100.00	23,958,725.00	14,109,050.00
SURPLUS:					
Reserve as required under Section 16 of the Act	5,647,910.51	5,647,910.51	360,517.17	705,820.96	517,064.83
Reserve for Contingencies	1,501,456.47	1,501,456.47	75,000.00	158,636.65	0
Total Surplus	7,149,366.98	7,149,366.98	435,517.17	864,457.61	517,064.83
UNDIVIDED PROFITS	4,884,625.33	4,884,625.33	121,939.50	335,584.56	797,418.43
Total Surplus and Undivided Profits	12,033,992.31	12,033,992.31	557,456.67	1,200,042.17	1,314,483.26
Total Capital	$183,317,192.31	$183,317,192.31	$17,720,556.67	$25,158,767.17	$15,423,533.26
TOTAL LIABILITIES AND CAPITAL	$291,511,973.23	$293,676,649.47	$20,498,673.83	$28,021,500.41	$23,701,290.77

(a) As of June 30, 1941 the New York Bank also administered as Agent for the 12 Banks an imprest fund of $15,000, from which debenture expenses, other than brokerage

(b) In addition, on June 30, 1941, the Chicago Bank held in escrow for certain associations in its district, the sum of $2,281.14.

* Consolidated Federal Home Loan Bank debentures issued by the Federal Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$ 10.00	$ 510.00	$ 28,263.03	$ 16,686.90	$ 111.30	$ 25.00	$ 25.00	$ 0	$ 299.66
9,924,387.21	4,182,121.44	1,917,230.52	6,645,006.70	7,368,973.88	1,906,649.10	2,249,137.34	794,553.94	997,735.22
0	210,000.00	210,000.00	0	140,000.00	0	0	0	18,000.00
1,548,983.65	1,363,638.04	748,385.04	4,904,754.66	156,712.27	0	7,710.55	1,507,001.05	438,636.07
1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
500,000.00	0	0	2,000,000.00	0	0	0	0	0
11,974,630.86	5,757,519.48	2,905,128.59	13,567,698.26(5)	7,667,047.45	1,907,924.10	2,258,122.89	2,302,804.99	1,455,920.95
0	0	0	0	0	0	0	0	0
690,000.00	11,759,463.88	9,264,106.70	5,330,000.00	1,628,000.00	3,575,000.00	3,219,587.50	2,354,476.79	3,664,687.50
20,075,628.00	15,892,333.88	11,015,626.68	28,851,099.41	14,234,475.04	7,934,461.50	7,890,635.14	7,847,124.92	15,983,914.23
0	0	0	191.78	0	0	0	0	0
1,476.65	38,689.64	25,789.33	18,969.55	11,694.14	7,110.52	11,331.60	4,628.45	10,153.39
60,349.42	7,999.06	4,775.81	7,506.90	7,296.67	19,605.54	10,551.55	17,486.68	4,145.27
61,826.07	46,688.70	30,565.14	26,668.23	18,990.81	26,716.06	21,883.15	22,115.13	14,298.66
11,955.94	2,187.37	6,053.83	17,277.23	9,635.60	1,312.50	2,767.55	1,221.04	4,131.03
18,055.87	14,683.24	11,442.44	19,022.78	12,706.66	8,703.53	8,958.69	6,778.53	11,513.74
348.49	1,014.98	557.29	158.21	436.05	386.50	499.78	329.01	575.70
24.21	0	0	0	543.55	0	0	0	0
30,384.51	17,885.59	18,053.56	36,458.22	23,321.86	10,402.53	12,226.02	8,328.58	16,220.47
262.69	796.48	160.00	550.00	117.50	113.20	0	150.00	1,432.56
675.00	0	0	0	0	0	50.00	0	425.00
937.69	796.48	160.00	550.00	117.50	113.20	50.00	150.00	1,857.56
$32,833,407.13	$33,474,688.01	$23,233,640.67	$47,812,474.12	$23,571,952.66	$13,454,617.39	$13,402,504.70	$12,535,000.41	$21,136,899.37
$ 2,145,100.00	$ 5,747,000.00	$ 4,840,924.50	$ 5,797,837.08	$ 887,551.29	$ 0	$ 160,000.00	$ 0	$ 636,000.00
0	2,527,896.67	422,716.92	0	12,405.10	31,254.83	106,069.05	1,073,620.56	739,334.64
2,825.00	12,725.00	125.00	15,125.00	1,200.00	0	0	0	6,000.00
0	0	0	0	0	0	0	2,000,000.00	500,000.00
2,147,925.00	8,287,621.67	5,263,766.42	5,812,962.08	901,156.39	31,254.83	266,069.05	3,073,620.56	1,881,334.64
1,436.03	216.10	6,091.82	2,172.81	17.28	0	0	0	0
0	0	0	0	0	0	0	191.78	0
31,250.00	12,500.00	19,921.92	43,125.00	33,437.50	7,500.00	11,953.13	2,343.75	11,250.00
32,686.03	12,716.10	26,013.74	45,297.81	33,454.78	7,500.00	11,953.13	2,535.53	11,250.00
0	63,878.50	49,330.50	106,304.25	46,218.13	43,862.00	0	29,800.00	0
0	40,136.49	24,417.49	37,730.08	17,547.23	11,121.94	0	6,490.25	0
0	104,014.99	73,747.99	144,034.33	63,765.36	54,983.94	0	36,290.25	0
18.00	8.75	38.15	0	0	0	0	0	132.53
28,378.69	0	11,233.28	42,568.07	16,554.23	0	2,956.11	3,547.30	9,459.52
2,500,000.00	2,500,000.00	2,500,000.00	3,000,000.00	4,500,000.00	1,500,000.00	2,000,000.00	0	1,000,000.00
12,000,000.00	0	4,750,000.00	18,000,000.00	7,000,000.00	0	1,250,000.00	1,500,000.00	4,000,000.00
14,500,000.00	2,500,000.00	7,250,000.00	21,000,000.00	11,500,000.00	1,500,000.00	3,250,000.00	1,500,000.00	5,000,000.00
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
$16,709,007.72	$10,904,361.51	$12,624,799.58	$27,044,862.29	$12,514,930.76	$1,593,738.77	$3,530,978.29	$4,615,993.64	$6,902,176.69
$ 5,336,800.00	$ 8,141,200.00	$ 3,340,700.00	$ 5,152,900.00	$ 2,860,800.00	$2,283,600.00	$1,870,300.00	$1,432,600.00	$3,452,200.00
0	0	500.00	5,000.00	3,400.00	0	35,000.00	0	0
5,336,800.00	8,141,200.00	3,341,200.00	5,157,900.00	2,864,200.00	2,283,600.00	1,905,300.00	1,432,600.00	3,452,200.00
0	0	375.00	1,250.00	1,300.00	0	23,750.00	0	0
5,336,800.00	8,141,200.00	3,340,825.00	5,156,650.00	2,862,900.00	2,283,600.00	1,881,550.00	1,432,600.00	3,452,200.00
9,208,200.00	12,775,700.00	6,577,400.00	14,173,900.00	7,394,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,967,900.00
14,545,000.00	20,916,900.00	9,918,225.00	19,330,550.00	10,257,800.00	11,056,000.00	9,215,150.00	7,392,600.00	13,420,100.00
526,991.77	876,930.82	358,271.97	767,896.42	374,554.68	346,791.05	252,051.44	220,905.04	340,114.36
220,000.00	247,819.82	0	0	250,000.00	0	0	250,000.00	300,000.00
746,991.77	1,124,750.64	358,271.97	767,896.42	624,554.68	346,791.05	252,051.44	470,905.04	640,114.36
832,407.64	528,675.86	332,344.12	669,165.41	174,667.22	458,087.57	404,324.97	55,501.73	174,508.32
1,579,399.41	1,653,426.50	690,616.09	1,437,061.83	799,221.90	804,878.62	656,376.41	526,406.77	814,622.68
$16,124,399.41	$22,570,326.50	$10,608,841.09	$20,767,611.83	$11,057,021.90	$11,860,878.62	$ 9,871,526.41	$ 7,919,006.77	$14,234,722.68
$32,833,407.13	$33,474,688.01	$23,233,640.67	$47,812,474.12	$23,571,952.66	$13,454,617.39	$13,402,504.70	$12,535,000.41	$21,136,899.37

commissions and interest are paid. The New York Bank also acted as agent for the payment of premiums on employees' group life insurance in the several Banks.

Home Loan Banks.

