FEDERAL HOME LOAN BANK REVIEW

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"We seek peace—enduring peace. More than an end to war, we want an end to the beginnings of all wars—yes, an end to this brutal, inhuman, and thoroughly impractical method of settling the differences between governments.

"Today we are faced with the preeminent fact that, if civilization is to survive, we must cultivate the science of human relationships—the ability of all peoples, of all kinds, to live together and work together, in the same world, at peace.

"The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

FEDERAL HOME LOAN BANK

REVIEW

Vol. 11 No. 8

MAY 1945

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APPROVED BY THE BUREAU OF THE BUDGET.

SECURITIES FOR THE BOND PORTFOLIO

This article summarizes the salient points which members will wish to bear in mind in selecting securities for their Government portfolio. It does not undertake to establish any optimum pattern for investment since requirements vary infinitely both by institution and by area.

3y EVERETT SMITH, *Fiscal Agent*
'ederal Home Loan Banks

DURING the past few years a marked change has occurred in the composition of the assets of avings and loan associations. From a position of elative unimportance in 1941, holdings of Treasury ssues have increased until they now constitute close o one-quarter of the assets of the average associaion throughout the country. Government obligaions have various features or characteristics inherent n the terms of their issue, other than those of maturiies and coupon rates, which must be understood and arefully examined in building a portfolio. The resence or absence of these factors, a discussion of hich follows, to a large extent will govern the selecion of issues and determine those which are approriate for the funds which are to be invested.

'oupon Bonds vs. Registered Bonds

Generally bonds are registered in order to provide hysical safety. If adequate safekeeping facilities re available it is desirable that bonds should be cared in coupon form. When selling registered bonds e dealers in Government securities will usually bid /32nd—it may be 1/64th for issues for which there a strong demand—below the quotation for similar onds in coupon form, or if it is desire first to convert e registered issue into coupon bonds a period of o to three weeks is likely to ensue before the exange has been completed, at the end of which time e market may be quite different from that existing rlier. Coupon bonds for the most part are ready marketable without concession from the current uotations.

axable vs. Partially Tax Exempt Issues

Little need be said to savings and loan managers ncerning this feature since income from Government securities received by associations is exempt om taxation. Some association portfolios include few partially tax exempt issues. It would seem sirable that all partially tax exempt bonds be sold d the funds reinvested in taxable issues, since the yield from the latter exceeds that from partially tax exempts with similar maturities.

Marketable vs. Non-Negotiable Issues

The non-marketable bonds held by associations, chiefly Series F and G savings bonds, are redeemable after six months from date of issue on the first of any month on one month's notice at fixed prices stated in the terms of the issues. The full coupon income from these non-negotiable bonds can be obtained only if they are held throughout the full term of years to maturity. There is no market risk attached to these bonds, since they are redeemable at certain stated prices. However, as an offset for this absence of market risk, the holder sacrifices immediate liquidity and the probability, in many issues, of some price appreciation which may reasonably be expected over a period of time so long as the Treasury maintains its current pattern of interest rates.

The marketable bonds, by contrast, are subject to price changes, but for the most part they may be liquidated when desired. Furthermore they will produce a definite income which is determined at the outset when the purchase is made and which will continue throughout the period during which they are held. Funds of a clearly long-term nature, the investment of which is likely to be of a somewhat permanent character, may well be invested in non-negotiable issues. Conversely, funds of a shorter nature which may be needed for home financing or to meet withdrawals during the next few years, more logically should be invested in marketable issues which may be readily liquidated when the money is needed.

Restricted vs. Non-Restricted Bonds

It has become generally accepted that the major portion of the investments of commercial banks in Government securities shall be in issues with maturities of 10 years or less, because of the more liquid character of the issues within that grouping. For that reason, most long-term bonds issued by the Treasury in recent years have carried a restriction that they may not be owned by commercial banks for 10 years from date of issue. This restriction on the ownership of long-term bonds is an influential market factor. About 45 percent of all the outstanding marketable Treasury bonds are held by the banks and, consequently, those which are eligible for bank ownership are more widely distributed, are more actively traded and are more readily marketable.

It is important to note the change in this restrictive feature in the new 2¼ percent and 2½ percent bonds which will be offered in the Seventh War Loan. The period of restriction on those bonds has been lengthened and they will be ineligible for ownership by the commercial banks until within 10 years of maturity date instead of date of issue as heretofore. This will result in seven years of restriction of the 2¼ percent and 17 years for the 2½ percent bonds. In large part these long-term ineligible bonds are held by insurance companies, savings banks, trust and other investors of long-term funds, which generally buy for investment on a yield basis and so do not trade in Government bonds to any material extent.

By contrast it should be noted that the non-restricted or eligible bonds are widely held by commercial banks throughout the country, as well as other investors of shorter term funds, and that they possess a higher degree of liquidity or marketability than the restricted issues. The latter, to be sure, may be used as collateral for advances from the Federal Home Loan Banks, but in that event the association's line of credit is correspondingly reduced, while the sale of an issue provides the desired funds without reducing the available credit.

"Interest Curve"

There has been wide discussion particularly during recent months of the so-called "interest curve" or "Treasury yield curve" and the relationship of some issues, especially the 2-percent bonds, to that "curve." Since an understanding of this "interest curve" is important because of its effect on the market price of many bond issues, a brief outline of its origin and influence is pertinent. In the fall of 1942 when the Treasury commenced its vast war-financing program it announced that interest rates had been fixed on certain maturities and that 90-day Treasury bills would carry ⅜ of 1 percent interest with a maximum rate of 2 percent on bonds with maturities of not over 10 years. Thus a pattern developed under which 90-day Treasury bills bear an interest rate of ⅞ of 1 percent; one-year certificates of indebtedness, ⅞ percent; 4—4½ year notes, 1½ percent; 8–10-yea bonds, 2 percent and long-term bonds 2½ percent.

This pattern of short-term money at low interes rates and longer-term money at higher rates ha become so generally accepted that it is sometime overlooked that historically the short-term interes rate for considerable periods has been equal to o even exceeded the long-term rate. As long as th level of interest rates adopted in 1942 was main tained, the 9–10 year 2-percent bonds, as the shortened to about four years before their ca dates, automatically conformed to the rate estab lished for four-year money, which was 1½ percent In order that an issue carrying a 2-percent coupo might give a return of about 1½ percent, it has t rise in price to a premium of a little over 2 points equivalent to an annual appreciation at the rate c about ½ point. Thus it came about that man investors who subscribed for the 2-percent issues a par experienced an appreciation of about ½ point year for approximately the first four years in additio to the coupon income of 2 percent, or an aggregat return in the neighborhood of 2½ percent a yea The 2-percent issues under the "interest curve then existing tended to level off in price about fou years from their call dates and then commence gradually to lose their premiums until they reache par at call date. As long as that pattern of interes rates was maintained it was possible to forecast wit a fair degree of accuracy the general price movement of various Treasury issues over a period of month

In November 1944, the British Treasury made notable change in the rate of interest and the ma turity of its major bond issue for financing the wa It discontinued the offering of 2½-percent bond due in 1954 and callable in 1952, and in their plac issued 1¾-percent bonds due in 1950. This actio was interpreted as a definite lowering of the level c interest rates by the British Treasury and as a for runner of similar action by the United Stat Treasury.

This widely accepted belief that the United Stat Treasury would also reduce its pattern of interes rates resulted in a material rise in the prices of man Treasury issues with a consequent lessening of yield a market condition which made inevitable the lowe ing of the previously existing rate structure. Th extent of this decline from as recently as Decemb 1944 may be seen in the movement of the 2-percer 8–10 year bonds which have declined in yield ap proximately ⅜ percent, reflecting a price increase c about 2⅝ points since being quoted in the ope narket, while the 2½-percent bonds of 1972/67, the only long-term 2½-percent bonds eligible for purchase by commercial banks, which were then selling at 100.22 to yield 2.46 percent, are now quoted about 3 points higher to yield approximately 2.28 percent and the maximum price rises and the minimum yields may not even yet have been reached in the longer maturities. The elimination by the Treasury of the popular unrestricted medium-term issues, the 2-percent bonds, has been instrumental in furthering this market trend as has a growing realization that the Treasury is likely to limit future offerings to the commercial banks to short-term, low-yield issues probably with coupons not exceeding ½ percent, or perhaps even lower.

It is anticipated that the volume of the shorter-term, lower-yield issues will not only continue but will expand further since the Secretary of the Treasury, himself, has stated recently that he does not "see any need for a wholesale postwar funding of the public debt into long-term bonds. In the first place it would cost the taxpayers more in interest. Next, it would shift whatever risk there is inherent in fluctuating interest rates from the Government, which is able to bear it, to individuals, institutions and corporations." [1]

While the bulk of the taxable issues eligible for purchase by the commercial banks fall within the 10-year classification, all of the restricted issues exceed 10 years in maturity. Thus, a sharp distinction has developed between the two groups of issues by reason of their maturities. The recent market action of the unrestricted and eligible issues has been in contrast to that of the restricted bonds and shows definite evidence of the development of a lower-yield curve for the bank-eligible issues but a continuation of the pattern described above for the restricted issues.

The premiums on the 2-percent bonds have also tended to equalize so that most of the issues are now priced within a few thirty-seconds of the others irrespective of their maturities. This change from the previously defined "interest curve" has altered the former price trend so that now the 2-percent bonds differ between issues in the main because of their yields and maturities, while the factor of price appreciation which formerly could be reasonably anticipated on the interest curve is now largely absent. Pricewise, the "two's" may tend to move as a unit and, if so, there will no longer be opportunity for an investor to dispose of a shorter issue when it has reached its ceiling price on the yield curve and to reinvest in a longer issue with reasonable assurance of price appreciation over a period of time.

Desirable Portfolios

It is impractical to attempt to outline a standard portfolio or an ideal list of Treasury issues for savings and loan associations because of the infinite variety of conditions throughout the country affecting their operations. However, some general conclusions may be stated.

Before the most desirable issues for the portfolio can be selected it is necessary to make a forecast of the probable future needs of the association for the funds to be invested, the nature of the funds and the probable time when it will wish to convert at least a portion of its bonds into cash. If a particular association looks upon its Government-bond portfolio only as the temporary investment of funds pending the resumption of a demand for home financing, that institution should make investments largely in securities that will enjoy the most ready market in the immediate post-war period. If, on the other hand, a particular institution considers its Government-bond portfolio as a long-term investment, greater emphasis may be put on higher yields and less on liquidity or marketability.

As to the nature of their funds, associations have varying experience, with the average life of their savings and investment accounts depending on location, size, tradition and management policies. An index of the average life of the savings accounts can be computed by dividing the average amount of share accounts of the associations into their total annual withdrawals. Such an index reveals that in the stable communities, well managed, established associations typically experience withdrawals in a year's time as low as from 8 to 10 percent of their average total share accounts. In other words, the average life of the share account in these stable institutions has ranged from 10 to 12 years. A very different experience is noticed among some associations in industrial cities, where total withdrawals during the year frequently range from 35 to 50 percent of the association's share capital. In short, investment accounts in these associations often remain with the association for an average of only three to four years.

Associations which experience a high share-capital turnover (that is where total annual withdrawals

[1] The Hon. Henry A. Morgenthau, Jr., Secretary of the Treasury, Los Angeles War Bond Rally, October 14, 1944.

represent a high percentage of the association's share capital) have an investment problem quite different from that of associations whose savings and investment accounts are very stable. Consequently, one of the first considerations in building a share portfolio should be an examination of the association's share-capital turnover, coupled with a forecast of the probabilities as to the association's furure needs for the funds being invested. If the analysis reveals that withdrawals represent a high percent of the institution's average share capital and that such withdrawals are likely to continue to be relatively high as a percentage of share capital in the future, the association should build a bond portfolio with emphasis on ready marketability. Likewise, if the institution is located in a community where a large post-war home-financing demand is likely to develop so it will wish to convert its bond holdings into loanable cash, bonds which are likely to enjoy high marketability in the post-war period should be chosen.

In brief, an institution which has a highly volatile share capital, which expects a continuation of a large withdrawal ratio, and which is located in a community where a large peacetime increase in loan demand is expected, will want to build a diversified portfolio with major emphasis on short- and medium-term maturities that enjoy high marketability.

On the other hand, the institution whose experience shows that its share capital is very stable, whose present savers and investors are not likely to withdraw large amounts of funds and which is located in a community where a large peacetime loan demand is not likely to arise, may consider it desirable to put greater emphasis on bonds with medium- and longer-term maturities because of the higher yields.

Permanent Investments

In general, associations now own more Government securities than they will wish to carry as a permanent investment. That being true, the comparative marketability of the several types of securities is important. For the most part, those issues having maturities within 10 years will meet the requirement of liquidity or ready marketability. They include one year, ⅞ percent certificates, notes which mature within four years, and intermediate bonds. All of these are quoted in the open market at premiums to yield from a fraction of 1 percent to a little over 1½ percent on the longest of the 2-percent issues. The intermediate and long 2-percent bonds, as noted above, have appreciated in price materially. It would seem desirable for the average association to retain its holdings in these issues, thus keepin a portion of its assets in highly liquid form for us when needed. Since, in the absence of a change i the level of interest rates which seems improbable fo some time to come, they may be expected to hol around these price levels; there need be no immediat liquidation in order to take profits which migh otherwise soon vanish. If a substantial portio of the portfolio consists of the eligible issues du within 10 years, the association will be in a stron liquid position, well able to meet demands.

The restricted issues might provide an outlet fo that part of the investible fund which analysis, a already outlined, discloses may reasonably b classified as suitable for longer-term investment Among such issues, the 2¼ percent bonds of 1959/5 are most attractive for the immediate investmen of funds. This issue will become eligible for purchas by commercial banks in September 1946 at whic time it may be expected to reach a yield basi comparable with other eligible issues of abou equal maturity. In addition to this potential pric appreciation, it should then acquire about the sam high degree of marketability which now attaches t the 2-percent issues. For the most part the long term bonds possess a lesser degree of liquidity tha the intermediate- and short-term issues and are no suitable for the investment of short-term funds.

When all the factors determining the natur of the funds to be invested and the condition previously outlined which now and in the futur will affect an association's position have bee examined and analyzed, and a judicious selectio made of short, intermediate and long-term issue the result will be a well balanced, liquid portfoli tailored to individual association requirements.

Migration and Post-War Employmen

■ IN a recent study of industrial concentratior conducted by the Department of Commerce it was concluded that in general the problems of post war reemployment could not be solved by movin people to other parts of the country where job op portunities would await them, for the wartime ex pansion of industry has occurred in almost all areas Until the peacetime national output of goods an services substantially exceeds the pre-war level, n area will act as a vacuum to attract excess worker from war-production centers.

[1] "Wartime Changes in Regional Concentration," *Survey of Current Busines* March 1945.

THE LIQUIDITY PATTERN LAST YEAR

Liquid assets of all insured savings and loan associations reached a new peak last year, although the rate of increase was considerably diminished. The fact that the entire gain was concentrated in Government-bond holdings indicates the measure of support given by these institutions to the war-financing program.

■ AN analysis of the liquid assets of all insured savings and loan associations in 1944 emphasizes the fact that the previous strong position of these institutions was further improved last year. It also reveals some interesting changes which occurred in the liquidity pattern that has been established during the war years.

The aggregate cash and Government-bond holdings of these associations stood at the all-time high of $1,497,000,000 at the close of 1944, compared with $884,000,000 the preceding year. This represented the largest *dollar* increase on record—$613,000,000. The year's gain was larger than total liquid assets held in 1941 or 1942. However, *percentagewise*, the 69-percent advance in 1944 was the smallest shown in the last three years.

