



**FEDERAL
HOME
LOAN
BANK**

REVIEW

Vol. 12, No. 5

Washington, D. C.

FEBRUARY 1946

The National Economy in a Year of Transition	123
Raising the Curtain on Postwar Housing	127
Record Year for Savings and Loan Associations	132
Savings in the Last War Year	135
The Outlook for 1946	137

STATISTICAL DATA

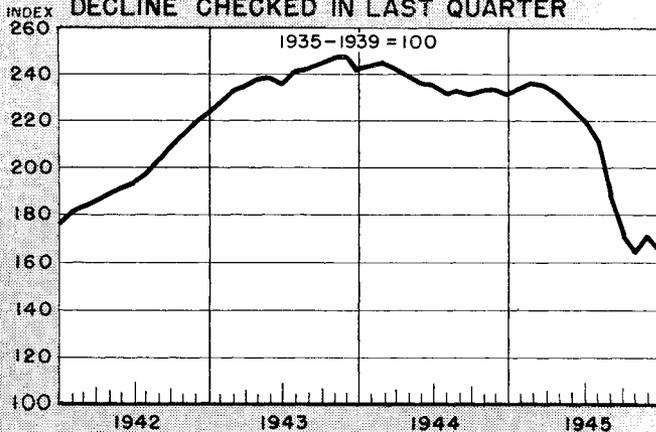
New family dwelling units	150-151
Building costs	151-152
Savings and loan lending	152-153
Mortgage recordings	153-154
Sales of U. S. savings bonds	154
FHA activity	154
Federal Home Loan Banks	154
Insured savings and loan associations	155
Savings held by institutions	155

REGULAR DEPARTMENTS

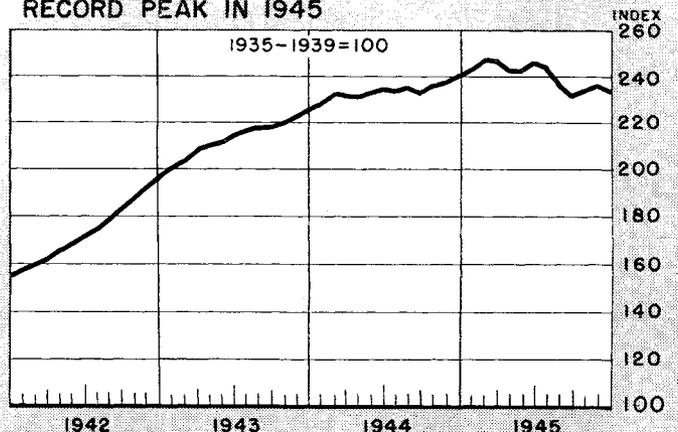
Directory Changes of Member, Federal and Insured Institutions	139
Amendments to Rules and Regulations	140
News Notes	141
Monthly Survey	143
Worth Repeating	156

ANNUAL SURVEY

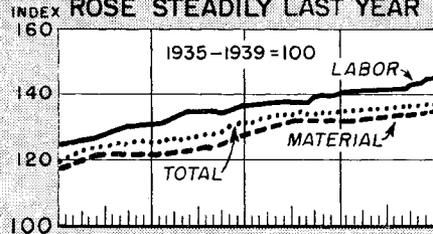
**INDUSTRIAL PRODUCTION WAR END
DECLINE CHECKED IN LAST QUARTER**



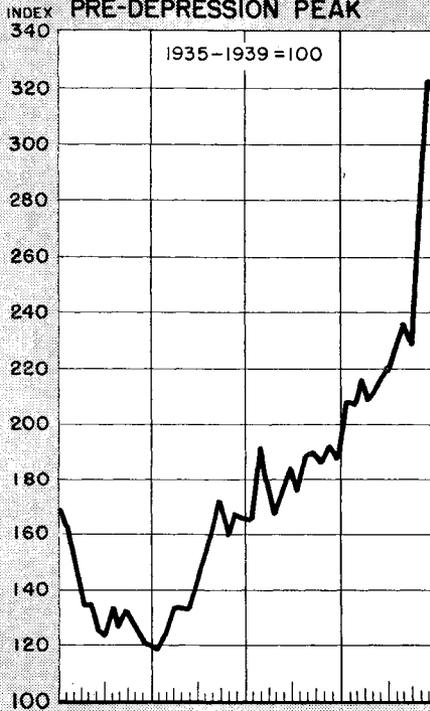
**INCOME PAYMENTS REACHED
RECORD PEAK IN 1945**



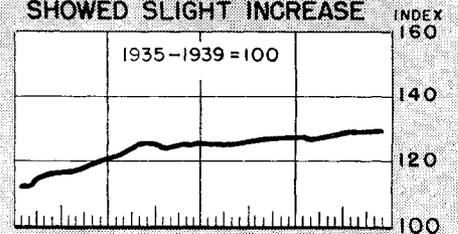
**COST OF STANDARD HOUSE
ROSE STEADILY LAST YEAR**



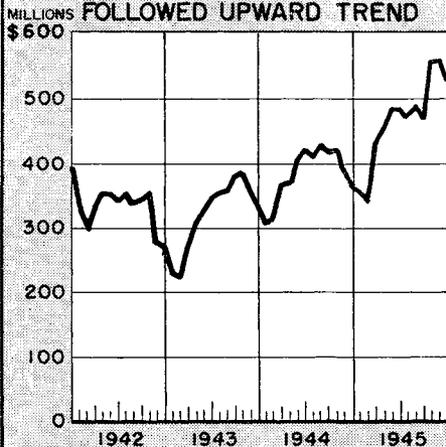
**S.&L. LENDING APPROXIMATED
PRE-DEPRESSION PEAK**



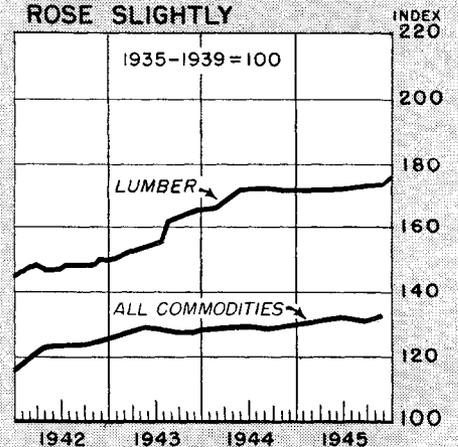
**CONSUMER PRICE INDEX
SHOWED SLIGHT INCREASE**



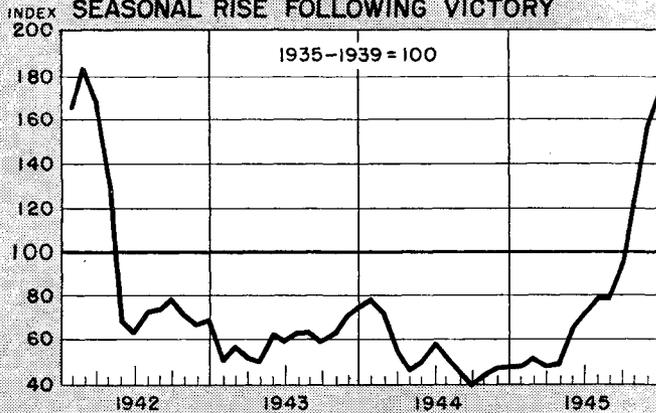
**MORTGAGE RECORDINGS
FOLLOWED UPWARD TREND**



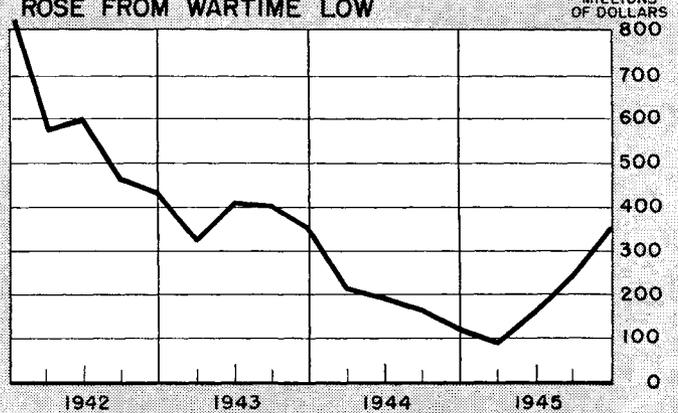
**WHOLESALE PRICES
ROSE SLIGHTLY**



**RESIDENTIAL CONSTRUCTION SHOWED CONTRA-
SEASONAL RISE FOLLOWING VICTORY**



**RESIDENTIAL CONSTRUCTION EXPENDITURES
ROSE FROM WARTIME LOW**



THE NATIONAL ECONOMY IN A YEAR OF TRANSITION

This annual survey, summarized on the opposite page, analyzes developments in housing and home finance against a general background of declining war production and reconversion to a civilian economy. In tracing the progress of savings and loan associations last year, it emphasizes the influences of war and reconversion on their general asset structure as well as changing trends in the growth of their share capital.

■ LAST year the nation found itself confronted with the long-awaited job of working back to a peacetime economy. Since VJ Day, the country has found that reconversion implies far more than the mechanics of changing production lines and the refilling and rebroadening of distributive outlets. In many instances these steps have been delayed pending the settlement of fundamental labor-management problems.

The close of 1945 found us in the anomalous position of facing deflationary as well as inflationary forces. On the one hand, employment and wages had declined with the cancellation of Government war contracts, while on the other hand, the large volume of liquid savings held by both business and individuals maintained a constant pressure against short inventories of many civilian commodities.

By prewar standards, though, even the lowest point in the rate of production in 1945 was high—almost 50 percent above the annual rate for the full year of 1939 and about 0.6 percent greater than that for 1941. The trend in employment followed a similar course, dropping below the high wartime level, but still remaining at a high figure as judged by prewar standards. When viewed in connection with the large pool of liquid resources currently available for spending and the enormous demand for consumer and producer goods, this drop in business activity from the abnormally high wartime level can scarcely be likened to the decline of a general economic depression usually characterized by an absence of liquidity and a decline in demand below the prevailing cost-price structure. Nor has the country come to a situation similar to that of the early twenties when the drop in activity was largely due to violent price adjustments resulting from the inflation which followed World War I.

Transition Plans

The suddenness of final victory came with a shock. Although the termination of hostilities eased over-

night the military pressure on materials, many remained critically short; still others were not deployed to meet the needs of a civilian economy. To facilitate reconversion, WPB moved promptly to eliminate its extensive wartime system of priorities and allocations, and by September 30 the Controlled Materials Plan was discontinued. Under the Civilian Production Administration, WPB's successor, a reconversion priority system was established to break bottlenecks during the transition period. In conformity with the purpose to which this system is directed, policy prescribes that such assistance be granted only in a minimum of cases in which purchasers establish their inability to obtain materials essential to reconversion. In addition, careful checks on inventories have been maintained to prevent stockpiling of these scarce materials and to assure an equitable opportunity in reconversion to all producers.

Production and Employment

With war production substantially completed by the end of February, the over-all level of industrial production settled downward during the succeeding months as did the general level of employment in non-agricultural establishments. By October, industrial production had declined to its low point for the year, having dropped 73 points on the adjusted index since February to reach 163 percent of the 1935-1939 average, according to estimates of the Federal Reserve Board. This was the lowest level of output since the middle of 1941.

Employment in non-agricultural establishments, which had totaled more than 38,000,000 in March of last year, reached a low point of about 35,207,000 workers in the first month of the fourth quarter, but even this was about 16 percent above the 1939 monthly average. Reflecting in large part the decline in wages and salaries, principally factory payrolls, the value of income payments, as estimated

by the Department of Commerce, also diminished—the sharpest drop coming during the third quarter. On the adjusted index, the value of these payments fell from 245.2 percent of the 1935–1939 average in February to 229 percent in September. Factory payrolls, the one of volatile element in income payments, declined steadily throughout the first 10 months of 1945. However, the rate of decline abated somewhat during the fourth quarter. From a level of 335.2 percent of the unadjusted 1939 average reported in January, they had sunk to 212.8 by November, the latest date for which these data are available.

By November of last year there appeared the first indications of a break in the downward slope of production and employment. However, both output and employment slumped in the closing month of the year, the firming developments of November being all but eliminated as production declined to 164 percent of the seasonally adjusted 1935–1939 average.

Gross National Product

How did reconversion affect the nation's business? Despite the decline in wartime industrial activity, the gross national product—which may be defined as the sum total of the currently produced goods and services flowing to the Government, to business for gross private capital formation and to the consumer—showed virtually no change as compared with the gross national product in 1944. The absence of any perceptible change in the level of the past 12 months' activity compared with that of the preceding year resulted primarily from the fact that the wartime peak rate in business was reached during the first six months of last year. From

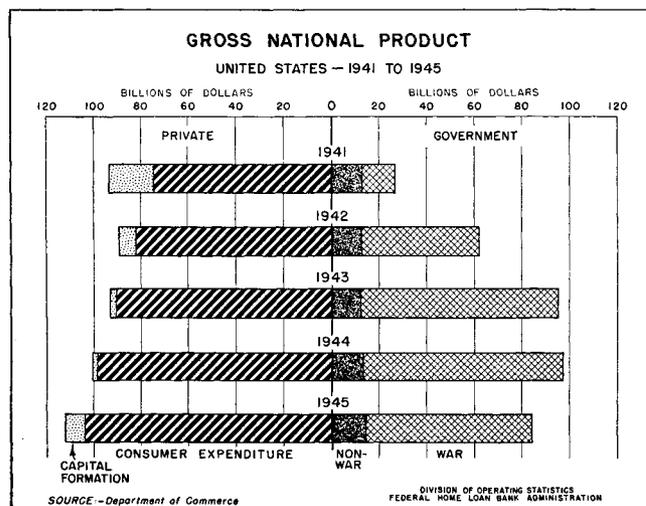
January through June 1945, the gross national product was at an annual rate of \$205.4 billion. This substantially offset the drop to \$189.2 billion in the last half of the year. Thus for the entire 12 months, activity was at a rate of \$197.3 billion, according to preliminary estimates by the Department of Commerce, compared with \$197.6 billion for 1944. Although unchanged in total volume in 1945, significant developments are to be found in the product's composition.

In composition, the gross national product for 1945 showed several important changes in comparison with the preceding year. There were marked expansions in the rates of private expenditures for consumer goods and services and in capital formation, as well as in non-war expenditures of Federal, state and local governments. However, these were offset by a decline in Federal expenditures for war purposes.

Private expenditures for consumer goods and services pushed ahead to a new record peak last year when they totaled approximately \$104.9 billion. Compared with the level of earlier years, this is more than 6 percent above the previous record reported during the preceding year and about 70 percent greater than in 1939.

Private gross capital formation showed the largest proportionate gain of any of the major components of the gross national product, expanding by approximately 370 percent. Capital formation during 1945 totaled about \$9.4 billion. Although this was a conspicuous gain over the low level of 1944, the rate last year was still less than 50 percent of the record attained in 1941 when the country was rapidly expanding its manufacturing facilities and the rate of new home construction was high.

In evaluating this expansion in the rate of capital formation, it is necessary to recognize that current limitations are set by supply rather than demand. The problem is fundamentally one of the ability of the nation to meet the need for housing and business capital goods. The improvement in our capacity to meet these needs from a materials standpoint is to be seen in the expansion of the rate of gross capital formation from \$5.5 billion, on a seasonally adjusted annual basis, in the first six months of 1945 to roughly \$13.3 billion for the July-December interval. As reconversion progresses, this rate will undoubtedly show a progressive increase in response to the accumulated pressure for housing, plant and merchandising facilities as well as for producers' durable goods.



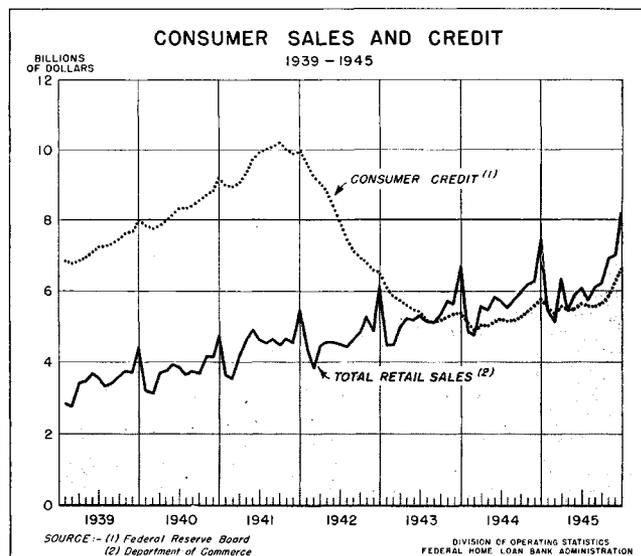
Federal expenditures for war purposes during the year, although about 17 percent less than in 1944, remained the second largest component of the gross product, amounting to \$69 billion. During the first six months of last year, war expenditures were running at an annual rate of about \$83.8 billion. With the termination of hostilities, these dropped to an annual rate of \$54.3 billion in the last half of the year and will continue downward as the war program is wound up in 1946. Although there was a virtual cessation of all types of war manufacture following the Japanese surrender, the cost of contract termination, military demobilization and maintenance of armies of occupation in both Europe and Asia continued to represent sizable, although smaller, expenditures in this category.

Consumer Expenditures

Although incomes declined during the last half of the year, consumer expenditures showed a marked rise, running at an annual rate of \$107.3 billion as compared with \$102.5 billion during the preceding six months, according to estimates of the Department of Commerce. The all-time record volume of \$104.9 billion of consumer expenditures during the entire 12 months of 1945 was achieved in spite of severe supply shortages in many lines which persisted through the end of the year. To a considerable extent, the high volume of expenditures for consumer purposes last year may have been the result of forced-up bidding, due to the disappearance of moderately priced goods. However, this volume of spending resulted primarily in an exceedingly rapid turnover of stocks, such as they were. There were only occasional reports of customers withholding purchases pending the availability of postwar goods and only a few stores were marking down prices in order to move their inventories of "ersatz" goods.

In general, the supply situation had shown but little change by the end of the year. Among the consumer durable goods industries this was particularly true, many manufacturers having devoted the months since VJ Day to tooling up and organizing facilities for large-scale assembly operations. Among the consumer non-durable lines the situation was mixed. Frequently, inventories showed little change as rapid turnover made increased deliveries scarcely noticeable. Until production has increased to the point that the backlog of present orders is overhauled it would seem reasonable to expect these conditions to continue.

February 1946



Price Trends

As the liquid resources of individuals and business continued to expand to record heights, pressure was maintained on almost all markets. To curb this inflationary force, the Congress authorized the continuation of price control through June 1946. The effectiveness of price control measures during World War II is evident in a comparison of the movement of the consumer price index of the Bureau of Labor Statistics with price changes during and after World War I. In the interval of August 1939 through July 1945, when these prices reached their wartime peak, the gain amounted to 31 percent. From July 1914 through November 1918, consumer prices advanced 62 percent, twice the proportionate rise noted in World War II. From the time of the Armistice in November 1918 through June 1920, the consumer price index gained 29 percent in addition to the previous 62-percent rise above 1914 levels. The continuation of price control and the economic stabilization policies followed by the Government are intended to prevent a repetition of the price inflation and collapse such as that which followed the last war.

Construction

Construction activity of all types showed a marked increase in 1945, with a strong contra-seasonal rise being noted in the closing months of the building season. Building permit valuations for all types of construction in urban areas totaled \$2,005,450,000, standing approximately 82 percent above the figure reported for the preceding year. Starting from a monthly low of \$65,973,000 for all types of construc-

tion started in January, the volume of activity increased steadily throughout the year reaching a high for the year of \$283,617,000 in December. In general, the dollar volume of starts followed closely the easing of the materials situation, first, as war contract completions and terminations increased; second, as priority regulations were eliminated after VJ Day.