	Consolidated	Combined	Boston	New York	Pittsburgh
GROSS OPERATING INCOME:					
Interest Earned on Advances	$2,144,805.96	$2,144,805.96	$ 77,407.41	$202,553.51	$213,648.44
Interest Earned on Investments	487,287.63	487,287.63	78,049.73	21,631.86	52,231.79
Interest Earned on Deposits - Other FHL Banks	0	698.63	0	0	0
Gross Operating Income	2,632,093.59	2,632,792.22	155,457.14	224,185.37	265,880.23
LESS - OPERATING CHARGES:					
Compensation, Travel, etc. (Detail below)	476,442.30	476,442.30	30,370.27	64,639.30	58,960.20
Interest on Debentures	361,108.90	361,108.90	0	0	49,650.71
Debenture Expense - Commissions	37,434.61	37,434.61	0	0	3,764.54
Debenture Expense - Other	11,798.95	11,798.95	726.26	726.26	1,018.31
Interest on Deposits - Members	58,549.80	58,549.80	5,987.06	6,396.25	1,946.67
Interest on Deposits - Other FHL Banks	0	698.63	0	0	0
Assessment for Expenses of FHLB Board	150,000.00	150,000.00	10,297.64	12,245.67	13,818.91
Total Operating Charges	1,095,334.56	1,096,033.19	47,381.23	84,007.48	129,159.34
NET OPERATING INCOME	1,536,759.03	1,536,759.03	108,075.91	140,177.89	136,720.89
ADD - NON-OPERATING INCOME:					
Profit on Sale of Investments	157,571.83	157,571.83	0	0	0
LESS - NON-OPERATING CHARGES:					
Premium charged off on Investments	61,648.52	61,648.52	0	0	0
Air Conditioning Equipment Charged off	5,500.00	5,500.00	0	0	0
Total Non-operating Charges	67,148.52	67,148.52	0	0	0
NET INCOME	$1,627,182.34	$1,627,182.34	$108,075.91	$140,177.89	$136,720.89
DETAIL OF COMPENSATION, TRAVEL AND OTHER EXPENSES:					
COMPENSATION:					
Directors' Fees	$ 20,537.50	$ 20,537.50	$ 1,020.00	$ 3,870.00	$ 1,375.00
Officers' Salaries	139,488.07	139,488.07	13,300.00	12,288.17	10,650.00
Counsel's Compensation	22,150.00	22,150.00	1,600.00	3,000.00	2,800.00
Other Salaries	132,779.19	132,779.19	4,850.00	21,402.84	26,370.00
Total Compensation	314,954.76	314,954.76	20,770.00	40,561.01	41,195.00
TRAVEL EXPENSE:					
Directors	14,121.36	14,121.36	371.88	1,090.54	1,155.12
Officers	16,758.36	16,758.36	1,660.86	1,274.49	1,782.34
Other	7,090.34	7,090.34	4.90	1,697.70	928.62
Total Travel Expense	37,970.06	37,970.06	2,037.64	4,062.73	3,866.08
OTHER EXPENSES:					
Telephone and Telegraph	9,746.85	9,746.85	528.41	1,274.28	1,410.11
Postage and Express	10,347.51	10,347.51	342.44	1,745.63	1,053.81
Light, Power, etc.	4,395.51	4,395.51	239.88	1,413.04	101.44
Stationery, Printing and Supplies	12,510.59	12,510.59	672.61	3,187.53	1,018.68
Insurance and Surety Bond Premiums	10,059.68	10,059.68	678.03	1,053.96	1,031.05
Furniture and Fixtures Purchased	4,816.95	4,816.95	93.36	1,508.13	588.50
Rent, less rental charged Exam. Div. - FHLB Board	28,991.35	28,991.35	1,249.98	4,345.82	3,743.04
Services of Examining Division	19,599.63	19,599.63	994.40	3,622.25	3,524.29
Miscellaneous Operating Expense	23,049.41	23,049.41	2,763.52	1,864.92	1,428.20
Total Other Expenses	123,517.48	123,517.48	7,562.63	20,015.56	13,899.12
TOTAL	$476,442.30	$476,442.30	$30,370.27	$64,639.30	$58,960.20

Analysis of Surplus - Reserves

	Consolidated	Combined	Boston	New York	Pittsburgh
SURPLUS - RESERVE AS REQUIRED BY SECTION 16 OF ACT:					
Credit Balance - December 31, 1940	$5,322,474.03	$5,322,474.03	$338,901.99	$677,785.38	$489,720.65
Add: 20% net earnings first half 1941	325,436.48	325,436.48	21,615.18	28,035.58	27,344.18
Credit Balance - June 30, 1941	5,647,910.51	5,647,910.51	360,517.17	705,820.96	517,064.83
SURPLUS - RESERVE FOR CONTINGENCIES:					
Credit Balance - December 31, 1940	1,117,763.70	1,117,763.70	0	158,636.65	0
Added first half 1941	383,692.77	383,692.77	75,000.00	0	0
Credit Balance - June 30, 1941	1,501,456.47	1,501,456.47	75,000.00	158,636.65	0
UNDIVIDED PROFITS:					
Credit Balance - December 31, 1940	4,760,513.40	4,760,513.40	195,560.23	342,873.54	688,041.72
Add: Profit first half 1941	1,627,182.34	1,627,182.34	108,075.91	140,177.89	136,720.89
Deduct: Dividends declared June 30, 1941 - R. F. C.	583,054.38	583,054.38	62,337.50	94,816.00	0
Members	210,886.78	210,886.78	22,743.96	24,615.29	0
Allocation to Legal Reserve	325,436.48	325,436.48	21,615.18	28,035.58	27,344.18
Allocation to Reserve for Contingencies	383,692.77	383,692.77	75,000.00	0	0
Total Deductions	1,503,070.41	1,503,070.41	181,696.64	147,466.87	27,344.18
Credit Balance - June 30, 1941	4,884,625.33	4,884,625.33	121,939.50	335,584.56	797,418.43
TOTAL SURPLUS AND UNDIVIDED PROFITS	$12,033,992.31	$12,033,992.31	$557,456.67	$1,200,042.17	$1,314,483.26

Home Loan Banks for the period Jan. 1, 1941, through June 30, 1941

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$287,333.81	$189,304.85	$138,266.61	$343,325.55	$208,839.69	$106,353.25	$115,745.35	$ 85,066.20	$176,961.29
7,020.85	95,813.85	73,139.06	34,989.10	19,305.86	31,263.29	24,916.14	16,945.43	31,980.67
0	0	0	191.78	0	205.48	0	301.37	0
294,354.66	285,118.70	211,405.67	378,506.43	228,145.55	137,822.02	140,661.49	102,313.00	208,941.96
36,166.11	52,562.09	29,843.30	45,049.85	30,213.45	34,884.26	30,589.23	25,235.08	37,929.16
53,832.46	25,000.00	35,719.20	72,372.47	61,964.99	15,000.00	23,697.03	3,677.06	20,194.98
7,759.50	625.02	3,067.02	10,969.20	5,367.21	375.00	1,625.24	932.04	2,949.84
1,418.32	726.25	949.79	1,700.69	1,140.57	726.25	848.76	818.10	999.39
1,672.02	13,645.18	11,846.68	12,620.60	2,044.51	0	0	0	2,390.83
0	506.85	0	0	0	0	0	191.78	0
18,152.71	16,897.04	10,587.20	19,038.38	12,403.13	9,268.99	8,802.97	6,508.33	11,979.03
119,001.12	109,962.43	92,013.19	161,751.19	113.133.86	60,254.50	65,563.23	37,362.39	76,443.23
175,353.54	175,156.27	119,392.48	216,755.24	115,011.69	77,567.52	75,098.26	64,950.61	132,498.73
48,263.84	10,865.96	33,998.28	0	0	55,281.25	9,162.50	0	0
0	0	1,092.26	0	0	45,421.88	15,134.38	0	0
0	0	0	0	0	5,500.00	0	0	0
0	0	1,092.26	0	0	50,921.88	15,134.38	0	0
$223,617.38	$186,022.23	$152,298.50	$216,755.24	$115,011.69	$81,926.89	$69,126.38	$ 64,950.61	$132,498.73
$ 1,190.00	$ 2,525.00	$ 1,050.00	$ 1,380.00	$ 1,770.00	$ 1,590.00	$ 1,970.00	$ 1,422.50	$ 1,375.00
10,000.00	15,900.00	9,399.92	13,549.98	12,200.00	14,050.00	8,750.00	7,700.00	11,700.00
1,200.00	2,500.00	1,500.00	2,500.00	1,200.00	1,650.00	1,500.00	1,200.00	1,500.00
10,725.49	14,438.07	7,084.47	11,870.31	3,936.35	8,165.40	8,910.00	5,274.37	9,751.89
23,115.49	35,363.07	19,034.39	29,300.29	19,106.35	25,455.40	21,130.00	15,596.87	24,326.89
1,174.51	1,794.32	659.05	848.38	1,207.57	1,737.51	1,713.31	1,433.47	935.70
1,331.42	1,193.85	1,341.29	762.24	1,035.00	1,268.40	869.58	959.00	3,279.89
738.80	379.62	459.14	1,122.51	140.25	128.35	365.41	1,051.15	73.89
3,244.73	3,367.79	2,459.48	2,733.13	2,382.82	3,134.26	2,948.30	3,443.62	4,289.48
885.71	882.24	601.90	662.03	460.84	913.07	431.79	509.53	1,186.94
1,000.82	1,162.54	670.02	1,148.66	779.78	797.45	296.09	499.23	851.04
129.04	532.69	232.57	925.69	166.26	263.85	0	0	391.05
812.01	1,780.55	589.84	794.03	606.38	815.38	299.99	599.75	1,333.84
675.92	1,199.25	843.95	844.39	707.16	841.31	720.77	543.46	920.43
210.10	221.91	206.39	(125.00)	832.70	223.05	0	415.60	642.21
1,432.50	4,200.02	1,590.00	5,100.00	2,169.99	900.00	2,100.00	1,350.00	810.00
2,180.94	1,267.51	1,698.27	2,563.61	29.46	0	1,104.70	741.53	1,872.67
2,478.85	2,584.52	1,916.49	1,103.02	2,971.71	1,540.49	1,557.59	1,535.49	1,304.61
9,805.89	13,831.23	8,349.43	13,016.43	8,724.28	6,294.60	6,510.93	6,194.59	9,312.79
$ 36,166.11	$ 52,562.09	$ 29,843.30	$ 45,049.85	$ 30,213.45	$ 34,884.26	$ 30,589.23	$ 25,235.08	$ 37,929.16