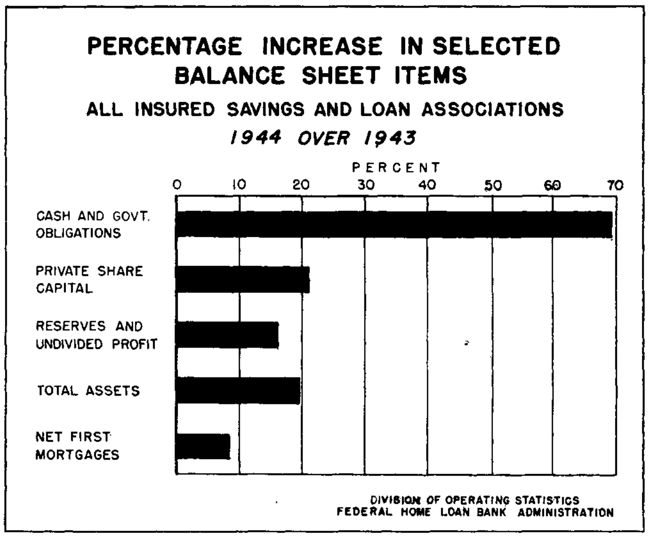
The slackening in the rate of growth is not surprising at this stage and does not indicate any weakening of the strong liquidity position of insured associations. Once funds have reached the high volume recorded in 1943, something considerably less than the 97-percent gain shown during that year may reasonably be expected. As a result of the large dollar increase in 1944, the proportion of liquid resources to total assets rose from 21.1 percent to 29.9 percent and the liquidity-to-share capital ratio advanced from 24.7 to 34.5 percent.

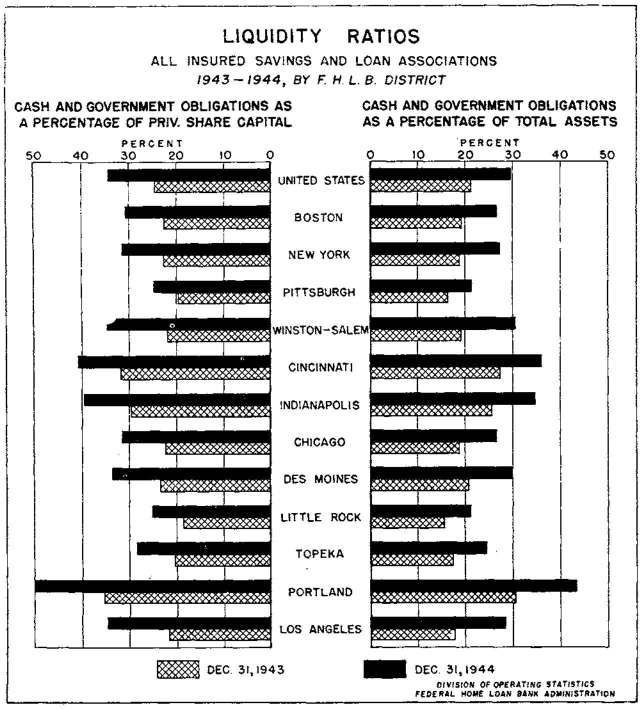
It is signficant that the record increase in liquid assets occurred simultaneously with the post-depression high in mortgage lending when excess funds were finding an outlet in the mortgage market. At the same time, financing operations of these insured associations resulted in a $23,000,000 increase in their Federal Home Loan Bank advances outstanding. Repurchases of Government investments in these institutions totaled $32,000,000, making an over-all retirement of $9,000,000. This is in direct contrast to 1943 when outstanding advances declined approximately $14,000,000 and nearly $100,000,000 was used to repurchase Government-share investments.

As shown in the accompanying chart, the percentage increase in liquid assets of all insured associations far outstripped that of any other balance-sheet item. In spite of the fact that this rate of gain had dropped from 97 to 69 percent last year, it was still over three times as great as that shown by private share capital or total assets, four and one-half times more than the gain in reserves and undivided profits, and more than eight times the advance in net first mortgages held. These trends should not be interpreted as evidence of the setting of permanent patterns. They are based on the abnormalities of wartime operation and will undoubtedly tend to disappear as ordinary business conditions return.

Increase Entirely in "Governments"

The interesting thing about the 1944 gain in liquid assets was that, in contrast to 1943, the entire advance was in the Government-bond account which more than doubled, rising $646,000,000 to a total of $1,227,000,000. These Government obligations represented a sum equal to 28 percent of the private share-capital account and 24 percent of total assets. In 1943, corresponding ratios were 16 percent and 14 percent, respectively. This large increase is substantial testimony of the part being played by insured associations in the Government's war-financing program. Thus, a patriotic duty pro-





vides a sound way of realizing some return on funds for which, during the war, there has been a restricted mortgage market.

Cash on hand in all insured associations declined $32,856,000, or 11 percent, during 1944. It stood at $269,701,000 at the year-end when it represented 6 percent of private capital and 5 percent of total assets. The year before these ratios had been 8 percent and 7 percent, respectively.

A geographical breakdown of the components of liquidity shows a universal increase in Government-bond holdings but a spottier picture in the cash accounts. Only Boston and Pittsburgh (the latter with 12 new associations) had more cash on hand at the end of 1944 than in December 1943. In the former region, all states but Connecticut and Vermont showed gains, while all three states in the latter District reported increases. Five other scattered states—Florida, Colorado, Idaho, Wyoming and Arizona—registered slight increases.

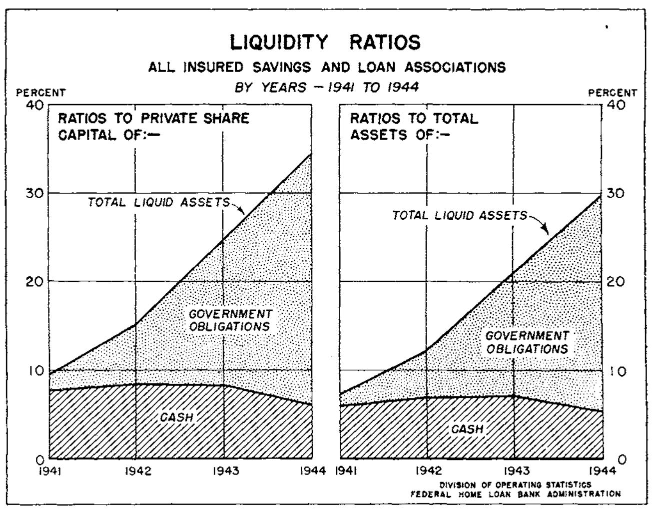
On a combined basis of cash and Government bonds, all Districts reported increases, although the rates of advance were not generally on a par with the previous year's gains. Increases ranged from 54 percent in Cincinnati to 101 percent in Los Angeles. The latter District was the only one to duplicate the record, achieved by six regions in 1943, of at least doubling liquid assets during the year. Only Topeka reported a greater increase in 1944 than during the previous year—66 percent compared with 58 percent. The greatest slackening of increase occurred in the Boston District where liquid assets, which had risen 145 percent in 1943, advanced but 62 percent last year. Only 10 scattered states reported greater 1944 increases in liquid assets than had been registered during the preceding year. Federal associations showed an increase of 76 percent in liquid assets while those of state-chartered associations rose 59 percent.

Liquidity–Capital Ratio Up

The real measures of liquidity lie in the relationship of liquid assets to private repurchasable capital and to total assets. Both of these tests revealed a considerable strengthening of the liquidity position of insured associations during 1944. The chart in this column shows that last year these ratios were approximately four times as great as those of 1941, chiefly because of the enormous expansion in Government-bond holdings.

The ratio of cash and Government obligations last year was 34.5 percent of private repurchasable capital compared with 24.7 percent in 1943 and only 9.6 percent in 1941. Thus, the average insured savings and loan association was maintaining a liquidity-capital ratio of about $1 out of every $3.

Every Federal Home Loan Bank District showed an increasing accumulation of liquid assets in proportion to share capital last year. The highest ratio, for the fourth successive year, was in Portland which reported a ratio of 50.0 percent compared with 35.4 percent in 1943. Pittsburgh, with a ratio of 24.8 percent was the lowest, while nine Bank Districts showed 30 percent or better.



Ratio to Assets Also Gains

The rising trend of liquidity was also reflected in the increased ratio of cash and Government obligations to total assets. In 1944, this figure was 29.9 percent compared with 21.1 in 1943 and 7.4 in 1941. In other words, the average insured association had a liquidity-asset ratio of almost $1 out of every $3 last year. In 1943, this relationship was $1 to $5, and in 1941 it was $1 to $13.

Again, all Bank Districts and all states, except Rhode Island, shared in this increase. Liquidity-asset ratios ranged from 43.5 percent in Portland to 21.2 percent in Little Rock. These two regions occupied the same relative positions in 1943 but at that time represented a range between 30.5 and 15.6 percent, respectively. In 1943, nine Bank Districts reported ratios which were lower than the smallest one shown in 1944.

Future Possibilities

It is difficult to forecast the future course of liquidity trends. Some of the same conditions which have been instrumental in the establishment of the present liquid position of these associations may remain operative.

Preliminary data indicate that mortgage-loan repayments and prepayments are being maintained far ahead of schedule. While it is hoped that construction lending will show increasing expansion, there is no assurance that this will very soon have a drastic effect on funds which have been accumulating in cash and Government bonds. Also, since the war is far from won or paid for, continued participation in the Government's financing operations will, for an undetermined length of time, be a major concern.

However, since the War Production Board's "Period One" (reconversion between the defeat of Germany and Japan's capitulation) materialized this year, heavier withdrawals may absorb some of the money now represented by liquid assets. The crucial role of these funds in the post-war years was pointed out in the March REVIEW ("The Dual Functions of Liquidity"). It seems evident that the present position of insured associations augurs well for them in the future since a substantial shock absorber is present to meet contingencies. These liquid funds, if carefully managed, may be a safeguard against deflation in the post-war period. On the other hand, however, unless lending institutions proceed with caution in making loans, there may be a serious danger of post-war inflation.

Cash and Government obligations of insured savings and loan associations, 1944–1943

[Dollar amounts are shown in thousands]

District and State	Change in number of associations	Total cash and Government obligations		Percent increase	As a percent of 1944	
		1944	1943		Share capital	Assets
UNITED STATES	+19	$1, 497, 152	$884, 207	69. 3	34. 5	29. 9
Boston	0	71, 023	43, 809	62. 1	30. 7	26. 7
Connecticut	0	20, 434	12, 181	67. 8	30. 7	27. 2
Maine	0	676	194	248. 5	30. 9	26. 8
Massachusetts	0	42, 292	25, 779	64. 1	29. 8	25. 9
New Hampshire	0	5, 899	4, 364	35. 2	48. 3	39. 2
Rhode Island	0	229	177	29. 4	7. 3	6. 0
Vermont	0	1, 493	1, 114	34. 0	28. 4	25. 2
New York	+3	162, 948	94, 350	72. 7	31. 4	27. 2
New Jersey	+1	48, 643	29, 568	64. 5	32. 0	27. 2
New York	+2	114, 305	64, 782	76. 4	31. 2	27. 2
Pittsburgh	+12	67, 155	40, 326	66. 5	24. 8	21. 4
Delaware	0	49	26	88. 5	10. 4	9. 9
Pennsylvania	+12	60, 395	35, 758	68. 9	24. 4	21. 0
West Virginia	0	6, 711	4, 542	47. 8	29. 6	25. 4
Winston-Salem	+1	160, 643	83, 398	92. 6	34. 8	30. 4
Alabama	0	5, 771	4, 348	32. 7	27. 7	25. 4
Dist. of Columbia	0	13, 194	8, 252	59. 9	24. 3	21. 9
Florida	0	49, 812	23, 268	114. 1	47. 5	40. 9
Georgia	0	18, 323	9, 319	96. 6	31. 0	27. 2
Marlyand	+1	24, 543	10, 612	131. 3	32. 1	26. 8
North Carolina	0	23, 336	13, 029	79. 1	38. 5	34. 4
South Carolina	0	11, 818	6, 895	71. 4	34. 4	31. 5
Virginia	0	13, 846	7, 675	80. 4	27. 0	23. 6
Cincinnati	−1	333, 131	216, 327	54. 0	40. 9	36. 0
Kentucky	−1	28, 086	17, 626	59. 3	35. 2	31. 8
Ohio	+1	290, 388	189, 592	53. 2	42. 0	36. 9
Tennessee	−1	14, 657	9, 109	60. 9	33. 7	29. 7
Indianapolis	0	120, 151	76, 050	58. 0	39. 4	34. 8
Indiana	0	73, 270	48, 587	50. 8	38. 7	34. 2
Michigan	0	46, 881	27, 463	70. 7	40. 7	35. 8
Chicago	+8	142, 311	82, 326	72. 9	31. 4	26. 6
Illinois	+5	115, 810	66, 833	73. 3	32. 8	27. 9
Wisconsin	+3	26, 501	15, 493	71. 1	26. 3	22. 2
Des Moines	−2	86, 626	48, 817	77. 5	33. 9	30. 0
Iowa	−1	12, 204	6, 312	93. 3	30. 0	27. 2
Minnesota	−1	44, 712	23, 590	89. 5	45. 2	39. 5
Missouri	0	23, 407	15, 076	55. 3	22. 8	20. 1
North Dakota	0	5, 251	3, 026	73. 5	53. 5	48. 6
South Dakota	0	1, 052	813	29. 4	33. 1	30. 3
Little Rock	−1	60, 727	41, 042	48. 0	25. 1	21. 2
Arkansas	0	4, 098	2, 974	37. 8	23. 8	20. 4
Louisiana	0	20, 728	14, 114	46. 9	23. 1	18. 7
Mississippi	0	2, 514	1, 752	43. 5	24. 3	21. 8
New Mexico	0	2, 332	1, 584	47. 2	31. 7	28. 3
Texas	−1	31, 055	20, 618	50. 6	26. 4	22. 8
Topeka	+1	48, 079	29, 041	65. 6	28. 2	24. 6
Colorado	+1	12, 755	7, 771	64. 1	35. 1	30. 1
Kansas	0	13, 819	7, 973	73. 3	26. 9	23. 5
Nebraska	0	4, 127	2, 216	86. 2	33. 4	28. 6
Oklahoma	0	17, 378	11, 081	56. 8	24. 7	21. 7
Portland	−1	106, 247	59, 860	77. 5	50. 0	43. 5
Idaho	0	7, 144	3, 326	114. 8	55. 9	48. 7
Montana	0	5, 689	3, 633	56. 6	44. 3	39. 1
Oregon	0	12, 286	6, 387	92. 3	46. 4	39. 2
Utah	0	12, 346	7, 505	64. 5	47. 1	37. 9
Washington	−1	65, 877	37, 475	75. 8	51. 6	45. 9
Wyoming	0	2, 514	1, 276	97. 0	42. 2	37. 3
Los Angeles	−1	138, 111	68, 861	100. 6	34. 7	28. 4
Arizona	0	6, 315	1, 648	283. 2	60. 5	49. 5
California	−1	129, 322	65, 603	97. 1	33. 9	27. 7
Nevada	0	469	373	25. 7	42. 4	39. 4

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WHAT'S NEW IN HOUSING RESEARCH?

Since institutional lenders cannot ethically experiment with trust money, their full participation in post-war financing of new-type structures depends on the knowledge of their soundness. This article, designed to give some highlights of recent research, has been prepared with the assistance of the Technical Division, National Housing Agency.

■ NOT only is the wartime volume of home building much less than normal but the design and quality of houses now going up are considerably different from pre-war years. However, in these very differences lies much that will eventually speed the evolution of the house of tomorrow. This period of enforced improvising to conserve what we have and to find something else that will do gives promise that the housing industry and the home owner will be the long-term beneficiaries of the manifestation of "Yankee ingenuity" which is being demonstrated now in technical research.

Of course, housing research is by no means entirely a product of wartime necessity. However, the very fact that we have had to learn a lot, and in a hurry, means that the housing industry is much farther ahead than it would have been in an ordinary period of like duration. The big problem of the future will be not just to provide houses, but to be able to gear production to *all* income groups of the potential market that is waiting. This means, first, low-cost houses of substantial quality, and second, homes of increased comfort and convenience. The results of recent research, while they do not provide the final answers, point the way toward both these accomplishments.