The Office of War Mobilization and Reconversion announced a six-point program last September to speed the reconversion of the construction industry. In addition to measures intended to break bottlenecks in the supply of scarce building materials, improve inventory regulations and strengthen the control over prices of such materials, the program called upon Federal credit agencies to discourage excessive lending on mortgages and enlist the voluntary cooperation of lending institutions to minimize the danger of real estate inflation. Also, in furtherance of this program, conferences were held with representatives of industry groups to map a voluntary program, while NHA was called upon for information and advisory services as to home values. However, by early December, it was necessary to expand the reconversion priority system to assure adequate materials for the construction of moderately priced homes (see "Raising the Curtain on Postwar Housing", p. 127).

The gains in new home building, which took place as the materials situation eased last year, resulted in a 91-percent increase in the value of new homes started compared with valuations reported during 1944, while new non-residential construction started in all urban areas was 89 percent greater than in the preceding year. With emphasis still on the maximum use of existing structures, the value of additions, alterations, and repairs gained by 61 percent.

Securities and Finance

Despite the decline in industrial production and uncertainties of reconversion, the stock market advanced steadily throughout most of 1945 to reach a new post-depression price level toward the end of the fourth quarter. Although prices were above the 1937 peak, the volume of turnover, according to reports of the Securities and Exchange Commission, was lower than in the high months of 1937.

The upward movement of the stock market last year was largely in anticipation of a high level of economic activity in the post-reconversion period as well as in expectation of greater dividend payments resulting from the reduction in corporate income

taxes. By the end of the year, the average price of stocks listed on the New York Stock Exchange was at 93.5 percent of the 1924 average compared with 72.6 percent on December 31, 1944.

From the increase in odd-lot trading during 1945 it would appear that the individual of limited means is returning to the stock market in force for the first time since the collapse of 1929. While at the same time reflecting the pressure of the high volume of liquid savings of individuals, this may represent a desire to hedge against inflation as well as a speculative attraction.

High-grade corporate bond yields, as reported by the Treasury Department, continued their downward trend, the average yield for the full year of 1945 being 2.54 percent compared with 2.60 percent in 1944. On a monthly basis, this series in April reached a low of 2.49 percent for the year. With one break in July, it then moved up to 2.56 percent in August and September, resuming its decline during the fourth quarter to stand at 2.54 in December. U. S. Government bond yields likewise continued to decline last year, the downward trend being broken only by relatively minor gains during the third quarter. From 1.93 percent in December 1944, yields on 7- to 9-year Government bonds had dropped to 1.38 percent by the end of 1945, while among the long-term issues the decline was from 1.87 to 1.51 percent on partially taxables and from 2.48 to 2.33 percent on the taxable securities.

Money in circulation continued its expansion last year, although the rate of gain abated somewhat with the end of hostilities. At the close of the year it totaled \$28,500,000,000. Reserve bank credit likewise continued to expand, gaining from approximately \$19,800,000,000 at the end of 1944 to about \$25,000,000,000 by the close of 1945.

Despite the unprecedented volume of consumer expenditures during the year, there was relatively little change in the low level of consumer credit. Hovering between \$5.3 and \$5.9 billion, the level of consumer credit in 1945 was at approximately the same volume as it was 10 years earlier. In part this may have been due to the fact that most lines of consumer durable goods were virtually unavailable throughout the entire year, as well as to the regulation by the Federal Reserve Board of consumer instalment credit. The low level of consumer credit and the high volume of trade, though, tend to indicate that in most consumer markets, credit controls under existing circumstances are unable to materially reduce the volume of demand.

Raising the Curtain on Postwar Housing

■ AS 1945 opened, the war housing program was coming to completion and efforts were being increased to provide new housing for other than immigrant war workers. With final victory achieved, the war housing program was terminated and the country was on the threshold of the long-anticipated era of postwar building. This did not mean any decline in the housing problem. Providing adequate accommodations for veterans, the chief concern of the current emergency, is in itself a colossal job. In addition to this is the necessity for replenishing our present stock of homes which is inadequate to the needs built up through many years of restricted construction and repair. In the face of the still existing shortages in material and labor, it is evident that, even at best, it will be at least two years before the housing situation will be substantially improved.

War Housing

Under the war housing program, which was launched in July 1940 and terminated on August 31, 1945, shelter was provided for some 4 million migrating war workers and their families—upwards of 9 million people. About half of these workers were taken care of in existing structures. By the cut-off date, 1,884,000 accommodations had been completed—1,052,000, or 56 percent, through private funds representing an investment of nearly \$5 billion. A major share of this was covered by FHA insurance. Public financing supplied 832,000 units of all kinds at a cost of \$2.6 billion. The grand total also included 276,000 units converted, by both public and private funds.

For the duration of the war, top priority went to H-1 housing for essential in-migrant war workers. A total of 1,841,000 new accommodations were provided—55 percent of them by private financing. Of these, 80 percent were permanent additions to the housing stock. All publicly financed war housing completions were included in the H-1 emergency category.

As the over-all goal was approached in providing war housing, the program was expanded to include H-2 units for the relief of general congestion in war industry areas, and H-3 accommodations to take care of individual hardship cases—particularly veterans and the families of servicemen. Under the former designation, community quotas were set on the basis of proven need and maximum sales and

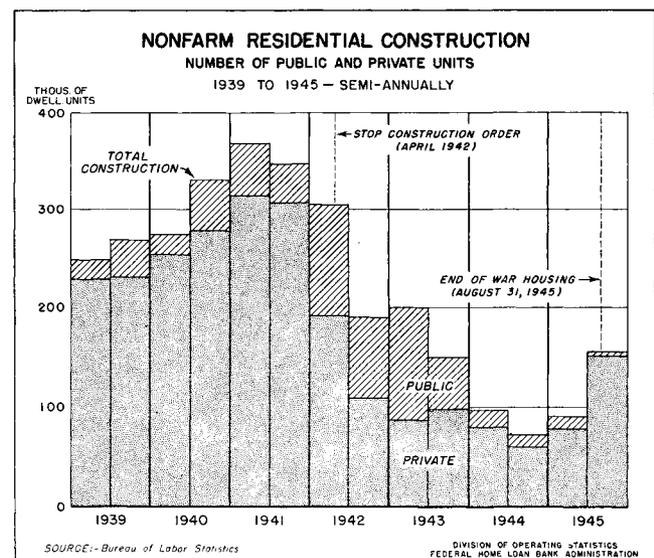
monthly rental ceilings were established—\$6,000 and \$50, respectively, except in certain high cost areas where \$8,000 and \$65 were the top limits. These accommodations were programmed without the occupancy restrictions, still in force for H-1 housing, but it was asked that preference go to veterans and the families of service personnel. Over 1,500 new private dwellings were erected before the end of the war.

The H-3 program accounted for 12,900 new units and 28,000 completed conversions. Approximately 16,000 veterans who wished to build their own homes had H-3 priorities on August 31 last.

Reconversion

With VE Day—the first instalment on total victory—legislation was introduced to provide additional assistance to servicemen and their families. Federally owned housing was opened to them and provision was made to move vacant temporary war housing to areas of need, or to erect new housing upon appropriation of the necessary funds.

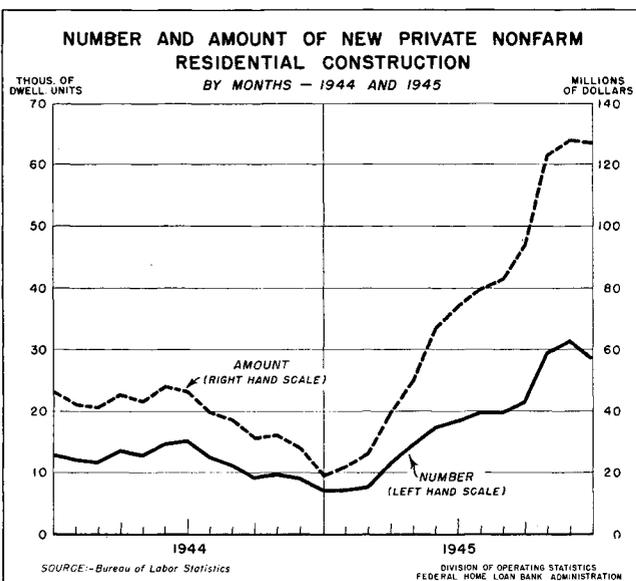
After termination of the war housing program, attention was concentrated on the encouragement of peacetime construction. Previous occupancy restrictions on privately financed war housing were eliminated, although veterans' preference was urged. This action did not alter price ceilings, the requirements of holding certain accommodations for rental, nor the general prohibitions against eviction of present tenants. Later, regulations were changed to permit any privately financed war housing to be sold



if and when vacant, provided that the owners had secured FHA approval of sales prices.

In order to speed the expansion of the construction industry, a six-point program was announced by the OWMR (see page 126) at the same time that the WPB announced the lifting of the Stop Construction Order, effective October 15. This meant the elimination of wartime controls and the return to peacetime production and pricing. Rent control, with its accompanying eviction regulations, was maintained on a national scale except in those areas where substantially improved housing conditions made it no longer necessary.

However, by the end of the year it became apparent that shortages of materials had not been overcome to a degree sufficient to provide reasonably priced homes on an adequate scale in the face of competition with high-cost houses and commercial building. Therefore, in December a supplementary program was announced to take effect the following month under the direction of a Housing Expediter. It provided that priority controls be re-established to insure the bulk of all available building materials for use in low-price and low-rent dwellings, with veterans being given first priority in sales or rentals. Provision was also made for speeding up the release of surplus building materials and re-usable housing units which were held by the Government. At the same time, the President recommended legislation to provide ceiling prices on the sale of old and new homes to supplement local dollar-and-cents ceilings which have been placed by the OPA on building materials and services.



1945 Nonfarm Residential Construction

As the country turned from war to a reconversion economy, two outstanding effects were apparent in residential construction. First was the sharp proportionate increase in the volume of home building, and, second, the growing shift from public to private financing. These developments are easily traceable in the following estimates prepared by the U. S. Department of Labor from building permits issued and Federal construction contracts awarded for all nonfarm residential construction.

The ebbing tide of this activity turned in April 1945. From then on, for the first time since February 1942, each monthly total exceeded that for the corresponding month in the preceding year. As a result, 1945 activity was 45 percent greater than in 1944. However, because 1944 represented rock bottom in residential construction since 1934, this substantial percentage gain brought last year's total to only an estimated 245,500 units. Although this was the best record in the last three years, it was still only about one-third the 1941 total of 715,200 and slightly less than half the 515,000 units commenced in 1939, before defense housing.

Last year's gain in residential construction was entirely in privately financed building. A total of 229,200 such units were erected in 1945, 93 percent of all nonfarm residential building. This was 65 percent more than the 138,800 houses built with private funds in 1944 when they accounted for only 82 percent of the total. Publicly financed building dropped 46 percent last year to 16,300 compared with 30,200 in 1944. The rapidity with which the Government withdrew from housing following VJ Day is illustrated by the fact that during the fourth quarter contracts were let for only 25 units.

Single-family units provided in 1945 totaled 202,600, or 88 percent of all privately financed construction, the largest proportion shown since 1932. In 1944 such units accounted for 82 percent of the total. This trend was the result of several factors in the 1945 housing situation, chiefly cutting off of publicly financed war housing. Also, the growth of H-3 housing as well as a mounting volume of construction for veterans, supplied with GI guaranties, helped to increase single-family dwellings.

Permit valuations, too, showed the effects of the first phases of reconversion. Last year these totaled \$892,398,000—an increase of 91 percent over the \$467,405,000 expended in 1944. This raised the average valuation from \$2,766 in 1944 to \$3,635—a gain of 31 percent.

The fact that permit valuations showed double the increase of that in the number of units provided is also, in part, a reflection of the trend toward privately financed construction which is, by its nature, more expensive than the type provided by Government funds. The effects of raising and later lifting price ceilings, resulting in higher priced construction, were also apparent in the dollar figures.

A further factor was the continuing upward trend in building costs. As measured by the FHLBA index for the standard house, the over-all cost in December 1945 stood at 137.8 percent of the 1935-1939 base, compared with 134.4 at the same time in 1944. During this interval, materials advanced from 131.5 to 134.9 and labor costs from 140.0 to 143.5.

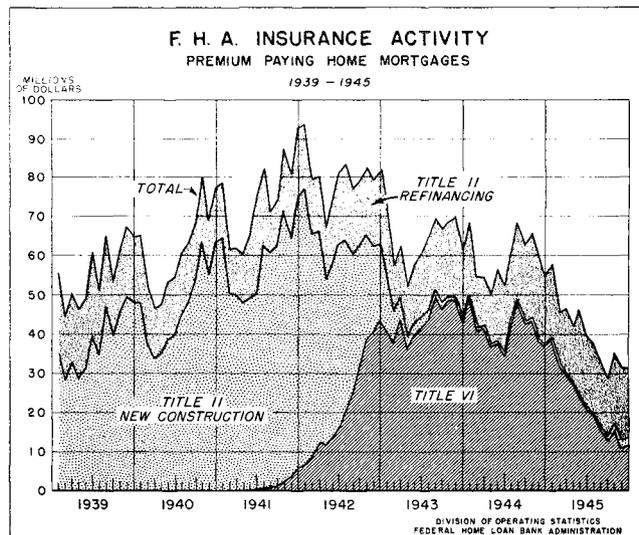
Urban Construction

The decided shift to urban, as compared with rural nonfarm construction, which was evident in 1944, was arrested last year. Of all nonfarm building, 66 percent was located in urban centers last year compared with 68 percent the year before.

A total of 161,133 building permits were issued last year for urban residential construction. Accompanying this 37-percent rise in number, there was a gain of 92 percent in permit valuations which rose from \$341,528,000 to \$656,125,000. Private financing accounted for 94 percent of the number and 96 percent of the total 1945 expenditure, slightly more than the proportion last year. The increasing predominance of single-family dwellings was reflected in the fact that last year they comprised 83.3 percent of all private residential construction compared with 76.5 percent in 1944.

A rising volume of urban residential construction was common to all Federal Home Loan Bank Districts except Indianapolis, which reported a 5-percent decline. However, there was wide variation in the gains which were reported in the other regions. Los Angeles continued to lead in the volume of new home building—38,879 units last year compared with 34,883 in 1944. This, however, represented only an 11-percent increase, the smallest reported in any area last year.

The greatest proportionate gain was made in the New York District, where 7,972 units were put under construction—over four times as many as during the preceding year. The Topeka, Des Moines and Boston regions reported more than twice as much building in 1945 as during 1944, although the 3,908 new units in the latter District represented the smallest volume of construction in any area.



FHA Activity

The end of the war accentuated the previous year's trend in insurance activity of the Federal Housing Administration. Total mortgage insurance took a decided drop, chiefly because of the tapering off of war housing. At the same time, a large expansion occurred in the insurance of loans for property modernization and repair.

The total Title II loans showed very little change last year when they numbered 46,572 for a premium paying value of \$219,300,000. Although they still represented almost exclusively the insurance of mortgages on existing homes, the initial effects of postwar housing were apparent in the fact that mortgages insured on new construction under Title II were over four times as large as those in 1944, amounting to \$7,600,000, or 3.5 percent of all Title II lending. This gain was offset by a slight decline in the number and volume of Title II insurance for existing structures.

Loans insured on 1- to 4-family homes under Section 603 of Title VI numbered only 50,244 for a value of \$255,044,000—about half the number and volume insured during 1944. Sixty-four large-scale rental projects were insured under Section 608 of Title VI for \$16,011,000—less than half the number of projects and a third of the dollar volume insured in 1944.

Again accentuating the 1944 trend, Title I loans were the only ones to show an increase last year. These modernization and repair loans totaled 501,401 with an aggregate valuation of \$188,924,000, a gain of 29 percent in number and 51 percent in amount.

Mortgage Recordings

Nonfarm mortgage recordings of \$20,000 or less aggregated \$5,623,190,000 in 1945—an increase of \$1,012,561,000 over the 1944 volume. While the dollar amount was advancing by 22 percent, the number of these instruments rose 13 percent from 1,447,000 to 1,635,000. The average valuation was estimated at \$3,440 last year compared with \$3,187 in 1944.

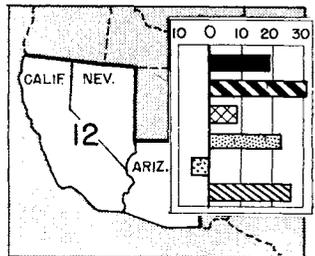
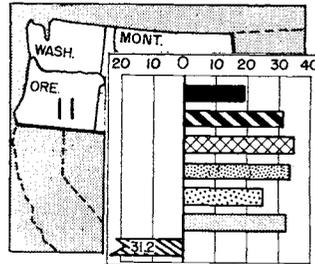
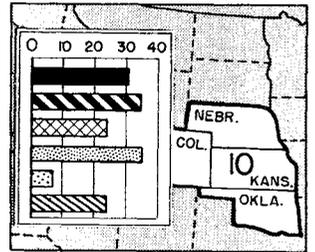
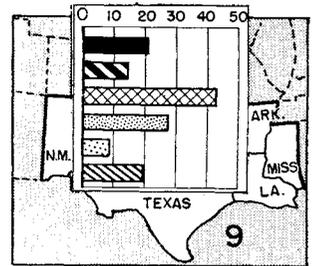
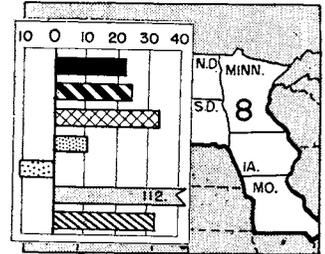
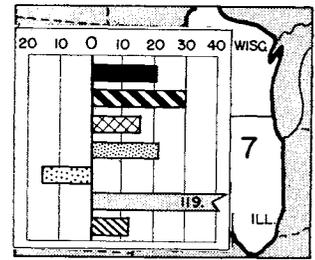
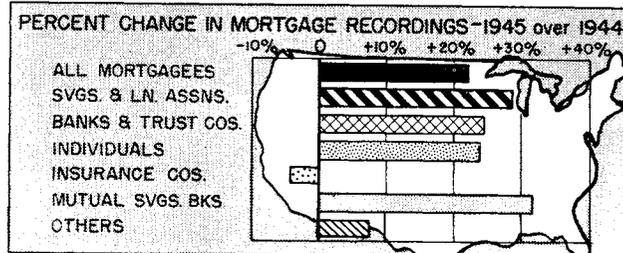
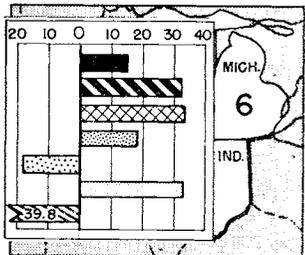
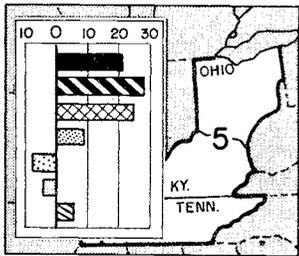
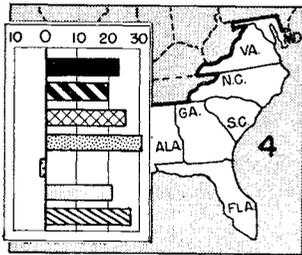
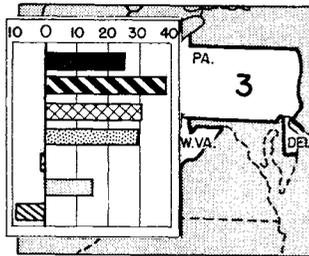
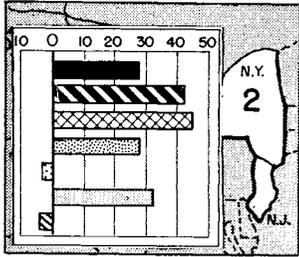
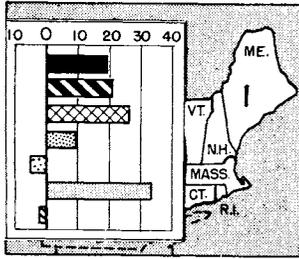
This increase was undoubtedly based only in small part on the expanding construction in 1945 since the actual number of privately financed units built was far below recent prewar totals. It is particularly significant to note, in this connection, that the 1945 volume of recordings was 19 percent, or \$891,190,000, greater than the \$4,732,000,000 recorded in 1941 when private nonfarm residential construction reached a 12-year high.