and Undivided Profits

$482,268.29	$839,726.37	$327,812.27	$724,545.37	$351.552.34	$330,405.67	$238,226.17	$207,914.92	$313,614.61
44,723.48	37,204.45	30,459.70	43,351.05	23,002.34	16,385.38	13,825.27	12,990.12	26,499.75
526,991.77	876,930.82	358,271.97	767,896.42	374,554.68	346,791.05	252,051.44	220,905.04	340,114.36
220,000.00	239,127.05	0	0	150,000.00	0	0	250,000.00	100,000.00
0	8,692.77	0	0	100,000.00	0	0	0	200,000.00
220,000.00	247,819.82	0	0	250,000.00	0	0	250,000.00	300,000.00
653,513.74	492,565.84	284,253.31	639,795.55	246,423.23	447,530.00	394,901.16	39,831.49	335,223.59
223,617.38	186,022.23	152,298.50	216,755.24	115,011.69	81,926.89	69,126.38	64,950.61	132,498.73
0	63,878.50	49,330.50	106,304.25	46,218.13	43,862.00	36,668.00	29,800.00	49,839.50
0	40,136.49	24,417.49	37,730.08	17,547.23	11,121.94	9,209.30	6,490.25	16,874.75
44,723.48	37,204.45	30,459.70	43,351.05	23,002.34	16,385.38	13,825.27	12,990.12	26,499.75
0	8,692.77	0	0	100,000.00	0	0	0	200,000.00
44,723.48	149,912.21	104,207.69	187,385.38	186,767.70	71,369.32	59,702.57	49,280.37	293,214.00
832,407.64	528,675.86	332,344.12	669,165.41	174,667.22	458,087.57	404,324.97	55,501.73	174,508.32
$1,579,399.41	$1,653,426.50	$690,616.09	$1,437,061.83	$799,221.90	$804,878.62	$656,376.41	$526,406.77	$814,622.68

Table 1.—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States, June 1941

[Source: U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Type of construction	Number of family dwelling units					Permit valuation				
	Monthly totals			Jan.-June totals		Monthly totals			Jan.-June totals	
	June 1941	May 1941	June 1940	1941	1940	June 1941	May 1941	June 1940	1941	1940
Private construction	36, 264	38, 072	27, 694	188, 568	160, 597	$139, 766	$140, 135	$101, 302	$699, 975	$576, 056
1-family dwellings	29, 360	29, 613	23, 102	146, 057	124, 031	120, 269	118, 427	89, 499	581, 879	471, 971
2-family dwellings [1]	2, 288	2, 354	1, 513	12, 007	9, 235	6, 176	5, 977	3, 921	30, 636	22, 857
3- and more-family dwellings [2]	4, 616	6, 105	3, 079	30, 504	27, 331	13, 321	15, 731	7, 882	87, 460	81, 228
Public construction	6, 693	[3] 3, 190	2, 167	30, 725	21, 416	22, 635	[3] 9, 897	5, 951	97, 682	63, 954
Total urban construction	42, 957	[3] 41, 262	29, 861	219, 293	182, 013	162, 401	[3] 150, 032	107, 253	797, 657	640, 010

[1] Includes 1- and 2-family dwellings combined with stores.
[2] Includes multifamily dwellings combined with stores.
[3] Revised.

Table 2.—Estimated number and valuation of new family dwelling units provided in all urban areas, in June 1941, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All private 1- and 2-family dwellings			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	June 1941	June 1940	June 1941	June 1940	June 1941	June 1940	June 1941	June 1940
UNITED STATES	42, 957	29, 861	$162, 401	$107, 253	31, 648	24, 615	$126, 445	$93, 420
No. 1—Boston	4, 222	1, 654	16, 873	6, 886	1, 814	1, 514	8, 341	6, 463
Connecticut	953	456	4, 040	2, 270	600	450	2, 958	2, 253
Maine	80	105	260	309	77	79	253	245
Massachusetts	2, 179	821	8, 937	3, 270	875	723	4, 052	2, 957
New Hampshire	70	65	261	223	70	55	261	193
Rhode Island	921	182	3, 291	707	173	182	733	708
Vermont	19	25	84	107	19	25	84	107
No. 2—New York	6, 210	3, 636	24, 803	14, 158	3, 356	2, 224	15, 621	9, 837
New Jersey	1, 850	1, 388	7, 576	5, 447	1, 397	772	6, 361	3, 394
New York	4, 360	2, 248	17, 227	8, 711	1, 959	1, 452	9, 260	6, 443
No. 3—Pittsburgh	3, 436	1, 406	13, 734	5, 962	1, 585	1, 214	7, 111	5, 445
Delaware	21	21	98	103	21	21	98	103
Pennsylvania	3, 137	1, 073	12, 635	4, 829	1, 296	992	6, 040	4, 633
West Virginia	278	312	1, 001	1, 030	268	201	973	709

Table 2.—Estimated number and valuation of new family dwelling units provided in all urban areas, in June 1941, by Federal Home Loan Bank District and by State—Continued