Broad Implications

The implications of these developing innovations are as broad as the interests of the entire national economy and as specific as "next year's" loan portfolio. Reams have been written about the role of the construction industry as one of the bulwarks of our post-war economy. There seems little doubt that a tremendous potential market awaits the green light for the resumption of building activity, providing housing costs can be brought into line with average incomes. Research projects which uncover new possibilities and demonstrate their practicability play a definite part in bridging this gap.

Mortgage lenders who know what is going on in new housing techniques will be in a position to make their institutions double beneficiaries of this recent scientific investigation. Knowledge of the performance of new materials and methods can enable them to properly evaluate the loan-capital values of new type structures. Thus, as they are in a position to *know* what they are getting as security for their loans, they can safely broaden the scope of their operations. Futhermore, a well informed mortgage-lending industry can help in the general acceptance of sound construction standards and in accomplishing needed reforms in building codes, which in turn will add to the volume of low-cost residential construction.

Housing research during the war has been conducted by many industrial concerns, trade associations, foundations and universities. Since 1943 some of these projects have been instituted and financed by Government funds advanced through the War Production Board's Office of Production Research and Development. The National Bureau of Standards has also played an important part in the testing of new and improved materials and techniques.

Standardization

One of the chief reasons for high costs in construction has been the "hand tailoring" of parts for site assembly into completed houses. The economic value of standardization of many components has long been discussed. Recently the American Standards Association issued a pamphlet, "Modular Planning as Related to Building Design," based on research sponsored by the American Institute of Architects and the Producers' Council. It recommends the adoption of a 4-inch module for building construction. The adoption of this standard would mean that, instead of the miscellaneous and unrelated sizes now used, dimensions would be in multiples of four wherever practicable. Thus, manufacturers would be able to concentrate chiefly on standard-sized items and builders would be assured that these parts would fit without filling or cutting. To obtain the advantages of modular planning and dimensional coordination, building plans and specifications would have to be correlated with the dimensions of materials.

It is not contemplated that these "standard" parts would entirely eliminate the production or use of all other dimensions established by architects or engineers. They would, however, permit a tremendous reduction in the number of types of models manufactured, and still properly serve the building industry.

New Kinds and Uses of Materials

New materials, and new combinations and different uses for products already on the market are common results of various investigations. The fact that these improved techniques often not only represent savings in themselves but permit more economical construction methods is illustrated by the example of a project carried out at Purdue University under OPRD auspices. Experiments in constructing temporary low-cost housing brought to light a type of single-wall construction which has interesting possibilities. This "sandwich" type of construction consists of producing in a factory, a wall panel which fits into the skeleton framing of a house. An inside and outside wearing surface are placed so as to leave space for prefabricated insulation to be inserted into the "sandwich" wall. Like many other of these research products, it has not been completely perfected as yet. However, current research has gone far enough to indicate that this type of wall, where composed of sufficiently lightweight materials, produces a quick and relatively inexpensive method for shop or field construction of a complete wall unit.

Other types of wall materials which have been developed and tested make use of qualities of wood previously considered as unusable lumber, but which can be reinforced by combination with shredded or recombed fibers. It has been found that, by compressing wood in heated presses, the density and wearing qualities can be greatly increased and the natural beauty of the wood enhanced. Thus treated, the product gives promise of being more satisfactory for flooring than natural wood.

A great deal of progress has been made toward increasing knowledge about various kinds and uses of glues in wood construction. A plastic adhesive has been developed for use with light wall-board preparations. This and other experiments have developed a wide variety of glues to meet different conditions of manufacture and service and have greatly increased the serviceability of plywood in home construction.

A lumber-plastic combination that has been found successful consists of treating lumber products, such as plywoods, with a thermo-plastic coating to produce a finished surface of far greater wearing quality than any previously known protection. One product of this type used on floors provides a nonslip surface of more durability than wood itself. Waxing does not destroy the nonslip characteristics produced by the original treatment.

Interior Improvements

Although the outer shell of the house has been found to absorb the greatest comparative cost of home construction,[1] it is not the only place where improvements can be made. Much of the research has been directed toward internal housing improvements, such as heating and sound-proofing.

The possibilities of radiant heating are being explored from several angles. Already tests have shown that radiant heating panels in walls, floors and ceilings can frequently provide better heating than conventional methods. It has been found that people can be comfortable with radiant heating at somewhat lower temperatures than otherwise. Thus, the lower the temperature, the less the heat loss through walls. This, of course, means a saving in fuel. A scientifically controlled study of temperature, comfort and costs is one of the current projects of the National Bureau of Standards.[2]

A related study is being conducted to discover more about reflection and absorption of infra-red rays by various materials and substances. From the results of these tests it will be possible to select and develop structural surfaces and protective or decorative sheets or coatings which will be nonresistant to the flow of heat.

Heating and Insulation

Another interesting experiment has just been announced by an industrial firm, Green's Ready-Built Homes. In their plant at Rockford, Illinois, they have built—complete to the key in the door—what is said to be the first prefabricated solar house.

This structure is a rectangle 58 feet across the front; it faces south to take full advantage of the winter sun and carries an inch of water on the roof in summer to produce coolness by evaporation. A three-foot roof overhang allows a maximum of sunlight in the front glass panels in the winter and no direct sunlight in the rooms in summer. The auxiliary heat from the sun's rays saves an estimated 30

[1] See *National Housing Bulletin 2* and "Lets Get More For Our Housing Dollar," FHLB Review, December 1944, p. 70.
[2] See *Home Front*, FHLB Review, April 1945, p. 215.

percent in fuel costs while the principal heat unit is an innovation in itself. It consists of a gas-fired furnace in the ground utility room (there is no basement) which forces hot air through tile ducts built into the floor (a principal in some respects similar to radiant heating). There are no visible heat outlets.

The walls are made of separate plywood panels between which is sealed three inches of blanket insulation. The heavy glass panels which form the entire front section are also double with a three-inch dead air space between to prevent heat loss and the formation of moisture.

The house is completely equipped but only an approximation of the cost is now possible. It is estimated, however, that similar structures will sell for between $6,000 and $8,500.

The paper house, developed by the Institute of Paper Chemistry in Appleton, Wisconsin, is an interesting example of what has been done in the field of extremely low-cost, emergency housing. An account of the details of this experiment was given in the *Home Front*, FHLB REVIEW, February 1945, page 163.

Prefabrication has been receiving a great deal of attention, both in research laboratories and in public interest. The REVIEW has previously touched on this subject. An indication of the extent to which plans and facilities for this type of housing now exist is contained in a recently revised list of 70 active prefab concerns, published by the NHA Technical Division. This is designed to be only a comprehensive representation of the industry. A limited number of copies of this listing and of the two *Technical Bulletins* (October 1944 and April 1945) which carry more detailed reports on Government projects are available from the Technical Division, National Housing Agency, Washington 25, D. C.

A Good Start

These few examples barely scratch the surface of what has been and is going on in the field of housing research. More will be reported from time to time. Not all the results so far are complete or perfect; much work remains. However, it is plain to be seen that our industrial "know how" has been developing rapidly and practically. It is quite true that the post-war dream house—a paradise of gadgets—is only the product of over-enthusiastic imaginations. Still, tomorrow's new houses will be cheaper, better and more plentiful because of the results of wartime research.

The War: Phase Two

■ ON the tenth of this month, Fred M. Vinson Director of War Mobilization and Reconversion transmitted to the President his report, *The War Phase Two*, in which he gave a summary of the effec of VE-Day on the national economy and futur planning for the war. The 10 basic assumption upon which this report is predicated make it clear tha the severity of the war in the Pacific will grow a time passes and that the effects of cutbacks wil produce an uneven pattern in production, both fron industry to industry and from area to area. During the next six months, cuts in war production will ru from 10 to 15 percent of the current rate of output The high production needed for the Japanese war wil require that a great part of those now working i war production stay on the job. Unemployment a the end of the next 12 months should not excee from 2,000,000 to 2,500,000 persons and many o these will be only temporarily out of work. Foo requirements will not decrease, and many Government controls over industry must be maintained t assure war and essential civilian production.

It was emphasized that inflationary forces ar expected to be a continuing menace, despite the en of war in Europe. "Price and rationing controls wage controls, high taxes, and continued War Bon sales will be essential in keeping consumer buying within bounds."

Housing

Restrictions on home building will not end unti manpower and materials are generally available However, it is anticipated that construction wil begin on at least 250,000 homes within the next 12 months, and it is quite possible that starts may g as high as 400,000. In other words, residential construction started in this coming period may b expected to be equal to the 1935–1936 annual average

H–2 programs, approved by the National Housing Agency to provide newly constructed dwellings fo persons other than war workers in areas of acut housing shortage, authorized priority assistance fo the construction of 18,635 units as of April 30. All of these were for privately financed dwelling units. In addition, H–3 applications, approved in cases o individual hardship, authorized the construction o 17,896 privately financed new homes and the provision of another 16,174 family units through conversion of existing structures.

THE PATH WE HAVE TRAVELED

What has been the course of the savings and loan industry over the past 22 years—a period covering somewhat more than one complete lending cycle? From experiences gained during this time, what conclusions may be drawn for the present as to signs of trends ahead?

OCCASIONALLY, an excursion into the past can be one of the most profitable trips a business man can make—not merely reviewing the "good old days" but looking with a penetrating vision at the more trying times which can now be seen in clearer perspective than when they were upon us.

In the field of home finance such examinations of the record under present circumstances have more than ordinary value. To the long-term lender, the success of whose business today rests so heavily upon developments of the future, these backward glances provide not only an indication of present direction, but also a crude yardstick by which one may measure the accuracy of earlier judgments.

The record of the individual institution, is comparatively easy for management to study as a continuing guide to operations. This, together with the records of similar institutions in the general business area, provides a key to relative efficiency of operations under similar circumstances. The national record, though, represents the path the industry has followed as a whole. This article is intended to provide a brief analytic outline of the latter, the course the industry has taken over the past 22 years.

Home-Financing Trends

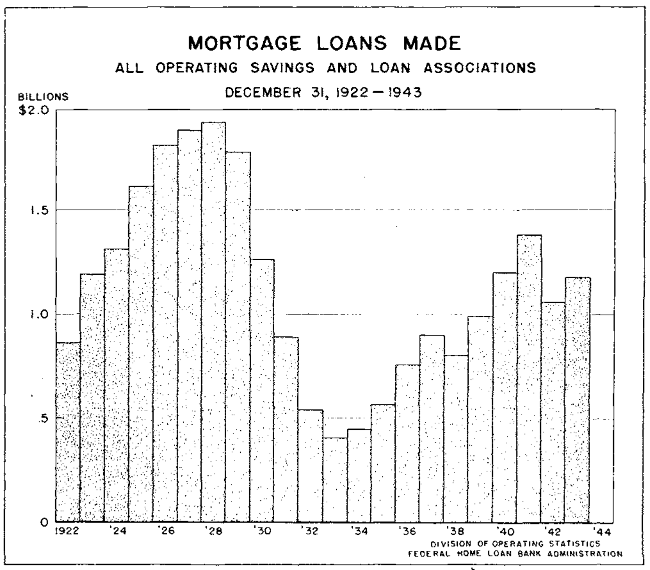
While trends within the home-financing business changed violently over the period, perhaps their products are more important than the trends themselves in that these results of cyclical fluctuations are milestones in the evolution of the industry. Not only do they mark the point from which postwar development will progress, but they also act as strong determinants of our future course.

Several significant developments, some institutional in character, now dominate the scene as direct results of industry trends during the period 1922–1944: the creation of the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation; a marked trend toward fewer, but larger associations; a strengthened reserve position; and a far deeper appreciation on the part of management of the influence of the economic cycle upon their business. The dominant features in the chain of causality are fresh in everyone's memory, but it takes more than vague recollection to bring into clear focus the distinct features of the various trends. What were some of these features, the sum of which constitutes the total picture?

Lending

Our scene opens in 1922, on a rising market, not only in real estate but in other fields as well. The conflict of 1917–1918, like all major wars, left in its backwash economic dislocations and a swollen demand for virtually all lines of commodities, old as well as new. Amidst the boom psychology of the times the building industry was hurriedly moving in response to the rising demand for new homes—a demand voiced largely because of the greater diffusion of purchasing power among all strata of our population during and following the war.

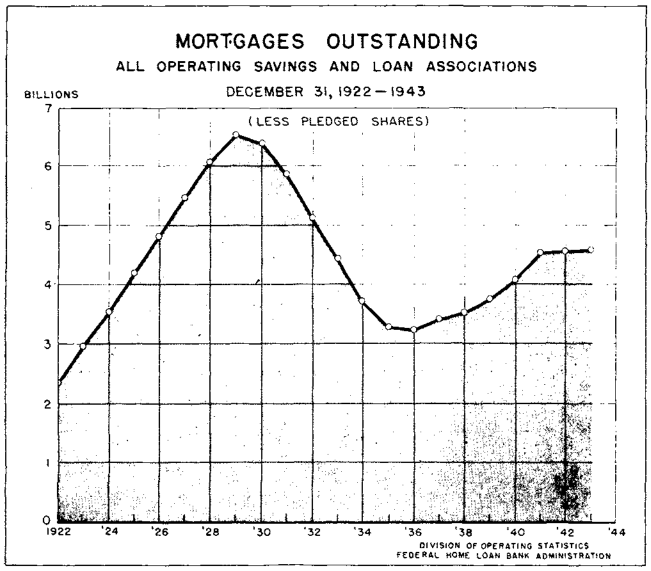
Riding the crest of the construction wave, lending by all operating savings and loan associations mounted rapidly. By 1925, the rental index and the annual volume of new home construction reached their peaks. However, lending by savings and loan associations continued to gain each year through



1928, apparently due to a shift in emphasis to other than construction loans. Despite the earlier collapse of local booms such as in Florida, the real-estate market as a whole remained quite active. While other circumstances vary infinitely, it is a similar activity in the market for existing homes today that is supporting the growing volume of home-mortgage lending.

From the peak of more than $1,900,000,000 in 1928, lending by savings and loan associations fell off during each succeeding year until it reached the depression low of slightly over $400,000,000 in 1933, a drop of almost 80 percent from the peak. Broken only by declines in 1938 and 1942, the annual volume of lending has mounted since then to reach a post-depression high—$1,454,000,000—last year. This is approximately three-fourths the size of the 1928 figure, or the equivalent of the annual rate of lending during 1923 and 1924.

The recovery of lending during the thirties and down through 1941, like the gain during the early twenties, was based largely upon new construction which increased in a similar pattern. Also, as in the years 1926 through 1928, the rising volume of lending carried over into 1943 and 1944 on the basis of a generally brisk market after new construction activity had fallen off. Beyond this, comparisons are questionable, for the cause of the decline in building after 1925 was an approaching saturation of the market for which the construction of family-dwelling units was being undertaken. Today, on the other hand, wartime shortages of materials and of man-power, not the absence of need nor the lack of loanable funds, are primarily responsible for the dearth of new home building.



Mortgage Portfolio

The total of mortgages held by operating associations reached its peak ($6,507,000,000) in 1929, shelving off rapidly in subsequent years to about half that size ($3,237,000,000) by 1936. To a considerable extent this was caused by the rapid contraction of new lending and the normal process of debt liquidation by borrowers. As the general economic picture deteriorated, the transfer of outstanding debts to property accounts became an important factor in the reduction of the portfolio. Prior to the establishment of the Home Owners' Loan Corporation in 1933, the national rate of foreclosures by all types of lenders on home properties was reaching almost 1,000 a day. The transfer of almost $800,000,000 in mortgages to HOLC was another significant factor affecting the decline in portfolio size.

Foreclosures and the transfer of loans to HOLC explain the retarded response of the mortgage portfolio to the rise in lending activity. It will be noted from the accompanying charts that although lending showed moderate gains in all except two years since 1933, it was not until 1937 that the balance of mortgage loans on the books of savings and loan associations showed any signs of recovery. Since then they have increased each year. As yet, year-end figures are not available for 1944, but it seems safe to assume that by that time mortgages held amounted to somewhat more than $4,700,000,000. If this is accurate, the total portfolio is but slightly smaller than it was at the end of 1926, three years before it reached the peak.