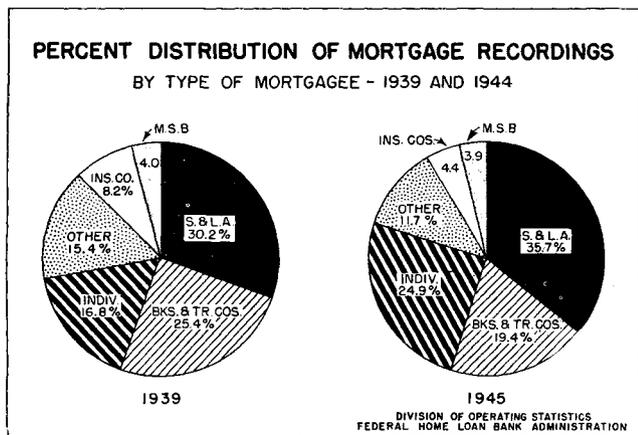
The obvious conclusion is that loans for the purchase of existing houses represented the bulk of last year's increases in the number and particularly in the volume of recordings. Evidence of this fact is to be found in analyses of figures on mortgage loans on small-home properties since these data supplement and are, in general, related to the recording series.

Geographical Comparison

All FHLB Districts participated in the increased volume of recordings, although there was a wide spread in the percentage gains which ranged from 15 percent in Indianapolis to 30 percent in Topeka. Five regions—New York, Pittsburgh, Winston-Salem, Des Moines and Topeka—were above the national average rise of 22 percent. The general level of these increases was considerably higher than it had been in 1944 when only five areas reported gains which were above the national average of 14 percent.

In every region, except Winston-Salem and Little Rock, the increase in savings and loan mortgage





recordings exceeded the total gain for all types of lenders in the area. In those two Districts the volume of mortgages recorded by savings and loan associations during 1945 rose less than 20 percent. The greatest percentage increase was reported in the New York area—up 42.4 percent for savings and loans in comparison with a 27.9-percent gain for all types of lenders. In the Portland and Los Angeles Districts, where over-all recordings showed among the smallest regional gains, savings and loan associations reported increases of 31.5 and 30.9 percent, respectively.

Recordings by Type of Mortgagee

All types of mortgagees, except life insurance companies, increased their volume of nonfarm mortgages of \$20,000 or less recorded last year. Gains ranged from 7 percent for the miscellaneous group to 31 percent for mutual savings banks.

Savings and loan associations remained the leading type of mortgagee with recordings of \$2,010,000,000, an increase of 28 percent above the 1944 volume. They accounted for 36 percent of total recordings in 1945 compared with 34 percent the previous year, while the average size was \$3,501 in 1945 and \$3,146 the year before.

Individuals continued to be the second most important source of mortgage credit with a volume of \$1,402,103,000, or 25 percent of the total for the year. During 1945 individuals recorded 24 percent more in mortgage volume than in 1944 and the average size of their recordings increased from \$2,537 in 1944 to \$2,808 last year.

Mortgage recordings of the other types of lenders (except life insurance companies) also gained last year as did the average valuation of their mortgages. None of these changes was sufficient to alter the

relative positions of any of these mortgage lenders in the home financing field. However, in this connection it is interesting to note that twice during the past few months mutual savings banks and life insurance companies have switched positions between fifth and last place.

Life insurance companies, despite a 5-percent drop in the volume of recordings to a total of \$244,432,000, remained in fifth place with 4 percent of the year's total business, compared with almost 6 percent in 1944. In spite of this decline, the average valuation rose from \$5,033 to \$5,245, still the highest for all types of lenders.

Other Measures of Activity

Year-end figures on nonfarm foreclosures are not yet available. However, during the first nine months of 1945 distress actions totaled 11,134, or 16 percent less than in the same 1944 interval. At the end of September the seasonally adjusted index of nonfarm real estate foreclosures (1935-1939=100) had dropped to 8.5 from 10.9 where it stood at the end of 1944. The annual rate of foreclosures per 1,000 structures was 0.7 for the January-September period last year compared with an annual rate of 0.8 in 1944. Nonfarm foreclosures in 1944 totaled 17,547 and, on the basis of the foregoing indications, it would seem probable that there were considerably fewer distress actions in 1945.

The owned real estate accounts of the selected types of institutions covered by REVIEW studies, which had stood at an all-time low at the end of 1944, are believed to have dropped still further last year, although estimates of this decline are not yet available. Data on the real estate holdings of insured savings and loan associations showed an estimated reduction of 46 percent in 1945 to \$13,000,000. Also, the Home Owners' Loan Corporation, whose experience is indicative only to the extent that it reflects general market conditions, shrank an estimated \$9 million to \$1.6 million on December 31 of last year.

Final 1945 figures on the home mortgage debt are also lacking at this time. However, preliminary indications point to the fourth successive decline. In view of the fact that incomes and, correspondingly, mortgage loan prepayments remained at high levels despite some postwar contraction, it seems probable that 1945 brought an approximation of the 2-percent decline in 1944. On this assumption it seems probable that the total home mortgage debt stood at \$19,122,000,000 at the end of 1945.

Record Year for Savings and Loan Associations

■ THE end of the war found member savings and loan associations of the Federal Home Loan Bank System in an excellent position to reconvert to peacetime activity. During the past year their assets, which had increased by over a billion dollars, reflected additional substantial gains in liquid resources.

Although withdrawals increased during the year, they lagged far behind the inflow of new private investments, resulting in another net gain in share capital accounts. General reserves and undivided profits participated in the 1945 expansion, but probably did not exceed the previous year in percent to total assets.

Lending activity soared to within 1 percent of the \$1,932,000,000 all-time record established in 1928; however the increase in mortgage portfolios was relatively small. Owned real estate shrank to negligible proportions.

Asset Growth

Combined assets of all savings and loan members totaled \$7,664,000,000 on December 31, 1945 after a rise of over \$1,000,000,000, or 19 percent, above the amount reported at the previous year-end. These associations accounted for 88 percent of total industry assets in 1945 compared with 86 percent the year before. The asset growth, accompanied by a net loss of only one member association during the year, brought an increase in the average assets to \$2,095,000 for the 3,658 associations compared with \$1,753,000 at the close of December 1944. Of these member associations, 2,471, with assets of \$6,141,000,000, were insured by the Federal Savings

and Loan Insurance Corporation, representing a gain of nine in number and \$1,134,000,000, or 23 percent, in amount.

Assets of nonmember associations were estimated at about \$1,021,000,000 at the end of last December, after both liquidations and shifts of these associations to membership in the Bank System. As a result, estimated assets of all operating associations totaled \$8,685,000,000 at the end of 1945—an increase of 17 percent over the previous year.

Near Record Lending

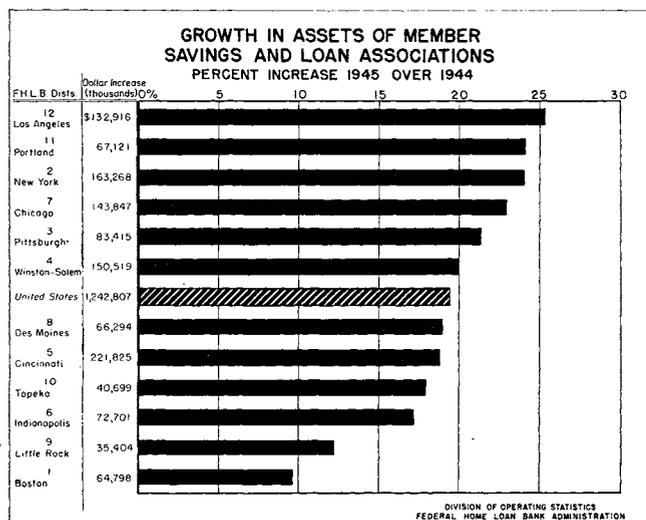
War-induced activity in real estate combined with an easing in building restrictions resulted in a near-record year in new lending by all savings and loan associations. The total of \$1,913,000,000 was 32 percent above the previous post-depression peak of \$1,454,000,000 shown in 1944, and fell only \$19,000,000 below the all-time high of \$1,932,000,000 loaned in 1928. It was almost double the \$986,000,000 of new loans made in 1939—the last year of real peacetime operation.

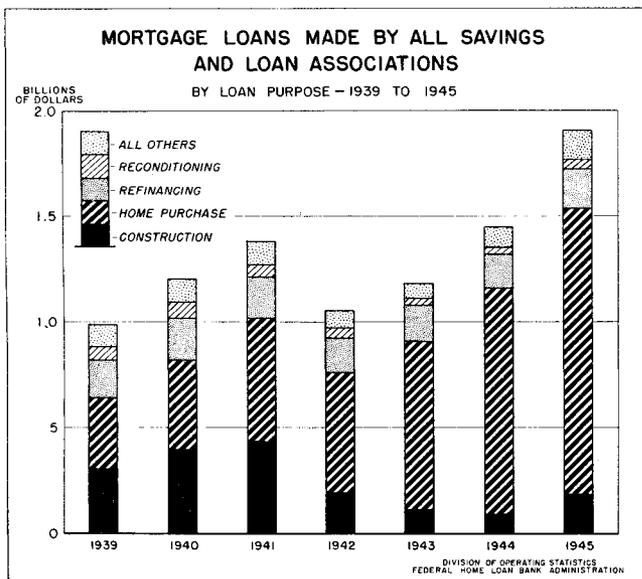
Federals, state-chartered members and nonmember associations all shared in last year's increased activity. Federally chartered institutions led with an increase of 36 percent compared with a gain of 31 percent in 1944. State members were next with a 29-percent advance compared with an expansion of 20 percent the year before. Nonmembers, which had reported only a 2-percent improvement in 1944, last year expanded their activity by 21 percent.

GI Lending

A factor of increasing importance in the 1945 mortgage finance picture was the growing volume of lending done under the GI Bill of Rights. In late 1944 when the Act went into operation, the first loan was made by a Federal association. Since that time, savings and loans have expanded their activity in this field to the extent that they accounted for an estimated 85 percent of the \$75,283,000 of loan guaranties under the GI Bill to last year-end.

Savings and loans have adapted their procedures to the original provisions, and later to the new liberalized amendments passed by the Congress in late 1945. The Rules and Regulations for the FHLB System have been amended with regard to Federally chartered associations to permit mortgages up to 100 percent of value for loans guaranteed under the law.





Construction Lending

Construction lending activity of all savings and loan associations, which had shrunk to a shadow of its prewar size, last year showed a phenomenal *percentage* gain when it increased 90 percent above the 1944 volume. Since that year represented an all-time low (\$95,243,000 or only 6.6 percent of all loans written), the 1945 dollar volume of construction loans was still comparatively small. It amounted to \$180,550,000, or 9.4 percent of total lending, whereas in 1939 construction loans totaling \$301,039,000 were placed on the books of savings and loan associations—30.5 percent of all mortgage lending done that year.

This large gain in the dollar volume of construction lending was a reflection of several factors other than the increase in the number of loans made. The number of such loans written last year increased only 56 percent, resulting in a rise of \$813 in the average loan value which in 1945 was \$4,644. Dollar-volume increases were brought about by rising building costs, the easing of wartime price ceilings, and the mounting volume of private, in comparison with public, construction.

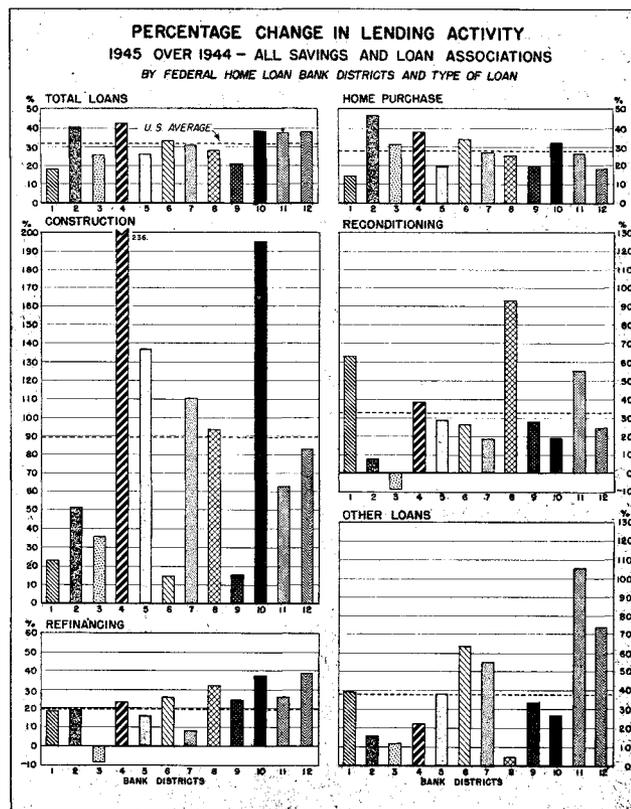
Home Purchase Loans

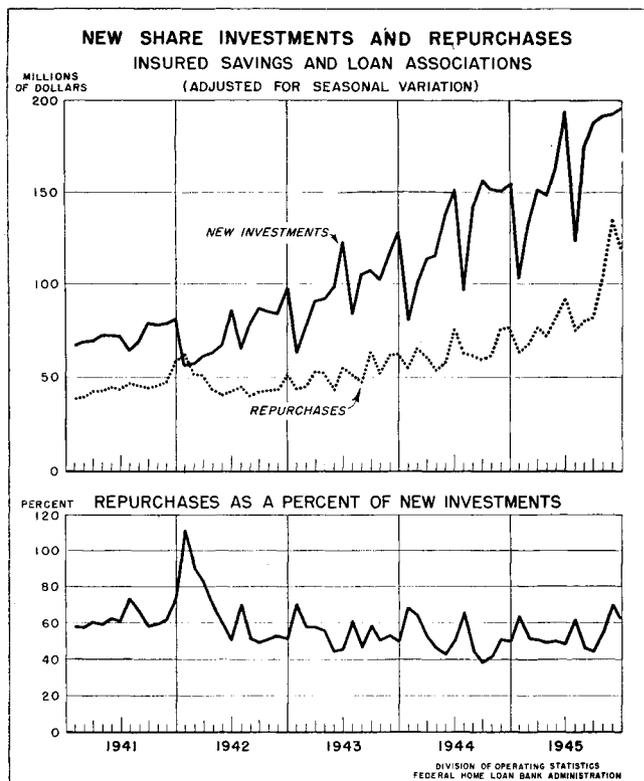
Because of the nature and magnitude of the housing shortage, the market for existing homes has not been materially affected by either the cut-off of war production or by the current volume of new construction. Home purchase loans, which have constituted the backbone of savings and loan lending during the past several years, continued to dominate total activ-

ity last year. However, the rate of increase was somewhat slowed. In 1945 these loans totaled \$1,357,555,000, a gain of 28 percent compared with a 33-percent rise during 1944. Last year, home-purchase loans represented a slightly lower proportion of total lending—71 percent compared with 73 percent in 1944 when the dollar volume amounted to \$1,064,017,000.

Although all other loan-purpose categories increased in dollar volume during 1945, the changes were not sufficient to alter their relative positions. Refinancing loans continued as a poor second to home-purchase lending, followed by lending for new construction, miscellaneous purposes and reconditioning loans.

Increased lending activity was characteristic of all operating savings and loan associations in all regions of the country. Last year only the Boston region showed a gain of less than 20 percent, whereas in 1944 gains of as much as that were reported in but seven areas. The largest advance last year was in the Winston-Salem District (42 percent), while the smallest (18 percent) was reported in the Boston region. The Federal Home Loan Bank District of Cincinnati remained first in dollar volume of loans written—\$313,820,000.





Loan Portfolios

It is probably true of the entire industry that the cumulative effect of heavy loan repayments was sufficient to offset, in large measure, the increase in lending activity. However, in spite of this situation the ratio of new loans to the net gain in mortgage portfolios was more favorable than it had been during 1944. This assumption is based on the record of insured savings and loan associations for which the most nearly complete information is currently available.

These associations made new loans totaling \$1,448,-817,000 in 1945, but the net growth in their loan portfolios was only \$503,300,000. This meant that it was necessary to obtain nearly \$3 of new loans in order to add \$1 to the balance outstanding. In 1944, with new loans amounting to \$1,085,322,000, these institutions were able to add \$251,000,000 to their mortgage accounts, or a ratio of \$4 to \$1.

The booming market in real estate sales continued to show in the disposition of owned real estate. Although no firm figures are yet available, it is believed that holdings of all savings and loan associations, which at the close of 1944 amounted to \$60,383,000, declined by approximately \$25,000,000 in 1945.

Liquidity and Reserves

Liquid assets of all savings and loan associations continued to increase during 1945, but it is probable that there was a considerable slackening in the rate of gain. Again taking insured associations as an example, records show that combined cash and Government bonds rose 43 percent from \$1,497,000,-000 to \$2,147,000,000 compared with an advance of 69 percent during 1944. However, these balance-sheet items represented a larger proportion of total assets last year—35 percent—than they had in 1944 when the ratio was 30 percent. In 1941, before the advent of the Government war financing program, liquid resources equaled 7.4 percent of all assets.

Government bond holdings increased their predominant position as a component of liquidity in 1945. At the end of last year, after an increase of \$611,557,000, these obligations totaled \$1,839,000,-000—or 30 percent of resources. On December 31, 1944 they amounted to \$1,227,000,000, or 24.5 percent. During this interval, cash declined slightly in proportion to total resources of insured associations.

Share Capital

The stability of share capital during 1945 showed less of the impact of reconversion that had been anticipated in many quarters. Just as this had been an unponderable during the early days of the war, so it appeared as the effects of personal and financial postwar readjustments began to be felt. The balance between new investments and repurchases showed a somewhat less favorable relationship last year than during 1944, but no alarming trend was apparent.

Private repurchasable capital of all savings and loan associations continued to expand in 1945 and on December 31 aggregated approximately \$7,300,-000,000 after a substantial net gain since 1944. New investments during 1945 totaled \$2,338,000,000, an increase of 23 percent compared with 24 percent in 1944. Last year, however, repurchases amounted to \$1,297,000,000, about 27 percent more than the \$1,022,000,000 which had been reported in 1944 when they showed only a 12-percent rise from the preceding year.