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All private 1- and 2-family dwellings			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	June 1941	June 1940	June 1941	June 1940	June 1941	June 1940	June 1941	June 1940
No. 4—Winston Salem	5, 585	4, 436	$17, 609	$14, 151	3, 924	3, 352	$13, 063	$11, 644
Alabama	385	357	769	795	373	320	741	717
District of Columbia	987	350	3, 637	1, 687	324	198	1, 812	1, 352
Florida	876	1, 206	3, 098	3, 877	729	779	2, 754	2, 853
Georgia	635	735	1, 379	1, 779	502	463	1, 069	1, 111
Maryland	578	360	1, 975	1, 256	571	360	1, 957	1, 256
North Carolina	675	479	1, 770	1, 325	533	432	1, 440	1, 232
South Carolina	270	205	636	473	247	191	623	454
Virginia	1, 179	744	4, 345	2, 959	645	609	2, 667	2, 669
No. 5—Cincinnati	3, 274	2, 619	14, 132	9, 928	2, 697	1, 839	12, 039	7, 718
Kentucky	266	202	803	518	266	194	803	505
Ohio	2, 501	2, 103	11, 954	8, 668	1, 941	1, 331	9, 887	6, 471
Tennessee	507	314	1, 375	742	490	314	1, 349	742
No. 6—Indianapolis	3, 527	2, 494	15, 871	10, 353	3, 507	2, 476	15, 822	10, 302
Indiana	842	658	3, 321	2, 400	834	644	3, 304	2, 358
Michigan	2, 685	1, 836	12, 550	7, 953	2, 673	1, 832	12, 518	7, 944
No. 7—Chicago	2, 466	1, 900	12, 084	8, 953	2, 151	1, 862	11, 140	8, 824
Illinois	1, 742	1, 320	9, 046	6, 614	1, 465	1, 286	8, 199	6, 494
Wisconsin	724	580	3, 038	2, 339	686	576	2, 941	2, 330
No. 8—Des Moines	1, 753	1, 882	7, 018	7, 005	1, 677	1, 786	6, 829	6, 788
Iowa	537	504	2, 140	1, 820	531	492	2, 126	1, 801
Minnesota	611	727	2, 697	2, 938	581	706	2, 617	2, 886
Missouri	461	531	1, 697	1, 873	425	468	1, 611	1, 727
North Dakota	55	44	205	153	55	44	205	153
South Dakota	89	76	279	221	85	76	270	221
No. 9—Little Rock	3, 106	2, 800	8, 087	7, 259	2, 837	2, 178	7, 561	5, 694
Arkansas	256	138	651	319	252	138	637	319
Louisiana	352	312	967	846	348	312	957	846
Mississippi	365	220	627	338	246	204	340	315
New Mexico	103	121	267	300	97	116	264	291
Texas	2, 030	2, 009	5, 575	5, 456	1, 894	1, 408	5, 363	3, 923
No. 10—Topeka	1, 486	999	4, 378	3, 068	1, 312	957	3, 959	3, 011
Colorado	444	294	1, 300	955	288	279	915	945
Kansas	340	195	733	561	334	190	721	555
Nebraska	206	153	789	509	194	135	767	480
Oklahoma	496	357	1, 556	1, 043	496	353	1, 556	1, 031
No. 11—Portland	1, 742	1, 276	5, 903	4, 131	1, 671	1, 140	5, 816	3, 754
Idaho	149	133	432	332	127	125	396	317
Montana	100	94	325	253	100	81	325	229
Oregon	403	317	1, 334	1, 048	388	254	1, 327	819
Utah	286	161	926	529	280	152	912	510
Washington	735	516	2, 661	1, 769	723	473	2, 641	1, 679
Wyoming	69	55	225	200	53	55	215	200
No. 12—Los Angeles	6, 150	4, 759	21, 909	15, 399	5, 117	4, 073	19, 143	13, 940
Arizona	120	229	334	501	88	74	285	219
California	5, 968	4, 501	21, 291	14, 788	4, 967	3, 970	18, 574	13, 611
Nevada	62	29	284	110	62	29	284	110

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							
	1941	1940	1941			1940		1939	1938	1937
	July	July	July	Apr.	Jan.	Oct.	July	July	July	July
No. 2—New York:										
Atlantic City, N. J	$0. 299	$0. 249	$7, 165	$7, 168	$7, 051	$6, 174	$5, 984	$5, 867	$5, 932	$6, 176
Camden, N. J	. 283	. 248	6, 799	6, 421	6, 413	6, 255	5, 956	5, 574	5, 705	5, 872
Newark, N. J	. 292	. 238	7, 015	6, 140	6, 058	5, 729	5, 713	5, 492	5, 479	5, 660
Albany, N. Y	. 275	. 235	6, 597	6, 532	6, 177	5, 661	5, 634	5, 522	5, 667	5, 811
Buffalo, N. Y	. 274	. 238	6, 586	6, 281	6, 150	5, 741	5, 713	5, 607	5, 797	6, 120
Utica, N. Y	. 305	. 249	7, 312	6, 418	6, 135	6, 014	5, 981	5, 706	5, 524	--------
White Plains, N. Y	. 272	. 226	6, 516	6, 359	6, 304	5, 597	5, 430	5, 433	--------	6, 005
No. 6—Indianapolis:										
Evansville, Ind	. 272	. 255	6, 534	6, 479	6, 513	6, 319	6, 111	5, 897	--------	5, 816
Indianapolis, Ind	. 266	. 229	6, 393	6, 407	6, 375	5, 555	5, 491	5, 956	5, 806	5, 866
South Bend, Ind	. 277	. 246	6, 641	6, 474	6, 504	6, 080	5, 896	5, 553	5, 343	6, 032
Detroit, Mich	. 270	. 243	6, 486	6, 179	6, 199	6, 013	5, 843	6, 118	6, 142	6, 334
Grand Rapids, Mich	. 272	. 236	6, 536	6, 203	6, 399	5, 888	5, 658	5, 824	5, 914	5, 795
No. 8—Des Moines:										
Des Moines, Iowa	. 258	. 265	6, 184	[2] 6, 390	[2] 6, 411	6, 399	6, 352	6, 287	6, 117	6, 464
Duluth, Minn	. 259	. 257	6, 214	6, 261	6, 262	6, 157	6, 162	6, 000	6, 199	6, 272
St. Paul, Minn	. 275	. 270	6, 610	6, 608	6, 610	6, 508	6, 485	6, 548	6, 546	6, 820
Kansas City, Mo	. 272	. 245	6, 522	6, 499	6, 517	5, 797	5, 879	6, 116	5, 751	6, 239
St. Louis, Mo	. 243	. 232	5, 830	5, 792	5, 786	5, 604	5, 568	5, 421	5, 460	6, 118
Fargo, N. Dak	. 241	. 240	5, 786	5, 997	6, 156	5, 798	5, 752	5, 605	5, 843	6, 029
Sioux Falls, S. Dak	. 254	. 257	6, 088	6, 242	6, 091	6, 193	6, 164	6, 016	6, 374	6, 174
No. 11—Portland:										
Boise, Idaho	. 278	. 261	6, 683	6, 575	6, 575	6, 435	6, 270	6, 161	5, 860	6, 134
Great Falls, Mont	. 304	. 287	7, 294	7, 308	7, 148	6, 890	6, 888	6, 932	7, 109	7, 027
Portland, Oreg	. 221	. 225	5, 299	5, 469	5, 402	5, 643	5, 392	5, 132	5, 087	5, 936
Salt Lake City, Utah	. 284	. 250	6, 807	6, 416	6, 355	6, 087	6, 010	6, 016	5, 911	6, 064
Seattle, Wash	--------	. 264	--------	6, 956	6, 862	6, 458	6, 342	6, 255	6, 256	6, 600
Spokane, Wash	. 289	. 263	6, 939	6, 864	6, 893	6, 361	6, 314	6, 114	6, 620	6, 796
Casper, Wyo	. 267	. 251	6, 409	6, 392	6, 467	6, 024	6, 024	6, 522	6, 452	--------

[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, and 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.

Table 4.—Index of building costs for the standard house

[Average month of 1935–1939=100]

Element of cost	June 1941	May 1941	Apr. 1941	Mar. 1941	Feb. 1941	Jan. 1941	Dec. 1940	Nov. 1940	Oct. 1940	Sept. 1940	Aug. 1940	July 1940	June 1940
Material	109. 2	108. 8	108. 7	108. 0	107. 8	106. 6	105. 9	104. 6	103. 4	101. 9	101. 4	101. 2	101. 3
Labor	118. 6	117. 0	116. 1	115. 3	115. 1	114. 5	112. 5	109. 8	106. 9	104. 8	103. 6	103. 4	103. 5
Total cost	112. 4	111. 6	111. 2	110. 4	110. 2	109. 3	108. 1	106. 4	104. 6	102. 9	102. 1	102. 0	102. 1

Table 5.—Index of wholesale price of building materials in the United States

[1935–1939=100]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1939: June	99.9	100.3	100.4	99.9	101.3	104.2	103.5	96.8
1940: June	103.2	99.3	99.4	105.6	104.7	105.8	103.5	100.6
July	103.5	99.2	99.4	105.6	104.0	105.8	103.5	101.2
August	104.4	99.2	99.4	109.6	103.5	105.8	103.5	101.0
September	105.6	99.3	99.4	119.3	103.4	105.8	103.5	101.1
October	109.2	99.3	99.5	127.4	104.3	105.8	103.5	101.4
November	110.4	99.3	99.7	130.8	105.4	105.8	103.5	101.9
December	110.9	100.3	99.8	132.3	105.0	105.8	103.5	102.2
1941: January	111.2	100.5	99.7	131.9	106.6	105.8	103.5	102.6
February	110.9	100.6	99.7	130.5	106.5	108.0	103.5	102.6
March	111.1	100.7	99.7	130.0	107.5	108.8	103.5	103.0
April	111.8	100.9	99.9	130.0	109.1	109.0	103.5	103.7
May	112.1	101.1	100.4	130.1	109.8	109.0	103.5	104.1
June	112.8	101.8	100.9	131.0	111.0	109.2	103.5	104.8
Change:								
June 1941–May 1941	+0.6%	+0.7%	+0.5%	+0.7%	+1.1%	+0.2%	0.0%	+0.7%
June 1941–June 1940	+9.3%	+2.5%	+1.5%	+24.1%	+6.0%	+3.2%	0.0%	+4.2%

Table 6.—Estimated volume of new home-mortgage loans by all savings and loan associations, by purpose and class of association

[Thousands of dollars]