The effect of the recent gain in lending is plainly discernible, for accelerated retirement of mortgage loans resulting from increased wartime incomes, and also the resale of homes, has not checked the expansion. However, there still remain to be assessed the effects, if any, of the absence of construction lending in current loans being placed on the books of all operating associations.

Acquired Real Estate

During the twenties, acquired real estate in the hands of savings and loan associations represented but a small proportion of industry assets. However, with the financial collapse of 1929, real estate obtained through forclosure ballooned and by 1935 constituted 22.3 percent of adjusted resources as compared with 3.2 percent in 1930, the earliest date for which accurate information is available. By 1936 the industry was able to check this and for the first time in at least five years it could show a slight reduction in the book value of properties owned. However, not until the following year did the disposition of these slow assets reach a volume sufficient to effect a reduction in their ratio to adjusted resources. Since then the property account has diminished steadily. As a result of the particularly brisk market for existing homes, this item has now been whittled down until it constitutes barely 1 percent of assets.

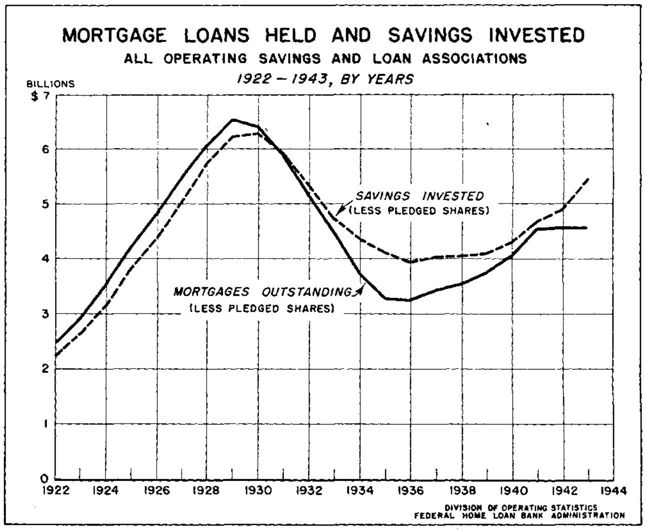
All told, this bulge in acquired real estate was about five years in accumulation and seven years in disposition. This in itself attests the severity of the depression of the thirties, but even these data do not tell the entire story. It cannot be overlooked that extensive property holdings were transferred from operating savings and loan associations to liquidating organizations. Figures cited above exclude these transferred property holdings.

Savings

On the other side of the balance sheet, trends in private savings showed less violent fluctuations than were observed in the loan portfolio. Although the high rate of increase started to slacken after 1928, the year the loan portfolio reached its peak, significant gains were made in the two succeeding years. Private investments in these institutions did not reach their peak until 1930 when they amounted to about $6,200,000,000.

One feature of interest in the decline in invested savings during the first part of the thirties is that the depression low of approximately $4,000,000,000 was not reached until 1936, several years after other types of savings institutions had begun to show signs of recovery. To a large extent this merely reflects the time lag in meeting repurchase demands accumulated in the earlier years which were satisfied as cash was obtained through the normal as well as emergency liquidation of assets. Also, the transfer of associations from active to inactive status entailed, statistically, a reduction of funds invested in *operating* savings and loan associations.

Beginning in 1937, the downward movement in private savings was reversed and the first small net increase was noted. The up-hill pull was slow and it was not until the beginning of the National Defense Program in 1940 that the rate of gain in savings invested in these institutions showed material



improvement. Year-end data for 1944 are not available at this time, but preliminary estimates indicate that savings then amounted to approximately $6,000,000,000—possibly equaling the peak attained in 1930.

Thus far, trends in savings and the mortgage portfolio have been reviewed independently. Since the latter represents the principal employment of the former, what was the comparative movement of these two factors?

From 1925 through 1930 the balance of mortgages outstanding, as shown in the accompanying chart, was in excess of private savings, indicating a substantial investment of reserve funds in home loans during this period. However, the entire spread between these lines cannot be construed to represent reserves, inasmuch as an unknown portion undoubtedly stood for short-to-medium-term borrowing from commercial banks for home-mortgage lending purposes.

From 1931, though, the balance of mortgages outstanding has been less than the private savings figure. The sharp contraction in the loan portfolio during the five years ending in 1936 was far greater than the shrinkage in savings. By the end of that time, when these two series had reached their low points, private capital was 20 percent greater than the outstanding balance of mortgage loans held. The subsequent recovery in mortgage holdings, however, was more pronounced and by the beginning of the war these two elements were approaching parity. The large shift of resources to Government securities in recent years has reopened the gap so that the portfolio is once more considerably less than private savings.

Liquidity, Asset Trends

While experience gained over the last 15 years has demonstrated the importance of maintaining sufficient liquidity, the wartime growth in association holdings of Government securities cannot be accepted as the product of normal operations. It is apparent, however, that a growing number of institutions are seriously considering the provision of a greater measure of liquidity as an operating policy in the post-war period. Should this practice prevail, as it may in the light of heavy Government demands for borrowing after the war, expanded holdings of Federal securities may mark a new and lasting trend in industry operations rather than a move born of wartime expediency and patriotic motives.

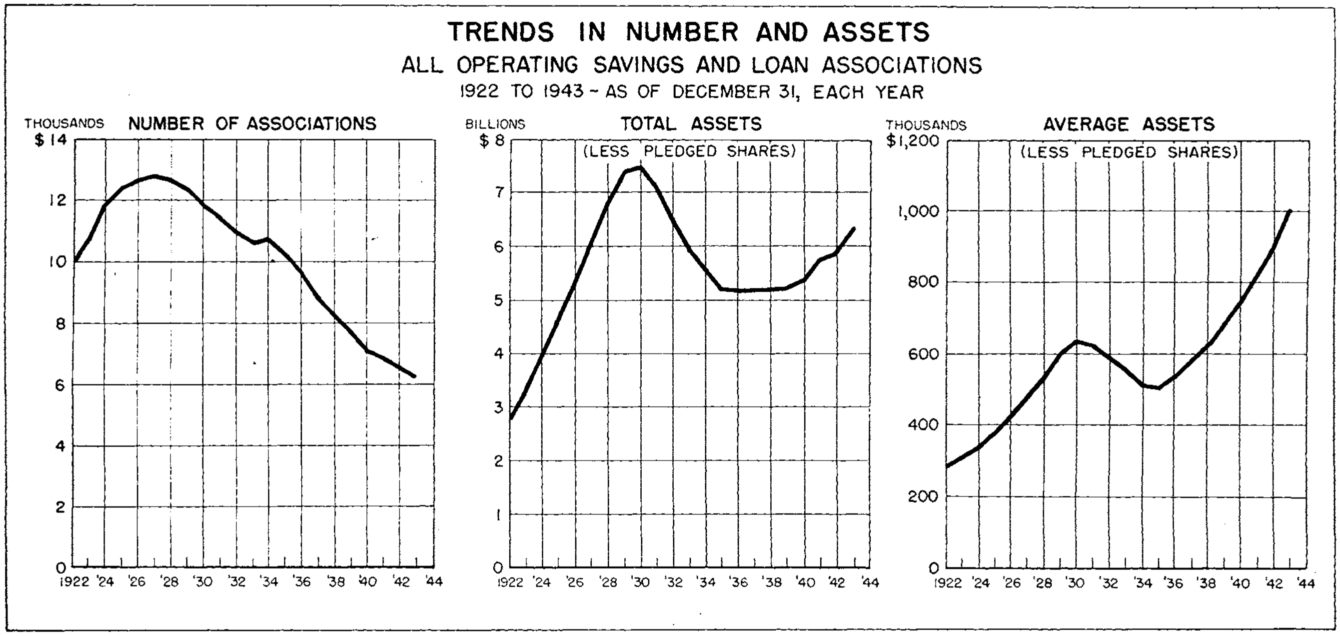
Trends in aggregate assets are of limited value as a guide to operations since changes of importance show up first in the composition of that figure rather than in the total itself. Over the long term, however, they do serve to reflect net changes in size resulting from operations, although there is frequently a considerable lag between a write-off and its primary cause. The term assets as used in this text has reference to adjusted resources since it is necessary to correct the gross figure to eliminate pledged shares resulting from the use of the old-type sinking-fund loan.

As might be expected, the timing and direction of asset trends followed closely the movement in the volume of private savings invested in savings and loan associations. Reaching a peak of $7,471,000,000 in 1930 they declined to a low of $5,165,000,000 in 1936. Throughout the next three years a gradual recovery was noticed. With the beginning of the National Defense Program in 1940 through the subsequent war years impressive gains were recorded. By the end of 1944, adjusted assets were again approximating their record level of 1930.

The most significant feature of asset trends over the past lending cycle is to be found in their relation to the number of operating associations. From this relationship it can be seen that a substantial strengthening has taken place within the industry. The peak in the number of operating institutions was reached in 1927 when they totaled 12,804 and average assets amounted to $475,000. Since then, with the exception of 1934, the number of operating associations has diminished yearly, the result, in part, of mergers and consolidations sponsored by the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation. The result is to be seen in the steady trend toward fewer but larger institutions. At the end of 1943, the latest year for which firm estimates are available for the entire industry, 6,232 operating institutions had average assets of almost $1,020,000.

In Conclusion

In surveying savings and loan trends during an era overshadowed by a severe economic collapse, the salient elements of operations have been examined in the order of their sensitivity to deflationary forces. From the booming peaks of the twenties the sag and collapse of, first, lending, then loan portfolios



and private savings, were traced down to rock bottom in 1936. The rise in property accounts to more than 22 percent of assets was noted. As yet some word remains to be said of the causes that contributed to these results with all their overtones of loss.

First, it should be recalled that as early as 1925 the movement of the rental index gave indications of impending trouble in real estate—not that the decline in this and the volume of construction, in themselves, heralded a crash. Danger ahead was implicit, though, in the continued market for existing properties at prices out of line with those two gauges of demand. Symptoms of speculative bidding were present. Yet the dangers inherent in such a collapse not only threatened loans on speculative purchases during this period but also periled loans on properties purchased for owner occupancy in earlier years.

No exact parallel can be drawn between conditions then and now. As mentioned earlier, the decline in construction and the slackening in the rental index after 1925 were due to a saturation of the market for which homes were being constructed. The absence of building today is the direct result of wartime shortages in materials and manpower. Manifestly, the current rental index is no true guide to demand, for rent ceilings are holding it to a stable level. Nevertheless, certain other conditions are similar, namely, that, as in 1928, the high volume of current lending by associations is based upon borrowing for other than construction purposes and current sales prices for comparable properties are in many instances at almost fictional levels.

It falls squarely to the mortgage lender to determine from the facts what he feels will constitute a justifiable risk. There may be merit to the argument, from purely a factual standpoint, that post-war price trends will be upward. However, experience has shown that the higher they go the harder they fall. A serious post-war boom—inflation—can lead only to another depression with all of its tragedy. If we are to maintain full employment, we have to break with the philosophy of boom and bust. This calls for concerted action by private industry to hold price fluctuations within reasonable range. If real-estate prices are allowed to increase disproportionately now it will be only the harder to check them in the period of peace to come.

The progress of inflationary forces today not only threatens the soundness of current business but may make post-war operations precarious because they would then be built on shifting sands. While the high degree of liquidity in associations strengthens them against danger of deflationary tendencies, rising prices can feed upon these readily loanable funds unless management proceeds with caution. We can ill afford to duplicate the experiences of the past lending cycle.

DIRECTORY CHANGES

March 16—April 15, 1945

Key to Changes

* Admission to Membership in Bank System
** Termination of Membership in Bank System
# Federal Charter Granted
Federal Charter Canceled
ø Insurance Certificate Granted
øø Insurance Certificate Canceled

District No. 1

Connecticut:
Bristol:
* Bristol Savings Bank, 150 Main Street.

Massachusetts:
Westfield:
* Westfield Savings Bank, 100 Elm Street.

District No. 2

New Jersey:
Bayonne:
*ø First Savings and Loan Association of Bayonne, N. J., 394 Broadway.
Caldwell:
ø Caldwell Savings and Loan Association, 266 Bloomfield Avenue.
ø West Essex Savings and Loan Association, 315 Bloomfield Avenue.

New York:
Stapleton, S. I.
ø Edgewater Savings and Loan Association, 15 Beach Street.

District No. 3

Pennsylvania:
Pittsburgh:
ø Eagle Savings and Loan Association, 125 Brownsville Road.

District No. 6

Michigan:
Belding:
* Belding Building and Loan Association, 123 W. Main Street.

District No. 9

Texas:
Winnsboro:
øø Winnsboro Building and Loan Association, First National Bank Building.

District No. 10

Kansas:
Garden City:
** Garden City Building and Loan Association, 412 Main Street.

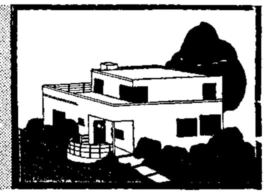
District No. 12

California:
Berkeley:
##øø Community Federal Savings and Loan Association of Berkeley, 2033 Shattuck Avenue.

NATIONAL HOUSING AGENCY
John B. Blandford, Jr., *Administrator*

FEDERAL HOME LOAN BANK ADMINISTRATION
John H. Fahey, *Commissioner*

THE HOME FRONT



New surplus-property disposal assignments

The issuance, last month, by the Surplus Property Board, of Regulation No. 1 set the basic pattern for the surplus property system. With one important domestic exception, it continues the disposal assignments which have been in operation since last year under the original authority of the old Surplus War Property Administration. This included the designation of the National Housing Agency as disposal agency for housing property.

One of the new provisions carried in this regulation dealing with real property gives to the NHA the additional responsibility of handling the liquidation of land owned by the Government in connection with housing developments. Other classes of real property are assigned to various other disposal agencies appropriate to the type of property involved. However, the act makes it clear that the Board may assign any specific tract to any disposal agency, regardless of classification, where this will facilitate disposal.

Series E redemptions increasing

A substantial increase occurred during 1944 in the rate of Series E war bond redemptions, according to a recent study by the National Industrial Conference Board. Based on total maturity values, cumulative redemptions at the end of January this year had risen to 16 percent of cumulative sales from only 9.5 percent at the same time the year before. This meant that nearly one out of six of these bonds had been redeemed by January 31, 1945.

These redemptions were found to be most common in bonds of $25 denomination. While they accounted for 33 percent of all Series E bonds sold, they represented 57 percent of the total redeemed. The study revealed the fact that the redemption ratio declined as the value of the bonds increased. For $25 bonds it was 27.7 percent; the $50 series was redeemed in the proportion of 17.1 percent of sales. The redemption rate of $100 bonds was 10.6 percent; for all other denominations, 7.1 percent.

In spite of the upward trend in redemptions, however, nearly $26,000,000,000 maturity value of all series bonds were outstanding at the end of last January. This represented a gain of approximately $9,000,000,000 since the same month in 1944.

"Home Owners' Library" in Schenectady

A new service—the "Home Owners' Library"—has recently been instituted by the Schenectady Savings Bank, New York. The project, which comprises 400 books, magazines and pamphlets, is designed to aid depositors in post-war planning; it supplies the prospective home owner with all the information necessary to plan construction or modernization.

The library is housed in a room which has been constructed in the lobby of the bank. Such features as a hearth of weathered bricks from the home of James Fenimore Cooper, together with Early American furniture and bric-a-brac, lend atmosphere and add to the effectiveness of the scheme. Special borrowers' cards have been printed and the library has been designated a "Public Library station" by the Schenectady Public Library from whom a part of the collection was obtained. New publications pertaining to housing in its many phases will be added as they become available. An attendant is on duty during banking hours to check out books and assist the public with its decoration or building problems.