As a result of these two trends, the ratio of repurchases to new investments for the entire year 1945 rose to 55.5 percent from 53.9 where it had stood in 1944. Insured associations reported the most favorable repurchase ratio for the year—53.6 percent, although they were the only class to increase from

1944 when the ratio was 50.9. They were followed by nonmembers with a ratio of 61.9 in 1945 compared with 64.4 the previous year. Uninsured members showed a fractional decrease to 64.1 last year from 65.0 in 1944.

Government funds previously invested in savings and loan associations were retired rapidly during 1945. At the close of the year, the balance of Treasury and HOLC investments stood at \$23,402,000, down 38 percent during the year from \$38,040,000 in December 1944.

Reserve Accounts

On the basis of preliminary estimates it seems reasonable to believe that the reserve accounts of savings and loan associations increased again last year. Such an assumption is based on two underlying factors: The real estate owned account, having contracted to negligible proportions, has reduced liquidation losses to a minimum and thereby freed reserves from that use; and the continuing general reduction in dividend rates has enabled associations to increase allocations of funds to the reserve account.

Savings in the Last War Year

■ THE year 1945 saw a shrinkage of about \$4 billion in the annual rate of savings, according to estimates by the Department of Commerce. This occurred despite a rise in income payments to an estimated \$160.7 billion—the highest volume ever achieved in a single year. Consumer expenditures showed a gain of 6.5 percent over 1944 in the face of a somewhat volatile employment situation since VE Day. Indications pointed to a continuation throughout 1945 of the general long-range downward trend in the rate of earnings on funds placed in virtually every type of thrift institution. All forms of savings, especially those owned by individuals, continued to be characterized by a high degree of liquidity.

Income payments of approximately \$160.7 billion topped the 1944 record of \$156.4 billion, according to Department of Commerce estimates. Even though a declining rate of payments during the latter part of 1945 mirrored the end of the war, gains early in the year were substantial enough to push the annual rate above that for the preceding 12 months. Income received by individuals from private industry stabilized after the first drop following the Japanese surrender. Also, the decline in factory, mining and transportation payrolls has tended to be offset by the rise in wages and proprietors' incomes from trade and service establishments. Though relatively less important, some of the over-all increase can be attributed to the large rise in mustering-out pay to service personnel as the tempo of discharges has been stepped up.

The decline in the rate of savings during 1945 resulted primarily from the increase in the rate of expenditures for consumer goods and services and also from a gain in personal taxes and non-tax pay-

ments by individuals to Federal, state and local governments. Against income payments to individuals of \$160.7 billion were charged \$104.9 billion in consumer expenditures and approximately \$21.0 billion in personal taxes and non-tax payments. This left, as the estimated rate of savings, \$34.8 billion,¹ a decline of approximately 10.5 percent from the \$38.9 billion saved the preceding year, according to the Department of Commerce. This is the first decline in the annual rate of savings since 1938.

War Bonds

Although direct sales of E, F and G war bonds totaled only \$13 billion in 1945, or 19 percent less than the \$16 billion purchased the preceding year, war financing continued to absorb a large slice of the nation's savings. Redemptions for the three series showed a sharp rise from \$3.3 billion in 1944 to \$5.3 billion last year, representing about 41 percent of the year's sales against 20 percent in 1944. As a result, the volume of E, F and G bonds outstanding at the end of 1945 totaled \$44.7 billion. About 60 percent of this amount represented E bonds. Despite the decline in E bond sales to \$9.8 billion last year compared with \$12.4 billion in 1944, for the third successive year they accounted for about three-fourths of total sales.

While exact figures are not available, it seems likely that the slump in bond-buying has resulted largely from widespread cancelation of payroll deductions. Military victory sharply reduced the incentive to save as a patriotic wartime measure.

¹ In addition to accumulation of liquid savings, this rate figure includes such items as net changes in outstanding debt, changes in life insurance reserves, in investment in real estate and in the net worth of unincorporated businesses.

Reconversion lay-offs and job changes have also adversely affected the purchase of bonds with some workers failing to authorize payroll deductions after they obtained other employment.

During 1945 the Treasury conducted two organized bond drives—the Seventh and the Victory Loans. In the Seventh, sales aggregated \$26.3 billion to exceed the \$14 billion quota by almost 88 percent. Individuals purchased securities amounting to \$8.7 billion, of which almost \$4 billion was in E bonds. Topping by over 92 percent the established goal of \$11 billion, purchases of \$21.1 billion were made during the Victory Loan. Including \$2.2 billion in E bonds, sales made to individuals during this drive totaled \$6.8 billion.

In addition to the direct participation by individuals, the war financing program throughout 1945 attracted savings paid into banks, savings and loan associations, insurance companies and other such thrift media. FHLB member associations added a net of almost three-quarters billion dollars in Federal securities to duplicate their 1944 acquisitions. Last year mutual savings banks purchased nearly \$2 billion of Government securities for their own accounts, bringing their total holdings of this type of investment to over \$10 billion by the end of 1945. The Institute of Life Insurance reported that of the \$44.7 billion in assets owned by all U. S. life insurance companies, more than 45 percent, or over \$20 billion, were in Federal obligations on December 31, 1945. This represented an increase of roughly \$15 billion since 1939.

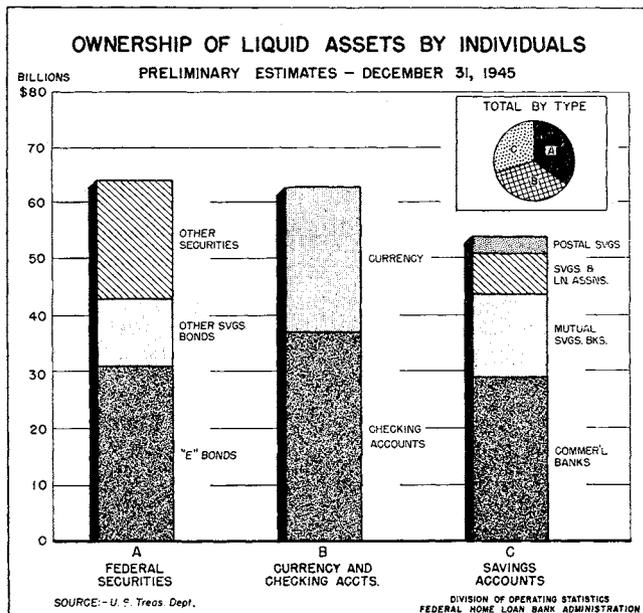
Other Savings Media

Total time deposits in all commercial banks at the end of the year were estimated at about \$30.1 billion by the Federal Reserve Board. Year-end figures on insured commercial bank time deposits are still in compilation at this time. During the first six months of the year, however, this item increased 14.9 percent, or \$3.5 billion, advancing the total to \$26.8 billion on June 30 compared with \$23.4 billion on December 31, 1944. Mutual savings banks experienced an increment of \$2 billion in deposits to bring the total to \$15.3 billion at the end of last December, the greatest gain recorded for a single year in the 130 years of their operation. Like most other savings media, postal savings accounts exhibited considerable growth during the past year, a balance of over \$2.9 billion being reported on December 31, 1945 against \$2.3 billion at the same time the preceding year.

A new record of \$154.6 billion was set for life insurance owned by about 71 million policyholders at the close of 1945, the Institute of Life Insurance announced. During the year, \$6.2 billion in new insurance was added to the \$148.1 billion already in force. With an average of two policyholders to a family, the average protection per family in the United States now approximates \$4,500—an increase of almost \$1,000 during the war years. In addition, since the Government organized National Service Life Insurance for personnel in the armed forces, 18,148,905 policies have been issued in the face amount of \$141.2 billion. As veterans are demobilized, however, many allow their Government insurance to lapse. As a result, the Veterans' Administration reported that by the end of October 1945, the number of active policies had declined to 16 million, worth about \$125 billion.

Surpassing the \$4.3 billion high of 1944, private repurchasable capital of all insured savings and loan associations jumped to a new record of \$5.2 billion last year. This was achieved by a \$900 million net increase in share investments attracted to all insured associations during the 12 months. The large volume of new investments was offset to a marked degree by the rising rate of repurchases, which resulted in a repurchase ratio of 53.6 percent for last year against 50.9 percent in 1944.

Due to the continuation of many basic trends affecting the general money market, it is believed that there was little deviation from the general long-range downward movement in the rate of



return paid on savings accounts by the principal types of thrift institutions throughout the country. In the mortgage lending field the volume of home loans guaranteed under the Servicemen's Readjustment Act by the end of the year was not sufficient to influence significantly the rate of earnings and consequently the rate of return on savings paid by savings and loan associations. However, this legislation does bode a continuation of the long-term down-

ward movement of such rates in the future. In common with other forms of investments, savings in mutual savings banks realized slightly lower returns last year. Only 46 out of 532 banks paid more than 2 percent. The average rate paid depositors by all of these banks was 1.76 percent on January 1, 1945. This rate declined fractionally during the past 12 months, going down to 1.68 percent on January 1, 1946.

The Outlook for 1946

■ IN physical terms, the nation was well advanced in its reconversion of industrial facilities to peacetime production at the turn of the new year. Both the capacity to produce and the demand for goods and services were present. Lacking, though, was agreement as to basic wage policy for the post-war period and this in turn aggravated demands for revision of reconversion price ceilings.

To a large extent, the course of the national economy throughout 1946 depends upon the timing as well as the terms of settlement of these disputes. Of particular importance in this respect are the inflationary dangers inherent in prolonged shortage conditions in both producer and consumer goods markets.

At best, all indications point toward a marked downward trend in gross national product for the coming year as Federal war expenditures shrink with the termination and final adjustment of war contracts. However, military expenditures will still be large by earlier peacetime standards, in view of the maintenance of armies of occupation abroad and the uncompleted demobilization of the armed forces from their full fighting strength.

Despite continued decreases in the rate of income payments, consumer expenditures are expected to remain at a high level throughout the current year. In addition to the appearance of new commodities on the market there will probably be a strong demand for the replacement of "ersatz" versions of existing lines with superior peacetime products. A further expansion in the rate of private capital formation also appears likely, in view of the acute housing shortage and the accumulation of almost four years' demand for business capital goods. There may also be a significant expansion in governmental nonwar expenditures, particularly at the state and local levels, a considerable backlog having been accumulated in public works maintenance alone during the war.

National income estimates for 1946, although lower than those for last year, are well above the

\$130 billion forecast last August for 1946. According to the Department of Commerce, income during the current year is expected at a rate of \$144 billion, 10 percent below the \$160.7 billion estimated for 1945. In view of this probable drop of 10 percent in income payments and the anticipated high level of consumer expenditures this year, a further decline in the annual rate of savings would seem likely. In this respect, it will be recalled that to a considerable extent the high rate of savings during the war years represented the deferment of purchases due to the contraction of spending opportunities.

The accumulation of four years' demand for almost all types of civilian goods is expected to maintain the national economy at a high peacetime level in 1946. It would seem, however, that the maintenance of this rate of business will demand heavy emphasis on improved and expanded marketing methods and facilities in the years ahead.

Housing

The expansion of new home construction in 1946 is expected to be limited only by the capacity of the home building industry to produce. Under the program recommended to the President by the Housing Expediter, a target of 1,200,000 family accommodations has been set for the present year, principally to satisfy the need for veterans' housing. Of this goal for 1946, about 950,000 units are to be of permanent construction, the remaining 250,000 to be provided by public funds in the form of temporary dwellings. The permanent housing is to be predominantly financed by private capital. Under this program, the bulk of all available building materials would be diverted to the construction of moderately low priced homes—sales prices and rentals not exceeding \$6,000 and \$50, respectively. In presenting this emergency program for veterans' housing, the Expediter called for 700,000 conventionally constructed units and 250,000 prefabricated dwellings of permanent design for the current year.

The long-awaited resumption of volume building, the most spectacular construction trend anticipated during the coming year, is expected to be accompanied by a moderate increase in repair, modernization and maintenance. According to estimates by the Bureau of Labor Statistics, the volume of expenditures for such work during the first year following the war has been projected at \$550,000,000, while by the third postwar year, this is expected to rise to \$850,000,000.

Despite anticipated gains in the volume of new home construction and in expenditures to maintain and improve the serviceability of the existing housing stock, activity in 1946 will by no means eliminate the acute housing shortage. Consequently, it is believed that the market conditions which have prevailed for existing homes during recent years will continue for the time being. The principal problem in housing during the current year will be the provision of accommodations for veterans and their families, in accordance with the preference established for this group under present priority regulations.

Mortgage Lending

Due to the continued shortage of homes, which cannot be completely eliminated in one building season, it is believed that the inflationary pressure on home prices will continue in 1946. But as the volume of new building gains it is likely that more people will be inclined to withhold their purchase of a home until new construction is more abundant. To the extent that this proves to be the case, the market for existing residential properties may show some stabilization.

In general, it is expected that home mortgage financing will show another substantial gain during the current year. Home purchase lending will probably at least maintain the same volume as in 1945, while high-percentage construction lending will expand rapidly and account for much of the over-all gain in total activity. A smaller, but still significant, rise is also expected in the financing of additions, alterations and repairs. To a considerable extent, home mortgage lending is expected to be concentrated in loans to veterans for home purchase, construction and repair financing. As a result, a rapid increase, far exceeding that reported in 1945, is expected in loan guaranties in force under the Servicemen's Readjustment Act. The recent amendments to this Act increasing the maximum guaranty limit will be another factor, in addition to increased lending, which will probably contribute to this gain.

Savings and Loan Industry

In view of the marked growth of the savings and loan industry in recent years, it seems reasonable to expect that the assets of all operating associations by the end of 1946 will still remain in excess of the record asset size of \$8,829,000,000 reported in 1930. According to preliminary estimates, industry resources were within 2 percent of this mark at the close of 1945. When adjustment is made to eliminate pledged shares, a rapidly diminishing item over the past 15 years, the margin of excess which will probably be built up in the present year over the previous all-time record is all the greater.

As in the past, asset growth of the savings and loan industry will depend primarily upon its ability to attract new savings. Unlike the situation during the war period, income payments and the annual rate of savings of individuals are expected to diminish. Consequently, a greater degree of competition is expected in securing new accounts. During the months following VJ Day, the savings and loan industry witnessed the impact of declining income payments on the rate of net savings growth as the ratio of repurchases to new investments mounted. Several factors indicate that intensive effort may be needed during the present year to check this upward trend in repurchases.

The return of peacetime civilian goods to the market, especially the durable goods, is likely to have a marked influence on the savings rate during the current year. This factor alone will probably exert a particularly strong influence for the next two or three years.

Life insurance is likely to show strong institutional competition. At the same time, commercial banks, although offering a scant return on time accounts, will also be making strong bids based on institutional liquidity and services, while mutual savings banks have every prospect of continuing their long record of steady gain in savings account balances.

The savings and loan outlook for sound mortgage lending in 1946 is brighter than for any year since the depression. In addition to the prospects for a continued high volume of lending with construction financing growing as the building industry moves toward capacity production, it is reasonable to expect a more rapid loan balance expansion. In other words, the decline in the rate of income payments in 1946 is expected to curtail loan prepayments, protracting the life of the average loan, but not to materially affect the volume of new lending.

As a result of the anticipated gain in the balance of mortgage loans outstanding, it would appear that some downward revision of the ratio of liquid resources to total assets is probably in the offing. However, the dollar change in liquid assets will depend largely on the rate of net increase in private savings as compared with loan repayments and new lending volume. As the ratio of liquid items to total resources changes, there should also be an improvement in the effective rate of gross earnings. However, with mortgage interest rates on guaranteed loans to veterans fixed by law at 4 percent, it is probable that effective earnings on mortgage portfolios will continue to decline during the next 5 to 10 years.

The present time is particularly decisive with respect to long-term earning prospects. Today, savings and loan associations have disposed of virtually all of their slow assets acquired during the

depression years. Admittedly, this disposition process has been greatly accelerated by wartime developments in the real estate market. The volume of slow assets which these institutions may be compelled to acquire in the future will depend largely upon the soundness of their future lending.

The year 1946 offers a considerably improved outlook for the strengthening of reserve accounts and additions to undivided profits. The prospects of an improvement in the effective rate of earnings on *total* assets through an expansion of loan accounts should produce a significant gain in net income, while dividend rates have been lowered well below their prewar levels in most associations. Again, these institutions may find here a means of improving long-term earning prospects through the development of a "free capital cushion," in addition to affording greater protection to savings accounts.



DIRECTORY CHANGES



DECEMBER 16, 1945—JANUARY 15, 1946

Key to Changes

- *Admission to Membership in Bank System
- **Termination of Membership in Bank System
- #Federal Charter Granted
- ##Federal Charter Canceled
- ØInsurance Certificate Granted
- ØØInsurance Certificate Canceled

DISTRICT NO. 2

NEW JERSEY:
Dunellen:
**The Dunellen Building and Loan Association, 103 North Washington Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
Sellersville:
ØSellersville Building and Loan Association, 106 North Main Street.

DISTRICT NO. 4

VIRGINIA:
Roanoke:
ØSouthwest Virginia Building and Loan Association, Incorporated, 112 W. Kirk Avenue.

DISTRICT NO. 5

KENTUCKY:
Hazard:
##ØØHazard Federal Savings and Loan Association, Main Street.

DISTRICT NO. 9

TEXAS:
Austin:
*ØAustin Savings and Loan Association, Capital National Bank Building.

New Administrator for NHA

■ Wilson W. Wyatt has been named by President Truman as Administrator of the National Housing Agency, succeeding John B. Blandford, Jr. In December Mr. Wyatt, former mayor of Louisville, Kentucky, was appointed to the position of Housing Expediter in the Office of War Mobilization and Reconversion. He will now serve in both of these capacities.

Broad powers have been granted to Mr. Wyatt as Housing Expediter. By Executive Order the President empowered him to: formulate plans and programs to increase the supply of accommodations of all kinds, particularly of moderate-priced homes for veterans and their families; issue necessary orders and directives to other executive agencies and to coordinate their activities with respect to housing; recommend to the President enactment of legislation to provide for the execution of currently unauthorized programs; and cooperate with all levels of government, industry, labor, etc., to work out a solution of the housing emergency. In addition, the Director of OWMR has delegated to Mr. Wyatt all functions, powers, authority or duties consistent with carrying out plans and programs to alleviate the current housing situation.

Mr. Blandford, who has been Administrator since the establishment of the NHA in February 1942, resigned from that position after being requested by President Truman to accept a mission to China. He will set up a budget system for the Chinese Republic.

NATIONAL HOUSING AGENCY

Wilson W. Wyatt, Administrator

FEDERAL HOME LOAN BANK ADMINISTRATION

John H. Fahey, Commissioner

Rules and Regulations

FHLBA

Bulletin No. 51

AMENDMENT TO RULES AND REGULATIONS FOR THE FEDERAL SAVINGS AND LOAN SYSTEM RELATING TO THE AUTHORIZATION OF ADDITIONAL LENDING POWERS FOR CHARTER K ASSOCIATIONS WITH REFERENCE TO MAKING OR PURCHASING MORTGAGE LOANS GUARANTEED UNDER THE SERVICEMEN'S READJUSTMENT ACT OF 1944, AS AMENDED. (Approved and effective January 14, 1946.)

On January 14, the Rules and Regulations for the Federal Savings and Loan System were amended by the rescission of Section 203.21 before subsection (2). (Approved August 31, 1945 and published in the September FHLB REVIEW). The following section has been substituted therefor.

The new section restates the blanket authorization of the Federal Home Loan Bank Administration implicit in the adoption, by the Board of Directors of a Federal savings and loan association operating under Section 14.1 amendment to Charter K, of a resolution covering specified additional lending powers. In addition, it covers the making or purchasing of loans which a Federal has the legal power to make or purchase under the GI Bill of Rights.