Period	Purpose of loans: Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes	Total loans	Class of association: Federals	State members	Nonmembers
1939	$301,039	$339,629	$182,025	$59,463	$104,227	$986,383	$400,337	$396,041	$190,005
Jan.–June	133,672	154,746	87,365	28,038	50,135	453,956	181,855	181,839	90,262
June	29,919	32,228	12,123	5,807	9,082	94,154	39,094	36,465	18,595
1940	398,632	426,151	198,148	63,583	113,065	1,199,579	509,713	483,499	206,367
Jan.–June	172,594	197,868	101,398	30,233	56,268	558,361	239,334	222,194	96,833
June	35,523	38,402	17,147	5,691	10,221	106,984	47,435	42,214	17,335
July	39,907	40,658	17,649	6,115	9,972	114,301	48,676	45,414	20,211
August	42,488	40,567	17,762	6,079	10,726	117,622	50,305	46,807	20,510
September	39,417	40,947	15,483	6,283	9,645	111,775	46,480	45,988	19,307
October	41,610	40,771	16,840	5,756	9,423	114,400	48,307	46,224	19,869
November	32,584	33,875	14,441	4,869	8,798	94,567	38,896	40,143	15,528
December	30,032	31,465	14,575	4,248	8,233	88,553	37,715	36,729	14,109
1941									
Jan.–June	210,263	258,961	98,054	30,053	55,825	653,156	279,679	273,503	99,974
January	26,662	27,809	13,645	3,784	8,540	80,440	34,360	33,947	12,133
February	26,483	30,283	14,204	3,573	7,787	82,330	35,645	35,301	11,384
March	33,250	41,784	16,903	4,765	8,460	105,162	45,365	43,947	15,850
April	38,686	48,311	16,905	6,368	10,361	120,631	51,371	50,956	18,304
May	40,975	54,781	18,506	5,930	10,761	130,953	55,396	54,495	21,062
June	44,207	55,993	17,891	5,633	9,916	133,640	57,542	54,857	21,241

Table 7.—Estimated volume of new home-mortgage loans by all savings and loan associations, by Federal Home Loan Bank District and class of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and class of association	New loans: 1941 June	New loans: 1941 May	Percent change, May 1941 to June 1941	New loans, June 1940	Percent change, June 1940 to June 1941	Cumulative new loans (6 months): 1941	Cumulative new loans (6 months): 1940	Cumulative new loans (6 months): Percent change
United States: Total	$133,640	$130,953	+2.1	$106,984	+24.9	$653,156	$558,361	+17.0
Federal	57,542	55,396	+3.9	47,435	+21.3	279,679	239,334	+16.9
State member	54,857	54,495	+0.7	42,214	+29.9	273,503	222,194	+23.1
Nonmember	21,241	21,062	+0.8	17,335	+22.5	99,974	96,833	+3.2
District No. 1: Total	14,493	13,834	+4.8	11,310	+28.1	65,069	48,830	+33.3
Federal	4,974	4,618	+7.7	3,900	+27.5	22,412	16,965	+32.1
State member	7,503	6,980	+7.5	5,738	+30.8	32,615	23,654	+37.9
Nonmember	2,016	2,236	−9.8	1,672	+20.6	10,042	8,211	+22.3
District No. 2: Total	14,076	13,579	+3.7	9,969	+41.2	61,878	48,133	+28.6
Federal	3,920	3,746	+4.6	2,830	+38.5	17,176	14,960	+14.8
State member	3,978	4,010	−0.8	2,849	+39.6	18,446	13,518	+36.5
Nonmember	6,178	5,823	+6.1	4,290	+44.0	26,256	19,655	+33.6
District No. 3: Total	10,991	10,949	+0.4	8,362	+31.4	51,260	44,324	+15.6
Federal	4,849	3,847	+26.0	3,831	+26.6	19,961	16,881	+18.2
State member	2,738	2,979	−8.1	2,113	+29.6	13,790	11,158	+23.6
Nonmember	3,404	4,123	−17.4	2,418	+40.8	17,509	16,285	+7.5
District No. 4: Total	18,004	17,186	+4.8	15,486	+16.3	89,143	82,244	+8.4
Federal	8,845	8,214	+7.7	7,853	+12.6	43,430	39,049	+11.2
State member	7,752	7,406	+4.7	6,128	+26.5	38,034	32,011	+18.8
Nonmember	1,407	1,566	−10.2	1,505	−6.5	7,679	11,184	−31.3
District No. 5: Total	23,015	22,684	+1.5	17,390	+32.3	113,234	91,367	+23.9
Federal	8,367	8,709	−3.9	6,776	+23.5	42,102	34,347	+22.6
State member	11,322	11,305	+0.2	7,695	+47.1	56,863	43,673	+30.2
Nonmember	3,326	2,670	+24.6	2,919	+13.9	14,269	13,347	+6.9
District No. 6: Total	6,536	6,367	+2.7	6,016	+8.6	33,384	28,648	+16.5
Federal	3,408	3,201	+6.5	3,078	+10.7	17,066	13,516	+26.3
State member	2,881	2,913	−1.1	2,671	+7.9	14,980	13,347	+12.2
Nonmember	247	253	−2.4	267	−7.5	1,338	1,785	−25.0
District No. 7: Total	13,165	13,210	−0.3	10,527	+25.1	66,875	57,856	+15.6
Federal	5,204	5,349	−2.7	4,774	+9.0	26,027	23,393	+11.3
State member	5,976	6,163	−3.0	4,670	+28.0	31,380	25,118	+24.9
Nonmember	1,985	1,698	+16.9	1,083	+83.3	9,468	9,345	+1.3
District No. 8: Total	7,450	7,281	+2.3	7,195	+3.5	35,064	34,804	+0.7
Federal	3,793	3,739	+1.4	3,602	+5.3	17,596	16,353	+7.6
State member	2,286	2,410	−5.1	2,128	+7.4	11,643	10,807	+7.7
Nonmember	1,371	1,132	+21.1	1,465	−6.4	5,825	7,644	−23.8
District No. 9: Total	5,892	6,053	−2.7	5,122	+15.0	31,881	29,934	+6.5
Federal	2,529	2,538	−0.4	1,942	+30.2	13,511	12,049	+12.1
State member	3,208	3,378	−5.0	2,932	+9.4	17,707	16,599	+6.7
Nonmember	155	137	+13.1	248	−37.5	663	1,286	−48.4
District No. 10: Total	5,150	5,657	−9.0	4,874	+5.7	26,824	25,481	+5.3
Federal	2,835	3,325	−14.7	2,569	+10.4	14,861	13,591	+9.3
State member	1,252	1,135	+10.3	1,149	+9.0	6,241	5,839	+6.9
Nonmember	1,063	1,197	−11.2	1,156	−8.0	5,722	6,051	−5.4
District No. 11: Total	4,796	4,862	−1.4	3,592	+33.5	24,864	20,397	+21.9
Federal	2,914	3,219	−9.5	2,261	+28.9	16,360	12,634	+29.5
State member	1,829	1,490	+22.8	1,217	+50.3	7,893	6,942	+13.7
Nonmember	53	153	−65.4	114	−53.5	611	821	−25.6
District No. 12: Total	10,072	9,291	+8.4	7,141	+41.0	53,680	46,343	+15.8
Federal	5,904	4,891	+20.7	4,019	+46.9	29,177	25,596	+14.0
State member	4,132	4,326	−4.5	2,924	+41.3	23,911	19,528	+22.4
Nonmember	36	74	−51.4	198	−81.8	592	1,219	−51.4