"Packaged" mortgage loans

An all-in-one mortgage, in which certain "heavy" household equipment will be considered as part of the real-estate security on which the loan is made, has recently been approved by the board of directors of the National Life Insurance Company. This plan, which will be available on all of this company' future home loans, will "make i easier for persons to acquire a com pletely equipped house with pay ments spread over a long period o life," according to the announcemen of L. Douglas Meredith, vice president

Subject to rules and regulations t be prescribed by the National Life' legal department, new gas and electri appliances such as ranges or refriger ators may be included in the "pack aged" mortgage. A reasonable valu for these items of equipment mus have appeared in the appraisal whe the application was submitted, an some degree of affixation of the articl to the real estate will be required.

Small-home problems tackled by new group

The Small Homes Council, an organ ization to promote research, informa tion and cooperation on urban an rural small-home problems, has bee established at the University of Illinois The proposed program includes scien tific study of new materials and meth ods and testing of their worth an application. It is planned to us university laboratories to discove better methods of design and buildin and to exhibit to the public thes benefits in the college's demonstratio homes. Students interested in con struction, design and management wil be provided with the advantage o practical experimental studies.

Another phase of the program wil be to gather useful cost data and through the publication of bulletin and circulars, to report impartially o new developments in the field. Th public will be kept informed on topic including community planning, financ ing and contracts, homesite require ments, landscaping and design, me chanical equipment, and maintenanc and repair. It will also be the purpos of this organization to seek the co operation of all elements of the buildin industry and of civic organization interested in practical solutions of th problems of the small home.

INDIVIDUALS' SAVINGS AND WAR FINANCE

UNDER present wartime conditions the Federal Government is purchasing almost half of the output in this country. Currently, close to half of these wartime expenditures is paid from taxes, but the remaining Federal deficit is still running at a rate in excess of $50 billions a year.

The war-financing program has as its principal objective the financing of this deficit as far as possible through the sale of securities to nonbank investors. The banking system is being relied upon for only the residual amount needed over what is supplied by nonbank investors.

Members of the Federal Home Loan Bank System are concentrating on the sale of Government securities to individuals as their particular sector in the program of war finance. How important is this *front*? During the first six months of the current calendar year individuals will receive about $82 billions of income. Wages and salaries are expected to amount to close to $58 billions, while other income of individuals will probably exceed $24 billions. This income includes such items as net income and allowances for reserves of unincorporated businesses and farms, dividends, interest, rents, royalties, pensions and relief.

What will be the disposition of this $82 billions? Spendings of individuals during this six-month period are estimated at $49 billions and tax payments are placed at about $11.5 billions—principally Federal income taxes, which will be swelled by nonrecurring items. New liquid savings of individuals will account for the remaining $21.5 billions, assuming that none of this excess income is used to bid up prices.

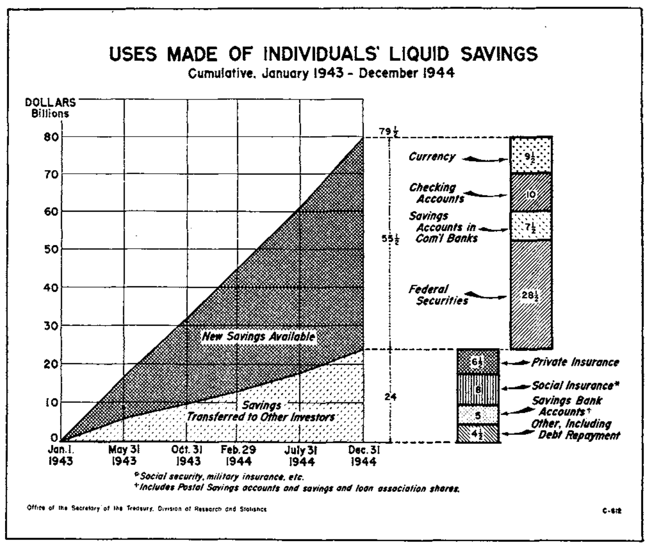
All of these savings, however, are not available for direct investment by individuals in war bonds. About $7.5 billions will probably be transferred to other investors who in turn may invest the funds in Federal securities. These transfers include the amounts individuals invest in insurance companies and Government social insurance funds. They also include deposits to savings accounts and debt reductions.

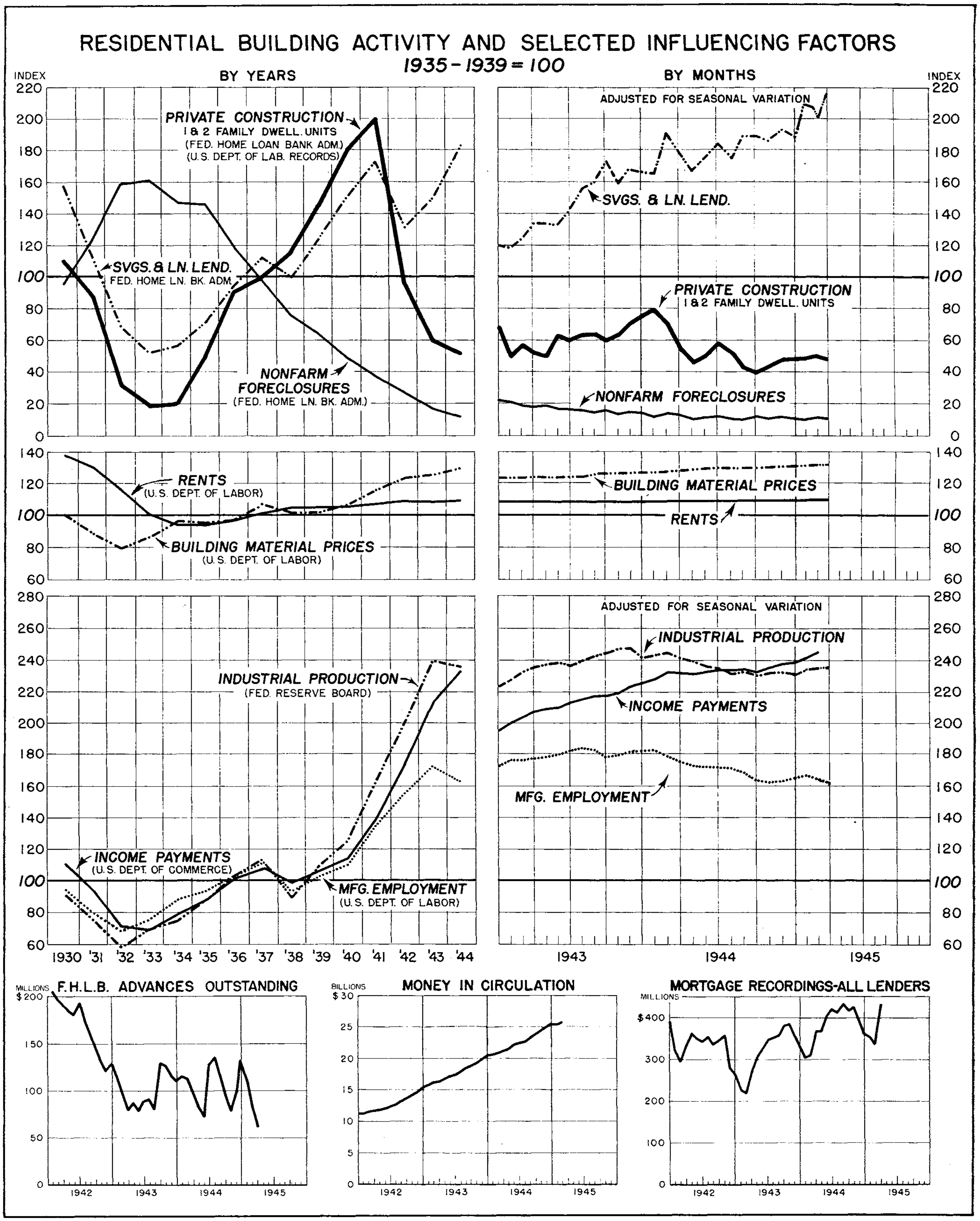
An analysis of trends in individual savings over the past two years reveals that 51 percent of new savings available was invested in Federal securities.

What is the significance of this 51-percent ratio? There are a number of reasons which make it clear that a 100-percent ratio is unattainable, but no precise figure can be set as an optimum. Greater cash requirements for current operations; increased profits and liquid reserves of small unincorporated businesses; lethargy on the part of some who consider that they are already doing their share in buying Federal securities, and hoarding by others in an attempt to protect themselves against any emergencies are all factors which contribute to the increases in individuals' holdings of currency and commercial bank accounts. To the extent that these holdings represent positive savings preference or business practice—rather than a temporary accumulation of cash for potential spending at the first opportunity—the funds are not inflationary and the optimum percentage investment in Federal securities may be reduced. Nevertheless, it is still true that individuals could have—and should have—invested more than 51 percent of their new savings available during the last two years in various types of Federal securities.

Challenge of Seventh War Loan

With available income estimated at $14 billions for the current six-month period, the Seventh War Loan faces the challenge by setting the individual goal at $7 billions, the highest figure for any War Loan to date, with $4 billions in E Bonds as compared with the highest previous E Bond goal of $3 billions The expanded payroll plan running over a period of three months should aid materially in attaining the quota set for this type of investor.




RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1935-1939 = 100
BY YEARS
BY MONTHS
INDEX
ADJUSTED FOR SEASONAL VARIATION
PRIVATE CONSTRUCTION
1 & 2 FAMILY DWELL. UNITS
(FED. HOME LOAN BANK ADM.)
(U.S. DEPT. OF LAB. RECORDS)
SVGS. & LN. LEND.
FED. HOME LN. BK. ADM.
NONFARM FORECLOSURES
(FED. HOME LN. BK. ADM.)
RENTS
(U.S. DEPT. OF LABOR)
BUILDING MATERIAL PRICES
(U.S. DEPT. OF LABOR)
INDUSTRIAL PRODUCTION
(FED. RESERVE BOARD)
INCOME PAYMENTS
(U.S. DEPT. OF COMMERCE)
MFG. EMPLOYMENT
(U.S. DEPT. OF LABOR)
1930 '31 '32 '33 '34 '35 '36 '37 '38 '39 '40 '41 '42 '43 '44
1943 1944 1945
F.H.L.B. ADVANCES OUTSTANDING
MILLIONS
MONEY IN CIRCULATION
BILLIONS
MORTGAGE RECORDINGS-ALL LENDERS
MILLIONS
1942 1943 1944 1945

« « « MONTHLY SURVEY » » »

HIGHLIGHTS

I. Industrial production in March remained at a comparatively high level—236 percent of the 1935–1939 average.

II. The 8,039 permits issued during March for urban dwelling units represented a 51-percent gain over February. However, this total was 35 percent below March 1944.

A. Private building activity increased 50 percent during March while 72 units were constructed with public funds—the first in 1945.

B. A quarterly comparison shows a total of 18,400 urban dwelling units provided in 1945—a decrease of 43 percent from the same period last year.

III. Nonfarm foreclosures showed a continuing tendency to level off.

A. In the first quarter of this year, 3,924 such actions were completed compared with 4,275 in the last quarter of 1944, and 4,766 in the first three months of last year.

B. The seasonally adjusted index of foreclosures for the first three months of this year was 9.3, 11.4, and 10.8, respectively.

IV. Increases by all types of mortgagees brought the March volume of mortgage recordings to $433,000,000—only 3 percent less than the record high of October 1941.

V. Indications are that lending during March reached record levels.

A. All types of loans showed gains over February with the home-purchase category accounting for 75 percent of the March total.

B. Increased lending in March was general—all Bank Districts reporting gains.

VI. Advances outstanding were the lowest since August 1933, while new advances made were the lowest for any March. Repayments were the highest on record for that month.

☆ ☆ ☆

BUSINESS CONDITIONS—Generally high volume of activity reported

Reflecting the national determination to bring all energies to bear on the war against Japan in order that this may be fought through to an early and decisive conclusion, industrial output in March continued at the same high level as in the preceding month, 236 percent of the 1935–1939 average, according to the index compiled by the Federal Reserve Board.

The manufacture of machinery showed little change from February. However, production of transportation equipment diminished as the result of further curtailment in shipyard operations.

Most nondurable industries continued production at February levels. According to the Department of Commerce, there was no significant decline in the output of civilian goods in the first three months of 1945. Despite higher war-production schedules, the quantity of nondurable goods flowing to the civilian economy during this period was 5 percent above that reported for the corresponding months of 1939.

Department store sales showed another sharp rise in March, reaching 224 percent of the seasonally adjusted index (1935–1939=100) compared with 212 in February and 200 in January. With the exception of coal, freight car loadings of all commodities also showed continued gains.

Employment mounted to 50,830,000 during the month, a gain greater than that reported in the total labor force with the result that unemployment declined somewhat, standing at 830,000 persons.

With the individual taxpayer having to pay the balance due on 1942 or 1943 taxes, income tax payments during March held the rise in currency in circulation to a lower figure than the increase in the corresponding month of 1944. A gain of $140,000,000 in the 1945 month compared with $263,000,000 in the same month last year.

War expenditures rose to new heights as the monthly total exceeded $8,000,000,000 in March, dwarfing by $2,500,000,000 the record receipts reported for that month. The previous record in these expenditures was reported in May 1944, when they amounted to $7,879,000,000.

[1935–1939=100]

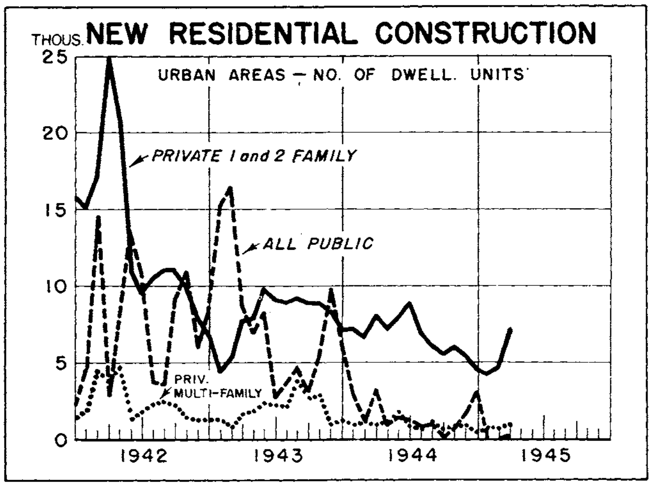
Type of index	March 1945	Feb. 1945	Percent change	March 1944	Percent change
Home construction (private) [1]	48.6	50.4	−3.6	54.2	−10.3
Foreclosures (nonfarm) [1]	10.8	11.4	−5.3	12.7	−15.0
Rental index (BLS)	108.3	108.3	0.0	108.1	+0.2
Building material prices	130.8	130.6	+0.2	127.5	+2.6
Savings and loan lending [1]	217.2	207.1	+4.9	178.3	+21.8
Industrial production [1]	236.0	r 236.0	0.0	241.0	−2.1
Manufacturing employment [1]	161.1	r 163.7	−1.6	174.9	−7.9
Income payments [1]	244.8	245.2	−0.2	231.9	+5.6

[1] Adjusted for normal seasonal variation.
r Revised.

BUILDING ACTIVITY—Public and private construction up

The total of about 8,039 urban dwelling units for which permits were issued during March represented a substantial relative gain (51 percent) over the preceding month. Privately financed construction, which, during recent months, dropped to the lowest level in a decade or more, accounted for the major portion of this gain, providing 7,967 family dwelling units in March compared with 5,324 in February. Public construction, the first in 1945, totaled 72 units in March.

Although private construction registered a large percentage gain from February to March, the number of units provided during the latter month was still about 12 percent below the March 1944 total of 9,000. As a result of the even sharper decline in public construction (from 3,339 units in March of last year) the total number of family dwellings provided in March 1945 was 35 percent below that of a year ago.



During the first quarter of 1945, permits were issued for a total of approximately 18,400 units in urban areas, about 14,000 units, or 43 percent, less than during the same period of 1944. [TABLES 1 and 2.]