"203.21 Additional Lending Powers. Upon adoption by the Board of Directors of a Federal savings and loan association which has the Section 14.1 amendment to Charter K of a resolution permitting any or all of the following loan plans, practices, or procedures, or higher percentages of appraised value, which resolution shall be deemed to constitute an application by the association for approval by the Federal Home Loan Bank Administration, the Federal Home Loan Bank Administration hereby approves the use by such Federal association of such loan plans, practices, and procedures, and higher percentages of appraised value, to the full extent now or hereafter permitted by law and by such resolution:

"(1) The making or purchasing of any loans as to which such Federal association has any guaranty or insurance, or commitment for any guaranty or insurance, under the Servicemen's Readjustment Act of 1944, as from time to time in force, which such association has, under said Act or otherwise, the legal power to make or purchase."

This emergency amendment became effective upon adoption and filing with the *Federal Register*, January 14, 1946.

Proposed Amendment

FHLBA

Bulletin No. 52

PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR THE FEDERAL SAVINGS AND LOAN SYSTEM RELATING TO PROCEDURE REQUIRED FOR MOVING A FEDERAL OR ESTABLISHING A BRANCH OFFICE.

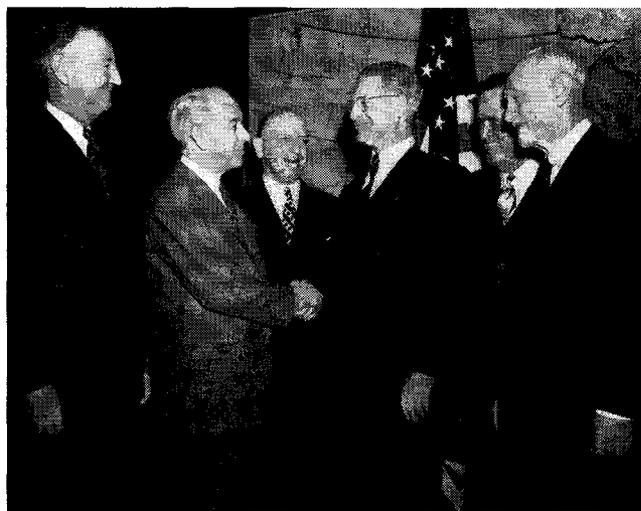
The following amendment to Section 202.29 of the Rules and Regulations for the Federal Savings and Loan System was proposed on January 14, 1946. The new section gives the FHLBA discretion in

conducting a hearing and requiring publication of a notice upon application for the establishment or maintenance of a branch office. This leaves these procedures mandatory only in the event of an application to move a Federal association's office from its immediate vicinity.

"(d) *Hearing on Application to Move Office or Establish Branch Office.* Upon receipt of an application from any Federal association for approval of the moving of any office from its immediate vicinity, the Federal Home Loan Bank Administration, unless it determines to deny such application, will cause a hearing to be conducted in accordance with paragraph (a) of this section. The applicant shall cause to be published, in the county in which it proposes to move the location of any office and in the manner specified in paragraph (b) of this section, a notice in the form prescribed in paragraph (c) of this section, and shall file an affidavit of publication as provided in paragraph (e) of this section. Unless such notice shall be duly published by the applicant, no hearing upon any such application shall be conducted and no action will be taken upon such application until the requirements of this paragraph have been complied with. The notice shall be signed by the Federal association. Upon receipt of an application from any Federal association for approval of the establishment or maintenance of a branch office, the Federal Home Loan Bank Administration may, in its discretion, conduct a hearing in accordance with the provisions of paragraph (a) of this section and may, in its discretion, require the applicant to cause to be published in the manner and in the form specified in paragraph (e) of this section, a notice of such hearing and require an affidavit of publication of such notice to be filed with the Federal Home Loan Bank Administration."

Since the proposed amendment is deemed to be major, it will not be approved until at least 30 days after the mailing of notification to members of the Federal Savings and Loan Advisory Council (January 14, 1946).

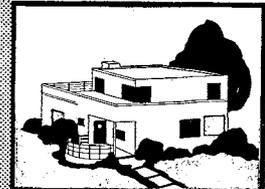
ACTING GOVERNOR RICHARDS ACCEPTS WAR FINANCE AWARD



(Left to right) James Twohy, former Governor, FHLB System; Vernon L. Clark, National Director, Savings Bonds Division, U. S. Treasury Department; Stanley W. Prenosil, former Director, Banking and Investment Section, Savings Bonds Division; Ralph H. Richards, Acting Governor, FHLB System; Morris E. Townsend, Director, Banking and Investment Section, Savings Bonds Division; John H. Fahey, Commissioner, FHLBA.



NEWS NOTES



Supplies priority for veterans' housing

After February 1, 1946, jobbers and distributors will be required to set aside, for use under the Government's moderate-cost housing program for veterans, 60 percent of the existing supply of bathtubs and cast iron soil pipe and 70 percent of the cast iron radiation. The specified percentages of these three items will be held for 21 days to fill "HH" rated orders for veterans' housing. At the expiration of that time the remaining amount may be used for other Civilian Production Administration priorities or for the unrated orders.

The OPA has stated that ratings on the foregoing items may not be extended by jobbers and distributors to manufacturers. This decision was reached after industry representatives had assured the OPA that they were voluntarily making as equitable a distribution as possible of their supplies.

Peacetime bond sale program inaugurated

Following up the Victory Loan, a peacetime program to continue sales of war savings bonds and stamps is being launched by the U. S. Treasury. Its purpose is to keep the public debt spread by consolidating the wartime gains made in thrift habits through continued availability of bonds and stamps, to encourage their purchase by maintaining regularly established channels, and to emphasize the benefits of holding bonds to maturity.

No drives or formal sales quotas are planned, according to the Treasury's War Finance Division. However, it is anticipated that standards of performance will develop. The program will be administered by the U. S. Savings Bond Division, operating through state and local organizations which will disseminate promotional material and suggestions, maintaining close liaison, through the Federal Reserve Banks and the Federal Home Loan Bank Administration, with banks and savings and loan associations and

other financial media. Officials of the Savings Bond Division will continue the wartime cooperation with local groups in providing advertising and bond-sale publicity for newspapers, magazines, theaters and radio.

FHA appraisal service extended

As an added protection to all home owners against the dangers of inflation in real estate values, the FHA rules have been amended to enable anyone proposing to buy or build a home to ascertain, on payment of a fee of \$10, the FHA valuation on the property before making a commitment to purchase. This valuation service will be available, upon application through a lending agency, regardless of whether the transaction is to be financed with an FHA-insured loan.

This change is contained in an amendment to Title II, Section 203, of the National Housing Act. It provides, effective February 1, for a \$10 fee per application, regardless of the amount applied for and of whether existing property or new construction is involved.

American architecture exhibit goes to Russia

An exhibit of American architecture has recently been presented to the U. S. S. R. for widespread showing throughout the Soviet Union following an opening in Moscow. The presentation was made by the Architects Committee of the National Council of American-Soviet Friendship and the Office of War Information.

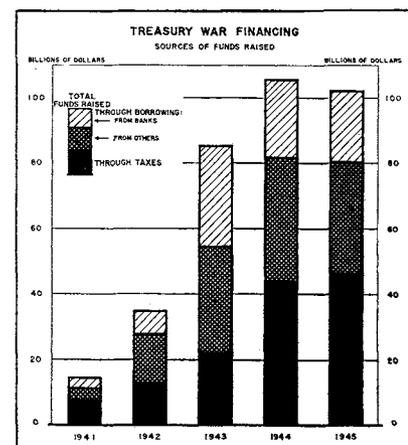
The exhibition contains 40 panels, 4 x 6 feet each, with Russian captions. It includes an introduction and nine sections covering such phases of American building as: homes, industry transportation, commerce, community centers, administration, farms, cities and regional planning. The exhibit was prepared under the direction of an advisory committee and contains the work of many of this country's leading architects.

Demand deposits analyzed by Federal Reserve Board

Results of a study of demand deposits of individuals, partnerships and corporations, conducted by the Federal Reserve Board, indicated a total of \$69.6 billion on July 31, 1945, after a rise of \$3.7 billion from January 31, 1945, when they amounted to \$65.9 billion. This compared with an expansion of \$11.3 billion in the preceding six months. The analysis further showed very little change in the distribution of ownership in the half year prior to the end of the war.

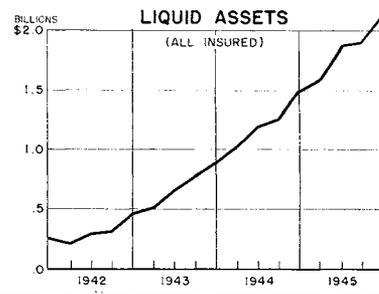
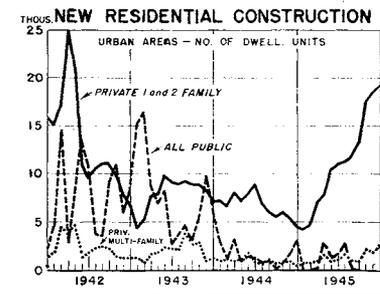
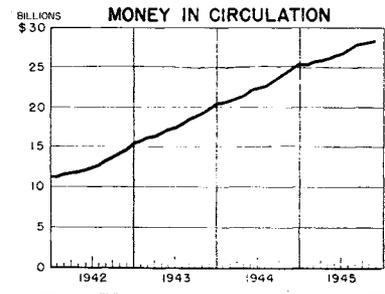
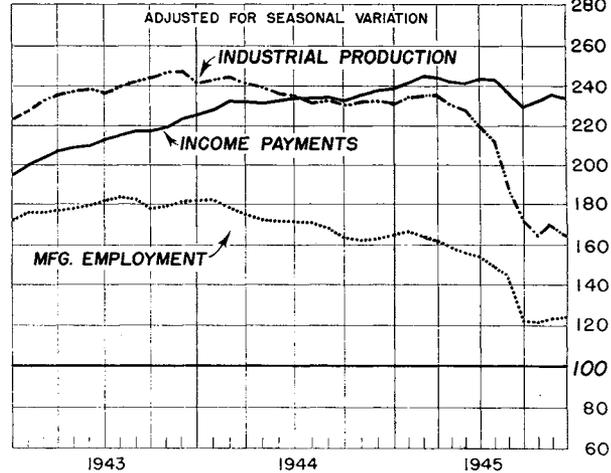
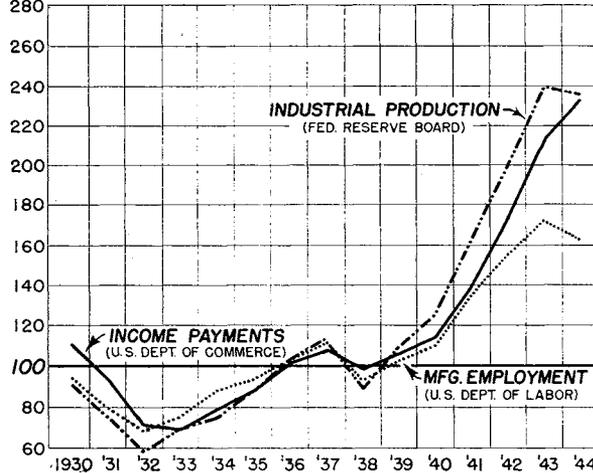
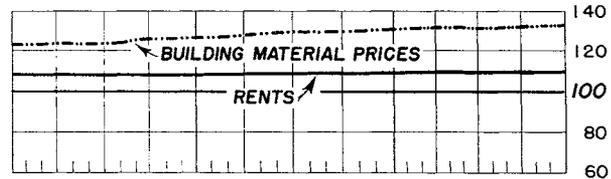
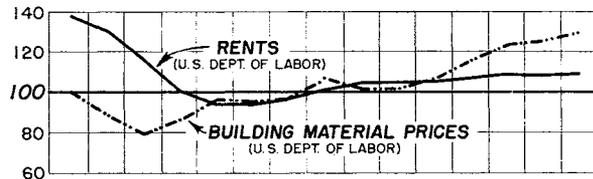
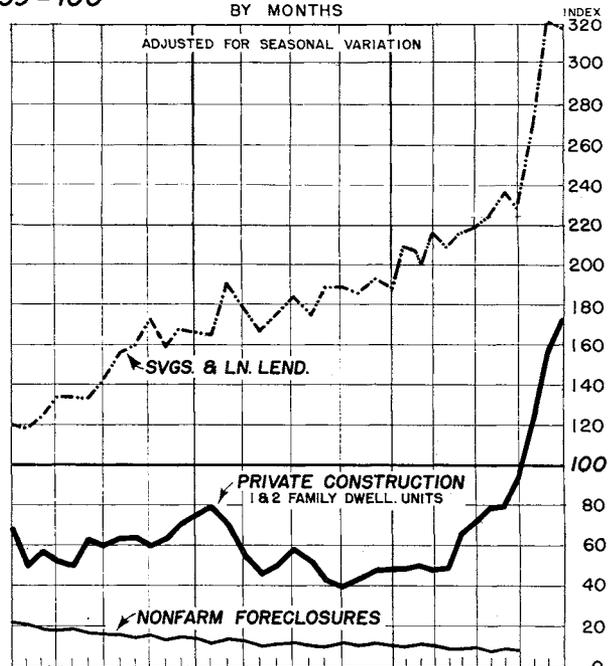
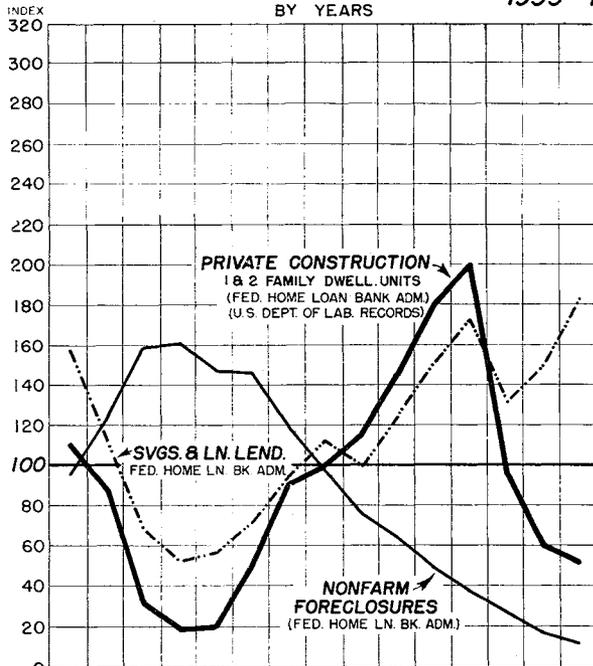
The largest part of the 1945 increase was the \$2 billion rise estimated in business deposits which amounted to \$37.1 billion on the closing date of the study. Personal deposits increased about \$1.5 billion over the period; those of trust funds and nonprofit organizations showed comparatively small increases, while these accounts of foreigners declined slightly.

Demand deposits of individuals, which on July 31 were estimated at \$23 billion, showed only half as much increase since the end of January as in the preceding six-month period. However, the recent gain approximated the average for other half-year periods during the war, and the total on the cut-off date of the study was two and a half times greater than at the time of Pearl Harbor.



RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935 - 1939 = 100



HIGHLIGHTS

- I. December industrial production at 164 percent of the 1935-1939 average—4 points below November.
- II. Privately financed home building down 6 percent from November to total 19,200 units in December.
 - A. For fourth consecutive month no public construction reported in December.
 - B. Final-month construction in 1945 was two and one-half times December 1944 total for public and private building.
- III. Building costs up slightly as both material and labor charges increased.
- IV. New mortgage lending by savings and loan associations down 5 percent from November to \$187,700,000, but 69 percent above December 1944.
- V. Mortgage financing activity 6 percent less than in November, but December recordings of \$527,000,000 were 18 percent above prewar peak.
- VI. FHLB advances in December broke previous records; repayments also at high level.
- VII. New investments in all savings and loan associations in December topped repayments by largest figure on record.



BUSINESS CONDITIONS—Industrial production down

The mid-quarter gains in industrial production from the low level for the year, reached in October, were all but eliminated by the December decline, according to reports of the Federal Reserve Board. During the closing month of 1945, industrial output dropped from 168 percent to 164 percent of the 1935-1939 seasonally adjusted average. Thus, output during December was 29 percent less than in the like month of 1944 and more than 30 percent less than in February 1945, when it reached a peak for the year—236 percent of the adjusted index. The steepest decline was reported among durable manufactures.

In that same month labor-management problems in the automotive industry contributed to the estimated decline of production in this field from 135 percent of the same seasonally adjusted index in November to 92 percent. Increases in production during the month were concentrated in machinery, lumber and lumber products, stone, clay and glass production, chemicals and rubber.

Reflecting the decline in industrial production, total factory employment, as estimated by the Federal Reserve Board, declined from 121.2 percent to 120.8 percent of the seasonally adjusted 1939 average during December. This resulted from a decline in the durable goods industry from 134.6 to 133.8 percent of the same index, which offset a rise from 109.2 to 110.6 percent in non-durable goods employment.

In line with the generally higher volume of consumer expenditures during the year, department

store sales in December 1945 were considerably higher than in the like month of the preceding year. According to preliminary estimates of the Federal Reserve Board, these sales in December were at a volume equivalent to 215 percent of the 1935-1939 adjusted average compared with 196 percent in December 1944. Estimates by the Department of Commerce place total wholesale transactions in 1945 at \$43 billion—a record level. December activity, although 3 percent below the November volume, was likewise at a record level for that month. Inventory costs at the end of the month were 16 percent above the corresponding figure for 1944, with conspicuous gains in electrical goods lines, tobacco, general hardware, automotive supplies and clothing.

Freight carloadings declined on the seasonally adjusted index (1935-1939=100) from 133 in November to 127 last month. Thus, allowing for seasonal variation, freight movement in the closing month of last year was at the same adjusted rate as in September.

The consumer price index, which stood at 129.9 percent of the 1935-1939 average at the end of last year, was at the highest point reached in the past 25 years.

[1935-1939=100]

Type of index	Dec. 1945	Nov. 1945	Percent change	Dec. 1944	Percent change
Home construction (private) ¹	173.5	157.0	+10.5	47.0	+269.1
Rental index (BLS).....	108.3	108.3	0.0	108.3	0.0
Building material prices.....	133.4	132.5	+0.7	130.0	+2.6
Savings and loan lending ¹	318.2	322.4	-1.3	188.4	+68.9
Industrial production ¹	164.0	168.0	-2.4	232.0	-29.3
Manufacturing employment ¹	123.6	122.8	+0.7	166.7	-25.9
Income payments ¹	233.8	235.7	-0.8	239.0	-2.2

¹ Adjusted for normal seasonal variation.

² Revised.

BUILDING ACTIVITY—Large December volume reported

The upswing in residential construction activity which got underway following VJ Day was broken only slightly during the final month of 1945. The 19,200 family dwelling units (all privately financed) which were started in urban areas during the month represented a drop of about 6 percent from the 20,400 units started in November, the peak month since May 1943, but were almost two and one-half times as great as the total number of starts, public and private, in December 1944. It was in the latter month that urban construction for private ownership dropped to the lowest level of the last 10 years, accounting for less than 5,000 of the 8,000 dwelling units started. [TABLES 1 and 2.]

BUILDING COSTS—Upward trend continued

Continued increases in the cost of materials and labor required in the construction of the standard house resulted in another rise in the total cost index in December. During the month it moved upward from 137.2 in November to 137.8, a gain of 0.4 percent. From November to December the index of labor charges advanced 0.1 percent, from 143.3 to 143.5, and that of material costs rose 0.5 percent, from 134.2 to 134.9 (1935-1939=100).