Table 8.—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during June 1941

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)
	(Amounts shown are in thousands of dollars)														
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
UNITED STATES	50,393	$139,647	7,655	$37,372	32,769	$107,827	5,437	$20,503	34,613	$67,380	16,970	$57,487	147,837	$430,216	$ 4.66
No. 1--Boston	4,406	14,627	217	1,253	1,270	4,448	2,981	10,434	2,839	6,271	699	2,471	12,412	39,504	
Connecticut	407	1,661	128	815	431	1,787	675	2,774	657	1,495	404	1,525	2,702	10,057	6.62
Maine	176	360	24	102	181	433	227	414	267	296	36	74	911	1,679	2.68
Massachusetts	3,369	11,352	51	277	452	1,651	1,593	5,707	1,612	3,916	187	634	7,264	23,537	5.70
New Hampshire	145	368	------	------	57	131	218	675	91	164	18	72	529	1,410	3.50
Rhode Island	220	660	14	59	114	366	134	449	156	299	43	122	681	1,955	2.91
Vermont	89	226	------	------	35	80	134	415	56	101	11	44	325	866	3.51
No. 2--New York	3,002	10,413	505	2,465	2,530	9,768	1,657	7,376	4,031	9,413	1,565	5,823	13,290	45,258	
New Jersey	999	3,356	222	897	1,294	5,079	96	352	1,404	3,487	673	2,190	4,688	15,361	3.93
New York	2,003	7,057	283	1,568	1,236	4,689	1,561	7,024	2,627	5,926	892	3,633	8,602	29,897	2.52
No. 3--Pittsburgh	3,430	8,895	566	2,461	3,407	11,172	224	784	2,330	5,083	1,045	3,979	11,002	32,374	
Delaware	22	70	27	148	57	244	17	71	63	134	15	39	201	706	3.68
Pennsylvania	2,968	7,919	428	1,850	2,558	8,866	198	709	1,849	4,104	868	3,563	8,869	27,011	3.08
West Virginia	440	906	111	463	792	2,062	9	4	418	845	162	377	1,932	4,657	3.64
No. 4--Winston-Salem	6,986	18,255	1,173	5,631	3,097	8,515	57	194	5,431	10,105	2,586	6,759	19,330	49,459	
Alabama	292	526	100	427	342	810	------	------	634	859	311	552	1,679	3,174	2.43
District of Columbia	537	3,177	94	719	92	628	------	------	382	1,320	169	884	1,274	6,728	13.83
Florida	686	2,397	359	1,540	421	1,326	------	------	803	1,956	460	1,379	2,729	8,598	7.23
Georgia	866	1,665	112	683	729	1,437	------	------	731	1,242	444	1,125	2,882	6,152	4.13
Maryland	1,409	3,679	42	226	268	794	57	194	437	1,022	188	612	2,401	6,527	4.68
North Carolina	1,463	3,287	164	756	253	982	------	------	863	1,037	324	825	3,067	6,887	4.39
South Carolina	598	1,274	91	384	426	548	------	------	754	765	338	444	2,207	3,415	4.15
Virginia	1,135	2,250	211	896	566	1,990	------	------	827	1,904	352	938	3,091	7,978	5.42
No. 5--Cincinnati	8,301	26,476	848	4,629	3,879	12,320	204	767	2,496	4,359	1,500	4,655	17,228	53,206	
Kentucky	1,002	3,963	140	888	579	1,462	------	------	209	369	72	264	2,002	6,946	4.83
Ohio	7,028	21,844	522	2,890	2,594	8,779	204	767	1,789	3,383	713	2,524	12,850	40,187	7.13
Tennessee	271	669	186	851	706	2,079	------	------	498	607	715	1,867	2,376	6,073	4.33
No. 6--Indianapolis	3,662	7,979	796	3,730	3,614	10,734	22	63	1,343	2,698	927	3,521	10,364	28,725	
Indiana	2,420	4,638	316	1,432	1,234	3,748	22	63	507	896	223	708	4,722	11,485	4.74
Michigan	1,242	3,341	480	2,298	2,380	6,986	------	------	836	1,802	704	2,813	5,642	17,240	4.25
No. 7--Chicago	4,693	13,518	519	2,588	2,152	8,186	13	19	2,460	5,758	1,853	8,292	11,690	38,361	
Illinois	3,478	10,313	386	1,980	1,361	5,644	------	------	1,330	3,414	1,612	7,475	8,167	28,826	4.35
Wisconsin	1,215	3,205	133	608	791	2,542	13	19	1,130	2,344	241	817	3,523	9,535	4.63
No. 8--Des Moines	4,015	9,389	786	3,698	2,581	6,946	46	143	2,367	3,833	1,710	5,440	11,505	29,449	
Iowa	1,053	2,143	135	584	711	1,814	------	------	474	892	239	674	2,612	6,107	4.09
Minnesota	1,278	3,436	349	1,582	651	1,611	46	143	622	1,086	236	876	3,182	8,734	5.23
Missouri	1,405	3,118	238	1,280	1,045	3,168	------	------	1,054	1,608	1,187	3,842	4,929	13,016	5.18
North Dakota	172	430	13	64	51	69	------	------	56	52	25	26	317	641	2.26
South Dakota	107	262	51	188	123	284	------	------	161	195	23	22	465	951	3.14
No. 9--Little Rock	3,273	8,079	939	3,733	857	2,430	------	------	2,366	4,170	1,577	4,812	9,012	23,224	
Arkansas	297	555	67	229	138	282	------	------	257	300	84	293	843	1,659	2.26
Louisiana	849	2,830	143	663	97	274	------	------	495	886	501	1,306	2,085	5,959	4.69
Mississippi	187	343	53	208	152	346	------	------	282	367	125	268	799	1,532	2.37
New Mexico	89	198	------	------	83	300	------	------	87	176	6	16	265	690	2.61
Texas	1,851	4,153	676	2,633	387	1,228	------	------	1,245	2,441	861	2,929	5,020	13,384	3.85
No. 10--Topeka	2,812	6,102	320	1,434	1,028	2,755	------	------	1,521	2,477	1,150	3,356	6,831	16,124	
Colorado	413	1,089	39	148	163	608	------	------	614	1,083	433	1,383	1,662	4,311	5.73
Kansas	857	1,684	43	229	368	870	------	------	220	312	205	490	1,693	3,585	3.05
Nebraska	703	1,457	186	795	159	463	------	------	206	315	140	454	1,394	3,484	4.40
Oklahoma	839	1,872	52	262	338	814	------	------	481	767	372	1,029	2,082	4,744	3.46
No. 11-Portland	2,022	4,983	323	1,249	1,621	4,122	233	723	1,348	2,000	1,000	3,301	6,547	16,378	
Idaho	138	292	8	27	91	378	------	------	149	269	104	222	490	1,188	4.63
Montana	111	303	25	118	85	242	------	------	120	215	22	70	363	948	2.85
Oregon	420	1,115	131	495	195	425	24	84	429	521	231	792	1,430	3,432	4.70
Utah	272	762	28	115	372	1,175	------	------	154	201	63	124	889	2,377	6.06
Washington	1,010	2,283	129	490	826	1,799	209	639	389	577	521	1,921	3,084	7,709	6.12
Wyoming	71	228	2	4	52	103	------	------	107	217	59	172	291	724	4.75
No. 12--Los Angeles	3,791	10,931	663	4,501	6,733	26,431	------	------	6,081	11,213	1,358	5,078	18,626	58,154	
Arizona	106	292	14	66	167	684	------	------	296	685	58	145	641	1,872	5.56
California	3,661	10,574	646	4,420	6,529	25,595	------	------	5,719	10,375	1,287	4,901	17,842	55,865	11.05
Nevada	24	65	3	15	37	152			66	153	13	32	143	417	5.59

[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 9.—Estimated volume of nonfarm mortgages recorded, by type of mortgagee

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent	Combined total	Per cent
Number:														
1940: June	45,564	36.0	5,922	4.7	26,986	21.3	4,237	3.3	27,896	22.0	16,126	12.7	126,731	100.0
July	46,667	35.3	6,228	4.7	28,511	21.6	4,328	3.3	29,689	22.4	16,837	12.7	132,260	100.0
August	46,706	34.7	6,525	4.8	29,137	21.6	4,298	3.2	30,858	22.9	17,178	12.8	134,702	100.0
September	45,595	35.5	6,091	4.7	27,924	21.7	4,257	3.4	28,164	21.9	16,391	12.8	128,422	100.0
October	48,145	34.8	6,977	5.0	31,202	22.5	4,548	3.3	30,635	22.1	16,975	12.3	138,482	100.0
November	39,180	33.5	5,816	5.0	25,988	22.3	4,024	3.4	27,507	23.6	14,239	12.2	116,754	100.0
December	37,984	32.8	5,736	4.9	25,837	22.3	3,847	3.3	27,823	24.0	14,680	12.7	115,907	100.0
1941: January	34,459	31.4	5,523	5.0	24,204	22.1	3,392	3.1	28,494	26.0	13,617	12.4	109,689	100.0
February	34,909	32.6	4,753	4.4	23,711	22.1	2,985	2.8	27,483	25.7	13,303	12.4	107,144	100.0
March	42,496	34.2	5,651	4.5	26,820	21.6	3,571	2.9	30,990	25.0	14,666	11.8	124,194	100.0
April	48,266	34.6	6,583	4.7	30,065	21.6	4,512	3.2	33,794	24.2	16,305	11.7	139,525	100.0
May	52,802	35.1	7,190	4.8	32.148	21.4	5,258	3.5	35,175	23.4	17,769	11.8	150,342	100.0
June	50,393	36.0	7,655	5.2	32,769	22.1	5,437	3.7	34,613	23.4	16,970	11.5	147,837	100.0
Amount:														
1940: June	$116,595	32.8	$28,909	8.1	$87,552	24.6	$16,493	4.7	$52,973	14.9	$52,941	14.9	$355,463	100.0
July	118,914	32.4	30,602	8.3	92,658	25.3	16,067	4.4	55,191	15.0	53,622	14.6	367,054	100.0
August	121,979	32.4	31,839	8.4	93,931	24.9	15,903	4.2	56,770	15.1	56,394	15.0	376,816	100.0
September	117,928	33.0	29,401	8.2	89,051	24.9	15,566	4.4	52,936	14.8	52,636	14.7	357,518	100.0
October	125,009	32.2	33,818	8.7	98,462	25.3	16,826	4.3	59,124	15.2	55,734	14.3	388,973	100.0
November	102,267	31.2	27,900	8.5	82,971	25.4	15,122	4.6	51,504	15.7	47,621	14.6	327,385	100.0
December	98,765	30.2	28,666	8.8	83,426	25.5	14,918	4.6	51,964	15.9	48,885	15.0	326,624	100.0
1941: January	89,996	29.3	27,691	9.0	78,977	25.7	12,931	4.2	53,891	17.5	44,154	14.3	307,640	100.0
February	91,182	30.7	23,716	8.0	74,526	25.1	11,662	3.9	52,442	17.7	43,335	14.6	296,863	100.0
March	113,574	32.6	27,842	8.0	86,178	24.7	14,016	4.0	59,646	17.1	47,624	13.6	348,880	100.0
April	129,348	32.5	32,313	8.1	98,076	24.6	16,888	4.2	65,708	16.5	55,972	14.1	398,305	100.0
May	143,770	33.0	35,635	8.2	107,151	24.6	19,705	4.5	69,836	16.0	59,864	13.7	435,961	100.0
June	139,647	32.4	37,372	8.7	107,827	25.1	20,503	4.8	67,380	15.6	57,487	13.4	430,216	100.0