BUILDING COSTS—Increases noted during March

Fractional increases in both the material and labor components during March brought the index of total construction costs for the standard house to 134.7 percent of the 1935-1939 average. A gain over February of 0.2 percent in costs of materials and 0.1 percent in labor raised these indexes to 132.0 and 140.2, respectively. Compared with March 1944, material costs gained 2.2 percent; labor charges, 2.5 percent; and total costs, 2.3 percent.

Wholesale prices of building materials, as reported by the Department of Labor, advanced slightly during March. Declines from February were noted for lumber and paint and paint materials, while structural steel and plumbing and heating materials remained unchanged. All other components made small gains. Since March 1944, the composite index has increased 2.6 percent and now stands at 130.8. With the exception of structural steel, which indicated no change, all commodities showed advances. [TABLES 3, 4, and 5.]

Construction costs for the standard house

[Average month of 1935-1939 = 100]

Element of cost	Mar. 1945	Feb. 1945	Percent change	Mar. 1944	Percent change
Material	132.0	r 131.8	+0.2	129.1	+2.2
Labor	140.2	140.1	+0.1	136.8	+2.5
Total	134.7	r 134.6	+0.1	131.7	+2.3

r Revised.

MORTGAGE LENDING—Reached new high

New mortgage lending by all savings and loan associations reached a new high level in March. Estimates of new lending by these institutions are available by months only since 1936, but annual estimates are on hand as far back as 1925. On the basis of these monthly and annual figures, it can be stated with some assurance that the $141,500,000 of new mortgage loans made by savings and loan associations during March exceeded the volume of loans made in any other month since 1930 or possibly 1929. The new loan volume for the current month was one-third greater than in February and exceeded by more than one-fifth the $116,100,000 of new home-mortgage credit extended by these institutions during March of last year.

All types of loans evidenced gains from February to March, increases ranging from 0.2 percent for "other" purpose loans to 140 percent for construction loans. Despite the sharp percentage rise in construction lending, savings and loan associations loaned only $7,400,000 for this purpose in March. Loans for the purchase of existing homes, which accounted for three-fourths of total lending during March, were 35 percent higher than in February,

New mortgage loans distributed by purpose

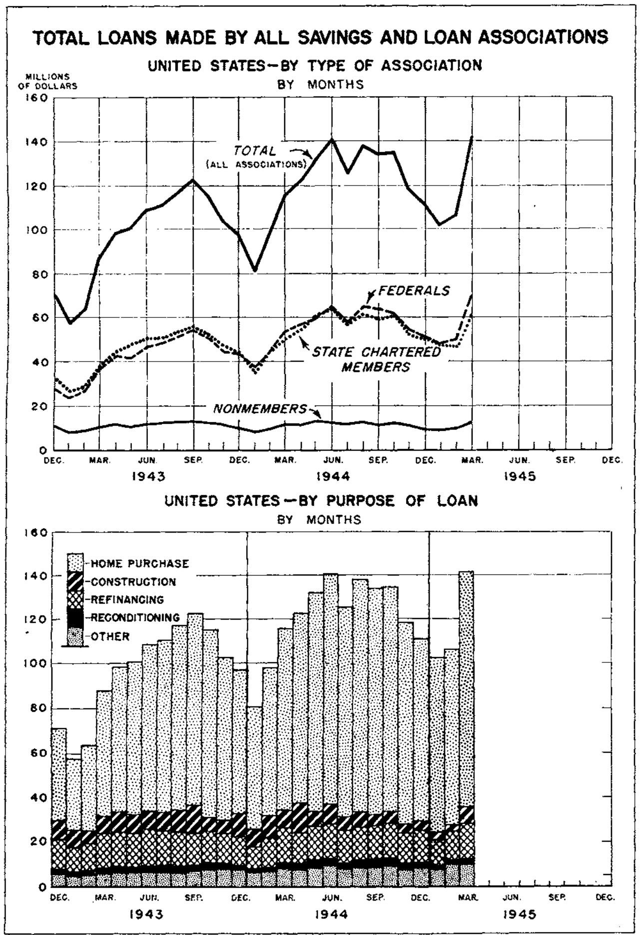
[Dollar amounts are shown in thousands]

Purpose	Mar. 1945	Feb. 1945	Percent change	Mar. 1944	Percent change
Construction	$7, 406	$3, 081	+140. 4	$9, 127	−18. 9
Home purchase	105, 307	78, 140	+34. 8	81, 846	+28. 7
Refinancing	15, 922	12, 524	+27. 1	14, 422	+10. 4
Reconditioning	2, 559	1, 994	+28. 3	2, 266	+12. 9
Other purposes	10, 287	10, 270	+0. 2	8, 469	+21. 5
Total	141, 481	106, 009	+33. 5	116, 130	+21. 8

refinancing loans were up 27 percent in this comparison and reconditioning loans, 28 percent.

Increases in lending activity of savings and loan associations were general throughout the country. In all Bank Districts the volume of new loans made during March was greater than in the preceding month or in the same month of 1944.

During the first three months of this year, all savings and loan associations made new loans aggregating almost $350,000,000, an increase of about 18 percent over the $295,000,000 of new loans made during the first quarter of 1944 and almost one-third more than the volume of new loans made during the same period of 1941. [TABLES 6 and 7.]



MORTGAGE RECORDINGS—Sharp expansion during March

Mortgage-financing activity throughout the country expanded sharply during March, the estimated $433,000,000 of nonfarm mortgages of $20,000 or less recorded during the month representing an increase of about $95,000,000, or 28 percent, over the total for the preceding month. All types of lenders shared in this rise, with increases ranging from 20 percent for lenders in the miscellaneous category to 36 percent for savings and loan associations.

In March 1945 financing activity was 18 percent higher than in March of last year, 61 percent greater than in the same 1943 month, and 24 percent above the March 1941 level. In fact, the volume of mortgages recorded this March fell only 3 percent short of the monthly peak established for this series in October 1941 when a total of $448,000,000 of these instruments was recorded.

In the first three months of this year, recordings by all types of lenders aggregated almost $1,127,000,000, a gain of 15 percent over the same period of last year and about 57 percent above the first quarter of 1943. This sharp increase in dollar volume resulted from both an advance in the number of mortgages recorded and a continued upward trend in the average size of these mortgages. The approximately 337,000 nonfarm mortgages of $20,000 or less recorded in the first quarter of this year were

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Percent change from Feb. 1945	Percent of Mar. 1945 amount	Cumulative recordings (3 months)	Percent of total recordings
Savings and loan associations	+36. 1	34. 9	$374, 017	33. 2
Insurance companies	+28. 9	4. 8	54, 585	4. 8
Banks, trust companies	+25. 1	18. 5	209, 042	18. 6
Mutual savings banks	+31. 5	3. 1	36, 442	3. 2
Individuals	+23. 3	26. 5	307, 419	27. 3
Others	+20. 0	12. 1	145, 107	12. 9
Total	+27. 9	100. 0	1, 126, 612	100. 0

9 percent more than in the first quarter of 1944 and 37 percent over the same 1943 period. The average mortgage recorded by all types of lenders during the first three months of 1945 amounted to $3,338, an increase of $179, or 6 percent, over the average for the same period of last year and an advance of $433, or 15 percent, above the average size of mortgages recorded during the January-March period of 1943. All types of lenders recorded larger average mortgages during the first quarter of 1945 than in the same period of last year or of 1943. [TABLES 8 and 9.]

FHLB SYSTEM—Advances outstanding near all-time low

Federal Home Loan Bank advances outstanding at the end of March dropped to the lowest volume recorded since August 1933. The total of $61,059,000 was down 22 percent from that shown at the end of February (with all Banks participating in this decline) and 38 percent below the balance outstanding on March 31, 1944. The March 1945 balance was only slightly more than one-fourth of the all-time high recorded at the close of December 1941.

Following the normal seasonal trend (which had been reversed last year) advances made during March 1945 exceeded those of February. This year the total of $2,770,000 was almost twice as large as that of the preceding month, with every Bank District except Winston-Salem and Topeka reporting increases. Even so, except for 1943 and 1935, total advances were the lowest ever reported during March. They were down 13 percent from the amount that was advanced in that month of 1944.

Repayments made by member associations to the FHL Banks in March amounted to $20,882,000, the most ever received in that month. This was 16 percent more than was received in March 1944. In spite of the comparatively high volume of repayments, the March 1945 amount was 25 percent below the figure reported in February. Only two Banks (Chicago and Los Angeles) registered increases during March over the preceding month.

A comparison of the first quarter of this year with the same period of 1944 shows a decrease in financing activity. Advances made during the first three months of 1945 totaled only $15,250,000—a third of last year's volume of $45,418,000. Repayments this year, on the other hand, increased 65 percent over those received in the same period last year—$84,755,000 compared with $56,108,000. [TABLE 12.]

FLOW OF PRIVATE REPURCHASABLE CAPITAL

Total savings invested in savings and loan associa tions during the first quarter of this year amounte to almost $564,000,000, a substantial gain (24 per cent) over the $453,000,000 received in the sam period of last year. Withdrawals during the quarte amounted to approximately $331,000,000, or abou 13 percent more than in the first three months o 1944. As a result of the greater percentage gain i new investments than in repurchases, the repurchas ratio for all associations dropped from 64 to 5 percent.

During the first quarter, total savings invested i insured associations exceeded by 30 percent invest ments in the same 1944 period, while withdrawal from these associations increased only 17 percent resulting in a repurchase ratio of 56 percent com pared with 63 percent for the first quarter of 1944 The repurchase ratio for uninsured members of th Federal Home Loan Bank System also showed im provement in this comparison, dropping from 69 t 65 percent. In contrast, the repurchase ratio fo nonmember associations increased 7 points to 7 percent.

In March, all savings and loan associations at tracted approximately $171,000,000 of new saving and paid out about $93,000,000 in withdrawals, o

Share investments and repurchases, March 1945

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Nonmembers
Share investments:				
1st 3 mos. 1945	$563, 553	$459, 555	$64, 668	$39, 33
1st 3 mos. 1944	453, 247	352, 601	61, 030	39, 61
Percent change	+24	+30	+6	—
March 1945	170, 887	138, 709	20, 319	11, 85
March 1944	142, 643	104, 494	22, 853	15, 29
Percent change	+20	+33	−11	−2
Repurchases:				
1st 3 mos. 1945	$330, 580	$258, 520	$41, 935	$30, 12
1st 3 mos. 1944	291, 293	221, 422	42, 137	27, 73
Percent change	+13	+17	(1)	+
March 1945	93, 035	71, 488	12, 820	8, 72
March 1944	76, 638	56, 693	11, 705	8, 24
Percent change	+21	+26	+10	+
Repurchase ratio (percent):				
1st 3 mos. 1945	58. 7	56. 3	64. 8	76.
1st 3 mos. 1944	64. 3	62. 8	69. 0	70.
March 1945	54. 4	51. 5	63. 1	73.
March 1944	53. 7	54. 3	51. 2	53.

1 Less than 1 percent decrease.

about $54 for each $100 invested. During the same month of last year, total share investments and repurchases amounted to about $143,000,000 and $77,000,000, respectively, also yielding a repurchase ratio of 54 percent.

INSURED ASSOCIATIONS—Liquidity and average savings gained

At the end of March, the 2,465 insured savings and loan associations held total assets of $5,100,000,000, of which 31 percent was in liquid form. Cash accounts aggregated $327,000,000 in March, after increasing 21 percent during the quarter, and represented 6 percent of total assets. U. S. Government-bond accounts, which were 3 percent above the December 1944 level, amounted to $1,262,000,000, or 25 percent of assets. At the end of March 1944, cash and Government bonds held by insured associations accounted for 23.5 percent of total assets of these institutions.

Savings represented by the accounts of 4,140,000 private investors approximated $4,500,000,000 at the end of March and amounted to 88 percent of the total resources of all insured associations. The average investment in insured associations at the end of March was about $1,095 compared with an average of $989 one year earlier.

Despite the fact that insured associations made $266,000,000 in new mortgage loans during the first three months of this year, net first mortgage holdings of these institutions rose only $41,000,000 to approximately $3,300,000,000.

During the three months ending in March, insured associations retired about $9,000,000 of Government-share capital, reducing the outstanding balance to $28,800,000. In the same period, Bank advances were reduced from $123,500,000 to $54,400,000. [Table 13.]

Federal Savings and Loan Associations

Liquid assets of the 1,465 Federal savings and loan associations rose 5 percent over December to a total of $1,025,000,000, and comprised 32 percent of the $3,238,000,000 in total resources at the close of March. Cash represented 6 percent of the total assets at the end of March and U. S. Government obligations, 26 percent. Private capital accounts amounted to $2,895,000,000, representing the savings of 2,465,000 investors in Federal associations. Federals made over $69,000,000 in new loans during March.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	Mar. 31, 1945	Feb. 28, 1945	Mar. 31, 1945	Feb. 28, 1945
New	632	632	$1, 098, 328	$1, 083, 308
Converted	833	832	2, 139, 614	2, 117, 016
Total	1, 465	1, 464	3, 237, 942	3, 200, 324

FORECLOSURES—Index of foreclosures showed leveling

Nonfarm real-estate foreclosures during the first quarter of 1945 were the lowest for any three-month period since the series was started in 1926. From January through March, inclusive, they totaled an estimated 3,924, representing a drop of 8 percent from the last quarter of 1944 and 18 percent less than in the corresponding period of last year. However, this does not alter the fact that during the past 12 months the adjusted foreclosure index has shown signs of leveling off, fluctuations ranging from 9.3 to 11.4 percent of the 1935–1939 average. The figure for March was 10.8 percent.

The annual rate of foreclosures per 1,000 structures was 0.7 for the first quarter of 1945, compared with 0.8 for the last three months of 1944. Greater numbers of distress actions were reported in 19 states and the District of Columbia.

Comparing the first quarter of this year with the same 1944 period, eight Districts reported reductions in foreclosures varying from 47 percent in Chicago to 9 percent in Cincinnati. Other Districts showed increases ranging from 11 percent in Portland to 148 percent in Indianapolis. [Table 15.]

New Vice Chairman in Des Moines

■ ANNOUNCEMENT has been made by James Twohy, Governor, Federal Home Loan Bank System of the designation of Robert E. Lee Hill as Vice Chairman of the Federal Home Loan Bank of Des Moines. Mr. Hill, who is secretary of the Missouri Bankers Association, will fill the unexpired portion of a term ending December 31, 1945. He is at present a public interest director of the Des Moines Bank, appointed to serve in that capacity for a term to end in December 1947.