The Bureau of Labor Statistics index of wholesale prices of building materials rose 0.7 percent during December 1945 to 133.4. A year earlier this index stood at 130.0. With the exception of structural steel, which remained unchanged, all components of the over-all index registered increases during 1945. Brick and tile prices made the largest advance during the year, 10.8 percent, followed by those of cement, plumbing and heating materials, lumber, and "other" materials with increases from 2.5 to 3.1 percent. [TABLES 3, 4, and 5.]

Construction costs for the standard house

[Average month of 1935-1939=100]

Element of cost	De- cember 1945 ^p	No- vember 1945	Per- cent change	De- cember 1944	Per- cent change
Material.....	134.9	134.2	+0.5	131.5	+2.6
Labor.....	143.5	143.3	+0.1	140.0	+2.5
Total.....	137.8	137.2	+0.4	134.4	+2.5

^p Preliminary.

MORTGAGE LENDING—High Year-end level shown

Although continuing at a near-record level, new mortgage lending by savings and loan associations declined generally throughout the country during December. The estimated \$187,700,000 of new loans made during the month was 5 percent less than the November total, but 69 percent above the \$111,100,000 reported in December 1944.

New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

Purpose	Dec. 1945	Nov. 1945	Per- cent change	Dec. 1944	Per- cent change
Construction.....	\$22,922	\$24,481	-6.4	\$5,244	+337.1
Home purchase.....	129,557	135,685	-4.5	81,508	+59.0
Refinancing.....	17,848	19,411	-8.1	13,555	+31.7
Reconditioning.....	3,958	4,487	-11.8	2,127	+86.1
Other purposes.....	13,425	14,095	-4.8	8,704	+54.2
Total.....	187,710	198,159	-5.3	111,138	+68.9

Loans in all purpose categories were less in December than during the preceding month, home purchase loans showing the smallest drop (4.5 percent) and reconditioning loans the largest (11.8 percent). Construction loans, which amounted to more than \$22,900,000 and accounted for 12 percent of the month's total, were down 6.4 percent from November.

All types of loans were substantially greater in volume during the closing month of 1945 than a year earlier. Although still running considerably below prewar levels, construction lending made by far the largest proportionate gain in this comparison, increasing more than 300 percent. [TABLES 6 and 7.]

MORTGAGE RECORDINGS—Prewar peak passed despite December drop

Mortgage financing activity continued at or near record levels throughout 1945. During the latter months of the year when activity usually drops off, the monthly volume of nonfarm mortgages of \$20,000 or less recorded rose sharply, reaching a peak of \$560,000,000 in November. Although declining about 6 percent during the final month of the year, the estimated \$527,000,000 of mortgages recorded by all lenders exceeded by 18 percent the \$448,000,000 of recordings in October 1941, the peak prewar month. Compared with financing in December 1944, the total for the reporting month represented an advance of 46 percent.

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Per- cent change from Nov. 1945	Per- cent of Dec. 1945 amount	Cumu- lative record- ings (12 months)	Per- cent of total record- ings
Savings and loan associa- tions.....	-5.2	36.9	\$2,009,707	35.7
Insurance companies.....	-4.1	4.2	244,432	4.4
Banks, trust companies.....	-3.5	21.0	1,091,021	19.4
Mutual savings banks.....	+8.4	4.8	216,982	3.9
Individuals.....	-10.4	22.2	1,402,103	24.9
Others.....	-8.6	10.9	658,945	11.7
Total.....	-5.8	100.0	5,623,190	100.0

All types of lenders substantially increased their volume of nonfarm recordings in December 1945 over the same 1944 month. The greatest relative gains were made by mutual savings banks (85 percent), banks and trust companies (71 percent), and savings and loan associations (61 percent). The smallest (15 percent) was reported by insurance companies. Recordings by individuals, whose proportionate share of the total dropped from a peak of 28 percent in January last year to 22 percent in December, and by miscellaneous mortgagees were 23 and 24 percent, respectively, greater than in the closing month of 1944. [TABLES 8 and 9.]

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	Dec. 31, 1945	Nov. 30, 1945	Dec. 31, 1945	Nov. 30, 1945
New.....	630	630	\$1,358,278	\$1,286,688
Converted.....	837	836	2,565,223	2,445,802
Total.....	1,467	1,466	3,923,501	3,732,490

FEDERAL ASSOCIATIONS—Substantial growth continued

Growth of Federal savings and loan associations continued at a substantial rate throughout 1945. After increasing 5 percent during the month, total resources of the 1,467 associations operating under Federal charters aggregated \$3,924,000,000 at the end of December and represented more than 45 percent of combined resources of the entire savings and

loan industry. During the year these institutions increased their resources by \$755,000,000 or 24 percent. This compares with growth figures of \$551,000,000, or 21 percent, in 1944.

PRIVATE REPURCHASABLE CAPITAL—Rate of growth leveled off

Total new investments in the shares of all operating savings and loan associations, including dividends credited to accounts during the month, amounted to approximately \$224,000,000 during December 1945, almost one-fourth more than in December 1944. Percentagewise, share repurchases showed a much larger rise over this interval, increasing almost one-half from \$65,000,000 in the closing month of 1944 to \$95,000,000. As the result of the larger relative increase in savings withdrawals, the repurchase ratio for the reporting month was somewhat higher than a year earlier, 42 percent as against 36 percent.

The excess of gross new investments over repurchases—the true indicator of continued growth of the savings and loan industry—approximated \$129,000,000 in December, the largest spread between these two figures yet recorded. In June 1945, the preceding dividend month, investments exceeded repurchases by about \$126,000,000; in December 1944, by about \$116,000,000.

Share investments and repurchases, December 1945

[Dollar amounts are shown in thousands]

Item and period	All associa- tions	All insured associa- tions	Un- insured mem- bers	Non- mem- bers
Share investments:				
Year 1945.....	\$2,337,558	\$1,876,969	\$284,149	\$176,440
Year 1944.....	1,896,254	1,484,420	246,860	164,974
Percent change.....	+23	+26	+15	+7
December 1945.....	223,885	180,352	28,039	15,494
December 1944.....	180,928	142,291	21,124	17,513
Percent change.....	+24	+27	+33	-12
Repurchases:				
Year 1945.....	\$1,296,953	\$1,005,719	\$182,023	\$109,211
Year 1944.....	1,021,577	754,929	160,366	106,282
Percent change.....	+27	+33	+14	+3
December 1945.....	94,970	71,777	14,472	8,721
December 1944.....	64,641	45,985	11,497	7,159
Percent change.....	+47	+56	+26	+22
Repurchase ratio (Percent):				
Year 1945.....	55.5	53.6	64.1	61.9
Year 1944.....	53.9	50.9	65.0	64.4
December 1945.....	42.4	39.8	51.6	56.3
December 1944.....	35.7	32.3	54.4	40.9

Federal Home Loan Bank System

■ REGISTERING an increase of over a billion dollars in 12 months, combined assets of all sav- ings and loan members of the FHLB System had jumped to an estimated \$7,664,000,000 by the end of 1945. This represented an increase of 19 percent over the 1944 year-end total of \$6,415,000,000. Between the time the nation was drawn into active participation in the war in 1941 and the end of last year, member associations added \$2,839,000,000 to their assets. Almost 44 percent, or \$1,249,000,000, of this four-year increment took place during the last year.

At the same time that assets of member savings and loans displayed such a substantial growth, the number of member associations remained virtually unchanged at 3,658 on December 31, 1945 as compared with 3,659 at the end of the prior year. This continued the previously evident movement toward associations with larger average assets. Between the year-end dates of 1944 and 1945, the average member assets went up from \$1,753,000 to \$2,095,000—a gain of 19 percent.

On December 31, 1945 assets of the savings and loan members accounted for 88.7 percent of the estimated total Bank System resources of \$8,641,000,000. Twenty-five savings banks, reporting assets of \$591,546,000, or 6.8 percent, and 14 life insurance companies, with resources of \$385,814,000, or 4.5 percent, completed the membership of the Bank System.

An all-time record was established in 1945 when FHL Bank advances totaled \$277,748,000. Up

\$38,494,000, the 1945 figure exceeded by 16 percent the previous annual peak reached in 1944. Repayments of \$213,439,000 last year fell slightly below the 1944 reduction of \$218,759,000 in member obligations to the Banks. Even in the face of this 2.4-percent decline, however, 1945 was second only to 1944 as the high for repayments received by the 12 Banks.

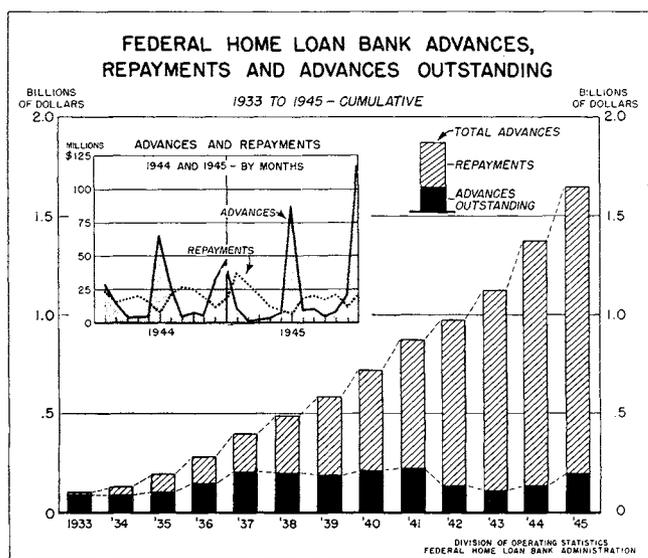
Higher by 49.3 percent than in 1944, the balance of advances outstanding at the close of business last year stood at \$194,872,000. Compared with the 1944 balance of \$130,563,000, advances outstanding were \$64,309,000 greater on December 31, 1945, although still 11.2 percent below the record peak of \$219,446,000 in 1941. Dollarwise, the Los Angeles Bank last year retained its 1944 position as the Bank with the largest year-end balance of \$34,743,000. However, the greatest dollar volume *gain*—\$14,224,000—was shown by Chicago, in second place with outstanding advances of \$34,433,000. Larger entries under this item at the end of last year were common to all FHL Banks.

Combined Statement of Operations

During the calendar year 1945, Bank operations produced a net income of \$5,549,100 to show a gain of \$2,228,500 over the 1944 net revenue of \$3,320,600. Profits on sales of investments in 1945 were \$2,183,800 more than in 1944 and interest on investments showed a gain of \$382,500 during the year. The 1945 interest on advances, however, went down \$215,400 compared with the 1944 total for this item. During 1945 little change was reported from the previous year's debenture expenses, FHLBA assessment, retirement fund and other expenses.

Dividends for the year were declared at rates of 1 to 1.5 percent, with eight Banks showing no change from 1944. Four Banks raised their rates. Pittsburgh and Des Moines went up from 1 percent in 1944 to 1.5 percent in 1945, while Cincinnati—paying 1 percent in June and 1.25 percent in December 1944—used a 1.5-percent rate for both 1945 semi-annual dividends. Although Chicago dropped from 1.5 percent in June 1944 to 1 percent in December of that year, dividends of 1.5 percent were declared in both June and December 1945.

Total dividends declared by all Banks during the past year amounted to \$2,367,900—\$312,500 over the 1944 aggregate. Of this, \$863,600 went to members of the FHLB System and \$1,504,300 to



Statement of condition of the Federal Home Loan Banks as of December 31, 1945

Balance sheet items	Consolidated	Combined	Boston	New York	Pittsburgh	Winston-Salem	Cincinnati
ASSETS							
Cash.....	\$20,773,260.90	\$28,572,466.38	\$1,187,329.40	\$4,932,459.94	\$1,475,136.28	\$1,299,261.21	\$3,530,797.65
Investments.....	118,391,763.94	118,391,763.94	10,526,289.79	21,824,379.98	6,860,783.98	4,024,221.80	25,697,001.58
Advances outstanding.....	194,872,242.99	194,872,242.99	12,811,870.00	15,512,591.77	16,912,075.89	16,949,850.00	16,464,310.51
Accrued interest receivable.....	686,149.23	688,162.94	72,814.56	128,181.43	59,829.99	51,041.70	105,373.25
Deferred charges.....	34,950.29	34,950.29	1,565.62	3,215.47	2,566.77	1,674.35	3,528.39
Other assets.....	150,219.36	150,219.36	301.00	5,464.95	1,191.45	1,664.50	32,141.03
TOTAL ASSETS.....	334,908,586.71	342,709,805.90	24,600,170.37	42,406,293.54	25,311,584.36	22,327,713.56	45,833,152.41
LIABILITIES AND CAPITAL							
Deposits.....	45,724,671.87	53,524,671.87	2,149,820.21	10,842,689.08	1,691,652.56	698,600.00	11,828,217.16
Accrued interest payable.....	163,515.51	164,734.70	5,819.69	5,625.00	13,643.63	5,410.17	14,529.98
Dividends payable.....	1,263,863.74	1,263,863.74	94,460.13	-----	228,660.37	160,184.74	195,090.89
Accounts payable.....	39,727.18	39,727.18	-----	5,205.15	5.60	3,785.19	14,640.52
Debentures outstanding ¹	68,500,000.00	68,500,000.00	2,000,000.00	3,000,000.00	6,000,000.00	2,500,000.00	5,000,000.00
TOTAL LIABILITIES.....	115,691,778.30	123,492,997.49	4,250,100.03	13,853,519.23	7,933,962.16	3,367,980.10	17,052,478.55
Capital stock—Paid-in.....	198,168,250.00	198,168,250.00	18,973,400.00	26,175,200.00	15,549,500.00	16,643,400.00	26,209,500.00
Surplus—Earned.....	13,141,137.86	13,141,137.86	694,450.24	1,586,177.00	882,258.45	1,242,221.26	1,819,321.92
Undivided profits.....	7,907,420.55	7,907,420.55	682,220.10	791,397.31	945,863.75	1,074,112.20	751,851.94
TOTAL CAPITAL.....	291,216,808.41	219,216,808.41	20,350,070.34	28,552,774.31	17,377,622.20	18,959,733.46	28,780,673.86
TOTAL LIABILITIES AND CAPITAL.....	334,908,586.71	342,709,805.90	24,600,170.37	42,406,293.54	25,311,584.36	22,327,713.56	45,833,152.41
ASSETS							
Cash.....	\$3,729,601.89	\$3,518,283.91	\$369,726.38	\$1,284,661.23	\$1,097,078.24	\$1,136,989.68	\$5,011,140.57
Investments.....	13,373,938.77	4,295,079.56	8,062,795.88	7,525,473.73	6,461,842.43	5,889,111.38	3,850,845.06
Advances outstanding.....	12,166,942.51	34,432,585.00	16,989,241.25	7,272,288.00	4,754,847.50	5,863,051.71	34,742,588.85
Accrued interest receivable.....	78,572.25	24,478.48	41,664.72	45,408.37	32,949.11	27,457.60	20,391.48
Deferred charges.....	1,900.14	5,564.09	3,046.48	1,191.86	1,178.64	1,750.40	7,768.08
Other assets.....	4,987.84	100,336.79	296.73	2,941.43	1.00	176.04	716.60
TOTAL ASSETS.....	29,355,943.40	42,376,327.83	25,466,771.44	16,131,964.62	12,347,896.92	12,918,536.81	43,633,450.64
LIABILITIES AND CAPITAL							
Deposits.....	9,467,100.60	5,172,669.37	2,350,946.62	2,249,761.49	257,164.59	853,122.61	5,962,927.58
Accrued interest payable.....	14,317.65	25,420.18	16,066.05	1,888.59	1,875.00	6,627.87	53,510.89
Dividends payable.....	106,408.62	163,020.34	94,437.07	57,176.50	48,609.60	39,772.70	76,042.78
Accounts payable.....	542.06	3,226.50	622.10	659.90	567.00	665.07	9,808.09
Debentures outstanding ¹	4,000,000.00	12,500,000.00	8,500,000.00	1,000,000.00	1,000,000.00	3,000,000.00	20,000,000.00
TOTAL LIABILITIES.....	13,588,368.93	17,864,336.39	10,962,071.84	3,309,486.48	1,308,216.19	3,900,188.25	26,102,289.34
Capital stock—Paid-in.....	14,442,500.00	22,166,600.00	12,939,000.00	11,514,800.00	9,805,800.00	8,125,500.00	15,623,050.00
Surplus—Earned.....	651,347.27	1,223,819.31	1,464,069.30	656,735.78	459,013.87	768,036.22	1,693,687.24
Undivided profits.....	673,727.20	1,121,572.13	101,630.30	650,942.36	774,866.86	124,812.34	214,424.06
TOTAL CAPITAL.....	15,767,574.47	24,511,991.44	14,504,699.60	12,822,478.14	11,039,680.73	9,018,348.56	17,531,161.30
TOTAL LIABILITIES AND CAPITAL.....	29,355,943.40	42,376,327.83	25,466,771.44	16,131,964.62	12,347,896.92	12,918,536.81	43,633,450.64

¹ Consolidated Federal Home Loan Bank debentures issued by the Federal Home Loan Bank Administration and now outstanding, are the joint and several obligations of all Federal Home Loan Banks.

the RFC. Since the System started operations in 1932, \$25,922,600 has been paid in total adjusted dividends. Through December 31, 1945, members have received \$6,703,900, while RFC earnings totaled \$7,197,400 and \$12,021,300 was paid into the U. S. Treasury.

Rising \$36,696,000 during the preceding 12 months, combined assets of the FHL Banks stood at \$342,710,000 on December 31, 1945. This was a 12-percent gain over the previous year-end total of \$306,013,000. Consolidated debentures outstanding had increased \$2,000,000 to \$68,500,000 by the end of 1945.

During the year three series of debentures were issued in a total face amount of \$150,500,000. One

issue of \$50,000,000 at 0.85 percent for six months was offered in January and retired in July. Another issue of \$32,000,000 at 0.75 percent for 90 days was disposed of by private sale. Still outstanding on December 31 was an offering of \$68,500,000 at 0.9 percent for six months which had been issued in October. Debentures aggregating \$148,500,000 were retired during 1945.

In contrast with the decline shown in 1944, members' time and demand deposits in FHL Banks jumped to \$45,696,800 by the end of 1945. This represented an increase of \$16,952,400 over the 1944 year-end \$28,744,300 and reflected the high degree of liquidity characteristic of institutional funds during the war years.