Table 10.—Estimated nonfarm real estate foreclosures, by size of county

Period	U. S. total	County size (dwellings)			
		Less than 5,000	5,000–19,999	20,000–59,999	60,000 and over
1940: Jan.–June	38,819	4,028	5,846	8,067	20,878
June	6,597	709	1,043	1,301	3,544
July	6,293	667	909	1,269	3,448
August	6,128	595	835	1,338	3,360
September	6,294	539	1,018	1,355	3,382
October	6,305	618	897	1,319	3,471
November	5,832	603	832	1,343	3,054
December	5,639	635	819	1,103	3,082
1941: Jan.–June	31,941	3,601	4,876	6,884	16,580
January	5,474	607	800	1,180	2,887
February	4,950	526	789	1,009	2,626
March	5,650	621	870	1,191	2,968
April	5,445	587	853	1,119	2,886
May	5,375	630	837	1,236	2,672
June	5,047	630	727	1,149	2,541

Table 11.—Property operations of the Home Owners' Loan Corporation

Period	Number of properties acquired [1]	Number of properties sold	Number of properties on hand at end of month
1940: June	1,611	4,801	62,127
July	1,694	3,355	60,470
August	1,758	3,691	58,524
September	1,701	3,619	56,598
October	1,719	3,886	54,433
November	1,728	3,253	52,878
December	1,580	2,706	51,722
1941: January	1,638	2,425	50,865
February	1,340	2,223	49,940
March	1,327	2,369	48,856
April	1,226	2,464	47,588
May	1,080	2,458	46,170
June	1,270	2,296	44,922

[1] Includes reacquisitions of properties previously sold.

Table 12.—Progress of institutions insured by the Federal Savings and Loan Insurance Corporation

[Amounts are shown in thousands of dollars]

Period and class of association	Number of associations	Total assets	Net first mortgages held	Private repurchasable capital	Government investment	Federal Home Loan Bank advances	Number of investors	Operations		
								New private investments	Private repurchases	New mortgage loans
ALL INSURED										
1939: June	2,170	$2,339,411	$1,769,112	$1,657,859	$259,943 [1]	$127,062	2,236,000	$40,700	$15,800	$55,848
December	2,195	2,506,944	1,943,852	1,811,181	250,725	142,729	2,386,000	48,400	17,445	49,516
1940: June	2,235	2,708,529	2,129,687	2,019,809	236,913	124,133	2,591,600	43,626	20,418	67,751
July	2,237	2,706,259	2,167,366	2,039,739	220,893	129,909	2,610,200	86,496	73,111	70,943
August	2,248	2,742,287	2,208,016	2,059,097	220,081	136,244	2,634,300	51,025	36,060	72,214
September	2,259	2,789,391	2,250,905	2,085,410	220,569	144,997	2,664,200	46,203	30,928	68,665
October	2,264	2,832,083	2,291,477	2,114,831	220,629	150,700	2,695,800	53,982	30,286	71,380
November	2,269	2,867,817	2,317,292	2,143,360	220,689	154,802	2,706,300	49,990	25,278	57,686
December	2,276	2,931,781	2,342,804	2,202,135	220,789	171,347	2,772,400	65,586	22,865	56,363
1941: January	2,282	2,929,247	2,359,057	2,262,692	216,485	141,450	2,802,700	127,490	75,228	52,270
February	2,289	2,959,330	2,384,160	2,296,225	206,015	129,437	2,869,500	65,384	37,081	53,765
March	2,292	2,991,565	2,416,680	2,323,041	206,094	119,461	2,896,100	64,633	39,605	69,313
April	2,297	3,034,528	2,457,438	2,354,239	206,078	115,372	2,924,000	65,947	39,194	77,735
May	2,302	3,079,396	2,501,582	2,379,856	206,304	119,242	2,943,300	57,755	35,122	82,443
June	2,310	3,158,251	2,554,274	2,433,513	206,301	114,331	2,974,500	61,448	26,779	85,117
FEDERAL										
1939: June	1,383	1,441,058	1,135,511	990,248	217,026	88,298	1,299,100	27,000	8,100	39,094
December	1,397	1,574,314	1,268,872	1,108,481	208,777	105,870	1,412,200	32,000	9,231	34,053
1940: June	1,421	1,727,337	1,403,933	1,267,156	197,268	90,489	1,560,900	29,404	11,022	47,435
July	1,422	1,724,821	1,430,982	1,282,590	181,724	95,175	1,574,000	60,489	49,244	48,676
August	1,427	1,750,870	1,461,440	1,297,572	181,256	99,985	1,591,100	34,871	22,643	50,305
September	1,430	1,775,555	1,487,489	1,309,421	181,261	106,674	1,602,400	31,184	19,414	46,480
October	1,433	1,804,397	1,514,872	1,329,364	181,371	110,583	1,624,800	37,309	18,583	48,307
November	1,435	1,829,939	1,532,745	1,349,761	181,381	114,070	1,627,600	34,092	14,867	38,896
December	1,438	1,872,691	1,545,838	1,387,839	181,431	127,255	1,665,200	44,531	12,135	37,715
1941: January	1,439	1,872,744	1,563,038	1,436,443	177,265	102,973	1,709,800	87,950	49,852	34,360
February	1,441	1,890,266	1,577,498	1,458,840	168,873	92,558	1,736,900	45,587	23,131	35,645
March	1,442	1,915,054	1,599,592	1,480,866	168,922	84,810	1,758,400	44,390	23,618	45,365
April	1,445	1,945,949	1,627,545	1,504,271	169,047	81,076	1,780,100	45,058	23,376	51,371
May [2]	1,447	1,977,162	1,656,899	1,522,675	169,247	83,674	1,792,700	38,423	20,582	55,396
June [3]	1,450	2,028,045	1,687,088	1,554,374	169,247	103,696	1,806,200	40,030	14,530	57,542
STATE										
1939: June	787	898,353	633,601	667,611	42,917 [1]	38,764	936,900	13,700	7,700	16,754
December	798	932,630	674,980	702,700	41,948	36,859	973,800	16,400	8,214	15,463
1940: June	814	981,192	725,754	752,653	39,645	33,644	1,030,700	14,222	9,396	20,316
July	815	981,438	736,384	757,149	39,169	34,734	1,036,200	26,007	23,867	22,267
August	821	991,417	746,576	761,525	38,825	36,259	1,043,200	16,154	13,417	21,909
September	829	1,013,836	763,416	775,989	39,308	38,323	1,061,800	15,019	11,514	22,185
October	831	1,027,686	776,605	785,467	39,258	40,117	1,071,000	16,673	11,703	23,073
November	834	1,037,878	784,547	793,599	39,308	40,732	1,078,700	15,898	10,411	18,790
December	838	1,059,090	796,966	814,296	39,358	44,092	1,107,200	21,055	10,730	18,648
1941: January	843	1,056,503	796,019	826,249	39,220	38,477	1,092,900	39,540	25,376	17,910
February	848	1,069,064	806,662	837,385	37,142	36,879	1,132,600	19,797	13,950	18,120
March	850	1,076,511	817,088	842,175	37,172	34,651	1,137,700	20,243	15,987	23,948
April	852	1,088,579	829,893	849,968	37,031	34,296	1,143,900	20,889	15,818	26,364
May	855	1,102,234	844,683	857,181	37,057	35,568	1,150,600	19,332	14,540	27,047
June	860	1,130,206	867,186	879,139	37,054	40,635	1,168,300	21,418	12,249	27,575

[1] Revised.
[2] In addition, 4 converted Federals with assets of $1,068,000 were not insured as of May 31, 1941.
[3] In addition, 5 converted Federals with assets of $1,594,000 were not insured as of June 30, 1941.