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family-dwelling units provided in all urban areas in March 1945, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]
[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and State	All residential structures				All private 1- and 2-family structures			
	Number of family-dwelling units		Permit valuation		Number of family-dwelling units		Permit valuation	
	March 1945	March 1944	March 1945	March 1944	March 1945	March 1944	March 1945	March 1944
UNITED STATES	8,039	12,361	$26,350	$36,674	7,249	8,087	$24,038	$26,375
No. 1—Boston	67	109	254	448	55	109	212	448
Connecticut	18	36	82	156	18	36	82	156
Maine		14		65		14		65
Massachusetts	47	57	164	217	35	57	122	217
New Hampshire								
Rhode Island	2	2	8	10	2	2	8	10
Vermont								
No. 2—New York	85	119	327	414	82	108	322	406
New Jersey	34	90	128	307	31	79	123	299
New York	51	29	199	107	51	29	199	107
No. 3—Pittsburgh	53	440	128	1,322	34	268	78	902
Delaware								
Pennsylvania	45	421	124	1,314	26	249	74	894
West Virginia	8	19	4	8	8	19	4	8
No. 4—Winston-Salem	1,293	1,205	3,603	3,045	1,056	686	2,821	1,390
Alabama	189	104	346	72	189	104	346	72
District of Columbia	273	28	854	108	152	24	506	103
Florida	344	658	862	1,848	288	154	678	202
Georgia	117	303	336	876	117	298	336	873
Maryland	99	2	322	3	99	2	322	3
North Carolina	90	49	250	20	90	43	250	19
South Carolina	13	25	7	14	13	25	7	14
Virginia	168	36	626	104	108	36	376	104
No. 5—Cincinnati	401	960	1,701	3,756	347	739	1,508	3,069
Kentucky	26	39	57	81	26	39	57	81
Ohio	218	788	1,197	3,396	196	567	1,101	2,709
Tennessee	157	133	447	279	125	133	350	279
No. 6—Indianapolis	274	1,490	1,175	6,047	250	1,001	1,133	4,736
Indiana	165	391	667	1,142	141	200	625	738
Michigan	109	1,099	508	4,905	109	801	508	3,998
No. 7—Chicago	1,026	531	4,900	2,320	972	466	4,679	2,158
Illinois	977	432	4,693	1,988	931	417	4,497	1,928
Wisconsin	49	99	207	332	41	49	182	230
No. 8—Des Moines	257	207	1,092	519	257	107	1,092	279
Iowa	40	9	104	4	40	9	104	4
Minnesota	162		874		162		874	
Missouri	33	197	68	514	33	97	68	274
North Dakota	4		7		4		7	
South Dakota	18	1	39	1	18	1	39	1
No. 9—Little Rock	1,529	1,369	2,714	2,023	1,501	1,269	2,667	1,862
Arkansas	66	31	62	8	66	31	62	8
Louisiana	313	182	595	379	313	182	595	379
Mississippi	126	120	105	28	126	120	105	29
New Mexico	66	63	61	37	66	51	61	35
Texas	958	973	1,891	1,571	930	885	1,844	1,411
No. 10—Topeka	452	343	1,396	917	430	229	1,340	593
Colorado	291	148	1,017	420	269	34	961	96
Kansas	31	16	84	10	31	16	84	10
Nebraska	27	98	106	354	27	98	106	354
Oklahoma	103	81	189	133	103	81	189	133
No. 11—Portland	585	861	1,914	2,853	417	600	1,523	2,059
Idaho	60	129	270	372	60	69	270	233
Montana	38	27	60	78	38	7	60	16
Oregon	106	266	367	927	106	164	367	578
Utah	24	37	65	89	24	37	65	89
Washington	319	387	1,070	1,323	175	308	710	1,079
Wyoming	38	15	82	64	14	15	51	64
No. 12—Los Angeles	2,017	4,727	7,146	13,010	1,848	2,505	6,663	8,473
Arizona	118	166	456	401	118	54	456	107
California	1,878	4,558	6,624	12,603	1,709	2,448	6,141	8,360
Nevada	21	3	66	6	21	3	66	6

Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family-dwelling units provided in all urban areas of the United States

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Type of construction	Number of family-dwelling units					Permit valuation				
	Monthly totals			Jan.-Mar. totals		Monthly totals			Jan.-Mar. totals	
	Mar. 1945	Feb. 1945	Mar. 1944	1945	r 1944	Mar. 1945	Feb. 1945	Mar. 1944	1945	r 1944
Private construction	7, 967	5, 324	9, 022	18, 337	25, 104	$26, 165	$16, 861	$29, 052	$57, 211	$80, 204
1-family dwellings	6, 350	4, 326	6, 922	14, 771	19, 340	21, 541	13, 593	22, 117	46, 696	61, 725
2-family dwellings [1]	899	366	1, 165	1, 478	2, 551	2, 496	996	4, 258	4, 072	8, 616
3-and more-family dwellings [2]	718	632	935	2, 088	3, 213	2, 128	2, 272	2, 677	6, 443	9, 863
Public construction	72	0	3, 339	72	7, 323	185	0	7, 622	185	16, 623
Total urban construction	8, 039	5, 324	12, 361	18, 409	32, 427	26, 350	16, 861	36, 674	57, 396	96, 827

[1] Includes 1- and 2-family dwelling combined with stores.
[2] Includes multi-family dwellings combined with stores.
r Revised.

Table 3.—BUILDING COSTS—Index of building costs for the standard house in representative cities in specific months [1]

[Average month of 1935-1939 = 100]

Federal Home Loan Bank District and city	1945		1944			1943	1942	1941	1940	1939
	April	Jan.	Oct.	July	April	April	April	April	April	April
No. 2—New York:										
Camden, N. J	145. 2	143. 2		143. 6	140. 7	137. 3	138. 8	117. 3	108. 8	103. 7
Newark, N. J	161. 9	159. 7		159. 3	157. 1	156. 1	137. 0	114. 7	106. 6	103. 4
Albany, N. Y	151. 4	148. 0		143. 8	140. 4	130. 4	123. 2	119. 4	103. 3	101. 6
Buffalo, N. Y	149. 4	r 145. 1	145. 1	142. 1	140. 0	130. 8	125. 4	112. 0	100. 9	100. 2
No. 6—Indianapolis:										
Indianapolis, Ind*	146. 5	146. 5	146. 5	146. 4	143. 5	125. 9	126. 1	116. 5	96. 8	105. 3
Detroit, Mich*	152. 9	152. 3	152. 1	152. 6	149. 6	128. 8	123. 3	108. 7	102. 0	107. 2
No. 8—Des Moines:										
Des Moines, Iowa*	120. 9	120. 7	120. 9	121. 1	118. 4	116. 1	115. 2	106. 0	102. 6	101. 6
St. Louis, Mo*	127. 1	126. 7	124. 6	123. 0	123. 4	120. 9	125. 4	109. 2	99. 3	98. 2
Sioux Falls, S. D*	130. 5	130. 3	130. 7	130. 4	127. 7	126. 2	119. 4	108. 3	101. 5	104. 0
No. 11—Portland:										
Boise, Idaho*	139. 4	139. 7	140. 8	137. 2	136. 8	126. 4	126. 2	112. 4	106. 2	104. 6
Portland, Oregon*	143. 4	143. 4	143. 6	140. 9	140. 9	133. 0	115. 1	104. 2	r 98. 9	r 94. 8
Salt Lake City, Utah*	129. 1	129. 7	129. 7	126. 8	126. 8	122. 8	119. 6	106. 2	102. 8	103. 0
Seattle, Wash*	138. 9	138. 9	138. 9	134. 6	133. 7	126. 6	123. 8	110. 6	103. 6	102. 7

*Indexes of April 1941 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.
r Revised.
[1] This index is designed to measure the changes in the costs of constructing a standard frame house and to provide a basis for the study of the trend of costs within an individual community or in different cities. The various units of materials and labor are selected in accordance with their contribution to the total cost of the completed dwelling.
Material costs are based on prices for a limited bill of the more important items. Current prices are furnished by the Bureau of Labor Statistics and are based on information from a group of dealers in each city who report on prices for material delivered to job site, in average quantities, for residential construction. Because of wartime conditions, some of the regular items are not available at times and, therefore, substitutions must be made of similar products which are being sold.
Labor costs are based on prevailing rates for residential construction and reflect total earnings, including overtime and bonus pay. Either union or nonunion rates are used according to which prevails in the majority of cases within the community.
Figures presented in this table include all revisions up to the present time. Revisions are unavoidable, however, as more complete information is obtained.
Cities in FHLB Districts 2, 6, 8, and 11 report in January, April, July and October of each year; those in Districts 3, 5, 9 and 12 report in February, May, August and November; and those in Districts 1, 4, 7 and 10 report in March, June, September and December.

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

[Average month of 1935-1939=100]

Element of cost	Mar. 1945	Feb. 1945	Jan. 1945	Dec. 1944	Nov. 1944	Oct. 1944	Sept. 1944	Aug. 1944	July 1944	June 1944	May 1944	Apr. 1944	Mar. 1944
Material	132.0	r 131.8	r 131.6	r 131.5	131.5	131.3	131.2	131.3	131.0	130.7	130.3	129.7	129.1
Labor	140.2	140.1	r 140.0	r 140.0	139.9	139.1	138.5	137.3	137.3	137.5	137.3	137.0	136.8
Total	134.7	r 134.6	134.5	134.4	134.4	133.9	133.7	133.3	133.1	133.0	132.7	132.2	131.7

r Revised.

Table 5.—**BUILDING COSTS**—Index of wholesale prices of building materials in the United States

[1935-1939=100; converted from 1926 base]

[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
1943: March	123.3	108.6	103.4	r 152.2	125.7	118.8	103.5	110.3
1944: March	127.5	110.4	102.7	167.8	128.4	120.6	103.5	111.2
April	128.6	110.4	103.1	170.8	128.4	120.6	103.5	111.2
May	129.2	110.6	105.8	171.5	128.7	121.4	103.5	111.4
June	129.4	110.7	105.8	171.5	130.0	121.4	103.5	111.4
July	129.4	110.8	105.8	171.7	129.7	121.4	103.5	111.5
August	129.5	110.8	105.8	171.9	129.7	121.4	103.5	111.6
September	129.5	111.7	106.3	171.5	129.7	121.4	103.5	111.7
October	129.9	115.3	107.0	171.3	130.3	121.4	103.5	111.7
November	130.0	115.6	107.2	171.3	130.7	121.4	103.5	111.7
December	130.0	115.9	107.0	171.3	130.7	121.4	103.5	111.7
1945: January	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
March	130.8	121.8	109.1	171.3	130.7	121.4	103.5	112.3
Percent change:								
March 1945–February 1945	+0.2	+0.2	+0.4	−0.1	−0.1	0.0	0.0	+0.3
March 1945–March 1944	+2.6	+10.3	+6.2	+2.1	+1.8	+0.7	0.0	+1.0

r Revised.

Table 6.—**MORTGAGE LENDING**—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					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1943	$106,497	$802,371	$167,254	$30,441	$77,398	$1,183,961	$511,757	$539,299	$132,905
January–March	20,339	127,139	38,792	5,997	16,098	208,365	87,806	93,680	26,879
March	8,572	55,235	14,874	2,377	6,127	87,185	37,850	38,595	10,740
1944	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
January–March	28,194	202,984	36,353	5,747	21,994	295,272	135,103	130,281	29,888
March	9,127	81,846	14,422	2,266	8,469	116,130	53,883	50,686	11,561
April	13,484	85,568	13,491	2,679	7,421	122,643	57,045	54,212	11,386
May	7,338	98,872	14,415	2,967	8,931	132,523	59,229	60,141	13,153
June	9,663	103,276	14,963	2,957	9,850	140,709	64,474	63,851	12,384
July	7,078	93,232	13,871	2,841	8,014	125,036	57,164	56,539	11,333
August	7,589	105,050	14,152	3,067	8,816	138,674	64,400	61,377	12,897
September	5,923	101,884	14,495	3,160	8,993	134,455	63,489	59,162	11,804
October	6,095	101,461	15,253	2,699	9,720	135,228	61,965	60,945	12,318
November	4,635	90,182	13,265	2,507	7,785	118,374	54,978	52,241	11,155
December	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
1945 January–March	14,259	259,942	40,613	6,421	28,556	349,791	165,769	153,715	30,307
January	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
February	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534
March	7,406	105,307	15,922	2,559	10,287	141,481	69,430	60,688	11,363

Table 7.—LENDING—Estimated volume of new loans by savings and loan associations

[Thousands of dollars]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (3 months)		
	Mar. 1945	Feb. 1945	Mar. 1944	1945	1944	Percent change
UNITED STATES	$141,481	$106,009	$116,130	$349,791	$295,272	+18.5
Federal	69,430	49,900	53,883	165,769	135,103	+22.7
State member	60,688	46,575	50,686	153,715	130,281	+18.0
Nonmember	11,363	9,534	11,561	30,307	29,888	+1.4
Boston	7,541	5,875	7,136	20,268	18,385	+10.2
Federal	3,742	2,499	2,683	8,688	6,233	+39.4
State member	3,059	2,776	3,313	9,491	9,238	+2.7
Nonmember	740	600	1,140	2,089	2,914	−28.3
New York	12,741	8,845	8,748	31,069	22,210	+39.9
Federal	4,385	2,936	2,319	10,580	5,641	+87.6
State member	6,241	4,442	4,882	15,238	12,456	+22.3
Nonmember	2,115	1,467	1,547	5,251	4,113	+27.7
Pittsburgh	11,198	8,304	9,492	28,110	24,462	+14.9
Federal	5,395	3,851	4,246	13,198	10,880	+21.3
State member	3,661	3,052	2,952	9,882	7,968	+24.0
Nonmember	2,142	1,401	2,294	5,030	5,614	−10.4
Winston-Salem	17,097	14,212	15,724	44,638	37,659	+18.5
Federal	9,577	7,501	9,206	24,217	20,582	+17.7
State member	6,656	5,916	5,777	18,000	14,993	+20.1
Nonmember	864	795	741	2,421	2,084	+16.2
Cincinnati	24,140	16,578	19,295	55,789	48,450	+15.1
Federal	11,273	6,869	7,667	24,290	19,582	+24.0
State member	11,465	8,478	9,939	27,757	24,297	+14.2
Nonmember	1,402	1,231	1,689	3,742	4,571	−18.1
Indianapolis	7,517	6,978	5,923	20,111	16,716	+20.3
Federal	3,961	3,566	2,827	10,308	8,170	+26.2
State member	3,323	2,972	2,733	8,812	7,670	+14.9
Nonmember	233	440	363	991	876	+13.1
Chicago	17,176	11,875	13,193	38,937	31,883	+22.1
Federal	7,437	4,892	5,618	16,283	13,058	+24.7
State member	8,635	5,810	6,412	19,427	15,819	+22.8
Nonmember	1,104	1,173	1,163	3,227	3,006	+7.4
Des Moines	8,915	6,101	7,305	21,124	16,480	+28.2
Federal	4,561	2,922	3,329	10,172	7,761	+31.1
State member	3,139	2,222	2,959	7,793	6,325	+23.2
Nonmember	1,215	957	1,017	3,159	2,394	+32.0
Little Rock	7,448	5,767	6,244	19,641	18,015	+9.0
Federal	3,647	2,871	2,797	9,713	7,166	+35.5
State member	3,717	2,801	3,349	9,678	10,608	−8.8
Nonmember	84	95	98	250	241	+3.7
Topeka	7,645	6,211	5,807	20,069	14,871	+35.0
Federal	4,087	3,351	2,885	10,703	7,284	+46.9
State member	2,314	1,722	1,603	5,936	4,136	+43.5
Nonmember	1,244	1,138	1,319	3,430	3,451	−0.6
Portland	4,923	4,023	3,930	12,902	9,364	+37.8
Federal	3,242	2,656	2,714	8,330	6,396	+30.2
State member	1,526	1,192	1,103	4,097	2,592	+58.1
Nonmember	155	175	113	475	376	+26.3
Los Angeles	15,140	11,240	13,333	37,133	36,777	+1.0
Federal	8,123	5,986	7,592	19,287	22,350	−13.7
State member	6,952	5,192	5,664	17,604	14,179	+24.2
Nonmember	65	62	77	242	248	−2.4