Interest rates on advances¹ and on deposits

Federal Home Loan Bank	Rates on deposits over 90 days	Rates on advances Jan. 1, 1946	Type of advance
Boston ²	Percent	Percent	1½ Short term advances amortized within one year, or without amortization when secured by Government bonds. 2 On advances for five years, for defense housing purposes, not exceeding 10% of member's assets, amortized at not less than 5% quarterly. 2 On advances for five years for G. I. loans, such advances to be amortized at a rate of 5% quarterly. 2½ All other advances.
New York ²			1½ On short term advances. 2½ On long term advances.
*Pittsburgh ²			1½ On secured advances not to exceed six months for the purchase of Government securities during War Loan Drives. 2 Secured advances up to five years with quarterly amortization of 2½% for purpose of repurchasing HOLC share investments. 2½ On advances up to five years, advances exceeding one year to be collateralized and amortized 2½% quarterly. Within certain limits unsecured advances may be made for a term not to exceed one year.
Winston-Salem	½		3 All other advances.
*Cincinnati	½		2 All advances. 1½ On advances not exceeding one year secured by (1) Obligations of or guaranteed by the Government (2) Other acceptable collateral, advances so secured not to exceed current redemption price of Series F and G Savings Bonds held by member.
*Indianapolis ³			2 All other advances. 1½ On advances not exceeding six months. 2 On advances not exceeding one year, but in excess of six months. 2 On long term advances.
Chicago	½		1½ On short term advances amortized in equal monthly, quarterly or semi-annual instalments, such advances must not exceed in the aggregate 10% of the gross assets of borrowing member. 2 On short term advances which exceed 10% of member's gross assets or which are unamortized.
Des Moines ⁴			3 On long term advances. 1½ On secured advances not exceeding six months, without amortization requirement, for purchase of Government bonds, such advances, together with other type of short term advances to a member shall not exceed 40% of its line of credit.
Little Rock	½		2 Advances not exceeding one year.
Topeka	½		2½ All advances.
Portland	½		2 Advances collateralized by Government obligations. 2 On unsecured advances not exceeding six months for the retirement of Treasury or HOLC investments during the month of January, 1946, renewal of such loans to be on a secured basis.
Los Angeles	1		3 All other advances. 1½ On one year secured advances to replace funds invested in Government securities between January 1, 1942 and April 1, 1945, payable quarterly. (Total obtainable limited to purchase price or par value, whichever is less, of securities purchased). 1½ On six months secured advances for purchase of Government securities or to replace funds so invested since April 1, 1945, payable quarterly. (Total obtainable limited to purchase price or par value, whichever is less, of securities purchased). (Foregoing advances limited to \$100,000 or 60% of line of credit, whichever is greater). 2 All other advances.

¹ Rates on advances to nonmembers are ½ percent higher, except Cincinnati which charges 1 percent more.
² This Bank also pays interest on deposits remaining over 90 days.
³ This Bank also pays interest on deposits remaining over 60 days.
⁴ This Bank also pays interest on deposits remaining over 45 days.
 * This Bank also pays interest on deposits remaining over 6 months.

During the second half of 1945 there were only two major changes in interest rates on advances made during their normal operations by the various FHL Banks. Both changes became effective July 1, 1945. On short-term advances the New York Bank re-established the 1.5-percent rate which had been discontinued in 1944. The Los Angeles Bank reduced its rate to 2 percent on all advances other than those for the purchase of Government securities. Complete details on the interest rates which were in effect on January 1, 1946, will be found in the accompanying table.

The reason for the relatively small change in interest rates on advances during the period is probably the fact that, on the one hand, the Banks had completed their adjustments to war loan financing demands. On the other hand, reconversion needs have not yet crystallized sufficiently to be reflected in adjusted charges for advances.

Current Operations

For the second time within one year, all records for advances during a single month were broken in December 1945 when the 12 Banks advanced \$116,849,000 to member institutions. This topped by 34.7 percent the previous high of \$86,734,000 established in June 1945 and was almost five and one-half times as great as the November 1945 advances.

Members accelerated the rate of repayments in December 1945 to \$18,908,000 compared with \$10,880,000 the month before and \$16,947,000 in December 1944. Only in 1943 have December repayments received by the 12 FHL Banks exceeded those which were made in the same month of last year. [TABLE 12.]

Dividends declared by the Federal Home Loan Banks during 1945

Federal Home Loan Bank	Rate per annum ¹	Members	R. F. C.	Total
	Percent			
Boston	1	\$64,176.38	\$124,675.00	\$188,851.38
New York	1	69,490.73	189,632.00	259,122.73
Pittsburgh	1½	61,465.87	167,194.50	228,660.37
Winston-Salem	1	68,102.74	92,082.00	160,184.74
Cincinnati	1½	185,504.91	191,635.50	377,140.41
Indianapolis	1½	113,222.43	95,194.50	208,416.93
Chicago	1½	109,533.90	212,608.50	322,142.40
Des Moines	1½	72,562.54	110,923.50	183,486.04
Little Rock	1	26,256.64	87,724.00	113,980.64
Topeka	1	23,900.12	73,336.00	97,236.12
Portland	1	19,429.08	59,600.00	79,029.08
Los Angeles	1	49,959.81	99,679.00	149,638.81
Total		863,605.15	1,504,284.50	2,367,889.65

¹ Rates apply to dividends declared on both a semi-annual and an annual basis. Only Pittsburgh and Winston-Salem banks declared dividends on an annual basis on December 31, 1945.

Federal Savings and Loan Insurance Corporation

■ THE year of 1945 was one of outstanding growth for associations insured by the Federal Savings and Loan Insurance Corporation. The Corporation now protects approximately 4,400,000 private investors in 2,475 insured associations. Their resources, which have expanded steadily, registered an increase of \$1,136,000,000 in 1945 to reach \$6,148,000,000 at the close of the year. The gain in assets resulted primarily from the continued growth in the volume of private savings which rose \$886,000,000, or 20 percent, to a total of \$5,220,000,000. Liquid

assets of insured associations reached new heights in 1945. The combined total of cash and United States Government security holdings reached \$2,147,000,000 or 35 percent of total assets.

During the year, 26 additional savings and loan associations with assets of \$15,171,000 were insured by the Federal Savings and Loan Insurance Corporation. Insurance certificates for 17 previously insured associations were canceled due to sale of assets, merger or consolidation with other insured associations, or voluntary termination of insurance.

Total assets of the Federal Savings and Loan Insurance Corporation reached \$165,261,000 at the end of December, an expansion of \$9,453,000 over a year ago. Since its organization in 1934, the Corporation has accumulated reserves of \$62,169,000. Gross income from operations aggregated \$9,217,000 during the year, while operating expenses totaled \$455,000—5.9 percent of gross income.

No insured association required financial assistance by the Corporation during 1945. Since its creation the Corporation has rehabilitated 28 associations with total disbursements of \$5,374,000 for this purpose, as of December 31, 1945. Of this, \$309,000 has been recovered by the Corporation.

No insured association was placed in liquidation during 1945. Of the seven insured associations placed in liquidation thus far, the receivership of two had been terminated by the beginning of 1945; a third receivership was virtually terminated during the year, although the receiver has not yet been formally discharged. Four associations are still in the process of liquidation. Of the estimated dollar amount of insured claims in all insured associations placed in liquidation, 99.8 percent had been settled by December 31, 1945. Almost without exception, investors in these associations elected to accept new accounts in a normally operating insured institution. In settlement, new accounts totaling \$6,681,000 were issued by the insured institutions, while accounts totaling \$13,200 were settled through the payment of cash and debentures. In the two cases in which liquidation had been fully completed, the Corporation received liquidating dividends aggregating 93.4 percent and 47.6 percent, the latter representing an association with assets of \$47,253 which was practically liquidated before it was declared in default. It is estimated that the Corporation will recover approximately 91 percent of the funds disbursed in the payment of insurance. [TABLE 13.]

Federal Savings and Loan Insurance Corporation Condensed Statement of Condition December 31, 1945

☆☆☆

ASSETS

Cash in U. S. Treasury	\$1, 590, 838. 21
Accounts receivable	1, 629, 416. 00
<i>Includes insurance premiums of \$1,604,-216.68, which are payable subsequent to December 31, 1945.</i>	
Investments	160, 733, 316. 12
<i>U. S. Government obligations and securities fully guaranteed by U. S.</i>	
Accrued interest on investments	563, 423. 74
Subrogated accounts:	
In insured institutions	
in liquidation	\$1, 359, 932. 63
Less:	
Allowance for losses	616, 033. 07
	743, 899. 56
TOTAL ASSETS	\$165, 260, 893. 63

LIABILITIES AND CAPITAL

Accounts payable	\$101, 589. 37
Deferred income	2, 990, 587. 79
<i>Represents insurance premiums not yet credited to earnings.</i>	
Capital:	
Capital stock	\$100, 000, 000. 00
Reserve fund as provided by law ¹	27, 617, 335. 41
Special reserve for contingencies	31, 500, 000. 00
Unallocated income	3, 051, 381. 06
	162, 168, 716. 47
TOTAL LIABILITIES AND CAPITAL	\$165, 260, 893. 63

¹ In institutions in default the Corporation estimates a loss of \$1,614.21 on insured accounts, aggregating \$12,861.86, pending settlement or not claimed.

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas in December 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	
	December 1945	December 1944	December 1945	December 1944	December 1945	December 1944	December 1945	December 1944
UNITED STATES.....	19,187	8,045	\$94,708	\$21,699	16,702	4,521	\$84,692	\$12,681
No. 1—Boston.....	326	34	2,201	139	322	34	2,186	139
Connecticut.....	71	9	515	50	67	9	500	50
Maine.....	10		15		10		15	
Massachusetts.....	199	19	1,419	73	199	19	1,419	73
New Hampshire.....	18		115		18		115	
Rhode Island.....	24	6	115	16	24	6	115	16
Vermont.....	4		22		4		22	
No. 2—New York.....	901	128	6,179	431	752	38	5,083	164
New Jersey.....	461	122	2,644	407	360	32	2,248	140
New York.....	440	6	3,535	24	392	6	2,835	24
No. 3—Pittsburgh.....	370	20	2,462	64	349	17	2,445	58
Delaware.....	34		170		34		170	
Pennsylvania.....	254	12	1,939	45	238	12	1,923	45
West Virginia.....	82	8	353	19	77	5	352	13
No. 4—Winston-Salem.....	3,306	742	12,890	1,591	2,564	707	10,505	1,501
Alabama.....	276	70	565	53	276	70	565	53
District of Columbia.....	579	167	1,655	561	221	167	871	561
Florida.....	1,547	256	6,935	538	1,198	224	5,429	459
Georgia.....	238	77	714	59	238	77	714	57
Maryland.....	155	107	763	274	150	104	754	268
North Carolina.....	275	28	988	38	253	28	918	38
South Carolina.....	80	23	367	16	80	23	367	13
Virginia.....	156	14	903	52	148	14	887	52
No. 5—Cincinnati.....	1,202	218	7,405	685	926	218	5,404	685
Kentucky.....	50	16	150	49	46	16	140	49
Ohio.....	854	78	6,198	369	582	78	4,207	369
Tennessee.....	298	124	1,057	267	298	124	1,057	267
No. 6—Indianapolis.....	1,068	145	6,499	660	995	145	6,174	660
Indiana.....	223	30	1,075	121	223	30	1,075	121
Michigan.....	845	115	5,424	539	772	115	5,099	539
No. 7—Chicago.....	1,377	520	9,746	2,493	1,272	516	9,259	2,485
Illinois.....	1,190	494	8,525	2,371	1,105	494	8,131	2,371
Wisconsin.....	187	26	1,221	122	167	22	1,128	114
No. 8—Des Moines.....	699	347	3,367	1,043	648	156	3,201	643
Iowa.....	66	14	300	47	66	14	300	47
Minnesota.....	305	120	1,711	568	302	120	1,691	568
Missouri.....	279	213	1,169	428	234	22	1,033	28
North Dakota.....	19		97		19		97	
South Dakota.....	30		90		27		80	
No. 9—Little Rock.....	3,324	1,448	10,281	2,476	3,118	1,414	9,699	2,430
Arkansas.....	183	65	584	47	133	65	369	47
Louisiana.....	394	426	785	936	394	410	785	918
Mississippi.....	196	94	333	55	185	94	308	54
New Mexico.....	65	22	142	20	65	22	142	18
Texas.....	2,486	841	8,437	1,418	2,341	823	8,095	1,393
No. 10—Topeka.....	790	184	3,103	437	682	167	2,849	386
Colorado.....	347	17	1,527	47	255	17	1,289	47
Kansas.....	85	72	301	152	85	72	301	152
Nebraska.....	39	49	177	183	36	32	170	132
Oklahoma.....	319	46	1,098	55	306	46	1,089	55
No. 11—Portland.....	907	289	4,164	1,159	868	228	4,021	908
Idaho.....	85	11	255	19	85	11	255	19
Montana.....	14	9	46	22	14	6	46	10
Oregon.....	342	78	1,737	204	329	58	1,678	145
Utah.....	89	101	382	497	78	63	366	317
Washington.....	358	84	1,640	402	343	84	1,572	402
Wyoming.....	19	6	104	15	19	6	104	15
No. 12—Los Angeles.....	4,917	3,970	26,411	10,521	4,206	881	23,866	2,622
Arizona.....	173	55	787	219	159	55	714	219
California.....	4,614	3,899	24,769	10,270	3,917	810	22,297	2,371
Nevada.....	130	16	855	32	130	16	855	32

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			Annual totals		Monthly totals			Annual totals	
	Dec. 1945	Nov. 1945	Dec. 1944	1945	1944	Dec. 1945	Nov. 1945	Dec. 1944	1945	1944
Private construction	19,187	20,396	4,969	150,147	93,193	\$94,708	\$93,712	\$13,817	\$623,733	\$287,265
1-family dwellings	15,436	17,400	3,953	125,159	71,298	80,413	82,703	11,291	538,481	220,245
2-family dwellings ¹	1,266	1,069	568	9,245	9,908	4,279	4,134	1,390	31,602	32,134
3- and more-family dwellings ²	2,485	1,927	448	15,743	11,987	10,016	6,875	1,136	53,650	34,886
Public construction			3,076	9,013	21,622			7,882	23,768	54,268
Total urban construction	19,187	20,396	8,045	159,160	114,815	94,708	93,712	21,699	647,501	341,533

¹ Includes 1- and 2-family dwellings combined with stores.
² Includes multi-family dwellings combined with stores.

Table 3.—BUILDING COSTS—Index of building costs for the standard house in representative cities in specific months¹

[Average month of 1935-1939=100]

Federal Home Loan Bank District and City	1946	1945				1944	1943	1942	1941	1940
	Jan.	Oct.	July	Apr.	Jan.	Jan.	Jan.	Jan.	Jan.	
No. 2—New York:										
Camden, N. J.	158.6		145.2	145.2	143.2	138.8	138.1	139.7	117.1	
Newark, N. J.	171.4		161.9	161.9	159.7	154.5	155.5	136.5	113.2	
Albany, N. Y.	159.7	157.4	151.6	151.4	148.0	140.6	130.2	124.6	112.3	
Buffalo, N. Y.	149.6	149.2	147.1	149.4	144.6	135.8	128.2	123.7	108.8	
No. 6—Indianapolis:										
Indianapolis, Ind.	141.7	141.6	140.5	139.5	138.1	133.9	121.2	114.0	102.0	
Detroit, Mich.	156.3	153.4	153.6	152.9	152.3	147.7	126.5	119.6	112.0	
No. 8—Des Moines:										
Des Moines, Iowa	121.5	121.4	120.8	120.8	120.7	118.3	116.3	113.8	105.2	
St. Louis, Mo.	150.3	149.8	133.2	127.1	126.7	119.5	120.8	120.5	108.7	
Fargo, N. D.	128.1	128.1	127.8	128.3	126.7	123.9	121.1	111.5	102.6	
Sioux Falls, S. D.	133.8	133.1	133.0	131.9	130.8	127.7	124.3	117.4	105.5	
No. 11—Portland:										
Boise, Idaho	138.9	138.9	138.9	138.1	138.1	133.1	125.9	121.2	111.6	
Portland, Ore.	142.5	142.4	141.5	143.4	143.4	138.5	133.9	113.6	102.2	
Salt Lake City, Utah	130.5	130.4	129.5	129.1	129.7	123.3	119.7	118.3	103.8	
Seattle, Wash.	135.7	135.3	139.6	138.9	138.9	131.9	124.4	122.7	107.0	

¹ Indexes of January 1941 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.

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 in the current market.

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 and becomes available for inclusion in this table.

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.

* Revised.

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

[Average month of 1935-1939=100]

Element of cost	Dec. 1945 ^p	Nov. 1945	Oct. 1945	Sept. 1945	Aug. 1945	July 1945	June 1945	May 1945	Apr. 1945	Mar. 1945	Feb. 1945	Jan. 1945	Dec. 1944
Material.....	134.9	134.2	133.8	133.3	133.1	133.0	132.7	132.5	132.4	132.3	131.9	131.7	131.5
Labor.....	143.5	143.3	142.4	142.4	140.9	140.6	140.5	140.4	140.5	140.4	140.1	140.1	140.0
Total.....	137.8	137.2	136.7	136.3	135.7	135.5	135.3	135.1	135.1	135.0	134.7	134.5	134.4

^p Preliminary.

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

[Source: U. S. Department of Labor]

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

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1943: December.....	126.6	110.1	102.7	164.3	127.0	120.6	103.5	111.2
1944: 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
April.....	130.8	121.7	109.1	171.4	130.7	121.4	103.5	112.3
May.....	131.0	121.8	109.1	171.9	130.8	121.4	103.5	112.6
June.....	131.1	122.1	109.1	172.5	130.7	121.7	103.5	112.8
July.....	131.2	122.9	109.1	172.7	130.4	121.7	103.5	112.8
August.....	131.5	122.8	109.1	172.9	131.9	122.7	103.5	112.8
September.....	131.8	123.7	109.3	172.6	132.3	124.8	103.5	113.0
October.....	132.1	126.8	109.6	172.8	132.3	124.8	103.5	113.1
November.....	132.5	128.4	109.9	173.2	132.4	124.8	103.5	114.0
December.....	133.4	128.4	110.3	175.7	132.5	124.8	103.5	114.5
Percent change:								
December 1945-November 1945.....	+0.7	0.0	+0.4	+1.4	+0.1	0.0	0.0	+0.4
December 1945-December 1944.....	+2.6	+10.8	+3.1	+2.6	+1.4	+2.8	0.0	+2.5

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
December.....	10,904	64,656	12,550	2,290	7,172	97,572	43,647	43,972	9,953
1944.....	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
December.....	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
1945.....	180,550	1,357,555	196,011	40,736	137,826	1,912,678	911,671	836,874	164,133
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
April.....	9,541	113,684	16,800	2,951	10,778	153,754	71,375	67,955	14,424
May.....	13,032	120,244	15,887	3,396	10,520	163,079	75,607	71,921	15,551
June.....	17,567	116,798	17,147	3,364	12,435	167,311	79,603	74,219	13,489
July.....	17,658	112,761	15,622	3,351	11,007	160,399	76,355	70,264	13,780
August.....	20,730	120,557	17,146	3,971	11,259	173,663	82,197	75,644	15,822
September.....	16,375	113,103	16,786	3,980	12,189	162,433	77,321	70,642	14,470
October.....	23,985	135,224	18,751	4,857	13,562	196,379	95,815	84,819	15,745
November.....	24,481	135,685	19,411	4,487	14,095	198,159	96,709	85,804	15,646
December.....	22,922	129,557	17,848	3,958	13,425	187,710	90,920	81,891	14,899