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

[Thousands of dollars]

Federal Home Loan Bank	June 1941		May 1941		Advances outstanding, June 30, 1941
	Advances	Repayments	Advances	Repayments	
Boston	$1, 593	$586	$568	$470	$7, 532
New York	2, 160	664	644	644	17, 408
Pittsburgh	2, 213	424	825	709	15, 232
Winston-Salem	5, 081	495	789	1, 347	20, 076
Cincinnati	1, 572	404	1, 062	590	15, 892
Indianapolis	1, 042	166	511	95	11, 016
Chicago	5, 111	1, 011	1, 845	736	28, 851
Des Moines	2, 445	228	592	438	14, 234
Little Rock	1, 367	128	126	213	7, 934
Topeka	824	148	353	112	7, 891
Portland	1, 900	98	612	181	7, 847
Los Angeles	4, 009	340	1, 206	153	15, 984
Total	29, 317	4, 692	9, 133	5, 688	169, 897
Jan.–June 1941	57, 774	89, 369			
June 1940	23, 481	3, 593			157, 397
Jan.–June 1940	49, 111	73, 027			
June 1939	16, 839	5, 789			168, 962
Jan.–June 1939	35, 882	65, 762			

Table 14.—Government investments in savings and loan associations [1]

[Amounts are shown in thousands of dollars]

Type of operation	Treasury	Home Owners' Loan Corporation		
	Federals [2]	Federals	State members	Total
Oct. 1935–June 1941:				
Applications:				
Number	1, 862	4, 662	991	5, 653
Amount	$50, 401	$208, 796	$65, 732	$274, 528
Investments:				
Number	1, 831	4, 218	734	4, 952
Amount	$49, 300	$176, 835	$45, 273	$222, 108
Repurchases	$25, 629	$31, 259	$7, 996	$39, 255
Net outstanding investments	$23, 671	$145, 576	$37, 277	$182, 853
June 1941:				
Applications:				
Number	0	4	4	8
Amount	0	$225	$226	$451
Investments:				
Number	0	0	1	1
Amount	0	0	$24	$24
Repurchases	0	0	$27	$27

[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.

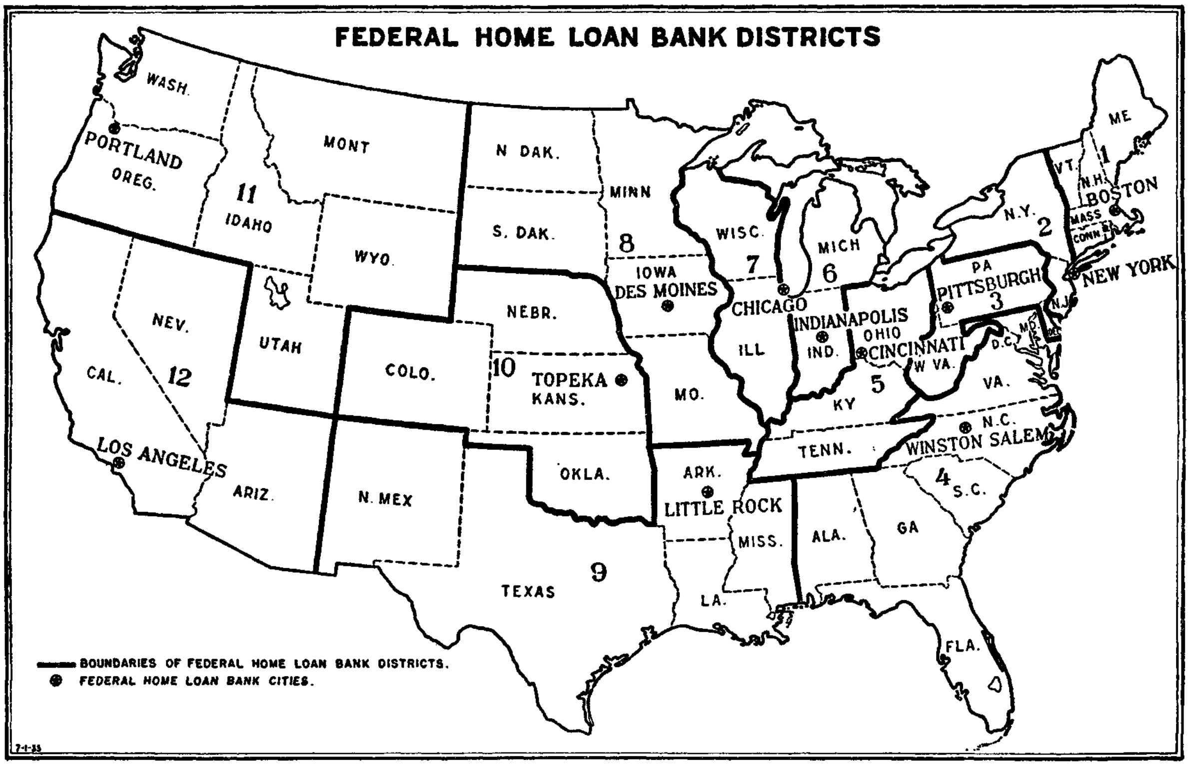
Table 15.—Changes in selected types of private long-term savings

[Amounts are shown in thousands of dollars]

Period	Amounts sold during month			Amounts outstanding at end of month				
	Life insurance [1]	U. S. savings bonds [2]	Insured savings and loans [3]	U. S. savings bonds [4]	Postal savings [5]	Mutual savings banks [6]	Insured commercial banks [7]	Insured savings and loans [8]
1940: June	$533, 086	$49, 600	$43, 626	$2, 904, 699	$1, 293, 293	$10, 589, 838	$12, 754, 750	$2, 019, 809
July	566, 061	72, 997	86, 496	2, 965, 940	1, 296, 722			2, 039, 739
August	528, 330	53, 359	51, 025	3, 008, 137	1, 297, 476			2, 059, 097
September	503, 427	47, 122	46, 203	3, 043, 626	1, 295, 432			2, 085, 410
October	573, 504	52, 221	53, 982	3, 084, 021	1, 295, 859			2, 114, 831
November	505, 474	50, 080	49, 990	3, 123, 036	1, 298, 429			2, 143, 360
December	596, 534	82, 207	65, 586	3, 194, 793	1, 304, 382	10, 617, 759	13, 062, 315	2, 202, 135
1941: January	522, 762	189, 276	127, 490	3, 371, 135	1, 313, 954			2, 262, 692
February	537, 557	120, 680	65, 384	3, 480, 040	1, 317, 794			2, 296, 225
March	598, 217	131, 961	64, 633	3, 598, 546	1, 319, 959			2, 323, 041
April	597, 203	61, 968	65, 947	3, 647, 249	1, 316, 820			2, 354, 239
May	604, 162	57, 744	57, 755	3, 758, 822	1, 309, 819			2, 379, 856
June	594, 164	102, 517	61, 448	3, 853, 297	1, 304, 044	10, 606, 224		2, 433, 513
Change: Last 6 months				+20. 61%	−0. 03%	−0. 11%	+2. 41%	+10. 51%

[1] Life Insurance Sales Research Bureau. Face amount of policies sold, excluding group insurance.
[2] *U. S. Treasury Daily Statement.* Cash sales, including unclassified sales. From May 1941: Defense Savings Bonds, Series E.
[3] New private investments; amounts paid in as reported to the FHLBB.
[4] *U. S. Treasury Daily Statement.* Current redemption value. From May 1941: Defense Savings Bonds, Series E.
[5] U. S. Post Office Department. Outstanding principal, represented by certificates of deposit, excluding accrued interest, outstanding savings stamps, and unclaimed deposits. Figures for the last three months are preliminary.
[6] *Month's Work.* All deposits.
[7] FDIC. Time deposits evidenced by savings passbooks.
[8] Private repurchasable capital as reported to the FHLBB.

U. S. GOVERNMENT PRINTING OFFICE: 1941



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