Table 8.—RECORDINGS—Estimated nonfarm mortgage recordings, $20,000 and under

MARCH 1945

[Thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES	$151,361	$20,669	$80,000	$13,599	$114,971	$52,737	$433,337
Boston	8,944	281	3,050	6,147	5,036	2,033	25,491
Connecticut	1,307	182	1,247	1,015	1,441	622	5,814
Maine	596	9	244	668	542	57	2,116
Massachusetts	5,720	90	956	3,310	2,172	991	13,239
New Hampshire	342	-------	153	531	338	32	1,396
Rhode Island	784	-------	387	303	340	299	2,113
Vermont	195	-------	63	320	203	32	813
New York	10,450	1,598	5,709	5,336	13,058	5,384	41,535
New Jersey	3,316	612	3,013	725	3,696	2,121	13,483
New York	7,134	986	2,696	4,611	9,362	3,263	28,052
Pittsburgh	10,436	1,455	7,139	374	6,259	2,654	28,317
Delaware	206	119	169	37	267	83	881
Pennsylvania	9,201	1,041	5,554	337	5,378	2,408	23,919
West Virginia	1,029	295	1,416	-------	614	163	3,517
Winston-Salem	16,765	2,598	5,614	127	16,317	3,808	45,229
Alabama	579	261	467	-------	1,077	412	2,796
District of Columbia	2,823	241	499	-------	1,929	416	5,908
Florida	2,237	552	790	-------	6,054	761	10,394
Georgia	1,889	290	1,305	-------	1,439	443	5,366
Maryland	4,084	129	655	127	1,571	221	6,787
North Carolina	2,332	689	442	-------	1,379	604	5,446
South Carolina	433	262	468	-------	755	281	2,199
Virginia	2,386	174	988	-------	2,113	670	6,333
Cincinnati	29,672	1,430	9,427	832	6,062	4,596	52,019
Kentucky	2,894	337	978	-------	378	156	4,743
Ohio	26,094	730	7,667	832	5,039	1,659	42,021
Tennessee	684	363	782	-------	645	2,781	5,255
Indianapolis	8,439	1,996	7,380	53	3,358	2,129	23,355
Indiana	5,281	630	2,556	53	1,137	882	10,539
Michigan	3,158	1,366	4,824	-------	2,221	1,247	12,816
Chicago	18,484	1,216	5,661	18	7,573	9,655	42,597
Illinois	14,215	727	3,624	-------	4,414	9,129	32,109
Wisconsin	4,269	489	2,027	18	3,159	526	10,488
Des Moines	9,492	1,683	6,808	156	5,764	4,317	28,220
Iowa	2,581	214	1,826	-------	1,014	355	5,990
Minnesota	3,195	233	1,113	156	1,397	1,073	7,167
Missouri	3,212	1,208	3,558	-------	3,031	2,857	13,866
North Dakota	286	19	79	-------	138	18	540
South Dakota	218	9	232	-------	184	14	657
Little Rock	9,455	4,143	2,506	-------	8,299	2,693	27,096
Arkansas	570	25	332	-------	515	57	1,499
Louisiana	2,456	1,701	206	-------	1,507	372	6,242
Mississippi	386	96	268	-------	535	157	1,442
New Mexico	270	6	184	-------	393	12	865
Texas	5,773	2,315	1,516	-------	5,349	2,095	17,048
Topeka	8,776	930	2,655	-------	5,934	1,597	19,892
Colorado	1,355	124	539	-------	2,999	641	5,658
Kansas	2,529	148	797	-------	638	310	4,422
Nebraska	1,258	364	263	-------	572	180	2,637
Oklahoma	3,634	294	1,056	-------	1,725	466	7,175
Portland	4,961	528	3,890	556	3,933	1,718	15,586
Idaho	371	35	186	-------	417	67	1,076
Montana	235	27	138	-------	259	50	709
Oregon	1,583	218	362	54	1,583	232	4,032
Utah	476	150	725	-------	307	148	1,806
Washington	2,171	98	2,289	502	1,062	1,195	7,317
Wyoming	125	-------	190	-------	305	26	646
Los Angeles	15,487	2,811	20,171	-------	33,378	12,153	84,000
Arizona	336	-------	568	-------	1,515	85	2,504
California	15,062	2,811	19,465	-------	31,493	12,047	80,878
Nevada	89	-------	138	-------	370	21	618

Table 9.—MORTGAGE RECORDINGS—Estimated volume of nonfarm mortgages recorded

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1944	$1,563,678	33.9	$256,173	5.6	$877,762	19.0	$165,054	3.6	$1,134,054	24.6	$613,908	13.3	$4,610,629	100.0
January-March	312,802	31.9	61,998	6.3	193,096	19.7	30,280	3.1	233,982	23.9	147,675	15.1	979,833	100.0
March	121,210	32.9	22,660	6.1	70,570	19.2	11,255	3.1	89,136	24.2	53,409	14.5	368,240	100.0
April	127,429	34.5	19,671	5.3	72,438	19.6	12,338	3.4	89,466	24.2	47,926	13.0	369,268	100.0
May	139,748	34.5	21,794	5.4	79,083	19.5	14,882	3.7	95,730	23.6	53,858	13.3	405,095	100.0
June	145,893	34.6	22,215	5.3	79,453	18.8	15,536	3.7	99,140	23.5	59,394	14.1	421,631	100.0
July	138,762	33.7	24,707	6.0	80,858	19.7	15,261	3.7	98,194	23.9	53,354	13.0	411,136	100.0
August	149,835	34.8	22,646	5.2	83,094	19.3	15,920	3.7	104,215	24.2	55,066	12.8	530,776	100.0
September	146,151	35.1	22,432	5.4	77,000	18.5	15,447	3.7	104,479	25.1	50,676	12.2	416,185	100.0
October	148,131	35.0	20,985	5.0	76,181	18.0	16,552	3.9	109,767	26.0	51,223	12.1	422,839	100.0
November	134,359	34.1	20,543	5.2	71,752	18.2	15,176	3.9	103,513	26.3	48,296	12.3	393,639	100.0
December	120,568	33.5	19,182	5.3	64,807	18.0	13,662	3.8	95,568	26.5	46,440	12.9	360,227	100.0
1945														
January-March	374,017	33.2	54,585	4.8	209,042	18.6	36,442	3.2	307,419	27.3	145,107	12.9	1,126,612	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0
March	151,361	34.9	20,669	4.8	80,000	18.5	13,599	3.1	114,971	26.5	52,737	12.2	433,337	100.0

Table 10.—SAVINGS—Sales of war bonds [1]

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944	$12,379,891	$772,767	$2,891,427	$16,044,085	$13,263,168
March	575,714	22,933	110,347	709,054	261,549
April	605,709	19,306	113,528	738,543	230,614
May	624,253	15,287	111,088	750,628	271,597
June	1,349,794	115,119	377,284	1,842,197	241,278
July	1,686,509	101,082	337,459	2,125,050	220,145
August	499,357	17,807	85,272	602,436	272,125
September	590,827	15,953	85,286	692,066	277,445
October	598,570	13,653	82,871	695,094	394,846
November	806,817	42,680	173,858	1,023,355	376,053
December	1,855,300	124,669	405,880	2,385,849	358,572
1945					
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083
March	712,133	26,487	150,456	889,076	437,892

[1] U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

Table 11.—FHA—Home mortgages insured [1]

[Premium paying; thousands of dollars]

Period	Title II		Title VI (603)	Total insured at end of period
	New	Existing		
1944: March	$250	$12,729	$41,620	$5,494,374
April	130	13,200	36,793	5,544,497
May	81	18,319	37,739	5,600,636
June	81	17,768	34,238	5,652,723
July	82	18,322	42,322	5,713,449
August	90	20,256	48,166	5,781,961
September	79	19,967	42,592	5,844,599
October	40	21,941	43,354	5,909,934
November	54	21,646	38,053	5,969,687
December	31	18,269	36,573	6,024,560
1945: January	67	19,006	38,640	6,082,273
February	27	14,085	31,417	6,127,802
March	37	16,480	29,886	6,174,205

[1] Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.

Table 12.—FHL BANKS—Lending operations and principal assets and liabilities

[Thousands of dollars]

Federal Home Loan Bank	Lending operations, March 1945		Principal assets, March 31, 1945			Capital and principal liabilities, March 31, 1945			Total assets March 31, 1945 [1]
	Advances	Repayments	Advances outstanding	Cash [1]	Government securities	Capital [2]	Debentures	Member deposits	
Boston	$105	$1,287	$6,822	$1,654	$15,039	$20,243	$2,000	$1,327	$23,575
New York	78	1,957	4,446	1,193	48,400	27,846	5,000	21,289	54,156
Pittsburgh	274	1,264	7,028	4,508	13,229	16,954	5,500	2,393	24,864
Winston-Salem	70	1,224	4,395	1,428	13,001	17,959		921	18,883
Cincinnati	192	1,360	3,118	3,679	34,795	26,688	2,500	12,664	41,884
Indianapolis	93	1,580	5,758	2,223	18,127	14,833	5,000	6,361	26,212
Chicago	1,031	4,060	10,487	3,284	20,947	23,260	6,000	5,726	35,011
Des Moines	98	722	2,268	1,043	20,623	13,288	8,500	2,197	24,003
Little Rock	120	470	3,742	786	10,220	12,565	2,000	225	14,796
Topeka	69	275	2,875	1,279	8,192	10,891	1,000	476	12,369
Portland	75	887	377	418	11,113	8,663	2,000	1,291	11,959
Los Angeles	565	5,796	9,743	3,245	19,691	16,357	10,500	5,872	32,757
March 1945 (Combined total)	2,770	20,882	61,059	24,740	233,377	209,547	50,000	60,742	320,469
February 1945	1,534	28,090	79,170	27,437	191,784	208,353	50,000	41,824	300,385
March 1944	3,190	17,965	99,378	30,237	164,706	201,684	64,300	24,207	294,975

[1] Includes interbank deposits.

[2] Capital stock, surplus and undivided profits.

Table 13.—**INSURED ASSOCIATIONS**—Progress of institutions insured by the FSLIC

[Dollar amounts are shown in thousands]

Period and class of association	Number of associations	Total assets	Net first mortgages held	Cash	Government bond holdings	Private repurchasable capital	Government share capital	Federal Home Loan Bank advances	Operations: New mortgage loans	Operations: New private investments	Operations: Private repurchases	Operations: Repurchase ratio
ALL INSURED												
1942: March	2,358	$3,335,101	$2,774,108	$161,801	$52,584	$2,612,736	$185,664	$167,535	$56,934	$56,701	$47,086	83.0
December	2,398	3,651,598	2,871,641	256,470	193,452	2,983,310	169,167	113,977	46,705	91,029	30,219	33.2
1943: March	2,415	3,690,918	2,868,410	260,749	241,818	3,105,080	120,138	66,970	61,139	83,403	48,955	58.7
June	2,428	3,880,999	2,918,577	276,785	376,177	3,270,834	119,252	78,155	76,899	103,939	33,704	32.4
September	2,440	4,037,926	2,971,411	186,954	580,087	3,389,891	69,920	118,153	87,878	83,970	60,019	71.5
December	2,447	4,182,728	3,009,025	302,556	581,651	3,573,896	69,693	100,340	70,973	118,496	37,885	32.0
1944: March	2,452	4,327,868	3,035,201	228,303	788,854	3,710,356	50,868	90,103	87,163	104,494	56,693	54.3
June	2,461	4,583,568	3,117,585	239,936	954,934	3,922,705	50,832	118,743	105,245	127,945	46,560	36.4
September	2,460	4,713,875	3,202,359	256,250	997,983	4,092,609	37,721	86,840	101,658	122,016	56,102	46.0
December	2,466	5,012,662	3,259,819	269,701	1,227,451	4,333,739	37,701	123,466	83,408	142,291	45,985	32.3
1945: March	2,465	5,136,903	3,300,601	327,151	1,262,429	4,538,426	28,781	54,365	110,287	138,709	71,488	51.5
FEDERAL												
1942: March	1,461	2,137,579	1,832,341	99,247	28,775	1,667,983	150,776	123,748	36,325	37,377	30,000	80.3
December	1,467	2,299,895	1,853,868	164,430	117,339	1,882,051	137,208	84,135	27,381	58,937	16,530	28.0
1943: March	1,467	2,300,638	1,839,302	156,792	146,537	1,953,846	96,109	46,820	37,850	54,824	30,238	55.2
June	1,468	2,426,079	1,865,991	170,730	235,524	2,060,502	96,109	56,553	46,730	68,235	19,586	28.7
September	1,471	2,523,737	1,896,312	109,181	369,954	2,135,010	55,021	87,648	54,100	53,138	37,274	70.1
December	1,466	2,617,431	1,915,771	183,038	373,325	2,257,002	55,021	74,780	43,647	76,677	21,569	28.1
1944: March	1,466	2,709,897	1,927,122	135,664	509,170	2,346,042	39,957	63,892	53,883	68,276	36,182	53.0
June	1,465	2,881,276	1,972,881	48,913	620,016	2,488,785	39,948	84,602	64,474	83,856	25,969	31.0
September	1,464	2,961,860	2,024,635	151,862	652,085	2,599,565	29,562	60,877	63,489	79,126	35,570	45.0
December	1,464	3,168,731	2,058,045	166,764	810,013	2,760,927	29,647	90,257	51,586	93,400	26,049	27.9
1945: March	1,465	3,237,942	2,081,813	192,964	832,311	2,895,120	22,616	37,109	69,430	91,627	46,574	50.8
STATE												
1942: March	897	1,197,522	941,767	62,554	23,809	944,753	34,888	43,787	20,609	19,324	17,086	88.4
December	931	1,351,703	1,017,773	92,040	76,113	1,101,259	31,959	29,842	19,324	32,092	13,689	42.7
1943: March	948	1,390,280	1,029,108	103,957	95,281	1,151,234	24,029	20,150	23,289	28,579	18,717	65.5
June	960	1,454,920	1,052,586	106,055	140,653	1,210,332	23,143	21,602	30,169	35,704	14,118	39.5
September	969	1,514,189	1,075,099	77,773	210,133	1,254,881	14,899	30,505	33,778	30,832	22,745	73.8
December	981	1,565,297	1,093,254	119,518	208,326	1,316,894	14,672	25,560	27,326	41,819	16,316	39.0
1944: March	986	1,617,971	1,108,079	92,639	279,684	1,364,314	10,911	26,211	33,280	36,218	20,511	56.6
June	996	1,702,292	1,144,704	91,023	334,918	1,433,920	10,884	34,141	40,771	44,089	20,591	46.7
September	996	1,752,015	1,177,724	104,388	345,898	1,493,044	8,159	25,963	38,169	42,890	20,532	47.9
December	1,002	1,843,931	1,201,774	102,937	417,438	1,572,812	8,054	33,209	31,822	48,891	19,936	40.8
1945: March	1,000	1,898,961	1,218,788	134,247	430,118	1,643,306	6,165	17,256	40,857	47,082	24,914	52.9

Table 14.—**SAVINGS**—Held by institutions

[Thousands of dollars]

End of period	Insured savings and loans [1]	Mutual savings banks [2]	Insured commercial banks [3]	Postal savings [4]
1942: March	$2,612,736			$1,305,427
June	2,736,258	$10,354,533	$14,889,560	1,315,523
September	2,834,079			1,357,718
December	2,983,310	10,620,958	15,704,991	1,417,406
1943: March	3,105,080			1,492,966
June	3,270,834	11,104,707	16,897,124	1,577,526
September	3,389,891			1,683,497
December	3,573,896	11,707,025	18,572,406	1,787,994
1944: March	3,710,356			1,905,864
June	3,922,705	12,428,026	20,543,888	2,034,136
September	4,092,609			2,197,701
December	4,333,739	13,331,811	23,362,909	2,342,297
1945: March	4,538,426			2,513,354

[1] Private repurchasable capital as reported to the FHLB Administration.
[2] *Month's Work.* All deposits.
[3] FDIC. These figures have been revised to show total time deposits of individuals, partnerships and corporations.
[4] Balance on deposit to credit of depositors, including unclaimed accounts. March total is unaudited.

Table 15.—**FORECLOSURES**—Estimated nonfarm real-estate foreclosures, by Federal Home Loan Bank District

Federal Home Loan Bank District	Foreclosures: Mar. 1945	Foreclosures: Feb. 1945	Foreclosures: Jan. 1945	Foreclosures: Mar. 1944	Cumulative (3 months): Jan.–Mar. 1945	Cumulative (3 months): Jan.–Mar. 1944	Cumulative (3 months): Percent change
UNITED STATES	1,431	1,340	1,153	1,693	3,924	4,766	−17.7
Boston	137	170	130	175	437	745	−41.3
New York	322	283	333	454	938	1,207	−22.3
Pittsburgh	296	218	179	294	693	777	−10.8
Winston-Salem	139	111	124	160	374	464	−19.4
Cincinnati	168	130	117	156	415	458	−9.4
Indianapolis	37	120	66	29	223	90	+147.8
Chicago	45	60	34	109	139	260	−46.5
Des Moines	62	53	44	92	159	256	−37.9
Little Rock	84	46	23	59	153	120	+27.5
Topeka	99	62	65	63	226	162	+39.5
Portland	10	12	9	11	31	28	+10.7
Los Angeles	32	75	29	91	136	199	−31.7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