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

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (12 months)		
	December 1945	November 1945	December 1944	1945	1944	Percent change
UNITED STATES	\$187,710	\$198,159	\$111,138	\$1,912,678	\$1,454,052	+31.5
Federal	90,920	96,709	51,586	911,671	669,433	+36.2
State member	81,891	85,804	49,921	836,874	648,670	+29.0
Nonmember	14,899	15,646	9,631	164,133	135,949	+20.7
Boston	11,268	12,138	8,316	125,996	106,780	+18.0
Federal	4,968	5,285	3,327	53,840	40,898	+31.6
State member	4,856	5,243	4,021	56,991	52,504	+8.5
Nonmember	1,444	1,610	968	15,165	13,378	+13.4
New York	18,259	18,758	11,590	187,331	133,035	+40.8
Federal	6,455	6,599	4,126	66,576	43,253	+53.9
State member	8,537	9,047	5,971	89,971	68,146	+32.0
Nonmember	3,267	3,112	1,493	30,784	21,636	+42.3
Pittsburgh	14,324	14,501	10,104	154,716	123,055	+25.7
Federal	6,724	6,963	4,960	73,534	56,972	+29.1
State member	5,082	4,976	3,302	53,400	41,872	+27.5
Nonmember	2,518	2,562	1,842	27,782	24,211	+14.7
Winston-Salem	25,628	27,189	13,702	243,851	171,441	+42.2
Federal	13,606	13,833	6,740	128,459	89,135	+44.1
State member	10,456	11,416	6,141	99,687	71,861	+38.7
Nonmember	1,566	1,940	821	15,705	10,445	+50.4
Cincinnati	29,839	32,093	17,231	313,820	249,679	+25.7
Federal	12,673	14,632	7,188	135,090	104,716	+29.0
State member	15,862	15,994	8,752	158,388	124,925	+26.8
Nonmember	1,304	1,467	1,291	20,342	20,038	+1.5
Indianapolis	11,282	11,757	6,001	108,216	81,198	+33.3
Federal	6,213	6,373	3,244	58,605	40,339	+45.3
State member	4,654	4,953	2,521	44,997	37,159	+21.1
Nonmember	415	431	236	4,614	3,700	+24.7
Chicago	19,599	21,997	12,349	214,528	163,857	+30.9
Federal	8,641	9,593	5,239	91,988	68,405	+34.5
State member	9,661	10,998	6,020	106,893	81,701	+30.8
Nonmember	1,297	1,406	1,090	15,647	13,751	+13.8
Des Moines	11,908	12,809	6,779	116,997	91,443	+27.9
Federal	6,534	7,116	3,393	61,444	47,686	+28.9
State member	3,882	4,110	2,489	40,375	31,989	+26.2
Nonmember	1,492	1,583	897	15,178	11,768	+29.0
Little Rock	8,673	9,785	5,118	90,802	75,042	+21.0
Federal	4,234	4,901	2,569	44,942	32,940	+36.4
State member	4,344	4,789	2,474	44,678	41,193	+8.5
Nonmember	95	95	75	1,182	909	+30.0
Topeka	10,063	9,925	5,226	96,974	70,149	+38.2
Federal	5,761	5,641	3,006	53,683	37,264	+44.1
State member	3,042	3,004	1,520	28,144	19,570	+43.8
Nonmember	1,260	1,280	700	15,147	13,315	+13.8
Portland	6,566	6,329	3,745	64,927	47,196	+37.6
Federal	4,442	4,342	2,269	40,998	30,422	+34.8
State member	2,064	1,937	1,355	22,565	15,133	+49.1
Nonmember	60	50	121	1,364	1,641	-16.9
Los Angeles	20,301	20,878	10,977	194,520	141,177	+37.8
Federal	10,669	11,431	5,525	102,512	77,403	+32.4
State member	9,451	9,337	5,355	90,785	62,617	+45.0
Nonmember	181	110	97	1,223	1,157	-5.7

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

DECEMBER 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	\$194,440	\$22,112	\$110,588	\$25,264	\$117,383	\$57,637	\$527,424
Boston	15,724	347	5,107	12,756	6,336	3,045	43,315
Connecticut	2,075	185	2,226	2,251	2,091	1,070	9,898
Maine	716	9	298	695	421	60	2,199
Massachusetts	10,849	153	1,789	8,032	2,830	1,519	25,172
New Hampshire	468		180	818	298	28	1,792
Rhode Island	1,362		522	560	492	360	3,296
Vermont	254		92	400	204	8	958
New York	15,706	1,946	9,766	10,035	17,667	6,131	61,251
New Jersey	4,655	721	3,996	955	4,627	2,015	16,969
New York	11,051	1,225	5,770	9,080	13,040	4,116	44,282
Pittsburgh	14,100	1,851	10,412	661	6,996	2,975	36,995
Delaware	248	151	222	113	353	122	1,209
Pennsylvania	12,764	1,471	8,359	548	6,045	2,676	31,863
West Virginia	1,088	229	1,831		598	177	3,923
Winston-Salem	19,501	3,027	6,938	223	16,194	4,556	50,439
Alabama	836	283	513		891	486	3,009
District of Columbia	3,038	328	639		1,427	623	6,055
Florida	3,282	803	1,276		6,694	1,117	13,172
Georgia	1,755	254	1,188		1,373	554	5,124
Maryland	5,239	190	1,189	223	1,489	338	8,668
North Carolina	2,387	570	510		1,302	498	5,267
South Carolina	433	221	455		717	282	2,108
Virginia	2,531	378	1,168		2,301	658	7,036
Cincinnati	34,479	2,157	13,548	605	6,355	5,151	62,295
Kentucky	3,195	522	1,471		421	116	5,725
Ohio	30,382	965	10,461	605	5,305	1,970	49,688
Tennessee	902	670	1,616		629	3,065	6,882
Indianapolis	11,787	2,247	11,596	3	3,611	1,961	31,205
Indiana	7,292	1,017	4,094	3	1,479	738	14,623
Michigan	4,495	1,230	7,502		2,132	1,223	16,582
Chicago	21,433	1,200	7,234	16	7,664	8,855	46,402
Illinois	16,533	871	4,221		4,586	8,090	34,301
Wisconsin	4,900	329	3,013	16	3,078	765	12,101
Des Moines	11,966	1,732	8,914	308	5,344	5,184	33,448
Iowa	2,919	100	2,444		888	379	6,730
Minnesota	4,559	474	2,437	308	1,852	1,778	11,408
Missouri	3,862	1,105	3,685		2,193	2,965	13,810
North Dakota	399	40	150		196	51	836
South Dakota	227	13	198		215	11	664
Little Rock	11,613	3,664	3,050		8,646	4,067	31,040
Arkansas	911	148	451		456	67	2,033
Louisiana	2,698	190	249		1,716	671	5,524
Mississippi	586	145	324		452	186	1,693
New Mexico	283	10	115		323	17	748
Texas	7,135	3,171	1,911		5,699	3,126	21,042
Topeka	11,208	850	3,550		6,488	2,221	24,317
Colorado	1,832	103	909		3,321	626	6,791
Kansas	3,593	138	1,212		732	416	6,091
Nebraska	1,210	332	403		513	140	2,598
Oklahoma	4,573	277	1,026		1,922	1,039	8,837
Portland	6,546	550	5,654	657	4,005	2,014	19,426
Idaho	495	55	144		505	78	1,277
Montana	519	16	365		334	33	1,267
Oregon	1,648	131	602	90	1,529	304	4,304
Utah	674	212	896		355	112	2,249
Washington	2,988	125	3,359	567	1,001	1,472	9,512
Wyoming	222	11	288		281	15	817
Los Angeles	20,377	2,541	24,819		28,077	11,477	87,291
Arizona	744	90	791		1,402	87	3,114
California	19,488	2,431	23,866		26,333	11,369	83,487
Nevada	145	20	162		342	21	690

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
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.....	2,009,707	35.7	244,432	4.4	1,091,021	19.4	216,982	3.9	1,402,103	24.9	658,945	11.7	5,623,190	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
April.....	157,181	34.5	19,718	4.3	88,749	19.5	15,680	3.4	118,713	26.1	55,749	12.2	455,790	100.0
May.....	172,421	35.4	21,459	4.4	91,023	18.7	18,981	3.9	125,849	25.8	57,702	11.8	487,435	100.0
June.....	176,051	36.1	21,801	4.5	91,336	18.8	18,572	3.8	121,800	25.0	57,481	11.8	487,041	100.0
July.....	169,784	36.2	20,173	4.3	90,199	19.2	18,062	3.9	116,964	24.9	54,087	11.5	469,269	100.0
August.....	181,156	37.0	20,359	4.2	93,358	19.1	18,488	3.8	120,015	24.5	56,013	11.4	489,389	100.0
September.....	172,551	37.2	18,935	4.1	91,661	19.7	18,472	4.0	111,384	24.0	51,154	11.0	464,157	100.0
October.....	207,006	37.2	22,229	4.0	110,429	19.9	23,711	4.3	131,590	23.7	60,928	10.9	555,893	100.0
November.....	205,100	36.6	23,061	4.1	114,636	20.5	23,310	4.1	130,986	23.4	63,087	11.3	560,180	100.0
December.....	194,440	36.9	22,112	4.2	110,588	21.0	25,264	4.8	117,383	22.2	57,637	10.9	527,424	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	\$3,263,168
December.....	1,855,300	124,669	405,880	2,385,849	358,572
1945.....	9,822,065	595,153	2,519,749	12,936,967	5,332,496
January.....	863,819	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
April.....	684,424	23,112	130,100	837,636	381,198
May.....	1,194,712	62,940	282,437	1,540,089	404,200
June.....	1,467,673	178,063	532,379	2,178,055	382,536
July.....	1,031,778	47,409	215,288	1,294,475	406,103
August.....	571,286	21,629	108,825	699,740	515,161
September.....	420,058	17,760	76,296	514,114	514,382
October.....	509,706	7,922	106,842	624,470	595,663
November.....	865,022	53,839	264,760	1,183,621	510,675
December.....	908,232	83,323	261,966	1,253,521	534,151

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 ²		Title VI (603)	Total insured at end of period
	New	Existing		
1944: 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
April.....	63	14,813	26,885	6,215,966
May.....	80	22,272	23,707	6,262,025
June.....	374	18,841	20,413	6,301,653
July.....	347	18,207	19,056	6,339,263
August.....	666	17,286	14,992	6,372,207
September.....	968	15,165	12,634	6,400,974
October.....	1,228	18,606	15,253	6,436,061
November.....	1,777	18,887	10,779	6,467,504
December.....	1,965	18,051	11,383	6,498,903

¹ Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.
² Figures for December 1945 are estimated.

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

[Thousands of dollars]

Federal Home Loan Bank	Lending operations, December 1945		Principal assets, December 31, 1945			Capital and principal liabilities, December 31, 1945			Total assets Dec. 31, 1945 ¹
	Advances	Repayments	Advances outstanding	Cash ¹	Government securities	Capital ²	Debentures	Member deposits	
Boston.....	\$4,685	\$361	\$12,812	\$1,187	\$10,526	\$20,350	\$2,000	\$1,147	\$24,600
New York.....	10,143	1,858	15,513	4,932	21,824	28,553	3,000	10,842	42,406
Pittsburgh.....	8,685	623	16,912	1,475	6,861	17,378	6,000	1,691	25,312
Winston-Salem.....	10,096	2,798	16,950	1,299	4,024	18,960	2,500	199	22,328
Cincinnati.....	11,798	974	16,464	3,531	25,697	28,781	5,000	11,811	45,833
Indianapolis.....	6,052	742	12,167	3,730	13,374	15,767	4,000	6,966	29,356
Chicago.....	20,512	3,965	34,432	3,518	4,295	24,512	12,500	4,171	42,376
Des Moines.....	13,057	2,617	16,989	370	8,063	14,505	8,500	1,551	25,467
Little Rock.....	3,712	74	7,272	1,285	7,526	12,822	1,000	247	16,132
Topeka.....	2,812	726	4,755	1,097	6,462	11,040	1,000	257	12,348
Portland.....	5,227	1,046	5,863	1,137	5,889	9,018	3,000	853	12,919
Los Angeles.....	20,070	3,124	34,743	5,011	3,851	17,531	20,000	5,962	43,633
December 1945 (Combined total).....	116,849	18,908	194,872	28,572	118,392	219,217	68,500	45,697	342,710
November 1945.....	21,213	10,880	96,931	56,842	191,311	218,645	68,500	57,181	346,527
December 1944.....	47,132	16,947	130,563	30,324	144,046	206,468	66,500	28,645	306,012

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	New private investments	Private purchases	Repurchase ratio
ALL INSURED												
943: 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
944: 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
945: 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
June.....	2, 471	5, 549, 563	3, 433, 871	282, 911	1, 585, 708	4, 786, 912	28, 751	124, 936	126, 824	163, 156	56, 279	34.5
September.....	2, 476	5, 725, 962	3, 572, 964	303, 195	1, 607, 844	4, 981, 869	23, 367	92, 618	122, 098	146, 290	77, 855	53.2
December.....	2, 475	6, 148, 230	3, 763, 128	307, 712	1, 839, 008	5, 219, 910	23, 366	185, 210	144, 664	180, 352	71, 777	39.8
FEDERAL												
943: 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
944: 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
945: March.....	1, 465	3, 237, 942	2, 081, 813	192, 904	832, 311	2, 895, 120	22, 616	37, 109	69, 430	91, 627	46, 574	50.8
June.....	1, 465	3, 528, 027	2, 164, 653	178, 377	1, 052, 668	3, 058, 683	22, 616	97, 940	79, 603	106, 770	33, 601	31.5
September.....	1, 467	3, 632, 197	2, 255, 283	178, 411	1, 067, 837	3, 182, 465	18, 058	71, 252	77, 321	96, 180	51, 428	53.5
December.....	1, 467	3, 923, 501	2, 382, 101	194, 678	1, 213, 609	3, 348, 567	18, 058	137, 839	90, 920	120, 195	44, 352	36.9
STATE												
943: 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, 500	27, 326	41, 819	16, 316	39.0
944: 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
945: 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
June.....	1, 006	2, 021, 536	1, 269, 218	104, 534	533, 040	1, 728, 229	6, 135	26, 996	47, 221	56, 386	22, 678	40.2
September.....	1, 009	2, 093, 765	1, 317, 681	124, 784	540, 007	1, 799, 404	5, 309	21, 366	44, 777	50, 110	26, 427	52.7
December.....	1, 008	2, 224, 729	1, 381, 027	113, 034	625, 399	1, 871, 343	5, 308	47, 371	53, 744	60, 157	27, 425	45.6

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
943: June.....	\$3, 270, 834	\$11, 104, 707	\$16, 897, 124	\$1, 577, 526
December.....	3, 773, 896	11, 707, 025	18, 572, 406	1, 787, 994
944: March.....	3, 710, 356	12, 428, 026	20, 543, 888	1, 905, 864
June.....	3, 922, 705	13, 331, 811	23, 362, 909	2, 034, 136
September.....	4, 092, 609			2, 197, 701
December.....	4, 333, 739			2, 342, 297
945: March.....	4, 538, 426			2, 513, 197
June.....	4, 786, 912	14, 378, 413	26, 828, 000	2, 659, 575
September.....	4, 981, 869			2, 836, 097
December.....	5, 219, 910	15, 332, 202		2, 929, 624

¹ Private repurchasable capital as reported to the FHLB Administration.
² *Month's Work.* All deposits.
³ FDIC. Total time deposits of individuals, partnerships and corporations.
⁴ Balance on deposit to credit of depositors, including unclaimed accounts.
 December total is unaudited.
 * Revised.

Table 15.—FORECLOSURES—Due to mechanical difficulties, the regular quarterly table of estimates of nonfarm real estate foreclosures, by Federal Home Loan Bank Districts, which normally appears at this time will be published in the March issue of the REVIEW. The forthcoming table will include monthly estimates for the fourth quarter of 1945 and cumulative 12-month estimates for both 1945 and the preceding year.

The Statistical Supplement—The Statistical Supplement to Volume 12 of the REVIEW, covering data through the calendar year 1945, will be published with the April issue of the REVIEW, instead of in March as has been customary.

FEDERAL HOME LOAN BANK

REVIEW

Vol. 12



No. 5

FEBRUARY 1946

The Federal Home Loan Bank Review is published monthly by the Federal Home Loan Bank Administration under the direction of a staff editorial committee. This committee is responsible for interpretations, opinions, summaries, and other text, except that which appears in the form of official statements and signed articles.

Each issue is written for executives of thrift and home financing institutions, especially those whose organizations are insured by the Federal Savings and Loan Insurance Corporation and are members of the Federal Home Loan Bank System.

Communications concerning material which has been printed or which is desired for publication should be sent to the Editor of the Review, Federal Home Loan Bank Building, Washington 25, D. C.

The Federal Home Loan Bank Administration assumes no responsibility for material obtained from sources other than itself or other instrumentalities of the Federal Government.

★ ★ ★ WORTH REPEATING ★ ★ ★

PRODUCTIVE ECONOMY: "In spite of present material shortages, high prices, and the reluctance of contractors to bid, ways must be found to begin building again by next spring. There is a twofold need—to provide the long-awaited new houses, schools, business buildings, churches, etc., and to renew the life-giving flow of money through the economic system before it falls again into hopeless depression. Just as scientists are expected to harness atomic power beneficently, so plan-minded men can and must work together to guide the forces of productive economy into constructive channels."

Kenneth Reid, Editor, *Pencil Points*, November 1945.

BRITISH HOME NEEDS: "The present housing problem is essentially twofold in character: a quantitative one in the sense that there is an acute shortage of existing accommodation; and a qualitative one in the sense that much of the present accommodation is defective in amenities. At the moment, perhaps our minds are obsessed with the deficiency. This is as it should be, especially inasmuch as it conduces to a sense of urgency. At the same time, we should not overlook the second aspect of the problem. I think it is one of the most reassuring factors in present discussions on housing that there is a general recognition of the importance of maintaining standards."

Sir Harold Bellman, *The Building Societies' Gazette*, December 1945.

FUTURE POLICY: "To meet this [future] competition on equal grounds there need be no revolution in savings and loan practices. However, there should be no obstacles to their adaptation and evolution as required to meet the needs of the day. The true test of the future, though, is not merely the achievement of asset growth and portfolio expansion. Sheer promotionism can temporarily produce these results. Sound business practice will

call for a farsighted policy covering all phases of operations. . . . Serious attention must be given to the subject of reserve accumulation. This in turn will necessitate a re-evaluation of dividend and interest rates. Every detail of operation must be continually re-examined for imperfections and means of improvement."

David Ford, Assistant Governor, FHLB System, before National Association of State Savings, Building and Loan Supervisors, Chicago, Ill.

ADVANCE PREPARATION: "There is neither magic nor mystery in the production of low-cost housing. No builder can afford to sit back and wait for some startling new mechanical invention to reduce the cost of construction. You cannot cure a chronic disease with a headache powder. . . ."

"The building industry should take the initiative in lowering construction costs. As business men, any other role would be a costly error. Now is the time for the industry to take a page out of the history of other industries—and build in the interest of the consumer at a price the consumer can afford to pay."

Alfred Schindler, Under Secretary of Commerce, before Building Industry Employers of New York.

SHARED GOALS: "Anyone who pauses more than a moment to view the economic scene must be impressed with the complexity as well as the importance of postwar problems, and with the difficulties in the way of understanding and dealing with these problems. With a modicum of good sense and good will all around, however, it should be possible to increase our understanding and to make further substantial progress toward common goals of high living standards and sustained full employment, freedom and equality of opportunity, decent international trade relationships, and enduring peace."

Frank R. Garfield, *Jobs, Production and Living Standards*, Board of Governors, Federal Reserve System.

SUBSCRIPTION PRICE OF REVIEW.—A copy of the REVIEW is sent to each member and insured institution without charge. To others the annual subscription price, which covers the cost of paper and printing, is \$1. Single copies will be sold at 10 cents. Outside of the United States, Canada, Mexico and the insular possessions, subscription price is \$1.60; single copies, 15 cents. Subscriptions and orders for individual copies should be sent with remittances to the *Superintendent of Documents, Government Printing Office, Washington 25, D. C.*

APPROVED BY THE BUREAU OF THE BUDGET

Federal Home Loan Bank Review

U. S. GOVERNMENT PRINTING OFFICE: 1946